

## TECH STOCK FORMS - OVERVIEW

### Purpose:

The University of Texas System (UT System) has developed two submission forms that the institutions should use when communicating to The University of Texas Investment Management Company (UTIMCO) and UT System the existence of a new Tech Stock investment or change to an existing Tech Stock investment.

Forms can be found here:

**New Tech Stock Form:** <https://cms.utsystem.edu/sites/default/files/documents/technology-transfer-agreements/Tech%20Stock%20Forms%2A/NewTechStockFormCUSIP.pdf>

**Change Tech Stock Form:** <https://cms.utsystem.edu/sites/default/files/documents/technology-transfer-agreements/Tech%20Stock%20Forms%2A/ChangeTechStockFormCUSIP.pdf>

- Institution to e-mail completed forms along with copy of stock certificate or other official document supporting new or changed investment and any other support to the Tech Stock group e-mail ([GRP-TechStocks@utsystem.edu](mailto:GRP-TechStocks@utsystem.edu)). Include the appropriate accounting/financial reporting contact at your institution on the e-mail correspondence to ensure they are aware of the transaction.
  - Group e-mail was created to have one e-mail contact for all Tech Stock related communications, to be used by institutions. This group includes only UT System and UTIMCO personnel (UT System Controller's Office, Innovation and Strategic Investment group, Office of General Council, and UTIMCO), and ensures that the communication goes to all parties at UT System that need to be informed on Tech Stock investment transactions. Group e-mail can also be used for Tech Stock related questions, to provide a heads up on forthcoming investment, etc.
- Institution to mail original stock certificate or other official documentation directly to Debbie Childers at UTIMCO. Once UTIMCO receives certificate or other instrument, they will custody the certificate in their vault/lock box and record a new investment to the accounting records.
  - Institutions can see a listing of all Tech Stock investments held for the benefit of their institution in UTIMCO's CRIS reporting system.
  - If institution contact does not already have access to CRIS but would like to have access, they can e-mail [GRP-INVACTG@utsystem.edu](mailto:GRP-INVACTG@utsystem.edu), and someone in that group will provide instructions on how to request access.

### Tech Stock Investment:

Investment in the name of the Board of Regents (BOR), held for the benefit of a named UT Institution, which often originated from the activities in institution's technology commercialization offices, related to agreements with business entities associated with rights in intellectual property owned by the BOR. These are referred to as "Tech Stock" investments.

## NEW TECH STOCK FORM

### Purpose:

This form was created to ensure that the accounting records accurately reflect any new Tech Stock investments received by the institution.

### Procedure:

When institution receives stock certificate or other supporting documentation for a new Tech Stock investment, institution must fill out New Tech Stock investment form and e-mail completed form along with copy of stock certificate or other official document supporting new investment and any other support to the Tech Stock group e-mail ([GRP-TechStocks@utsystem.edu](mailto:GRP-TechStocks@utsystem.edu)). Next, institution must mail original stock certificate or other official documentation to UTIMCO, attention: Debbie Childers. Please note that if any input box on the form is not big enough to accommodate the necessary comments, include additional details in accompanying e-mail or another sheet attached. Details regarding the various inputs on the form are discussed here:

- **Institution** – select your institution name from the “Institution” drop down box.
- **Type of investment received** – please include investment type, and be as specific as possible. For example, if applicable, list the series type (i.e. Preferred Series A, Preferred Series B, etc.) and include whether the instrument is convertible or nonconvertible. If a note instrument, please include the basic terms of the note (interest rate, due date, conversion features, etc.).
- **Company Name** – include official name of company issuing the stock or other investment vehicle. If company has other names it is known as, please clarify here as well (i.e. DBA).
- **How was the investment acquired?** – Select one of the options for how investment was acquired, and if more than one option is selected or if “Other” is selected, please explain further in the comments box below the selections. Options are:
  - Purchased
  - Through Licensing Agreement (license equity)
  - Consideration as founder or contributions made other than as licensor (incentive equity)
  - Other (Explain below)
- **Has original stock certificate or other instrument been sent to UTIMCO?** – select either Yes or No.
  - If **YES** – in the “Date” box, include the date it was mailed to UTIMCO
  - If **NO** – in the “Date” box, include the date you expect to mail it to UTIMCO
- **Issuing company is required to provide the following (check all that apply)** –
  - It is UT System’s hope and expectation that all future agreements between institutions and licensees will include provisions for information rights (i.e. company is required to provide UT institution with periodic company information, reports, etc.). This was discussed as one of the requested process improvements in the UT Technology Management Council (UTTMC) meeting in March 2017. Recommendation was as follows: At the time that the initial Tech Stock transaction occurs, the institution should establish an understanding of the periodic information and the reporting of data that will be required to be supplied by the Tech Stock portfolio company. The timetable of when the data should be transmitted to the institution should be clearly identified. Required information should be as follows:
    - Financial Reports - Periodic financial reports (at a minimum, annually; preferable, quarterly)

- Capital Structure - Capital structure and articles of incorporation including updates on changes to the capital structure (financing terms, current outstanding shares by type, and share attributes)
  - Business Updates - Business updates on strategy and achievement of milestones
  - Board Presentations - Board presentations, reports and/or minutes
- Even if the company is not required to provide this information to the institution on a periodic basis, UT System still expects the institution to attempt to collect this information, as it will be needed for the annual fair value analysis.
- Please use the “Other useful information or comments” box toward the bottom of the form to clarify what exactly is required to be provided by the company and the frequency.
- **Effective Date of New Investment** – the date the investment was issued to UT System. Often the date on the stock certificate or note agreement.
- **# of Shares Rec'd (if applicable)** –
  - if shares of stock were received, please type number of shares. Do not add commas, as the field will format the number you input with the comma in the appropriate place.
  - If investment received did not include shares of stock, leave this field blank and use the “Other useful information or comments” box to clarify what was received.
- **CUSIP (per UTIMCO)** - the *Committee on Uniform Securities Identification Procedures* number is a unique identifier used in UTIMCO’s database to identify investment holdings.
  - No need for institution to enter anything in this field.
  - UTIMCO will update form accordingly after new investment/CUSIP is created in their system.
- **Total Purchase Price Paid (if applicable)** – if the investment was purchased, include the purchase price here
  - Please type the number only (do not add dollar signs or commas), as the field will format the number to dollars and cents.
- **% Ownership in Company (.48 will display as 48%)** –
  - Enter percentage ownership in the company if known.
  - If you own 0.55%, then you would type .0055, and the input box will automatically convert it to 0.55%
- **Fair Value (if not purchased and if determinable)** –
  - This fair value becomes the initial book value of the investment received, (i.e., the value UTIMCO uses to initially record the investment in their records).
  - If publicly available, please use market price for the investment you received.
  - If not publicly available, here are examples in which the institution should enter a fair value:
    - If company owed institution royalty or other payments, but institution signed an agreement stating that it would accept an investment in the company instead, forgoing those cash payments, then record amount owed as the initial value of the investment received.
    - If the same investment in the issuing company (i.e. same class of shares issued to UT System) was also sold around the same time through a round of financing, the price per share from the round of financing should be used to value the shares received by UT System.
  - If a fair value is not determinable, please leave this field blank.
  - If fair value is determinable, and you enter a number in this field, please explain the source of the fair value in the “Other useful information or comments” box.

- Please type the number only (i.e. do not add dollar signs or commas), as the field will format the number to dollars and cents.
- **If/when this investment is sold, will 100% of the proceeds be retained by the institution? If no or unknown, explain (i.e., name outside entities/individuals that will share in proceeds & percentage to each entity/individual) –**
  - Mark Yes, No, or Unknown at this time. If no or unknown, please explain further in the box below.
    - For example, if an agreement exists that will require institution to provide 50% of the stock sale proceeds to creators/inventors or any % or dollar amount to another institution, please select “No” and clarify the terms of that agreement in the comment box provided.
    - This is being asked because although UT System owns the asset, at the time the asset becomes marketable (thus can be sold), the institution may have to record a liability for the obligation(s) it owes to outside parties (if the institution will not ultimately benefit from 100% of the proceeds).
    - If institution has the option to share some of the sale proceeds, but isn’t currently legally obligated to, please mark “unknown” and explain in the comment box provided.
- **Other useful information or comments –** can be used to
  - explain any of the inputs in the form above,
  - expand on any explanation in one of the input boxes in the form above that did not allow enough room for comments, or
  - simply add any other useful comments
- **Tech Stock Company Information –** information on the company issuing UT System the investment. Please indicate if company should not be contacted by UT System or UT System’s consultants in the “Other useful information or comments” box.
  - Contact Name – Name of primary contact at the issuing company, and include position at company if known
  - E-mail – Primary company contact e-mail address
  - Phone (please use dashes) - Primary company contact phone number
  - Website – company web address
- **Institution Contact Information –**
  - Remitter Name – the person at the institution filling out New Tech Stock investment form (may also include title or department name)
  - E-mail – Remitter e-mail address
  - Phone – Remitter phone number
  - Date Submitted – Date form was completed or submitted to group e-mail

## CHANGE TECH STOCK FORM

### Purpose:

This form was created to ensure that the accounting records accurately reflect what Tech Stock investments UT System actually owns. Institutions must communicate any changes to the investments UT System owns on their behalf. This formal information request is necessary in order to prevent the issues experienced in the past which caused inaccuracies in the accounting records. Issues include, but are not limited to, the following:

- Wrong type of investment in the accounting records (for example: not aware that an asset converted to different asset type)
- Wrong number of shares on record (for example: not aware of stock split, additional shares received, etc.)
- Wrong company name on record
- Having investment on the books that should have been written off

This Change Tech Stock investment form lists several types of investment changes, but it is difficult to include all possible scenarios on one form. Therefore, this form will definitely rely on the details the institutions provide in the comments boxes on the form as well as additional support provided by the institutions.

### Procedure:

For any changes to Tech Stock investments throughout the year, institution must fill out the Change Tech Stock Investment form and e-mail completed form along with scanned copy of supporting documentation (including replacement stock certificate or other instrument, if applicable) to the Tech Stock group e-mail ([GRP-TechStocks@utsystem.edu](mailto:GRP-TechStocks@utsystem.edu)). Institutions must also coordinate with Debbie Childers at UTIMCO if certificate(s) or other instrument(s) held in their vault/lockbox need to be exchanged.

#### Changes include, but are not limited to:

- Tech Stock company name changes
- Write-offs
- Exchanges
- Conversions
- Sales/Redemptions
- IPOs
- Stock Splits
- Reverse Stock Splits
- Mergers
- Liquidations

Use the "Other" section of the form for any change that isn't simply a company name change or asset write-off, and provide as much detail as possible. Use the "Other useful information or comments" box for additional information on any type of change. If any input box on the form is not big enough to accommodate comments, please include additional details in accompanying e-mail or another sheet attached. Details regarding the various inputs on the form are discussed here:

- **Institution** – select your institution name from the "Institution" drop down box.
- **Company Name** – include official name of company issuing the underlying stock or other investment to be discussed on this change form. If the purpose of this form is to communicate a company name change, please include the former company name here (i.e. the company name currently listed in UTIMCO's records).
- **Effective Date of Change** – the effective date of the change you are communicating.
- **CUSIP (per UTIMCO)** - the *Committee on Uniform Securities Identification Procedures* number is a unique identifier used in UTIMCO's database to identify investment holdings. CUSIPS can be

found on the BALANCESASSET report, among others, on UTIMCO's CRIS online system (requests to access this system was discussed above).

- Enter CUSIP number for asset to be changed in this box.
- If more than one CUSIP is affected by this change form, enter additional CUSIP numbers affected in the "Other useful information or comments" box.

### **Tech Stock Company Name Change/Ownership Transfer**

*This section of the form should only be filled out if you are communicating a company name change.*

- **Former Name** – previous official name of company issuing underlying investment (likely the name on the certificate or other official documentation already held by UTIMCO)
- **New Name** – new official name of issuing company
  - If company is doing business under another name, include that information too, so that the Doing Business As (DBA) name can be included in the investment description.
- **Replacement certificate or other instrument received?** – Select either Yes, No or N/A
  - Select "Yes" if the old certificate or other instrument will be replaced with a new one referencing the new name of the company. If no replacement will be made, please explain why no replacement is necessary in the box provided and attach any supporting documentation for the name change.
- **If received, has original replacement stock certificate or other instrument been sent to UTIMCO?** Select either Yes, No or N/A.
  - If **YES** – in the "Date" box, include the date it was mailed to UTIMCO
  - If **NO** – in the "Date" box, include the date you expect to mail it to UTIMCO
  - If **N/A** – (to be selected if no replacement certificate will be provided) – leave "Date" box blank

### **Tech Stock to be Written Off**

*This section of the form should only be filled out if you are communicating that a Tech Stock asset should be written off the accounting records.*

- Detail the specific Tech Stock asset(s) to be written off, and explain reason or circumstances for write-off. Include as much detail as possible.

### **Other (Exchanged, Converted, Sold, IPO, Stock Split, Merger, etc.)**

- **List specific investment and transaction details** - for any change to a Tech Stock investment that isn't simply a company name change or asset write-off.
  - Detail the Tech Stock asset(s) that changed and include as many details as possible to adequately explain what changed.
    - Attach supporting documentation as necessary.
    - For IPOs, include link to SEC filing for support.
  - Please note that if a Tech Stock is already classified as publicly traded in UTIMCO's system and that stock is currently being sold through coordination directly with UTIMCO, there is no need to include these public stock sales on the Change Tech Stock Form.
- **Other useful information or comments** – can be used to
  - explain any of the inputs in the form above,
  - expand on any explanation in one of the input boxes in the form above that did not allow enough room for comments, or
  - simply add any other useful comments

- **Tech Stock Company Information** – information on the company issuing UT System the investment. Please indicate if the company should **not** be contacted by UT System or UT System’s consultants in the “Other useful information or comments” box.
  - Contact Name – Name of primary contact at the issuing company, and include position at company if known
  - E-mail – Primary company contact e-mail address
  - Phone (please use dashes) - Primary company contact phone number
  - Website – company web address
- **Institution Contact Information** –
  - Remitter Name – the person at the institution filling out Change Tech Stock investment form (may also include title or department name)
  - E-mail – Remitter e-mail address
  - Phone – Remitter phone number
  - Date Submitted – Date form was completed or submitted to group e-mail

Any questions on these procedures can be e-mailed to [GRP-INVACTG@utsystem.edu](mailto:GRP-INVACTG@utsystem.edu).