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Generating knowledge is one of the primary tasks of VU University Amsterdam (VU) and VUmc. Researchers may produce knowledge with a potential market value: our research can then contribute to developing new products or services that will benefit society. This is known as knowledge valorization or knowledge exploitation. Scientific innovation will usually be prepared for the market by business or industry. It is generally acceptable for knowledge institutions to ask for a reasonable fee if knowledge or learning is offered to or requested by a market party. This is a method of generating funds to enable new research. To ensure that an invention remains commercially interesting, it is important to protect a discovery in time, through, for example a patent. Without protection, an invention can be used by practically anyone and a market party will not want to invest in developing that idea into a product that can be launched on the market.

The Regulations for Knowledge, Intellectual Property & Participation of VU/VUmc is a response to this situation and offers a legal framework to protect and commercialize knowledge and intellectual property rights and to participate in spin-off companies. The objective of the regulations is to offer an incentive to incorporate the exploitation of knowledge into everyone's work. In the long-term, VU and VUmc will be assessed not only on a high level of education, research and care, but also on entrepreneurship, and financing flows in the future will also be determined according to our results in the field of knowledge exploitation. Within this context, it is important for VU and VUmc to make proper arrangements regarding the position of the researcher-inventor. Without the researcher, there can be no knowledge exploitation. Therefore, academics are at the heart of this process. Clear agreements are essential so that research and the commercialization of knowledge can proceed in step and strengthen each other. The importance of protecting intellectual property (IP) and setting up spin-off companies justifies professional support. The Executive Board of VU and Management Board of VUmc set up the Technology

Transfer Office at the beginning of 2006 for this purpose. The TTO supports protecting knowledge, determining its value and commercializing it. TTO assesses the feasibility of using this knowledge in collaboration with researchers and their Faculties or Divisions and ensures that it is made available. This can eventually lead to contact with industry or to setting up a spin-off company. Naturally, the regulations contain fixed agreements about how knowledge must be dealt with. But the regulations go further: inventors and their Faculties/Divisions also benefit from any profits that are made. Employees may therefore personally profit from income from knowledge exploitation, something which is new within our organizations. The regulations contain the framework, but practise will require more tailor-made work. This is why the TTO VU& VUmc exists, and has been made responsible for implementing the regulations by the Executive Board and Management Board.

Objective of the Regulations

- To encourage the exploitation of the results of education, research and care;
- To promote the active protection of knowledge and inventions by VU and VUmc that are interesting For the market;
- To convey claims to intellectual property and the fair allocation of income derived from these rights
- To convey the conditions under which employees may participate in new companies that are started up on the basis of knowledge or intellectual property rights belonging to VU or VUmc.

Motivation for joint VU and VUmc policy and joint regulations

- In January 2005, the Minister of Education, Culture and Science stated that valorization (knowledge exploitation) was one of the tasks of universities. Knowledge institutions will therefore be assessed on their valorization activities;
- With the increase in external flow of funds, knowledge institutions are expected to actively engage in knowledge exploitation themselves;
- VU and VUmc both attach value to exploiting knowledge, know-how and the results of research, education and care by transferring them to businesses and cooperating with businesses.
- In the interests of transparency and clarity, VU and VUmc will apply the same rules concerning knowledge exploitation and the results thereof (e.g. patents and spin-off companies). A joint Technology Transfer Office (TTO) has been set up to provide professional support to the organizations.

1. Definitions, duration and scope

1.1 Definitions

- a. **Department/Service:** organizational unit of the Faculty or Division.
- b. **Participant:** VU and/or VUmc employee or other person to whom the regulations apply by means of a contract or declaration – including guest employees, approved persons, persons on secondments, employees from temporary employment agencies, students, trainees – who are involved directly and substantially in patient care, education and/or Research within VU and/or VUmc from which exploitable knowledge and/or IP rights have arisen or may arise.
- c. **Division:** organizational unit of VU as referred to in VU's Statutes.
- d. **Exploitation:** exercising Knowledge and/or IP rights whether or not via Participation in a business as referred to in the Regulations.
- e. **Faculty:** organizational unit of VU as referred to in VU's Statutes.
- f. **IP rights:** intellectual property rights, including copyrights, as are further defined in article 1.2 (n), patent rights, drawings and design rights, plant breeders' rights and data bank rights.
- g. **Invention Disclosure Form:** the form used to report possible exploitable Knowledge and/or IP rights.
- h. **Knowledge:** know-how, including ideas, concepts and thoughts that can be applied.
- i. **Plant breeder:** the person who has bred a variety of plant by their own work or who has discovered and developed the variety.
- j. **Maker of a work:** maker of a work as referred to in article 10, first paragraph of the Copyright Act.
- k. **Net income:** all profits from exploitation of Knowledge and/or IP rights including royalties, profits from transfer of Knowledge and/or IP rights and profits from participation after the deduction of costs incurred by VU or VUmc for obtaining and exploiting the Knowledge and/or IP Rights, including costs for applications, granting, maintaining, licensing, further development, transfer of Knowledge and/or IP rights and any costs for advice from external experts.
- l. **Research:** (academic) research activities conducted by Participants at VU and/or VUmc, including external research financed by government funding, commercial funding, contract funding, non-profit funding and internal funding.
- m. **Participation/to participate:** taking shares in a (new, as yet to be formed) business.
- n. **Regulations:** the present Regulations on Knowledge, Intellectual Property & participation of VU/VUmc.
- o. **Foundation:** VU-VUmc Foundation
- p. **TTO:** the Technology Transfer Office VU & VUmc, whether as an organizational unit without a legal personality within the Foundation, or as an organization incorporated in a separate legal person.

- q. **Inventor:** the person to whom the original inventive concept can be attributed, and whose inventive concept forms the basis for establishing one or more patent rights.
- r. **VU:** VU University Amsterdam, part of the Foundation.
- s. **VUmc:** VU University Medical Center, part of the Foundation.
- t. **VU and/or VUmc employees:** employees of VU as defined in the Collective Labour Agreement for Dutch Universities or employees of VU University Medical Center as defined in the Collective Labour Agreement for University Medical Centres.

1.2 Duration and scope

- a. The Regulations entered into effect on 1 January 2009, hereinafter to be referred to as the 'Commencement Date' and replace all other existing regulations in the area of Knowledge and/or IP rights from this date. The Regulations apply to all net incomes received on or after the Commencement Date, regardless of whether the Knowledge and/or IP rights to which they pertain date from prior thereto, except in those cases where the nature of a participation in a relevant enterprise that existed before 1 January 2009 or agreements made with third parties before that date preclude a distribution or redistribution of net incomes pursuant to these Regulations.
- b. The Regulations may be declared to have retrospective application with the approval of the Executive Board of VU or the Management Board of VUmc if extraordinary unfair situations would arise in individual cases should the Regulations not be applied.
- c. The Regulations apply to Participants.
- d. Persons who are not employees of VU/VUmc, who are involved in patient care, education and/or research at VU/VUmc, from which exploitable Knowledge and/or IP rights have arisen or could arise, must commit to the Regulations by means of a contract. For VU/VUmc employees, the Regulations are a further implementation of article 1.20 et seq., of the collective labour agreement for Dutch Universities and articles 9.4 and 9.5 of the collective labour agreement for University Medical Centres.
- e. If requested by TTO, Participants must sign a declaration in which they waive any possible claims to Knowledge and/or IP rights with the exception of claims pursuant to the Regulations without prejudice to any applicable collective labour agreement provisions.
- f. The Regulations will be made available to Participants through VU and VUmc's intranet or otherwise.
- g. The Executive Board of VU and the Management Board of VUmc will evaluate the workability and effects of the Regulations in consultation with TTO, no later than two years after the commencement date. The Regulations may be adjusted in the meantime if there is reason to do so.
- h. With regard to
 - Establishing, defending, maintaining and surrendering IP rights
 - Managing and exploiting Knowledge and/or IP Rights
 - Giving it in license or disposing of it
 - Managing the requisite funds and
 - All other aspects related to implementing the Regulations,
 the Executive Board of VU and the Management Board of VUmc have delegated the administration, organization and mandate to take related decisions to TTO, with due observance of the provisions contained below in i.
- i. TTO will take the initiative with regard to the subjects referred to in paragraph h of this article and will decide on this in joint consultation with the board of the appropriate Faculty and/or Division. If TTO and the Faculty and/or Division cannot reach an agreement on a decision, it will be submitted to the Executive Board and/or the Management Board for assessment.
- j. The Regulations may be derogated from by written agreement, and with the permission of the Executive Board of VU and/or the Management Board of VUmc. In this case, the content of the agreement entered into by VU and/or VUmc will apply primarily and the Regulations will have a supplementary effect.
- k. The Regulations also apply to persons who have been involved with patient care, education and/or Research within VU and/or VUmc from which exploitable Knowledge and/or IP rights has arisen or may arise.
- l. The persons referred to in paragraph k, Participants and their heirs are only entitled to the claims referred to in the Regulations insofar as they have provided TTO with their most recent personal information, including their address details.
- m. If wished, the Executive Board of VU or the Management Board of VUmc, may, after careful consideration of the interests of all involved, and following the advice of TTO and/or the board of the Faculty and/or Division, derogate from the provisions contained in the Regulations in writing and stating the reasons, if the implementation of the Regulations would lead to unfair or unworkable situations.
- n. The Regulations will only apply to a work protected by copyright if it concerns a work that the TTO considers suitable for commercialization, for example, in the form of a service or product, such as a computer program or a detailed survey. The Regulations do not apply to scientific publications and books, whereby the provisions on secrecy and the obligation to disclose as included in article 2.3 and

2.4 apply without prejudice in the event that the publication or book contains exploitable Knowledge and/or IP rights.

2. Rights and Obligations

2.1 Claims to Knowledge and/or IP Rights

- a. The Foundation is or will be insofar as this is in agreement with applicable law and legislation, the party entitled to all Knowledge and/or IP rights arising from Research, education and patient care as well as from other activities conducted by Participants within VU and/or VUmc.
- b. Providing that they fulfil the obligations within the Regulations, the following parties have a claim to part of the Net Incomes, as referred to in article 5 subparagraph b:
 - Participants;
 - The Executive Board of the Faculty and/or Division where Participants work for the purpose of the Faculty and/or Division's budget;
 - The Executive Board of VU and/or the Management Board of VUmc, for VU and/or VUmc's central budget.
- c. The Foundation may transfer its claim to Knowledge and/or IP rights to an indirect subsidiary company or another party.

2.2 Cooperation

- a. Persons who are or who have been involved directly or substantially with patient care, education and/or Research within VU and/or VUmc from which exploitable Knowledge and/or IP rights have arisen or may arise, will provide all information related to the Knowledge and/or IP rights referred to upon the request of the board of the appropriate Faculty and/or Division or TTO.
- b. Persons as referred to in subparagraph a of this article will grant reasonable cooperation to establishing, defending or transferring IP rights for which a registration procedure is being followed, without prejudice to any applicable collective labour agreements.
- c. If Research is to be conducted, the legal position of VU and VUmc with regard to Knowledge and/or IP rights must be safeguarded in a contract. The obligation to do so lies with the Faculty and/or Division that is responsible for complying with the obligation to disclose as referred to in article 2.4, subparagraph a as well as signing the contract as referred to in article 1.2. subparagraph e.
- d. If the Regulations are not complied with, it is possible – in accordance with prevailing law and legislation, the provisions in the collective labour agreements that apply to VU and/or VUmc or the Regulations – to impose measures upon Participants, without prejudice to VU and/or VUmc's right to claim additional compensation from the Participant for damage or loss of profits.

2.3 Confidentiality and Publications

- a. The Participant is obliged to observe secrecy with regard to activities that are conducted within VU and/or VUmc and that could reasonably lead to exploitable knowledge and/or IP rights in order to protect this knowledge and/or rights.
- b. The obligation to observe secrecy will not hinder any publication related to the results of the activities referred to in subparagraph a of this article upon the understanding that whenever a delay is required in connection with any registration procedure to protect IP rights, the Participant may be obliged not to publish during that period. Publications may not be delayed for longer than twelve weeks.

2.4 Report and decision to exploit

- a. Each participant conducting activities that they know or that they could reasonably know may result in exploitable Knowledge and/or IP rights must report this immediately in writing to TTO and notify the relevant board of the faculty and/or Division.
- b. If the board of the Faculty and/or Division receive notification as referred to in subparagraph a of this article, they are obliged to inform TTO thereof in writing as soon as possible.
- c. Notifications must describe the results of the activities referred to in subparagraph a as well as the business application thereof in an Invention Disclosure Form (IDF).
- d. Each participant who wishes to be reported and considered as an entitled party in registration documents, and/or publications – whether as maker of the work, Inventor, Plant Breeder or other entitled party to an IP right – must make a plausible case for their contribution and report any other persons who have contributed to TTO.
- e. Each Participant who wishes to commercialize Knowledge and/or IP Rights or who has been approached by a third party for this purpose, must inform TTO thereof in writing as soon as possible.
- f. After notification as referred to in subparagraphs a, b and e of this article, TTO will enter into consultations with the Participant who has made the notification and the appropriate Faculty and/or Division, so that they can take a decision with regard to protecting the Knowledge and/or IP rights and/or their exploitation. TTO and the concerned Faculty and/or Division will make this decision within two months of being notified.
- g. If necessary, previously made appointments will be reviewed if it is revealed that a Participant has wrongfully not been considered as an entitled party, in order to respect the Participant's rights and obligations derived from the Regulations.

3. Establishing and maintaining IP Rights

- a. VU and VUmc will maintain a fund for financing the costs of establishing, defending and maintaining IP rights, including the costs of patent applications. The Executive Board of VU and the Management Board of VUmc have charged TTO with its management.
- b. The Executive Board of VU and the Management Board of VUmc have granted power of attorney to the director of TTO to establish, defend and maintain IP rights, whereby the provisions of article 1.2, subparagraph h will be observed. Annual reports on the expenditures of the patents fund will be made to the Executive Board of VU and the Management Board of VUmc.
- c. After notification as referred to in article 2.4, subparagraph a, TTO will assess if there is a reasonable prospect of profitable exploitation. TTO will not apply for IP Rights until after the decision regarding exploitation has been taken.
- d. IP rights will be applied for in the name of the Foundation or a legal person that it has designated. The Inventor, Plant Breeder or other entitled party to an IP right will be mentioned as such in the application, unless they have made an objection to this in writing.
- e. TTO will make the decision regarding the territory in which IP rights will be applied for and their maintenance. This will be done both in consultation with Participants and in consultation with the board of the appropriate Faculty and/or Division.
- f. A decision to terminate an application procedure for an IP right prematurely will only be taken with the consent of and by TTO, after consultation with Participants and in consultation with the board of the Faculty and/or Division concerned.
- g. If an application procedure concerning an IP right has not been started within 2 months after the day of notification as referred to in article 2.4 subparagraph a, if an application is not maintained or is withdrawn, or if a decision is taken to no longer maintain an IP right that had been granted previously, the Inventor, Plant Breeder or other entitled party to this IP right will be entitled to submit or continue an application or to maintain the IP right.
- h. Any costs for applying for and maintaining the IP right will (disregarding any subsidies received by VU and/or VUmc in respect thereof) be charged to the party concerned. Further exploitation will be at the risk and expense of the Inventor, Plant Breeder or other party entitled to the IP right.
- i. TTO and the Faculty and/or Division concerned may decide to transfer the claim to an IP right or the IP Right that belongs to VU or VUmc to the Inventor or Plant Breeder or other party that is entitled to the IP right under conditions that will be agreed upon later.

4. Exploitation of Knowledge and/or IP Rights

After the decision to proceed with exploitation as referred to in article 2.4 subparagraph f has been taken, TTO will draw up an exploitation plan in consultation with the board of the Faculty and/or Division and Participant(s). It will establish the manner in which exploitation will take place, for example by means of entering into a licence agreement or a transfer of IP Rights, or by means of a company to be established for that purpose as referred to in article 6.

5. Income from Knowledge and/or IP Rights

- a. TTO is responsible for establishing, collecting and distributing Net Incomes from IP rights. The actual payment of the Net Incomes will be made by the appropriate payroll administration.
- b. If there are positive Net Incomes, this income will be distributed according to the following apportionment formula:
 - Participant(s): 1/3rd part
 - Faculty and/or Division: 1/3rd
 - VU and/or VUmc for the central budget: 1/3rd

If more Participants and/or Faculties and/or Divisions have a claim to incomes from Knowledge and/or IP Rights, the maximum that they will jointly receive is the percentage of the appropriate category referred to in subparagraph b of this article. This claim will be distributed equally among the parties belonging to one category, unless agreed upon otherwise. A part of the Net Incomes for the central budget which will be fixed between TTO and the Management Board of VUmc and the Executive Board of VU, will belong to TTO, without prejudice to any payments for costs incurred by TTO.

- c. Participants may make free use of their part of the Net Incomes. Legal deductions of wage tax and social premiums will be applied to this income.
- d. If the Net Incomes are or become negative, this will not lead to the reclaiming of already paid Net Incomes, but it will lead to the suspension of payment of positive Net Income until the moment that the negative Net Incomes have been recovered.

6. Formation of and Participation in a company

6.1 Conditions for forming a company

- a. For forming a company on the basis of Knowledge and/or IP Rights described in article 2.1, the Executive Board of VU or the Management Board of VUmc may, following advice from TTO, decide when the following conditions have been complied with:
 - An up-to-date and thorough business plan has been drawn up for the company that has been

assessed by a panel of experts at TTO's request and provides sufficient reassurance with regard to the feasibility and continuity of the company.

- The business plan gives sufficient insight into the financial means required and the acquisition thereof.
 - Clear agreements have been made between all involved parties with regard to investments within the meaning of article 6.3 by the Participant(s) as well as those payable from the budget and capacity managed by the involved Faculty and/or Division and/or payable from the central budget managed by the Executive Board of VU and/or the Management Board of VUmc, including any agreements about making the Participant available to perform work in the company.
- b. If a Participant (whether or not part-time) performs work for and Participates in a company to be formed, permission must be obtained from the head of the Department/Service and a joint annual evaluation must take place regarding the distribution of work between the Faculty and/or Division and the company. If the work for the company is conducted at the expense of the work for the Faculty and/or Division that had been agreed upon, the head of the Department/Service may decide that the Participant must reduce their work for the company to a level that allows the work to be allocated correctly, without prejudice to the freedom of a Participant who is also an employee to wholly or partly – in the latter case after permission from the head of their Department/Service – leave the employment of VU and/or VUmc in order to be able to spend more time working for the company.

6.2 Conditions for Participation

- a. Participants (insofar as is judged desirable by TTO and the board of the Faculty and/or Division) with a view to maintaining their long-term involvement) will be given the opportunity to acquire shares in a new company to be formed, whereby they must make a substantial investment as referred to in article 6.3. Their share in the company will be determined on the basis of the valuation of this investment.
- b. The shares of a Participant who is also an employee of VU and/or VUmc will be converted to a depositary receipt. This will create a division between the economic and legal interest in the shares, whereby the voting right attached to the shares will in principle be exercised by an independent foundation for the management of employee participations,, which will act as an administration office. Economic interest will remain vested in the Participant via depositary receipts (see appendix 2 for further clarification). Depositary receipts will be converted into shares under terms that will be determined at a later date. In any case, depositary receipts will be converted if the employment of a Participant who is also an employee is terminated completely.
- c. Shares will be acquired in a new as yet to be formed company on behalf of VU and/or VUmc, whereby investments as referred to in article 6.3 will be payable from the budgets and capacities referred to in this article under 6.1 subparagraph a, and whereby the shares will be held by Ooievaar Holding BV (on behalf of VU) or Boeievaar Holding BV (on behalf of VUmc).
- d. To prevent any conflict of interest. either actual or perceived, persons who, by virtue of their position at VU and/or VUmc, are responsible for supervising interests of either institution that are relevant to the present provisions - such as operational managers, directors of operations and TTO staff - are not entitled to Participate in a company as defined in the present article.
- e. Also to prevent any conflict of interest, either actual or perceived, neither a person as defined in subparagraph d. of the present article nor any head of a department at VU and/or VUmc who is a Participant in a company may serve as a director of such a company.

6.3 Investments in a company

- a. It is possible to invest in a company in the following ways:
- Contribution of Knowledge and/or IP Rights
 - Contribution in kind (for example by making use of products, facilities and services of VU and/or VUmc)
 - Contribution in cash
- b. For the formation of the company, TTO will determine and establish the relative amount of each of the investments referred to in this article in the total Participation and the distribution among the ultimate 'stakeholders' as referred to in article 6.2 subparagraph c.
- c. Ooievaar Holding BV and Boeievaar Holding BV will pay TTO a commission on the investments mentioned in this article and the Net Incomes from the Participation (being all profits from shares including sales profit and dividend).
- d. The apportionment formula stipulated in article 5 subparagraph b will be applied to this part of the Net Incomes insofar as the Net Incomes from Participation are attributable to the contribution of Knowledge and/or IP Rights by Ooievaar Holding BV or Boeievaar Holding BV.

6.4 Making funds available

If the company makes use of an existing infrastructure, space, equipment and/or employees of VU/VUmc without receiving shares for this, the board of the appropriate Faculty and/or Division and the company will make written price agreements on this, based on passing on the integral cost price to the company. To prevent any conflict of interest, either actual or perceived, persons who are Participants in said company shall not act for or on behalf of VU and/or VUmc in making such agreements.

6.5 Drawing up agreements

The diverse parties involved will draw up the necessary agreements in relation to the company, such as a declaration of intent, a shareholders' agreement, articles of association and company byelaws containing regulations regarding the executive board and any other bodies such as a supervisory board.

Appendix: Relevant provisions from collective labour agreements referred to in the Regulations.

Collective Labour Agreement for University Medical Centres (CAO-UMC)

Article 9.4 Invention

Without prejudice to the provisions of the Copyright Act and the Patent Act, employees are obliged to inform their employer of any potentially patentable invention produced or co-produced by them in connection with the performance of their job.

Article 9.5 Official rules

1. The employer may lay down official rules for the daily business operations in general and for the organization of patient care in particular.
2. The employer may also issue an instruction declaring the official rules applicable to persons who work at VUmc but who are not employed by VU University Medical Center.

Collective Labour Agreement of Dutch Universities.

Section 3 Patent right and Copyright

Article 1.20 General

1. The employee is obliged to comply with provisions reasonably laid down by the employer with regard to patent right and copyright, with due observance of the legal provisions.
2. The employer may impose more detailed rules with regard to the provisions referred to in articles 1.21 and 1.22

Article 1.21 Obligation to report

1. An employee who during or otherwise coinciding with the performance of his duties creates a possibly patentable invention by means of plant selection work, isolates a new variety for which plant breeder's rights may be obtained, is obliged to report this in writing to the employer and must submit sufficient data to enable the employer to assess the nature of the invention or variety.
2. The obligation referred to in paragraph 1 arises the moment that the employee is reasonably able to conclude that there is a question of such an invention or such a variety. In any event, the employee will be considered to have been able to reach such a conclusion the moment the invention is complete or the variety has been isolated.
3. The provisions in this article apply by analogy as far as possible if the employee creates work that is protected by copyright if and insofar as the employer has not determined otherwise.

Article 1.22 Transfer and retention of rights

1. Without prejudice to the provisions in article 12 of the State Patents Act, Bulletin of Acts & Decrees 1 995, 51, article 31 of the Seeds and Planting Materials Act, Bulletin of Acts and Decrees 1966, 455, and article 7 of the Copyright Act, Bulletin of Acts & Decrees 1912, 308, the employee, if and insofar he is entitled to other than moral rights to the invention, the variety or the work, for which the obligation to report in article 1.21 exists, shall transfer these rights to the employer in whole or in part if so requested, in order to enable it to make use of them in the context of fulfilling its statutory duties within a term to be established later.
2. As soon as the term referred to in paragraph 1 has expired without the employer actually having made use of the rights that were transferred to it, the employee is entitled to reclaim them. If the employee subsequently decides in favour of exploitation, the second sentence of paragraph 3 applies by analogy.
3. Except in cases contrary to the substantial interests of the university, the employee is entitled not to comply with the request as referred to in paragraph 1. In that case, the employer may decide that the costs it has invested are at the employee's expense, including salary, the costs of the facilities made available to the employee, insofar as they are directly related to the creation of the rights the employee now wishes to keep for himself, plus the interest accrued. The term 'substantial interests of the university' shall be interpreted to include interests arising from agreements entered into with third parties by or on behalf of the employer.

Article 1.23 Reimbursements

1. In the event the employer makes use of the rights transferred to it, the employee is entitled to fair reimbursement. Article 1.4 paragraph 5 is not applicable.
2. When determining this compensation, consideration will be given to the financial interests of the employer in the assigned rights and to the circumstances under which the result was achieved.
3. When rights are transferred, the employee is eligible for reimbursement of the costs borne by him personally which costs are demonstrably linked directly to the invention, the isolation of the variety or the creation of the work.

Appendix: The explanation of the issuance of depositary receipts for shares (re article 6.2) (is not part of these Regulations and is intended solely as an explanation)

Rights of the shareholder

A shareholder in a private limited company has two types of rights:

- the right to have a say at the general meeting of share holders (right to vote);
- the right to a share of the profits, in the form of dividend payments.

The general meeting of shareholders is the highest authority of a private company. The general meeting takes decisions such as appointing directors, adopting the annual accounts (and thereby how much dividend will be paid out) and it is the only body authorized to take major decisions such as amendments to the articles of association or a merger. The Executive Board of the company implements the policy that is determined by the general meeting.

What is issuance of depositary receipts for shares?

When issuing depositary receipts for shares, the shares are transferred by notarial deed to an 'administration office [AK]. In principle, an independent foundation for the management of employee participations shall act in this capacity. The AK issues depositary receipts for the shares to the entrepreneur in exchange for the shares. These depositary receipts correspond with the shares. The result is that the voting right attached to the shares is vested in the AK, and no longer with the entrepreneur/depositary receipt holder.

The AK must act in the interests of the depositary receipt holder on one hand and in the interests of the company on the other hand. In practice, however, the company's interests often weigh heavier. This is particularly the case with dividend politics. In general, issuing depositary receipts promotes decisiveness when taking policy decisions that have to be made by the general meeting of shareholders.

Why issue depositary receipts?

In many cases, the fact that the right to have a say and the right to dividend payments coincide does not give rise to problems. Sometimes, however, this situation is less desirable. Issuing depositary receipts for shares prevents possible 'conflicts of interest', for example, if someone has a double role because s/he is both actively involved in research within a department at VU/VUmc and within a company that performs similar activities or they are placed in a position which necessitates bringing legal proceedings against VU/VUmc.

The asset value attached to the shares is represented in the depositary receipts for the shares. In principle, the depositary receipts have an identical value to the shares. If, for example, it is decided to pay out dividends, the AK will pay the holder of the depositary shares the entire dividend.

The administration office

The AK's articles of association will stipulate how many board members the AK will have, who they will be, their powers, the way in which they will be appointed, etc. If required, more detailed rules can be laid down in internal regulations. There are no special legal provisions concerning these more detailed (competency) regulations, so that it is possible to choose the most suitable form for each individual situation.

The AK will hold the shares for which depositary receipts are issued. This will be subject to a number of conditions, known as administration conditions or depositary receipt conditions that stipulate the rights and obligations that the AK and the holder of depositary receipts have towards each other. The most important point concerns the rights held by the meeting of depositary receipt holders.

Rights of depositary receipt holders

With regard to property rights, a holder of depositary receipts will retain the same interest in the company's assets as he did when he was entitled as a share holder: right to payment of dividend or of the balance in the event of winding-up. The AK only acts as a cashier/slucice: payments on the shares that are received by AK will be passed on to the holder of depositary receipts.

Although there are few legal provisions concerning the issuance of depositary receipts, holders of a depositary receipt have the following rights, if the depositary receipts have been issued with the collaboration of the company:

- The depositary receipt holders must be called to the general meeting of share holders.
- They may call the general meeting of shareholders after obtaining authorization from the court (provided that together, they hold at least ten per cent of the issued capital in the form of depositary receipts)
- The agenda must also be made known to the holder of a depositary receipt when they are called, or *casu quo*, it is filed with the company's office.
- The depositary receipt holder may attend the general meeting of share holders and speak there. He may also be represented there by means of written authorization.
- Proposals to amend the articles of association must be stated in the notice convening the meeting.
- Holders of a depositary receipt may inspect the books and documents of the dissolved legal entity

after obtaining permission to do so from the court (provided that together they hold at least ten per cent of the issued capital in the form of depositary receipts).

- Holders of a depositary receipt may inspect the annual report and accounts at the company's office.
- Holders of a depositary receipt may convene the general meeting of shareholders for the purpose of having the annual report and accounts adopted/approved in the general meeting of shareholders.
- Holders of a depositary receipt (provided that together they hold at least ten per cent of the issued capital in the form of depositary receipts) may request the Enterprise Division of the Amsterdam Court of Appeal to institute an inquiry.
- Holders of a depositary receipt are authorized to inspect a proposal for a merger filed at the company's office.