Dottir



SISU 1.0 – User Guide

Simple Investment into a Start-up

Dottir Attorneys Ltd, November 2026

01

Before you start

We hope SISU makes early-stage financing in Finland a little simpler. A few words before you dive in.

This guide and the SISU templates are not legal advice. They are general information, written to help you understand how SISU works. They are not tailored to any particular company, investor or deal, and using them does not make you a client of Dottir Attorneys. Dottir Attorneys accepts no responsibility for how they are used.

Tax is outside the scope of this guide. This includes the tax treatment of the loan, of the conversion and of the shares, for both the company and the investor.

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02

SISU in brief

2.1 What SISU is

SISU is a set of open-source templates for early-stage investments into a Finnish limited liability company (osakeyhtiö). The investor puts money into the company now, and the investment turns into shares later, usually at the next priced equity round.

Commercially, SISU is a SAFE-type instrument. It is not a SAFE: the Y Combinator SAFE is built for US companies and does not work as such under Finnish law. SISU reaches a similar commercial result with Finnish-law tools, so some of its mechanics differ. The differences are explained in Part 5.

This guide is for founders, angels and early-stage VCs, and their advisers. It covers how a SISU works, how the pricing variants compare, why the templates are drafted as they are, how to fill them in, and what we see as the common pitfalls.

2.2 The documents

DOCUMENT	WHAT IT DOES
SISU – Valuation Cap	The loan agreement, with conversion priced using a valuation cap.
SISU – Discount	The loan agreement, with conversion priced using a discount.
SISU – MFN	The loan agreement, with conversion at the round price and a most-favoured-nation clause.
Shareholders' Undertaking	Signed by all shareholders. It commits them to pass the resolutions needed to convert the SISU loans of one variant, up to a stated Maximum Amount. A separate Undertaking is needed for each variant used.

The three loan agreements are identical except for pricing, plus the MFN clause in the MFN variant. Part 4 compares them. "Section" references in this guide are to the templates. Section numbers are the same in all three, except that the MFN variant inserts a new Section 11, so its Sections 11–14 are numbered 12–15. Where a reference differs, the MFN number is given in brackets.

03

How a SISU works, step by step

3.1 Step 1: Set up the Shareholders' Undertaking

Before any money comes in, all shareholders sign the Shareholders' Undertaking. In it they agree to vote for everything needed to convert the SISU loans: amendments to the articles, creation of a new share class and directed share issues. They also set the Maximum Amount of SISU loans the Undertaking covers.

- **One Undertaking per variant.** Each Undertaking covers loans on the Template attached to it as Schedule A. An Undertaking given for Valuation Cap SISUs does not cover Discount or MFN SISUs. If the Company uses another variant, all shareholders must sign a separate Undertaking for that variant before any loan on it is funded.
- **New shareholders.** A shareholder who transfers shares must ensure that the transferee adheres to the Undertaking before becoming a shareholder. For other new shareholders, such as subscribers in a share issue or option holders exercising options, shareholders are bound only to use their best efforts (Undertaking paragraph (6)). In practice, make adherence a condition of every issue.
- **Maximum Amount.** Loans above the Maximum Amount are not covered. To go beyond it, a new or amended Undertaking is needed.

3.2 Step 2: Sign and fund

The board decides to take out the loan, and the Company and the investor (the Lender) sign the SISU. The Lender then pays the loan amount to the Company. The Company can take out any number of SISUs from different Lenders at different times. The templates call these other loans Parallel Loans. SISUs of all three variants are Parallel Loans to each other.

3.3 Step 3: While the SISU is outstanding

- The loan bears no interest and has no maturity date. The Lender can never demand repayment. The Company can repay only with the Lender's consent and within the Companies Act limits (Sections 7 and 8). 5.2 below explains why.
- The Company may not distribute assets to shareholders, except to buy back shares from leavers (Section 5.3).
- The Lender receives annual financial statements within 45 days of the end of the financial period, and quarterly reporting within 30 days of the end of each quarter (Section 11 (MFN: 12)).

3.4 Step 4: Conversion

The loan converts into new shares when a Conversion Event happens. There are three kinds:

CONVERSION EVENT	WHEN IT HAPPENS	WHAT THE LENDER GETS
Equity Financing	Automatically, at the first closing of a bona fide round in which Shares are issued at a fixed price. Optionally, only if the round raises a minimum amount of new money, excluding the SISUs themselves.	Shares of the same class as the round investors.
Liquidity Event	Automatically, immediately before an exit: a sale of more than 50% of the Shares, an acquisition by an existing shareholder of substantially all remaining Shares, a sale of substantially all assets, a merger or other change of control, or a listing.	Shares of a new SISU class with a 1.0x non-participating preference (see 5.3). On a listing, shares of the listed class.
Insolvency Event	Only if the Lender chooses, at any time after liquidation, the filing of a bankruptcy or reorganisation application, or a general suspension of payments.	Shares of the same new SISU class (see 5.4).

The conversion price depends on the event and on the pricing variant (Part 4). The Lender pays for the shares by setting off the loan, and the amount is credited to the reserve for invested unrestricted equity. All SISUs are calculated and converted at the same time, and fractional shares are rounded up (Section 9.4).

The Company must notify the Lender of an expected Conversion Event at least five Business Days before the final transaction documents are signed, and must give the Lender its conversion calculation before conversion (Section 9.5). An Insolvency Event must be notified without delay (Section 9.6).

3.5 Step 5: After conversion

The Lender signs the subscription list and adheres to the shareholders' agreement, on the terms that generally apply to the other investors in the round or, for other events, to the other shareholders (Section 9.7). Rights that the lead investor negotiates individually, such as a board seat, are not included. The SISU agreement then ends.

04

Pricing: Valuation Cap, Discount and MFN

4.1 The reference prices

All three variants start from the same reference price, which depends on the Conversion Event:

- **Equity Financing:** the lowest price per Share paid in cash in the round. Shares issued for set-off of other loans or for non-cash consideration do not set the price. The MFN variant is different: its reference price is the lowest price per Share paid in the round, not only in cash, so it captures any price per Share in the Equity Financing (unless the terms are changed under the MFN clause).
- **Liquidity Event:** the equity value implied by the deal (or the offering or first trading price on a listing), as reasonably determined by the board, divided by the Fully Diluted Capitalisation.
- **Insolvency Event:** the fair value of a Share at the time of the Insolvency Event. Fair value is deliberately left open and will be negotiated in the situation.

Fully Diluted Capitalisation counts all issued Shares and all other Equity Securities as if converted, including all SISUs. It does not count shares issued to new investors in the round. In the Valuation Cap variant it also counts the incentive pool as if fully allocated, but not any top-up of the pool made in the Equity Financing. On a Liquidity Event the pool limb does not apply, so the unallocated pool is left out. The Discount and MFN variants have no pool limb.

4.2 How each variant uses the reference price

	VALUATION CAP	DISCOUNT	MFN
Equity Financing	Lower of the round price and the cap price	Round price × (1 − Discount)	Round price
Liquidity Event	Lower of the equity-value price and the cap price	Equity-value price × (1 − Discount)	Equity-value price
Insolvency Event	Lower of fair value and the cap price	Fair value × (1 − Discount)	Fair value
Lender's protection	A known minimum ownership before the round	A fixed discount to whatever the round price is	Can adopt better terms given to later investors

4.3 Valuation Cap

The Lender receives at least its **Cap Ownership**: the loan divided by the Valuation Cap, as a percentage of the Fully Diluted Capitalisation. Example: a EUR 400,000 loan with an EUR 8,000,000 cap gives 5%.

What the Cap Ownership is measured against. Cap Ownership is measured with all Parallel Loans included, but before the Equity Financing. However many Parallel Loans the Company takes out, the Lender knows its minimum ownership immediately before the round. Other SISUs dilute the existing shareholders, not this Lender. The new round then dilutes everyone, including the SISU holders. Appendix A has a worked example.

When it suits. It suits a Lender who wants a ceiling on the price. It also lets founders see in advance how much of the Company the SISUs will take.

4.4 Discount

The Lender converts at the reference price less a fixed percentage. Example: with a round price of EUR 1.20 and a 20% Discount, the Lender pays EUR 0.96 per share, so a EUR 400,000 loan buys about 416,667 shares.

When it suits. It suits parties who want the price to follow the market. There is no ceiling: if the round is priced high, the Lender pays a high price too, less the discount.

4.5 MFN

The Lender converts at the reference price, with no cap or discount. If the Company later takes out a Parallel Loan or issues another convertible security on more favourable terms, it must notify the Lender. The Lender may elect, within ten Business Days, to have those terms apply, and the parties must then amend the agreement (Section 11). This is an agreement to amend: if the Company does not cooperate, the Lender's remedy is a claim for breach.

When it suits. It suits very early or small tickets where the parties do not want to set a price yet.

4.6 Combining mechanisms

The mechanisms can also be combined in one agreement, and the templates make this fairly easy:

- **MFN with a cap or a discount.** Copy the MFN clause (Section 11 of the MFN template) into the Valuation Cap or Discount template. Remember to update the cross-references, because the sections after the new clause move down by one number.
- **Cap and discount.** This works best by starting from the Valuation Cap template and applying the discount to the reference price. The Lender then converts at the lower of the discounted reference price and the cap price.

4.7 Mixing variants in one company

A company can use different variants with different Lenders. All SISUs convert at the same time into the same class and rank pari passu. Each variant used still needs its own Shareholders' Undertaking (see 3.1). The optional majority amendment clause (Section 13.3.2 (MFN: 14.3.2)) binds only Lenders whose conversion price is set on the same terms.

Simple is beautiful. Where the situation allows, our strong recommendation is to keep all SISUs in a company on the same conversion terms. Mixing Valuation Cap and Discount SISUs in particular can make the conversion messy: their prices are calculated differently, but they feed into the same simultaneous calculation. If mixing variants is a must, think the conversion maths through before the second variant is signed.

05

Why SISU is built this way

5.1 A convertible subordinated loan, not special rights

Each SISU is an unsecured, interest-free subordinated loan (pääomalaina) under Chapter 12 of the Companies Act. It is not a special right under Chapter 10. The Lender's right to shares is contractual. The Company undertakes to convert the loan, and the shareholders undertake, in the Shareholders' Undertaking, to vote for the necessary resolutions. The Company and each Lender may rely on and enforce the Undertaking (paragraphs (4) and (5)).

Why. One Undertaking covers any number of SISUs of the same variant, signed at different times, up to the Maximum Amount. Each loan then needs only a board decision and a signed agreement, with no separate shareholder resolution for each investor. The trade-off is less legal certainty than a statutory special right: if shareholders do not perform, the Lender has to enforce the Undertaking (see 5.5).

5.2 No repayment, and why that matters

No maturity, no interest and no right for the Lender to demand repayment are meant to support treating the loan as equity in the Company's accounts. Classification is for the Company's auditor, so confirm it with the auditor before the first SISU is signed. The Companies Act restrictions on repaying subordinated loans do not prevent conversion (Section 9.9).

If you change these terms. Adding a maturity date, or giving the Lender a right to require cash payment in any circumstances, will lead to the loan losing its equity status. That is not necessarily a problem. For example, our understanding is that Business Finland's requirements can be met with ordinary subordinated loans under the Companies Act. It should still be considered before the terms are changed.

5.3 The SISU preference class on an exit

A YC SAFE gives the investor a cash-out right on an exit. SISU cannot do that without repaying the loan, which would work against the equity treatment. Instead, the loan converts immediately before the exit into a new share class. The class has the same rights as the ordinary shares, plus a 1.0x non-participating liquidation preference in priority to all other Shares (Section 9.2(c)). The class is shared by all SISU holders, who rank pari passu. On a listing, the loan converts into the listed class and there is no preference.

- **Share sales.** In an asset sale or a merger, the preference can work through distributions by the Company. In a share sale, the buyer pays the shareholders directly, and the preference has effect only if the shareholders have agreed to allocate the sale proceeds accordingly. The Shareholders' Undertaking does not contain a proceeds allocation clause, so the allocation must be implemented in the shareholders' agreement or otherwise handled.
- **Existing preferred shareholders.** The SISU class ranks ahead of all other Shares, including existing preferred classes. Existing preferred holders may have consent or veto rights over creating a senior class under the articles or the SHA. Obtain those consents or waivers before the first SISU is signed.

5.4 Insolvency: conversion at the Lender's choice

In a bankruptcy, conversion usually makes little difference, because subordinated debt and equity both rank last. A reorganisation (yrityssaneeraus) is different: subordinated loans are generally cut first, while shares survive. Converting can therefore preserve the Lender's position. The Insolvency Event includes the filing of an application, so Lenders should decide and give notice promptly once an application is filed.

The price is based on fair value (see 4.2). If fair value is close to zero, conversion can give the Lender a very large, even controlling, stake. Example: a Lender has a EUR 400,000 loan. The Company has 9,000,000 shares on a fully diluted basis, and fair value is agreed at EUR 0.01 per share. The Lender would receive 40,000,000 shares, about 82% of the Company, before any other SISU converts.

5.5 Enforcing conversion

Conversion is a contractual obligation of the Company and, through the Undertaking, of each shareholder. Specific performance is available under Finnish law. The practical risk is delay, not the lack of a remedy. Disputes go to expedited arbitration under the rules of the Finland Chamber of Commerce (FAI), seated in Helsinki. The FAI may move a case to the standard rules where the amount or complexity justifies it (Section 13.10 (MFN: 14.10) and Undertaking paragraph (9)).

06

Filling in the templates

Square brackets. Everything in square brackets is either a placeholder to fill in or an option to choose. Once you have filled in the placeholder or made the choice, remove the brackets, and delete the options you did not choose. The only exception is the signature page note ([*Signatures on following page.*]), which stays.

ITEM	WHERE	NOTES
Parties	1.1	Choose the Lender's identifier. If the Lender is a company or other legal entity, keep "business identity code [ID]" and fill in the business identity code. If the Lender is an individual, keep "date of birth [DOB]" and fill in the date of birth. Delete the other option and remove the brackets. For an individual Lender, also delete the title line in the signature block.
Valuation Cap / Discount	Definitions	A EUR amount for the cap, or a percentage for the discount. The MFN variant has neither.
Loan amount, payment, IBAN	4.1, 4.2	Choose between payment on the Effective Date and payment within a set number of Business Days.
Aggregate notice threshold	4.3	Optional. The Company notifies the Lender within five Business Days once all SISUs together reach the stated amount. Delete if not used.
Equity Financing threshold	9.1(a)	Optional minimum new cash, excluding SISUs. Without it, any bona fide priced round triggers conversion, however small.
Majority amendment	13.3.2 (MFN: 14.3.2)	Optional. Allows amendment by majority in principal among SISUs on the same pricing terms. The principal amount cannot be changed this way.
Arbitration language	13.10 (MFN: 14.10)	Finnish or English.
Share class name	9.2(c)	The template refers to the Company's "ordinary shares". Check that this matches the class names in the articles.
Cap table	10.4	The representation refers to the cap table disclosed before the Effective Date. Keep a dated copy of the version actually disclosed.
Schedule	Schedules	Attach the signed Shareholders' Undertaking for the variant used.
Undertaking	(1), (3), (9)	Company details, Maximum Amount and arbitration language. Attach the Template of the variant used as Schedule A. Include signature blocks for every shareholder.

07

Checklist

(a) Review the articles and the SHA: consent rights of existing preferred holders, pre-emption rights, the size of the incentive pool, and whether the SHA allocates share sale proceeds by preference.

(b) Confirm the intended accounting treatment with the auditor.

(c) Obtain a board decision on taking out the loans.

(d) Have all shareholders sign the Shareholders' Undertaking, with the Maximum Amount, before any loan is funded. Use a separate Undertaking for each SISU variant.

(e) Sign each SISU and receive the funds. Keep a register of Lenders, amounts and terms, and of the aggregate against the Maximum Amount.

(f) Make every new shareholder sign or adhere to the Undertaking before becoming a shareholder.

(g) Deliver annual and quarterly information to the Lenders.

(h) On a Conversion Event: give notice at least five Business Days before the final documents are signed, deliver the conversion calculation, pass the general meeting resolutions, have the Lenders subscribe by set-off and sign SHA adherence, and register the new shares.

08

Common pitfalls

- Funding before every shareholder has signed the Undertaking.
- New shareholders, including option holders who exercise, not adhering to the Undertaking.
- Exceeding the Maximum Amount without a new Undertaking.
- Taking out a SISU on a second variant in reliance on the Undertaking given for the first.
- Stacking cap-based SISUs without tracking their total. Founders bear all of the SISU dilution until the round (Appendix A).
- Creating a senior SISU class without the consent of existing preferred holders.
- A small priced round triggering conversion where no Equity Financing threshold was set.
- Adding a maturity date or a cash repayment right without considering the loss of equity status.
- Lenders expecting lead-investor rights on conversion.

Appendix A: Valuation Cap worked example

The calculation. Fully Diluted Capitalisation includes the shares that the SISU conversions themselves create, so the definition refers to itself. It still has a unique solution. If S is the fully diluted share count before conversion and every SISU converts at its cap, then:

$$\text{Fully Diluted Capitalisation} = S \div (1 - \Sigma\,(\text{Loan} / \text{Cap}))$$

The example. The Company has 8,000,000 issued shares and a pool of 1,000,000, so S is 9,000,000. It has three cap-based SISUs. A Series Seed round is then priced at EUR 1.20 per share and raises EUR 2,000,000.

	LOAN (EUR)	CAP (EUR)	CAP OWNERSHIP	SHARES ON CONVERSION	PRICE PER SHARE (EUR)
SISU A	250,000	5,000,000	5%	535,714	0.467
SISU B	400,000	8,000,000	5%	535,714	0.747
SISU C	600,000	10,000,000	6%	642,857	0.933
Total SISUs	1,250,000		16%	1,714,286	
Fully Diluted Capitalisation				10,714,286	

All three cap prices are below the round price of EUR 1.20, so each SISU converts at its cap price. Immediately before the round, each Lender holds exactly its Cap Ownership, and existing holders keep 84%. The round then adds 1,666,667 shares, so SISU A ends at about 4.3% after the round. Share numbers are shown before rounding.

If the round were priced at EUR 0.80 instead, SISU C would convert at EUR 0.80 (750,000 shares), because that is lower than its cap price. Its shares enter the calculation at that number. SISU A and SISU B then each receive 541,667 shares, on a Fully Diluted Capitalisation of 10,833,333. The result is still unique, and each SISU still gets the lower of its two prices.

Stacked SISUs. Each new cap-based SISU adds its Loan / Cap to the total, and the whole total comes out of the existing holders' share. No Lender's Cap Ownership changes:

SISUS OUTSTANDING	Σ LOAN / CAP	EXISTING HOLDERS	FULLY DILUTED CAPITALISATION
A	5%	95%	9,473,684
A + B	10%	90%	10,000,000
A + B + C	16%	84%	10,714,286
Illustrative	50%	50%	18,000,000
Illustrative	90%	10%	90,000,000
Illustrative	100%	–	no solution

As the total approaches 100%, the share count grows without limit and the calculation stops working. In practice the founders' stake disappears well before that point. Use the optional aggregate notice in Section 4.3 of the SISU and the Maximum Amount in the Undertaking to keep track.