



**Consensus and Latham & Watkins LLP announce a convertible note generator for startups powered by OpenLaw**

**New York - May 10, 2019** - [Consensus](#) and global law firm [Latham & Watkins LLP](#) are pleased to announce the launch of the Automated Convertible Note, an [OpenLaw](#)-based document generator to help startups raise capital with customizable market standard terms and optional digital token provisions. To access the online tool, please visit the [website](#).

Consensus' in-house legal team collaborated with Latham & Watkins' emerging companies, fintech, and finreg practices to develop the Automated Convertible Note. The document generator relies on OpenLaw, a Consensus project which is building blockchain-based infrastructure to streamline commercial relationships through a suite of tools for token generation, contract automation, e-signature, and smart contracts components.

“Working with Latham & Watkins—a firm with unique and deep insight into the legal and regulatory issues in this space—was very important to us because we wanted to be sure our generator could be used to create a sound convertible note with market standard terms. We are also grateful to 500 Startups for collaborating with us on the use of the form KISS as the basis for our document,” said David Cios, a member of the Consensus legal team.

Digital token provisions are an important feature of the Automated Convertible Note. “We invest in many startups that leverage blockchain technology to build products and services for the new tokenized economy. If any startup is contemplating distributing digital tokens in the future, we believe our Automated Convertible Note builds in the appropriate guardrails to address potential regulatory issues relating to tokens,” said Wee Ming Choon, also a lawyer at Consensus.

Miles Jennings, a senior associate in Latham & Watkins' Silicon Valley office and member of the firm's Emerging Companies Practice, said: “We are pleased to have collaborated with Consensus, a thought leader and innovator in the blockchain technology space, on a tool that will help startups efficiently raise capital, particularly in this critical and fast-evolving market.”

Yvette Valdez, a partner in Latham's New York office and member of the firm's FinTech Industry Group, said: “We are very excited to be part of the offering of a convertible note tool that addresses the commodities regulatory issues present in investment structures that offer the investor a right to tokens.”

“The online document generator builds in protections and much needed flexibility to navigate securities regulatory concerns in nascent token projects,” added Stephen Wink, a partner in Latham’s New York office, a member of the firm’s FinTech Industry Group, and Co-Chair of the firm’s Blockchain and Cryptocurrency Task Force.

The Automated Convertible Note is free to use and accessible on ConsenSys’ [website](#). Through the website, users can quickly create a customizable draft convertible note agreement for US corporations. The website also includes links to (a) the [Brooklyn Project](#), a ConsenSys and industry-wide initiative to promote token-powered economic growth and consumer protection, which allows anyone to leave a comment on any part of the full template, and (b) a simple cap table spreadsheet that can help calculate equity dilution and conversion for founders and investors.

As an incubator, investor and leader in the blockchain space, ConsenSys is keenly interested in reducing legal frictions for young startups. “We hope the Automated Convertible Note will allow entrepreneurs to reduce the time and money spent on early financings so they can instead focus on continuing to push the frontiers of innovation. We’re looking forward to introducing additional and complementary tools to further that goal,” said Federico F. Soddu, a lawyer at ConsenSys.

#### **About ConsenSys:**

ConsenSys is a global formation of technologists and entrepreneurs building the infrastructure, applications, and best practices to enable a decentralized world. The ConsenSys "hub" coordinates, incubates, accelerates, and spawns "spoke" ventures through development, resource sharing, investments and the formation of joint ventures. ConsenSys is dedicated to growing the Ethereum-based blockchain ecosystem through various domains including ConsenSys Solutions, ConsenSys Capital, ConsenSys Labs, and ConsenSys Academy. For more information, please visit [www.ConsenSys.net](http://www.ConsenSys.net).

#### **About OpenLaw:**

[OpenLaw](#) is a blockchain-based protocol for the creation and execution of legal agreements. Using OpenLaw, lawyers can more efficiently engage in transactional work and digitally sign and store legal agreements in a highly secure manner, all while leveraging next-generation blockchain-based smart contracts. To learn more about OpenLaw, check out our [site](#) and [documentation](#) for an overview and detailed reference guide. You can also find us at [hello@openlaw.io](mailto:hello@openlaw.io) or tune in in our community [Slack channel](#). Follow our [Medium](#) and [Twitter](#) for further announcements, tutorials, and helpful tips over the upcoming weeks and months.

#### **About Latham & Watkins:**

Latham & Watkins delivers innovative solutions to complex legal and business challenges around the world. From a global platform, our lawyers advise clients on market-shaping transactions, high-stakes litigation and trials, and sophisticated regulatory matters. Latham’s FinTech lawyers help market participants navigate complex business and regulatory issues associated with the technological disruption of financial services. The firm is at the forefront of cutting-edge issues in the FinTech space, and advises on a wide range of matters that can include: a startup in a token structuring or token offering; a technology giant on compliance issues for a global payments platform; a financial institution seeking to

automate its financial operations; a user of distributed ledger technology (DLT) on developing new market infrastructure systems; or clients in first-of-their-kind investigations and enforcement matters. To learn more about Latham's tokenization and blockchain technology capability, please visit [lw.com](http://lw.com). Visit [LathamDrive](#), the firm's dedicated site for entrepreneurs, startups, and mature companies, providing a range of the tools, in-depth guides, desktop references, and other resources covering incorporation, strategic investments and acquisitions, funding, going public, and much more.

Download Latham & Watkins' *The Book of Jargon® – Cryptocurrency & Blockchain Technology*, an interactive glossary of cryptocurrency and blockchain acronyms, slang, and terminology, available in the [App Store](#) and [Google Play](#).

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