

Approved by Rector's directive No 187 of 22 December 2016 (entry into force 01.01.2017)

Amended by Rector's directive No 15 of 31 March 2021 (entry into force 01.04.2021)

Amended by Rector's directive No 10 of 4 March 2026 (entry into force 04.03.2026)

In force from: 04.03.2026

## Rules for Participation in Related Organisations

### 1. General provisions

1.1 The Rules set out the principles for the establishment of companies, non-profit associations and foundations by the university, participation in them as a shareholder, partner, member or founder, engagement in international organisations, and the supervision of and cooperation with such organisations.

1.2 The Technology Transfer Office coordinates cooperation with Estonian legal persons and foreign companies with university participation. The Rectorate Strategy Office coordinates cooperation with international organisations. [entry into force 01.04.2021]

### 2. Definitions

2.1 For the purposes of these Rules, the terms set out below have the following meanings:

2.1.1 "**participation in a legal person**" means the establishment of a legal person in private law, participation in its establishment, acquisition of shares in such a legal person, or becoming a member of a non-profit association;

2.1.2 "**legal person with university participation**" means a legal person in private law related to the university that has been established by the university or in which the university holds a stake as a shareholder, partner or member;

2.1.3 "**international organisation**" means a foreign legal person or any other organisation, network or association with university participation that operates internationally and has international members;

2.1.4 "**related organisation**" is a general term referring to legal persons and international organisations with university participation;

2.1.5 "**university representative**" means a person representing the university's interests in the management of a related organisation, including at general meetings, as a member of the supervisory board, management board or another controlling body, or as a procurator;

2.1.6 "**spin-off company**" means a research-based start-up company, i.e. a commercial undertaking that uses the results or knowledge arising from the university's research and development activities. [entry into force 04.03.2026]

2.1.7 [repealed – entered into force 01.04.2021].

### 3. Principles

3.1 The following principles shall apply in relations with related organisations:

3.1.1 participation in a related organisation must contribute to the objectives specified in the Statutes of the university;

3.1.2 cooperation with legal persons with university participation must ensure continuous cooperation and exchange of information aimed at achieving scientific and economic benefits through joint projects;

3.1.3 as a rule, the university's shareholding in a company must be at least 10%.

3.2 A company may be considered a university spin-off company within the meaning of clause 2.1.6 if it meets at least one of the following conditions: [entry into force 04.03.2026]

3.2.1 the spin-off company has entered into a licence agreement with the university for the use of intellectual property belonging to the university;

3.2.2 the spin-off company has acquired know-how from the university;

3.2.3 the spin-off company has been granted the right to use intellectual property belonging to the university in exchange for shares in the spin-off company.

3.3 The university makes a non-cash contribution to a spin-off by contributing intellectual property owned by the university in exchange for shares in the spin-off company, with the university's shareholding generally determined on the basis of the following criteria:

3.3.1 in the case of unprotected intellectual property (including software, copyrights, trade secrets, etc.), a 5% shareholding in the spin-off company;

3.3.2 in the case of a patent or patent application, a 7% shareholding in the spin-off company;

3.3.3 in the case of two or more patents or patent applications, a 10% shareholding in the spin-off company;

3.3.4 in the case of the allocation of a university development grant, a 1% shareholding in the spin-off company.

3.3.5 The university and the founders of the spin-off company may, through negotiations, agree on a shareholding different from that specified in clauses 3.3.1–3.3.4.

#### **4. Participation in a legal person**

4.1 To participate in an Estonian legal person or an international company, the head of the interested structural unit shall submit a proposal to the Technology Transfer Office. [entry into force 01.04.2021]

4.2 The proposal must include:

4.2.1 an explanatory memorandum comprising a description of the objectives of the legal person with university participation, the justification for establishing or becoming a shareholder or member of the legal person, and a description of the obligations and costs associated with the university's involvement, etc.;

4.2.2 the articles of association and the memorandum of association;

4.2.3 a three-year action plan (including a cash flow plan);

4.2.4 a list of the assets provided by the university and the terms of their use, including those relating to intellectual property.

4.3 The Technology Transfer Office shall analyse the objectives and the terms and conditions for establishing the legal person, acquiring a shareholding or becoming a member, and shall submit its opinion to the Rector. [entry into force 01.04.2021]

4.4 To terminate participation in a legal person, a proposal shall be submitted by the Technology Transfer Office or by the head of the interested structural unit through the Technology Transfer Office. [entry into force 01.04.2021]

4.5 Specifics of participation in a spin-off company [entry into force 04.03.2026]

4.5.1 If the proposal concerns the establishment of a spin-off company or participation in a spin-off company, the proposal must, in addition to the information specified in clause 4.2, contain at least the following:

4.5.1.1. the purpose of establishing the spin-off company, its planned activities, the technology to be used, and an overview of the related intellectual property;

4.5.1.2. a description of the founders, their roles and backgrounds, and the proposed distribution of shares, including the basis for the university's participation;

4.5.1.3. the spin-off company's development plan and market entry strategy;

4.5.1.4. financial forecasts, investment needs and planned sources of financing;

4.5.1.5. where possible, feedback from potential customers or partners or the results of market validation.

4.5.2 When deciding on the establishment of or participation in a spin-off company, the following factors shall be assessed among others:

4.5.2.1. the impact of the use of the results of the university's research and development activities;

4.5.2.2. the protection of the university's intellectual property and the conditions for its use;

4.5.2.3. the strategic, financial and reputational risks to the university.

#### **5. Participation in an international organisation**

5.1 The head of the interested structural unit shall inform the Rectorate Strategy Office of the intention to participate in an international organisation, except in the case of a foreign company. [entry into force 01.04.2021]

5.2 The notification of intention must include a description of the objectives of the international organisation, the justification for joining or participating, and a description of the obligations and costs associated with the university's involvement, etc.;

5.3 The Rectorate Strategy Office shall analyse the objectives and the terms and conditions of participation in the international organisation and shall submit its opinion to the structural unit and the Rector. [entry into force 01.04.2021]

5.4 A decision regarding participation in an international organisation, except for a legal person, shall be made by the person authorised to conclude such a transaction, in most cases the head of the structural unit with the approval of the Rector. [entry into force 01.04.2021]

## **6. Authority of the Rector**

6.1 The Rector:

6.1.1 makes decisions regarding participation in Estonian and foreign legal persons;

6.1.2 makes decisions regarding the termination of participation in a legal person, including the transfer of shares, withdrawal from a non-profit association, and termination of the founder's rights in a foundation;

6.1.3 makes decisions regarding the termination, division or merger of a legal person that is 100% owned by the university;

6.1.4 upon the establishment of a legal person that is 100% owned by the university, appoints the members of the supervisory board or, if there is no supervisory board, the management board, and approves the articles of association;

6.1.5 exercises the rights of a partner, shareholder, member or founder and other rights of the general meeting in a legal person with university participation;

6.1.6 appoints a university representative in a legal person with university participation and specifies the scope of that person's authority to represent the university.

6.2 The Rector has the right to delegate his authority set out in clauses 6.1.3–6.1.5 to a university representative.

## **7. Authority of the Technology Transfer Office** [entry into force 01.04.2021]

7.1 The Technology Transfer Office organises the establishment of Estonian legal persons and foreign companies with university participation and handles the administrative matters related to their operation and supervision. [entry into force 01.04.2021]

7.2 The Technology Transfer Office: [entry into force 01.04.2021]

7.2.1 prepares the documents related to the establishment and termination of legal persons with university participation and obtains the approval of the relevant structural units of the university;

7.2.2 collects and analyses the reports of university representatives and, in the case of non-fulfilment of obligations, makes a proposal to the Rector to remove them or to initiate legal action;

7.2.3 analyses the activities of legal persons with university participation and the reasons and objectives for the university's participation and submits proposals to that effect;

7.2.4 makes proposals to the Rector to appoint or remove a person to/from the management body of a legal person with university participation;

7.2.5 enters data into the register of related organisations and obtains and processes the required information.

## **8. Authority of the Rectorate Strategy Office** [entry into force 01.04.2021]

8.1 The Rectorate Strategy Office organises participation in and termination of participation in international organisations, except for foreign companies, and handles the related administrative matters and supervision. [entry into force 01.04.2021]

8.2 The Rectorate Strategy Office: [entry into force 01.04.2021]

8.2.1 prepares the documents related to the university's participation and obtains the approval of the relevant structural units of the university;

8.2.2 analyses the university's activities in international organisations and the reasons and objectives for participation and submits proposals to that effect;

8.2.3 enters data into the register of related organisations and obtains and processes the necessary information, including the collection of the reports of university representatives.

## **9. Authority of a university representative**

9.1 A university representative is appointed to represent the university's interests in a related organisation. A university representative may represent the university as a shareholder, partner, founder or member in a legal person with university participation or as a member or contracting party in an international organisation in accordance with the authorisation granted by the Rector.

9.2 A university representative organises communication between the university and the related organisation, analyses the objectives of participation and makes proposals regarding the rationality of participation, and maintains information on the use of the university's assets and the activities of the related organisation.

9.3 A university representative must provide the coordinating structural unit with reasonable prior notice of important issues to be discussed, such as the appointment of members of the supervisory board or management board, amendments to the articles of association, increases or decreases in share capital, decisions regarding merger, division, reorganisation or liquidation, or the taking of a substantial loan.

9.4 A university representative must submit to the coordinating structural unit a written report on the fulfilment of the objectives, changes, requirements, obligations and other relevant circumstances within four months after the approval of the annual report or another equivalent financial report of the legal person with university participation.

9.5 If there are several university representatives in a legal person with university participation, the obligations set out in clauses 9.2–9.3 shall be performed by the university representative authorised to attend the meeting.

## **10. Register of related organisations**

10.1 For each related organisation, the following data shall be entered in the register of related organisations:

10.1.1 basic information – name, registry code, address, website address;

10.1.2 the start date of participation;

10.1.3 the university representatives and the terms of their authority;

10.1.4 the university's structural unit involved;

10.1.5 the financial obligations of the university associated with participation in the activities and the source of financing.

10.2 For legal persons with university participation, the following additional data shall be entered in the register (if applicable):

10.2.1 the amount of share capital;

10.2.2 the shareholders, other members or founders;

10.2.3 the members of the supervisory board or management board and the procurators.

## **11. Supervision**

Supervision over compliance with the Rules shall be exercised by the coordinating structural units and by persons appointed by the Rector.

## **12. Implementing provisions**

Persons appointed by Tallinn University of Technology shall be deemed to be university representatives within the meaning of these Rules.