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STEVEN LUKAS AUTHORS "VENTURE CAPITAL" DEFINITION FOR BEST LAWYERS® WEBSITE

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Best Lawyers® is the oldest and one of the most respected peer-review publications in the legal profession. *Best Lawyers®* works with leaders in the legal marketplace to keep their practice area descriptions and lists current, allowing clients and referring lawyers to more easily locate the precise expertise they are seeking. [Steven Lukas](#), Associate Counsel with Harper Grey, was invited to author the "Venture Capital Law" definition (set out below) which is now available on their website.

VENTURE CAPITAL LAW DEFINITION

Venture capital is financial capital provided to high-risk early or growth stage companies usually in exchange for a solid equity position and significant influence over the management and direction of a company. Companies looking to attract venture capital are often companies aiming to exit via an initial public offering or acquisition, but do not yet have sufficiently predictable cash flows to attract traditional forms of institutional or debt financing.

Many of the companies seeking venture capital operate technology-driven businesses in the areas of information technology, life-sciences and clean energy. Venture capital is provided in large part by venture capital funds (Venture Capitalists), a subdivision of private equity, who typically invest in a curated portfolio of companies within the technology space. Because companies in this space present high-risk high-reward investment opportunities, Venture Capitalists demand sufficient control in a company and its strategic direction in an effort to maximize and protect investment potential. Practically, such control manifests by way of board seats, veto rights on major business and share capital decisions, and the ability to recover a Venture Capitalist's investment in certain circumstances.

Venture capital law encompasses the broad range of legal services related to the provision, composition and maintenance of venture capital funding, and the many considerations companies and Venture Capitalists must address when involving Venture Capitalists in the ownership and management of a company's business. Lawyers providing advice in the area of venture capital law are instrumental in counseling emerging companies and venture capital funds on capital structure, shareholder rights, employment matters, board composition, securities compliance, compensation and incentive plans and the protection of intellectual property. Because many Venture Capitalists are based in the United States, lawyers representing Canadian companies often liaise with foreign securities counsel on cross-border issues. In addition to the need for general private equity expertise, the unique DNA and growth stage of a company seeking venture capital funding necessitates that lawyers practicing venture capital law possess specialized knowledge and experience when dealing in this area.

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