GNVC RULES AND ELIGIBILITY

PURPOSE OF PROGRAM
To encourage the founding and growth of high-potential new ventures by second year Chicago Booth Executive MBA students.

PHASES OF THE PROGRAM
- Phase I: Feasibility Summary and Application
- Phase II: Course – mentoring, critical feedback, business plan development
- Phase III: Final Pitches

ELIGIBILITY
- Only 2nd-year Executive MBA students are eligible to apply for the Global New Venture Challenge.
- Entries must be the original work of the entrants and have commercial promise.
- Each GNVC teams must have a minimum of two 2nd-year Executive MBA students enrolled per team and a maximum of six 2nd-year Executive MBA students enrolled per team.
- It is okay to apply with one 2nd-year Executive MBA student, but an additional 2nd-year Executive MBA student must be added to the team before the team finalization deadline. Additionally, if a team wants more than six 2nd-year Executive MBA students to participate on a team, those additional students will have to participate in an advisory capacity and may not be enrolled in the course.
- Applicants may not have raised more than $500k of outside investment (angel or VC) at the time of application (personal investments do not apply to this cap).
- 1st-year Executive MBA students may participate in an advisory role and attend class, but will not receive credit for the course.
- Teams may participate in the GNVC at a different campus from their assigned campus, but the transfer needs to be approved by the Polsky Center and the Program Offices. The entire team will need to completely transfer campuses for all classes that take place during the GNVC class week. All students enrolled as part of the team, must complete their class week at the campus where the team is competing.
- Teams whose founding members are unaffiliated with Chicago Booth are only eligible to apply to the GNVC if they have a current Chicago Booth 2nd-year Executive MBA student as an integral part of their team, with a 10% equity stake in the venture.
- Teams may have members who are not affiliated with the Chicago Booth participate on their teams. The Polsky Center encourages teams to identify these individuals, as they likely contribute additional expertise and experience to help the team succeed.
- No late submissions will be accepted.

EQUITY AGREEMENTS
As a condition to receive the prize money, each winning team must agree to provide the Polsky Center with equity in the company (that was the subject of its application). The Polsky Center offers a non-negotiable version of the Simple Agreement for Future Equity (SAFE) for companies that receive prize money.
SAFE is a standard convertible equity investment instrument first introduced and used by Y Combinator for seed funding. Fundamentally (and ideally), it is an investment that converts to preferred stock at the occurrence of the next round of funding and at the same terms as that round of funding. It is not traditional preferred stock or a convertible note. It is intended to replace convertible notes by keeping a similar conversion mechanism but removing many of the problems inherent in debt instruments (e.g., interest, maturity dates, risk of insolvency, and subordination). Importantly, SAFE is unlike preferred stock in that it does not require setting a valuation of the company -- that determination is postponed until the later “occurrence of a particular event”.

The Judges Panel and/or the Polsky Center reserve the right to disqualify any entry that does not meet all the eligibility requirements or that violates any rules or regulations of the New Venture Challenge.

JUDGING
Judging will be based on the commercial potential of the business, innovative nature and technical feasibility of the idea, the credibility of the projections and assumptions, and the ability of the team to make it happen. While the quality of management and advisors is important, it will be less of a factor in Phase I and more a factor as the team progresses to Phase III. All decisions of the judging panel will be final.

PRIZES & EQUITY AGREEMENT
Cash prizes, along with any additional goods and services, will be divided among the top teams as deemed by the judging panel. The allocation of the prize money will be determined by the finals judges, based on relative merit and need. Each NVC finalist must review the terms of the SAFE agreement provided by the Polsky Center. As a condition to receive an award, each winning team must agree to provide the Polsky Center with equity in the company (that was the subject of its application) in an amount equal to its respective award if the company receives funding or otherwise enters into a business combination transaction wherein the surviving entity receives financing or equity in another entity.

PROTECTION OF INTELLECTUAL PROPERTY
The University of Chicago, the principal sponsor and organizer, the co-organizers and co-sponsors of the Edward L. Kaplan New Venture Challenge have taken all reasonable measures to assure that all contestants retain their rights to the Business Plan and Intellectual Property. The co-sponsors and judges of the program include non-University of Chicago organizations that are interested in fostering the entrepreneurial process. Some of these organizations are in the business of working with and investing in the ideas of entrepreneurs. However, co-sponsoring organizations will only have access to the Plans with a team’s prior approval and shall make no claim to any of the property or rights.

The protection of these rights is the ultimate responsibility of each contestant. Contestants are urged to mark as CONFIDENTIAL any portion of their entries, which they consider to be proprietary, or of a sensitive nature. Contestants should be careful about disclosing any “patentable” concepts in their entries because, although in the United States a patent application can be filed up to one year after the first public disclosure of an invention, in many foreign countries a patent application must be filed before any public disclosure is made.