

Frequently Asked Questions

HHMI Consulting Policies

1. How do HHMI's new consulting materials differ from their predecessors?

HHMI's scientific leadership has approved a number of changes in HHMI's consulting policies over the last two years. The new materials incorporate these changes into updated policies and related documents. For example, HHMI has revised its rules in the following areas: equity ownership in start-up companies, the amount of time (number of days) you may spend consulting, the type of compensation you can receive in connection with consulting for venture capital firms, and the compensation you may receive as an expert witness. The new materials reflect these changes. In addition, we've tried to make the consulting policies easier to use by covering specific types of consulting in separate policies. [Policy SC-500, Consulting for Companies – General Policy](#), sets out the general rules applicable to all consulting for companies. You'll now find information specific to special types of consulting such as giving a talk at a company, consulting for a start-up company, or serving on a company's board of directors in separate policies.

2. Why did HHMI change its equity ownership rules?

HHMI had not examined its consulting policies in close to twenty years. In 2009 we asked for your views about HHMI's consulting policies and heard dissatisfaction from many of you regarding HHMI's rules relating to equity ownership in start-up companies. Specifically, there was concern that HHMI's rules did not adequately take into account the important role that start-up companies can play in translating basic discoveries into effective therapies and diagnostics, or the fact that these companies generally have little or no economic value in their early stages. These sentiments resonated with HHMI's scientific leadership. As a result, we sought to revise the rules in a manner that balances HHMI's interests in avoiding policy impediments to forming new companies with its interest in appropriately limiting the role HHMI scientists may play on behalf of companies they form.

3. How will HHMI decide whether a laboratory head can retain more than a controlling interest in his or her start-up company after the first year?

This will be a case-by-case/facts and circumstances analysis. As we gain experience under the revised policies we may be in a better position to issue additional guidance.

4. How do I figure out how to calculate my equity ownership in a company for purposes of HHMI's equity ownership rules?

HHMI has moved away from applying its own set of rules in calculating equity ownership. Instead, as explained in the policies, HHMI will apply federal securities laws and regulations

relating to beneficial ownership, regardless of whether the company is a private or public company. You are treated as owning any shares for which you would be considered a beneficial owner under Securities and Exchange Commission rules (as explained in the policies), including indirect holdings, such as shares held by a trust or a partnership of which the consulting scientist is a beneficiary or partner and shares that could be acquired through the exercise of options or warrants he or she holds if the options or warrants are exercisable within 60 days of the calculation date. In addition, as in the past, you are treated as owning any shares beneficially owned by your immediate family members (spouse and children sharing the same household).

5. What should I do if I'm asked to consult for a company?

HHMI's review procedures have not changed. If you're asked to consult for a company, the first step is to review [HHMI Policy SC-500, Consulting for Companies – General Policy](#), and any other policies that are relevant to the proposed engagement. If you're asked to give a talk at a company or participate in company conference or seminar, you should follow the steps outlined in [HHMI Policy SC-510, Company Talks, Conferences and Seminars](#). In other cases, if the company has provided you with a proposed consulting agreement, please send it to your HHMI attorney for review. Your HHMI attorney will ask you to complete a new, shorter consulting questionnaire. If you haven't received a consulting agreement from the company, you can ask your company contact if the company would like to use HHMI's model consulting agreement or whether it has a form of agreement that you or the company can email to your HHMI attorney. Your HHMI attorney will work with you through the process of obtaining HHMI approval, and you should feel free to contact your HHMI attorney at any time. You should not sign a consulting agreement or begin consulting for a company until you receive HHMI approval.

6. Who should I contact if I have questions about HHMI's consulting policies?

Please contact your [HHMI attorney](#) or [Scientific Officer](#).