

LUMINANCE DILIGENCE USE CASE

Fund Documents

As banks and other investment vehicles raise funds for investments, a vast quantity of documents setting out the terms negotiated with each investor are often produced. During a fund document and side letter review, the lawyer will be instructed to investigate any abnormal terms that have been agreed to ahead of the letters being released to other investors. This can then allow the investment bank to review and justify any negotiated fund documents and review the terms that they are agreeing to as standard.



Investment banks need clear and comprehensive advice from their lawyers, whether in-house or external, detailing the full list of exemplary terms that have been agreed to in the process of raising the fund. Equipped with this, lawyers are able to justify where abnormal provisions have been agreed to, and review what their standard agreements are for future/ongoing fund raising. Further, lawyers might wish to build a report that gives a detailed insight into how the market has been acting over a given time frame. This report can then be used to advise on future transactions and be used as a leverage or as a reference tool in negotiations on future M&A deals.

However, the growth in the volumes of data involved has made it increasingly unsustainable for lawyers to manually review every document within the tight deadline they are often subject to. Tracking alterations in wording over time across a range of areas and within multiple documents is hugely time-consuming for lawyers, and subtle differences in language can be all too easily missed when reviewing large data sets. As such, many lawyers are turning to Luminance to empower them in completing a full review in an expedited manner.

Luminance uses a unique blend of cutting edge supervised and unsupervised machine learning developed by mathematicians from Cambridge University which reads and forms an understanding of all documents within a dataset. Luminance analyses documents, tagging key information such as contract type, dates, parties, governing law and clauses. Lawyers can quickly find where each relevant provision, term or data point exists within each document. With Luminance, lawyers reviewing fund documents are able to compare each document and provision to their own chosen model version (or, indeed, multiple model versions). Similarities and differences between versions are highlighted to lawyers, allowing them to quickly understand how wording in each area has changed over time, or varies by jurisdiction. Indeed, lawyers can easily identify side letters and other negotiated documents where provisions are not compliant with the template so that these documents can be recorded: Luminance makes it easy to easily add a note, visible to all members of the team, commenting on the changes that have been negotiated, and how this compares to the standard template letter. When the review is complete, the legal team can quickly and simply generate a report of their findings which automatically captures all work product. Luminance dramatically increases the speed of lawyers' review, placing legal teams in the same position on day one of their review as they would be after weeks of manual review methods.

Luminance Project Guide

Fund Documents

Scenario

Firms are required to review Fund Documents, including Side Letters and Management Agreements. As there are a number of Fund Documents related to each firm's investments, it is vital that the review is detailed, efficient and cost effective. Given the time pressure and the volume of documents under review, you will be deploying Luminance's market-leading artificial intelligence technology to enhance the team's ability to complete this review as it is the only technology that can adapt to your firm's set standards, interpretations and the timeframes required.



Key Benefits

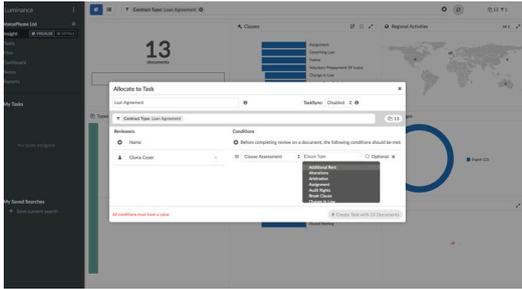
- ✓ Achieve significant time savings
- ✓ Quickly identify key provisions
- ✓ Achieve a more comprehensive review with enhanced confidence in the results

Review Process

After the documents have been uploaded into Luminance, the workflow for conducting the review comprises 7 key steps:

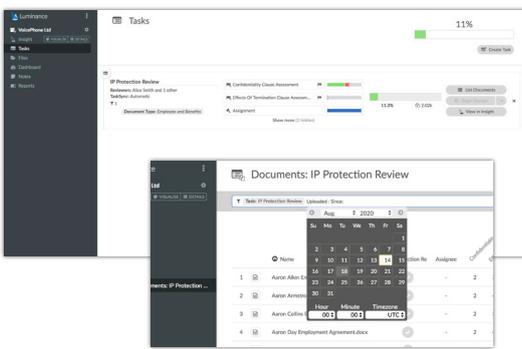
1. Create a document assessment with key clauses - e.g. Governing Law
2. Filter to new documents via the Tasks screen
3. Navigate to provisions for review
4. Compare provisions to your set standard(s)
5. Approve or reject provisions
6. Make a Bulk Note detailing suggested amendments (if necessary)
7. Amend documents using Luminance's soon to be released Work-in-Word functionality

Step 1: Create a document assessment with key clauses – e.g. Variation



Luminance's intuitive Visualise screen provides users with an overview of all documents in the project. From here, users can navigate to the Folder containing Side Letters or Management Agreements (via the filter bar or using the Folders widget) and create a Task, including Clause Assessments for the most relevant clauses requiring review. Add the team members responsible for this as 'Reviewers.'

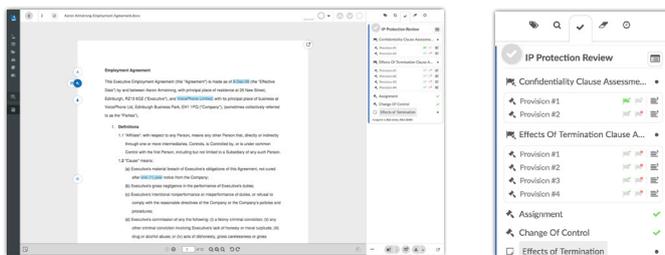
Step 2: Filter to new documents via the Tasks screen



The left-hand side toolbar provides an overview of the project from different perspectives, allowing you to keep track of various facets of the review. Access the relevant Clause assessment via the Tasks screen.

HINT Select "List Documents" within the Task, then filter to "Uploaded since" and input today's date. This will filter down to newly uploaded documents requiring review.

Step 3: Navigate to provisions for review



Users can now select a document for review from the list. Within the document, users will find a task description on the right-hand side, which will allow them to jump directly to the provisions – e.g. Provision #1 of the Governing Law Clause Assessment.

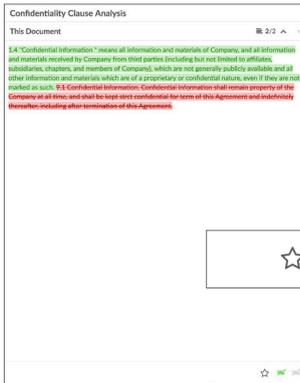
Step 4: Compare provisions to your set standard(s)



To compare the provision to your selected 'standard' clause(s), the user can access the Clause Analysis view by hovering over the flag icon next to the Clause Tag (on the left-hand side of the document) and clicking on the Clause Analysis option.

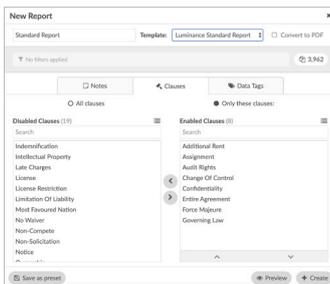
From this view, the user can compare, side by side, the provision currently under review, against your set standard(s) (these will appear at the top of the list of 'Similar Provisions' and will be marked with a star). Users can also click 'Compare Text' to see exactly where the clauses differentiate.

Step 5: Approve or reject provision



Once the user has reviewed the provision in question against your set standard(s), they are able to accept or reject the provision, by applying a 'Green Flag' or 'Red Flag'. Users may also click on the 'Star' option to identify the clause selected as an approved standard for your firm.

Step 5: Generate a report summarising your analysis and recommendations



Once the review is complete, you can generate a report in your preferred format (Excel, Word or PDF). To generate a report that summarises your analysis and recommendations, filter to the relevant documents using the widgets and dynamic search bar on the Visualise screen. In the bottom right hand corner, select the 'Reports' icon. Select the Note Categories, Clauses and Data Tags you wish to include in your report, and Luminance will automatically generate it.