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The SARE

Simple Agreement for Research Equity

A Funding Mechanism for
Focused Research Organisations

synconetics.org
Engineering consciousness continuity

What is the SARE?

Traditional funding models fail a critical class of scientific organisations. Government grants impose rigid timelines and narrow scope. Venture capital demands rapid commercialisation, creating misaligned incentives that compromise open science. Philanthropic grants provide freedom but offer donors no mechanism for financial return when their bet on basic research yields commercial breakthroughs.[1]

The **SARE** (Simple Agreement for Research Equity) solves this. It is a contractual agreement between a funder and a nonprofit research organisation. The funder provides capital now. In return, the funder receives a contractual right to equity in any for-profit entity that spins out of the organisation. No interest, no maturity date, no repayment obligation. If no spin-out occurs, the contribution is treated as a charitable donation.

The timing is right. The Focused Research Organisation (FRO) model has proven that nonprofit labs structured with startup urgency can produce commercially viable science. In January 2026, Merge Labs spun out of the FRO Forest Neurotech with $252 million in seed funding at an ~$850 million valuation.[2] The pipeline from philanthropic research to commercial value is real. The SARE gives early funders a seat at that table.

> **The SARE adapts Y Combinator's proven SAFE instrument for a new context: philanthropic investment in nonprofit research organisations with commercial spin-out potential.**

1. William Blair, "Venture Philanthropy: A New Era of Innovative Giving" (2026). https://www.williamblair.com/-/media/downloads/pwm/2026/williamblair_venture-philanthropy-a-new-era-innovative-giving.pdf
2. WIRED, "Sam Altman Brain-Computer Interface Merge Labs" (Dec 2025). https://www.wired.com/story/sam-altman-brain-computer-interface-merge-labs-spin-out-nonprofit-forest-neurotech/

The SAFE, and What It Changed

In late 2013, Y Combinator introduced the Simple Agreement for Future Equity (SAFE), a financial instrument that reshaped early-stage funding.[3] Before the SAFE, startups and investors relied on convertible notes: debt instruments carrying interest rates, maturity dates, and repayment obligations that added unnecessary complexity to seed-stage deals.

How the SAFE Works

The mechanics are deliberately simple. An investor provides capital to a startup. In return, the investor receives the right to future equity upon a triggering event: typically the next priced funding round or a liquidity event such as an acquisition or IPO. The SAFE carries no interest, no maturity date, and no repayment obligation. Until conversion, SAFE holders have no voting rights or ownership.[4]

Three key terms define a SAFE:

- **Valuation Cap:** The maximum company valuation at which the SAFE converts to equity, protecting early investors from dilution.
- **Discount Rate:** A percentage discount on the share price at conversion, rewarding the investor for early risk.
- **Most Favoured Nation (MFN):** Ensures the SAFE holder receives terms at least as favourable as those offered in subsequent SAFEs.

The Post-Money SAFE (2018)

In 2018, Y Combinator updated the SAFE to a "post-money" version. Under this model, the investor's ownership percentage is fixed at the time of signing, providing greater clarity about dilution. Post-money SAFEs are considered more investor-friendly, while pre-money SAFEs remain more founder-friendly but less transparent about ultimate ownership stakes.[5]

Impact on the Startup Ecosystem

The SAFE is now used by "almost all YC startups and countless non-YC startups" as the primary instrument for early-stage fundraising.[3] Its simplicity, a single document requiring minimal negotiation, dramatically reduced legal fees and closing times.

Most significantly, the SAFE enabled "high-resolution fundraising": the ability to close with individual investors independently, as each is ready, rather than coordinating a single round. This accelerated startup formation and lowered barriers to entry for both founders and angel investors.[3]

> The SARE takes this proven logic and adapts it for nonprofit research organisations. Same simplicity, same alignment of incentives; different context.

3. Y Combinator, "Startup Documents." https://www.ycombinator.com/documents
4. Wikipedia, "Simple agreement for future equity." https://en.wikipedia.org/wiki/Simple_agreement_for_future_equity
5. Carta, "Understanding SAFEs." https://carta.com/learn/startups/fundraising/convertible-securities/safes/

Focused Research Organisations

Origins in Crisis

The FRO model traces its roots to the COVID-19 pandemic. In 2020, Patrick Collison (Stripe CEO) and collaborators established a $50M+ Fast Grants fund, distributing some grants in under 48 hours. The exercise proved that the bottleneck in scientific progress was not talent or ideas; it was funding speed.[6] This experience catalysed Eric and Wendy Schmidt, through Schmidt Futures, to back the creation of Convergent Research in 2021.[7]

What Is a Focused Research Organisation?

Convergent Research, a US-based 501(c)(3) nonprofit, pioneered the FRO model: a "nonprofit science studio" that launches standalone research organisations designed to solve specific, well-defined scientific problems.[7] FROs share a distinctive set of characteristics:

- **Startup structure:** A founding team (CEO, CTO, COO), interdisciplinary researchers, and professional operations.
- **Scale:** Typically 15–30 researchers with $30–50M total budgets ($6–10M/year burn rates).
- **Time-bounded:** Designed as 4–7 year projects with clear milestones and deliverables.
- **Legal structure:** Organised as LLCs, subsidiary to Convergent Research (the parent 501(c)(3)).
- **Public goods output:** Open-access datasets, protocols, tools, and research papers.[8]
- **Support infrastructure:** Convergent provides governance, nonprofit setup, accounting, legal, HR, and tech transfer support.

The key design principle: combine startup urgency with nonprofit freedom. FROs operate with the intensity and focus of a startup while remaining insulated from commercial pressures that might compromise the integrity of basic research.[9]

Known FROs

FRO	Focus Area
E11 Bio	Connectomics
Cultivarium	Synthetic biology
Forest Neurotech	Ultrasound brain-computer interfaces
PTI	Research infrastructure
EvE Bio	Biological research
Lean FRO	Research methodology
[C] Worthy	Carbon research

International Expansion and Spin-Out Potential

The FRO model is expanding internationally. In the UK, the Advanced Research and Invention Agency (ARIA) has partnered with Convergent Research as an "activation partner," signalling institutional validation of the model.[7]

FROs do not restrict founding teams from pursuing venture creation after the research window concludes. If the science matures, startups can be spun out. Forest Neurotech's transformation into Merge Labs is the first major proof that this model works.[10] It also raises a pressing question: how should early philanthropic funders participate in the value created?

6. The Science Entrepreneur, "The Rise of the FRO." https://www.science-entrepreneur.com/blog-posts/the-rise-of-the-fro
7. Convergent Research, "Announcing Our New Collaboration with ARIA." https://www.convergentresearch.org/resources/convergent/announcing-our-new-collaboration-with-aria-as-an-activation-partner
8. UIDP, "Focused Research Organizations: A New Model for Building Scientific Infrastructure." https://uidp.org/3-minute-read-focused-research-organizations-a-new-model-for-building-scientific-infrastructure/
9. FAS, "Focused Research Organizations." https://fas.org/publication/focused-research-organizations-a-new-model-for-scientific-research/
10. Essential Technology Blog, "The Future of Focused Research Organizations." https://www.essentialtechnology.blog/p/the-future-of-focused-research-organizations

Case Study: Forest Neurotech to Merge Labs

The transformation of Forest Neurotech into Merge Labs is the single most important validation of the FRO-to-company pipeline, and the clearest illustration of why the SARE is needed.

Forest Neurotech: The Nonprofit Phase

Forest Neurotech was founded in 2023 as a Focused Research Organisation through Convergent Research, based in Los Angeles, California. Led by CEO Sumner Norman and Chief Scientific Officer Tyson Aflalo, with Caltech bioengineering researcher Mikhail Shapiro as adviser, the organisation developed ultrasound-based brain-computer interface technology: a non-invasive alternative to electrode-based approaches such as Neuralink's.[11]

The team's device, Forest-1, uses ultrasound to image brain activity by detecting changes in blood flow rather than measuring electrical activity directly. This approach enables longer-range detection and broader brain activity data collection.[12]

Philanthropic Funders

Forest Neurotech's research was funded entirely by philanthropic sources:[13]

- **Eric and Wendy Schmidt** (via Schmidt Futures / Schmidt Sciences)
- **Kenneth C. Griffin** (Citadel founder/CEO, via Griffin Catalyst)
- **Riley & Susan Bechtel Foundation**
- **James Fickel**
- **ARIA** (UK government's Advanced Research and Invention Agency)
- An **anonymous donor**

The Spin-Out: Merge Labs

On 19 December 2025, WIRED reported that a for-profit company was being spun out of Forest Neurotech. On 15 January 2026, Merge Labs officially launched with a **$252 million seed round** at an approximate **$850 million valuation**.[11]

Investors	Co-Founders
OpenAI (largest cheque)	Sam Altman (OpenAI CEO)
Bain Capital	Alex Blania (Tools for Humanity / World)
Interface Fund	Sandro Herbig (Tools for Humanity / World)
Fifty Years	Tyson Aflalo (Forest Neurotech CSO)
Gabe Newell (Valve)	Sumner Norman (Forest Neurotech CEO)
	Mikhail Shapiro (Caltech)

Sam Altman serves as co-founder but reportedly did not make a personal investment. Forest Neurotech continues to operate as a nonprofit research organisation alongside Merge Labs. OpenAI will contribute scientific foundation models and frontier tools to the effort.[14] A safety trial for the ultrasound BCI technology is underway in the UK, supported by ARIA.[12]

The Unanswered Question

This case proves the FRO model works: philanthropic funding de-risks ambitious research, and once the science reaches engineering maturity, a for-profit entity can attract venture capital at scale. But it leaves a critical question unanswered:

> **How do the original philanthropic funders participate in the value they helped create? The SARE is the answer. Had a SARE been in place, these funders would hold contractual rights to equity in Merge Labs, proportional to their early contributions, without having compromised the nonprofit research mission during Forest Neurotech's critical development years.**

11. WIRED, "Sam Altman Brain-Computer Interface Merge Labs Spin-Out" (Dec 2025). https://www.wired.com/story/sam-altman-brain-computer-interface-merge-labs-spin-out-nonprofit-forest-neurotech/
12. SiliconANGLE, "OpenAI Invests in Brain-Computer Interface Developer Merge Labs" (Jan 2026). https://siliconangle.com/2026/01/15/openai-invests-brain-computer-interface-developer-merge-labs/
13. Essential Technology Blog, "Announcing Merge Labs." https://www.essentialtechnology.blog/p/announcing-merge-labs
14. Nature, "Merge Labs Launch" (2026). https://www.nature.com/articles/d41586-026-00329-x

The SARE Instrument

Definition

A **SARE** is a contractual agreement between a funder and a nonprofit research organisation. The funder provides capital: as a donation, grant, or philanthropic investment. In return, the funder receives the contractual right to future equity in any for-profit entity that spins out of the research organisation. The SARE is not a security; it is a conditional contractual right attached to a philanthropic contribution.

SAFE vs. SARE: A Structural Comparison

Feature	SAFE	SARE
Entity type	For-profit startup	Nonprofit research org
Capital type	Investment	Philanthropic investment / donation
Revenue during R&D	Possible	Possible (no profit distribution)
Open science	Not required	Mandated
IP ownership	Company owns	Open/shared during nonprofit phase
Conversion trigger	Priced funding round	Spin-out of for-profit entity
Investor rights pre-conversion	None	Advisory / governance participation
Time horizon	1–3 years typical	3–7+ years
Tax treatment	Investment	Potentially tax-deductible (jurisdiction-dependent)

Core Terms

1. Investment Amount

Cash, cryptocurrency, or in-kind contributions to the nonprofit research organisation.

2. Conversion Trigger

Formation of a for-profit spin-out entity (GmbH, AG, Ltd, C-Corp, or equivalent).

3. Equity Allocation

Pro-rata equity in the spin-out based on SARE investment relative to total SARE pool, subject to a valuation cap.

4. Valuation Cap

Maximum valuation at which the SARE converts to equity, protecting early funders from excessive dilution at spin-out.

5. Open Science Mandate

All research outputs remain openly published during the nonprofit phase.

6. Revenue Permission

The nonprofit may generate revenue through consulting, licensing, or grants, but cannot distribute profits.

7. Multiple Spin-Outs

If the organisation produces multiple for-profit spin-outs, SARE holders receive proportional equity in each entity.

8. IP Framework

IP developed during the nonprofit phase is openly licensed; upon spin-out, the for-profit entity receives a preferential commercial licence.

9. Governance Rights

SARE holders may receive advisory board seats or observer rights during the nonprofit phase.

10. Dissolution Clause

If the organisation dissolves without producing a spin-out, the SARE contribution is treated as a charitable donation with no recovery.

The Two-Phase Model

The SARE is designed around a two-phase organisational lifecycle that mirrors the natural progression from basic research to commercial application.

PHASE 1: NONPROFIT RESEARCH (3–7 YEARS)

- Open science mandate: all outputs published
- Startup urgency with milestone-based progress
- Revenue generation permitted (reinvested, not distributed)
- SARE funders may hold advisory or observer roles
- No profit distribution; tax-exempt status maintained
- Research reaches engineering maturity

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SARE CONVERTS TO EQUITY

PHASE 2: COMMERCIAL SPIN-OUT

- One or more for-profit entities spun out (GmbH, AG, C-Corp, etc.)
- SARE converts to equity at agreed valuation cap
- Original nonprofit can continue as research arm
- For-profit receives preferential commercial IP licence
- Venture capital and institutional investors enter
- Commercial product development and market entry

This two-phase model aligns incentives across all stakeholders. Philanthropic funders gain a transparent path to financial return. Researchers retain nonprofit freedom during the critical basic research phase. The broader public benefits from an open-science mandate that ensures knowledge remains accessible regardless of commercial outcomes.

The Forest Neurotech to Merge Labs transition demonstrates this model in action: years of philanthropically funded nonprofit research, followed by a for-profit spin-out that attracted $252 million in venture capital. The SARE formalises the mechanism by which early funders participate in that transition.

Legal Viability

Jurisdiction-Agnostic by Design

The SARE is not tied to any single legal system. It is a contractual agreement between a funder and a nonprofit research organisation, structured as a conditional right attached to a philanthropic contribution. Any jurisdiction whose governance framework permits nonprofits to (a) enter into binding contracts, (b) create or spin out for-profit subsidiaries, and (c) allocate equity in those subsidiaries to prior contributors can support a SARE. This includes, but is not limited to, US 501(c)(3) organisations, UK charitable companies, German eingetragener Verein (e.V.) structures, and Swiss associations.

The core legal requirement is straightforward: the nonprofit must be able to make a contractual promise regarding equity in a future entity. Since the SARE is not a security but a conditional contractual right, it avoids the regulatory complexity of securities law in most jurisdictions. The specific implementation details (entity types for spin-outs, tax treatment of contributions, conversion mechanics) vary by jurisdiction and should be drafted with local counsel.

Implementation: Synconetics (Swiss Law)

Synconetics is structured as a Schweizer Verein (Swiss association), governed by Articles 60 et seq. of the Swiss Civil Code. A Verein acquires legal personality as soon as the intention to exist as a corporate body is apparent from its articles of association. No formal registration is required unless the association engages in commercial activities exceeding CHF 100,000 in annual turnover.[15] The Verein can hold assets, sign contracts, and act in its own name.[16] The Swiss legal framework provides a well-established path for implementing the SARE:

- **Subsidiary creation:** The Verein can create subsidiary companies: either a GmbH (minimum CHF 20,000 share capital) or an AG (minimum CHF 100,000 share capital), acting as founding shareholder.
- **Conversion without liquidation:** The Swiss Merger Act permits conversion between legal forms without prior liquidation. All rights and obligations transfer automatically.
- **Tax-neutral demerger:** Swiss tax law permits tax-neutral demergers for carve-out transactions, enabling separation of commercial activities from the nonprofit parent without triggering tax liabilities.
- **Contractual enforceability:** The SARE constitutes a contractual obligation of the Verein, enforceable under the Swiss Code of Obligations (OR).
- **Cryptocurrency acceptance:** Switzerland's regulatory environment, particularly in Zug canton, fully supports associations accepting cryptocurrency as donations or investments.

Swiss law explicitly allows nonprofits to engage in commercial activities.[17] Tax exemption is maintained as long as the primary purpose remains nonprofit, subject to cantonal oversight. Upon spin-out, the Verein receives consideration (equity in the new entity plus continued access to IP). SARE holders receive equity in the for-profit entity per their contractual rights. GmbH-to-AG conversion, if later upscaling is needed, is well-established, costs CHF 4,000–5,000, and takes two to four weeks.[18]

15. Goldblum & Partners, "Swiss Verein." https://goldblum.ch/knowledgebase/swiss-verein
16. Swiss Federal Government, "Creating an Association." https://www.kmu.admin.ch/kmu/en/home/new/monatsthema/2023/creating-an-association-how-and-why.html
17. LEXR, "GmbH to AG Conversion in Switzerland." https://www.lexr.com/en-ch/blog/gmbh-ag-conversion-switzerland/
18. Legal 500, "Carve-Out Transactions Under Swiss Law." https://www.legal500.com/guides/hot-topic/carve-out-transactions-particularities-under-swiss-law/

Synconetics

Mission

Synconetics is an early-stage Focused Research Organisation whose mission is to eliminate involuntary death through engineering consciousness continuity. The organisation aims to develop an empirically validated, continuity-preserving method for transferring a living mind to a synthetic substrate: ensuring survival of the same conscious process by preserving the unbroken four-dimensional causal chain of conscious dynamics.[19]

Structure

- **Legal form:** Schweizer Verein (Swiss association), nonprofit, tax-exempt.
- **Banking:** Swiss bank account; accepts both fiat and cryptocurrency.
- **Open-science mandate:** All protocols, datasets, and hardware designs published openly.
- **Funding mechanism:** First organisation to adopt the SARE as its primary funding instrument.

Research Programmes

Synconetics pursues three interconnected research programmes, as outlined in the manifesto "Death is an Engineering Challenge":[19]

- **ECP (Ectopic Cognitive Preservation):** Biohybrid neural grafts for gradual tissue replacement, maintaining continuity of conscious dynamics while transitioning biological neurons to synthetic substrates.
- **CHI (Continuity via Hemispheric Integration):** Artificial hemispheric complements via high-bandwidth brain-machine interfaces, enabling cognitive extension and eventual substrate independence.
- **Process-World-Line Verification:** Protocols for verifying that the continuity of conscious dynamics is preserved throughout any transition procedure: the fundamental scientific validation requirement.

Potential Spin-Out Paths

- Biomedical device company (neural graft hardware and implantation protocols)
- Neural interface startup (high-bandwidth brain-machine interface technology)
- IP licensing entity for clinical applications of consciousness continuity methods

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19. Burger, D., Handa, I., Cunha, G., Watanabe, M. "Death is an Engineering Challenge." Substack. https://danburonline.substack.com/p/death-is-an-engineering-challenge