

CONSILIUM LAW

Startup Legal Checklist

A Practical Guide to Building Your Startup on Solid Legal Ground

2026 Edition

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1. Entity Formation and Structure

The legal structure you choose will shape everything from your tax obligations to your ability to raise capital. Getting formation right from day one saves significant cost and complexity later. Most venture-backed startups incorporate as Delaware C-Corps, while bootstrapped businesses often benefit from LLC flexibility.

- Choose entity type (C-Corp for VC-track, LLC for bootstrapped or lifestyle businesses)
- Incorporate in Delaware (standard for VC-funded startups) or in your state of operations
- Obtain an Employer Identification Number (EIN) from the IRS
- File for state tax registrations in each state where you operate
- Adopt bylaws (corporation) or operating agreement (LLC)
- Issue founder shares with vesting schedules (4-year vest with 1-year cliff is standard)
- Execute 83(b) elections within 30 days of any restricted stock grants
- Set up a capitalization table tracking all equity ownership
- Open a dedicated business bank account
- Obtain all necessary business licenses and permits for your jurisdiction

2. Intellectual Property Protection

Your intellectual property is likely your startup's most valuable asset. Failing to secure IP ownership early can create serious problems during fundraising or acquisition due diligence. A comprehensive IP strategy protects your competitive advantage and signals maturity to investors.

- Assign all pre-existing IP from founders to the company via written agreement
- Execute Confidential Information and Invention Assignment Agreements (CIAs) with all team members
- Conduct a trademark search and file trademark applications for your brand name and logo
- Evaluate patentability of core technology and file provisional patents where appropriate
- Document trade secrets and implement protection protocols (access controls, NDAs)
- Register copyrights for significant creative works and software
- Establish IP ownership policies for contractors (work-for-hire agreements)

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- Review open-source license compliance for all third-party code used in your product

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3. Equity and Compensation

Equity is your primary tool for attracting and retaining talent in the early stages. Poorly structured equity arrangements lead to disputes, tax surprises, and complications during future fundraising rounds. Getting your equity house in order early protects both the company and its stakeholders.

- Adopt a formal equity incentive plan (standard option pool: 10% to 20% of authorized shares)
- Obtain board approval for all equity grants before issuance
- Ensure a proper 409A valuation is completed before issuing any stock options
- Draft and execute stock purchase agreements for early investors
- Implement vesting schedules for all equity holders, including founders
- Create SAFE or convertible note templates for pre-seed and seed rounds
- Document all cap table changes promptly and accurately
- Understand the tax implications of different equity instruments (ISOs, NSOs, RSUs, SAFEs)

4. Employment and Contractor Compliance

Misclassifying workers or failing to comply with employment laws can result in costly penalties, back taxes, and litigation. Even early-stage startups need foundational employment practices in place. Building compliant HR infrastructure from the start scales much more easily than retrofitting it later.

- Draft offer letter and employment agreement templates reviewed by counsel
- Classify workers correctly as employees or independent contractors (IRS guidelines apply)
- Create an employee handbook with all legally required policies for your state(s)
- Establish at-will employment terms where applicable and permissible
- Set up payroll, tax withholding, and benefits administration
- Comply with I-9 employment verification requirements for all hires
- Implement anti-harassment and anti-discrimination policies with reporting procedures
- Establish remote work and hybrid policies, including multi-state considerations
- Review non-compete enforceability in your jurisdiction before including such provisions

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5. Regulatory and Compliance Basics

Regulatory requirements vary significantly by industry, and non-compliance can shut down your business or expose you to substantial fines. Identifying your regulatory landscape early allows you to build compliant products and processes from the outset rather than scrambling to fix issues after launch.

- Identify industry-specific regulations that apply to your business (fintech, healthtech, edtech, etc.)
- Draft a privacy policy and terms of service for your website and product
- Assess CCPA and other state privacy law requirements if you collect user data
- Implement data security measures and create an incident response plan
- Review advertising and marketing materials for FTC compliance
- Obtain all required industry-specific permits or licenses
- Establish record-keeping and document retention policies

6. Fundraising Readiness

Investors and their counsel will conduct thorough due diligence before committing capital. Having your legal house in order before you begin fundraising accelerates the process, strengthens your negotiating position, and demonstrates operational maturity. Disorganized records or unresolved legal issues can delay or kill a deal.

- Organize a virtual data room with all key corporate documents
- Prepare or update financial projections and historical financials
- Review and clean up your cap table for accuracy and completeness
- Ensure all prior investments are properly documented with signed agreements
- Prepare a summary of all material contracts and obligations
- Identify and disclose any pending or threatened litigation
- Confirm all IP assignments are fully executed and on file
- Review and resolve any outstanding compliance issues before investor conversations

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7. Contracts and Agreements

Standardized contract templates reduce legal costs, accelerate deal cycles, and minimize risk. Every startup needs a core set of agreements ready before engaging with customers, vendors, and partners. Investing in well-drafted templates early pays dividends as your business scales.

- Create a template for customer or client agreements
- Create a template for vendor and supplier agreements
- Prepare NDA templates (both mutual and one-way versions)
- Draft SaaS terms of service and subscription agreements if applicable
- Develop a master services agreement template for consulting or service engagements
- Review insurance needs: Directors and Officers (D&O), Errors and Omissions (E&O), general liability, and cyber liability

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Need Help Working Through This Checklist?

Our attorneys work with founders and early-stage companies every day. We can help you prioritize, execute, and stay compliant as you grow.

[Schedule a Free Consultation](#)

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