1. Establishment and Governance of Legal Entities

Stanford University will, on occasion, create or acquire a legal entity in furtherance of the university’s mission. These legal entities can serve many purposes, including the conduct of operations critical to the university (such as support of business registrations in countries outside of the United States). They also carry certain responsibilities, including organizational governance, financial controls, risk management, and government filings.

This memo addresses the limited circumstances when a legal entity may be created, acquired, disposed of, or terminated by Stanford. This policy does not apply to investment entities or those entities received via donor gift, which are subject to other relevant policies and guidelines of the Stanford Management Company and the Office of Development, as applicable.

As used in this policy, the term “legal entity” includes an organization recognized as separate from its owners by the relevant taxing authority or is otherwise recognized as having legal standing under the applicable laws. Examples of a legal entity include a corporation (for-profit or not-for-profit), limited liability company, partnership, unincorporated association, or trust. A legal entity may be formed within or outside the United States.

2. Legal Entities Affiliated with Stanford

A legal entity affiliated with Stanford may be created, acquired, disposed of, or terminated only with the approval of both the Office of the General Counsel and Financial Management Services, per the procedure
The university's individual schools and other operating units cannot take independent action with respect to legal entities. Stanford employees contemplating the creation, acquisition, disposition or termination of an affiliated legal entity should contact the Office of the General Counsel, which will provide advice on the approach best suited to support the programmatic objective. Registration and maintenance of a legal entity over its lifetime can be both time consuming and costly. Other alternatives may be more expedient and compatible with the goals of shorter term academic activities, such as a contractual arrangement with a local institution or seeking an exemption from registration, if possible.

In the event the General Counsel and the Senior Associate Vice President for Finance determine that it is necessary to take one of the above actions with respect to a legal entity, the General Counsel's Office will provide guidance on the process. The department or school sponsoring the legal entity will be responsible for covering any costs arising from outside counsel and other agents that must be retained by the university to accomplish the requested action. In the event an entity is created or acquired, additional procedures will need to be established and followed by the sponsor to ensure the ongoing governance and maintenance of the entity.