



IPO SERIES: TO, THROUGH AND BEYOND THE IPO

EXECUTING THE IPO – GETTING TO THE CLOSING

Tapping the financial markets through an IPO is both an exciting and challenging task. You have chosen professionals for your legal and financial matters, and now you need to add the expertise of a transfer agent. In this series – “To, Through and Beyond the IPO” – EQ shares its deep expertise and insights into the entire process as a private company goes public.

Even as the IPO process is underway, there are several key steps leading up to the closing call. The S-1 Registration is especially critical as it enables the company to issue publicly traded shares. The company will have engaged an investment bank, or several, to underwrite and place its shares in the market, and filed an S-1 Registration, Part I of which is called the Prospectus, with the Securities and Exchange Commission (SEC).

01 APPROVAL OF THE S-1 REGISTRATION

The Prospectus, preliminary at this stage, contains historical financial statements, ownership structure, strategic initiatives, a company overview, risk factors, and other key data.

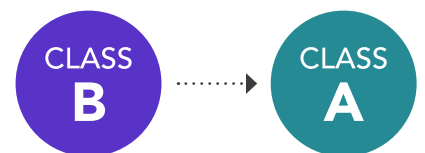
Within 30 days, the SEC will provide comments on the full Registration, to which the company's appointed legal team must respond. Once any and all comments from the SEC are addressed satisfactorily, the S-1 Registration is approved. The Registration, including the Prospectus, then becomes final and contains the IPO price range and size.

The day before the effective date – the date on which the shares are sold publicly and listed – the issuer and the investment bank(s) it has hired to underwrite and place its shares in the market determine the offer price and the precise number of shares to be sold.

02 PREEXISTING SHAREHOLDERS AND DUAL CLASS SHARES

The company must provide information on any preexisting shareholders in the S-1, and it is advisable for the company to review this information with its outside counsel to be certain that it is accurate and complete.

In many cases, private companies that have decided to go public via an IPO have two types of shares distinguishable mainly by the voting rights they confer. In most instances, only Class A shares are DTC eligible and therefore can be sold (or held by a broker) after an IPO closes. Preexisting shareholders might own Class B shares with stronger voting rights that cannot be transferred. The company must ensure that Class B shareholders are able to convert their shares into Class A shares during the IPO process if they so choose.



03 THE CLOSING CALL

The IPO team will hold a closing call, which may include the following parties: a representative from the transfer agent, a company representative and legal counsel, the investment bank(s)/underwriter(s) and its(their) counsel, and a representative from the Depository Trust & Clearing Corporation (DTCC).

The transfer agent will then release the shares to the account of the underwriter(s) and send a formal confirmation of shares to the shareholders through the Deposit/Withdrawal at Custodian (DWAC) or Fast Automated Securities Transfer (FAST) systems.

With the closing call fulfilled and the shares transferred, the IPO is complete. The business has successfully transformed into a publicly traded company.

About Us

EQ are specialists in helping you better understand and manage the ownership of your company through critical events across the corporate lifecycle. As trusted advisors, we provide strategic insight and operations expertise through our core business units in Private Company Services, Transfer Agent Services, Employee Plan Solutions, Proxy Services, and Bankruptcy. Globally we serve 6,700 clients (47% of the FTSE 100 UK and 35% of the S&P 500), with over 30 million shareholders, through 6,500 employees in 5 markets around the world.

Contact Us

We would welcome the opportunity to meet and provide more information on the full range of our IPO Services and how we can help before, during, and after the IPO. Please contact us at newbusiness@equiniti.com

This article is for general informational and/or educational purposes, is not intended to offer legal advice, and may not be relied upon as legal advice. If you have a specific question regarding a particular legal issue, you should consult a legal professional.

