

Table of Contents

Foreword	v
Preface	vii
Acknowledgments	xiii
About the Author	xvii
Table of Chapters	xix

PART I **GETTING READY TO GO PUBLIC**

Chapter 1 An Introduction to the IPO Market

§ 1:1	Introduction	1-2
§ 1:2	The Allure of IPOs	1-2
§ 1:2.1	The Advantages of Going Public	1-3
§ 1:2.2	The Disadvantages of Going Public	1-4
§ 1:2.3	IPO Expenses and Proceeds.....	1-6
Table 1-1	Illustrative IPO Expenses and Net Proceeds.....	1-7
§ 1:3	When Is the Time Right?	1-7
§ 1:3.1	Is the Company Ready for the IPO Market?.....	1-8
§ 1:3.2	Is the IPO Market Ready for the Company?.....	1-8
§ 1:4	What Does It Really Take to Go Public?	1-9
Table 1-2	Profile of Successful IPO Candidates	1-9
§ 1:5	A Brief History of the IPO Market	1-10
Figure 1-3	U.S. IPOs—1996 to 2018	1-15
Figure 1-4	U.S. IPO Dollar Volume—1996 to 2018.....	1-15
Figure 1-5	Median IPO Offering Size—1996 to 2018	1-16
Figure 1-6	Median Annual Revenue of IPO Companies— 1998 to 2018	1-16
Figure 1-7	Percentage of Profitable IPO Companies— 1998 to 2018	1-17
Figure 1-8	Median Age of IPO Companies—1996 to 2018	1-17
§ 1:6	Going Public Today.....	1-17
§ 1:6.1	Changes in the IPO Process	1-17
[A]	More Extensive Preparation	1-18
[B]	Additional Disclosure Requirements.....	1-18

INITIAL PUBLIC OFFERINGS

[C]	Accounting Changes	1-18
[D]	Plain English.....	1-19
[E]	Lengthier (but More Transparent and Often Confidential) SEC Review	1-19
[F]	Changes in Underwriting and Offering Practices	1-19
[G]	New Exchanges and Offering Formats	1-20
[H]	Longer Timeline	1-20
[I]	Streamlined Filing and Pricing.....	1-21
[J]	Heightened Scrutiny and Potential Liability.....	1-21
[K]	More Demanding and Complex Investor Relations.....	1-21
[L]	Other Regulatory Changes.....	1-22
[M]	The JOBS Act	1-22
[N]	Extension of Certain JOBS Act Benefits to Non-EGCs	1-23
[O]	Variations in the IPO Process and Public Company Obligations	1-24
§ 1:6.2	Impact of Corporate Governance and Financial Reforms.....	1-25
§ 1:7	Alternatives to an IPO	1-27
§ 1:7.1	Remaining Private.....	1-28
§ 1:7.2	Being Acquired.....	1-28
§ 1:7.3	A Dual Track	1-29

Chapter 2 The Elements of Success: Building a Startup Company for an Eventual IPO

§ 2:1	Introduction	2-3
§ 2:2	Choice of Entity.....	2-3
§ 2:2.1	Corporate Structure	2-4
[A]	Advantages of Corporate Structure	2-4
[B]	Alternative Structures.....	2-4
[C]	Delaware Incorporation	2-6
§ 2:2.2	Restructuring.....	2-7
§ 2:3	Rounding Out Senior Management	2-7
§ 2:3.1	Chief Executive Officer	2-8
§ 2:3.2	Chief Financial Officer.....	2-8
§ 2:3.3	In-House Counsel.....	2-9
§ 2:3.4	Board of Directors.....	2-9
§ 2:3.5	Advisory Board.....	2-10
§ 2:3.6	IPO Adjustments	2-10

Table of Contents

§ 2:4	Outside Team Members.....	2-10
§ 2:4.1	Company Counsel	2-10
§ 2:4.2	Intellectual Property and Other Special Counsel	2-11
§ 2:4.3	Independent Accountants	2-11
§ 2:4.4	IPO Advisors.....	2-12
§ 2:5	Building the Employee Team	2-12
§ 2:5.1	Employee Recruitment.....	2-13
§ 2:5.2	Contractual Arrangements	2-14
Table 2-1	Essential Employee Agreements.....	2-16
§ 2:5.3	Employment Regulation and Policies	2-18
§ 2:5.4	Employment Terminations	2-19
[A]	Importance of Planning	2-20
[B]	Employer’s Obligations to a Terminated Employee	2-21
§ 2:5.5	Minimizing Exposure to Employment Liability	2-22
§ 2:5.6	Immigration Issues	2-23
Table 2-2	Seeking Talent Overseas	2-24
§ 2:5.7	Use of Non-Employees (Consultants, Independent Contractors, and Interns)	2-25
§ 2:6	Equity Incentives	2-27
§ 2:6.1	Typical Pattern of Issuances	2-27
[A]	Founder Shares	2-27
[B]	Employee Equity Grants	2-28
§ 2:6.2	Securities Law Compliance for Equity Grants.....	2-30
[A]	Federal Exemptions.....	2-30
[B]	State Exemptions	2-32
[C]	Disclosure Requirements	2-33
[D]	Avoiding Premature Public Reporting Obligations	2-34
§ 2:6.3	Stock Incentive Plans.....	2-36
[A]	Initial Stock Incentive Plan.....	2-36
[B]	Public Company Stock Incentive Plan	2-38
§ 2:6.4	Resales of Restricted Securities	2-40
[A]	Requirement for Registration or Exemption	2-40
[A][1]	Pre-IPO Sales.....	2-40
[A][2]	Sales in IPO.....	2-41
[A][3]	Post-IPO Sales	2-41
[A][4]	Sales of Crowdfunding Securities	2-42
[A][5]	Section 4(a)(7)	2-42
[B]	Resale Trading Markets.....	2-44
§ 2:7	Intellectual Property	2-45
§ 2:7.1	Developing an IP Protection Program	2-46

INITIAL PUBLIC OFFERINGS

§ 2:7.2	Considerations by Type of Intellectual Property	2-47
Table 2-3	Basic Intellectual Property Protection for Startup Companies	2-47
[A]	Patents	2-48
[B]	Trade Secrets	2-51
[C]	Trademarks	2-52
[D]	Copyrights	2-53
[E]	Domain Names	2-54
[F]	Specialized Rights	2-54
§ 2:8	Funding the Company's Operations	2-55
§ 2:8.1	Pre-IPO Financing Techniques	2-56
[A]	Bootstrapping.....	2-56
[B]	Crowdfunding.....	2-58
[C]	Angel Financing.....	2-58
[D]	Venture Capital.....	2-59
[E]	Private Equity	2-59
[F]	Growth Equity	2-60
[G]	Crossover Investments	2-60
[H]	Strategic Investments	2-61
[I]	Initial Coin Offerings.....	2-61
[J]	Collaborations	2-63
[K]	Venture Loans.....	2-63
[L]	Bank Debt.....	2-63
[M]	Government Grants.....	2-64
§ 2:8.2	Securities Law Compliance for Financing Transactions	2-64
[A]	Section 4(a)(2).....	2-65
[B]	Regulation D.....	2-65
[B][1]	Description and Requirements	2-65
[B][2]	General Solicitation.....	2-68
[C]	Regulation S.....	2-70
Table 2-4	Definition of "Accredited Investor"	2-71
[D]	Regulation A	2-73
[D][1]	Prior to Enactment of JOBS Act.....	2-73
[D][2]	Changes Made by JOBS Act	2-74
[E]	Regulation Crowdfunding.....	2-77
[F]	Rule 147 and Rule 147A	2-80
§ 2:8.3	Integration Issues	2-81

Chapter 3 Corporate Housekeeping

§ 3:1 Introduction 3-3

§ 3:2 Timing, Purpose, and Process 3-3

§ 3:3 Minute Books and Organizational Documents 3-4

 § 3:3.1 Areas of Review..... 3-4

 [A] Completeness of Minute Books 3-4

 [B] Written Consent Issues..... 3-5

 [C] Incumbency of Directors and Officers..... 3-5

 [D] Board and Stockholder Approvals 3-6

 [E] Corporate Charter and Bylaws 3-6

 [F] Corporate Qualifications and Good Standing..... 3-7

 § 3:3.2 Corrective Actions 3-7

 § 3:3.3 Best Practices for Board Minutes..... 3-7

§ 3:4 Stock, Option, and Warrant Records 3-9

 § 3:4.1 Areas of Review..... 3-10

 [A] Authorization of Issuances and Grants 3-10

 [B] Equity Grants to Foreign Employees 3-11

 [C] Unsatisfied Equity Commitments or
Ownership Claims 3-11

 [D] Section 83(b) Elections and Section 83(i)
Elections 3-11

 [E] Stock Repurchases 3-12

 [F] Preferred Stock Anti-Dilution Adjustments 3-13

 [G] Stock Splits 3-13

 [H] Stock Incentive Plan Issues..... 3-14

 § 3:4.2 Corrective Actions 3-14

§ 3:5 Contracts 3-16

§ 3:6 Investor Rights 3-17

 § 3:6.1 Areas of Review..... 3-17

 § 3:6.2 Planning 3-18

§ 3:7 Securities Law Compliance..... 3-20

 § 3:7.1 Confirming the Availability of Exemptions from
Registration 3-20

 § 3:7.2 Corrective Measures 3-22

§ 3:8 Financing Transactions 3-23

 § 3:8.1 Generally 3-23

 § 3:8.2 Areas of Review..... 3-24

 [A] Authorization of Transactions..... 3-24

 [B] Rights of First Refusal 3-24

 [C] Anti-Dilution Adjustments..... 3-24

 [D] Recap Financings 3-25

 [E] Debt Financings..... 3-25

 [F] Security Interests 3-25

INITIAL PUBLIC OFFERINGS

§ 3:9	M&A Transactions	3-26
§ 3:9.1	Areas of Review.....	3-26
[A]	Issuance of Shares and Assumption of Options.....	3-26
[B]	Earnout Provisions.....	3-26
[C]	Record Ownership of Assets	3-26
[D]	Regulatory Compliance.....	3-27
[E]	Disposition Issues.....	3-27
[F]	Unresolved Matters	3-27
[G]	Pending Transactions.....	3-27
§ 3:9.2	Other Concerns	3-27
§ 3:10	Intellectual Property Matters	3-28
§ 3:10.1	Generally	3-28
§ 3:10.2	Intellectual Property Audit.....	3-28
[A]	Components of an IP Audit	3-28
[B]	Benefits of an IP Audit.....	3-31
§ 3:11	Human Resources Matters	3-31
§ 3:11.1	Staffing	3-31
§ 3:11.2	Management Arrangements	3-31
§ 3:11.3	Employee Agreements.....	3-32
§ 3:11.4	Equity Incentives	3-32
§ 3:11.5	Employee Benefits.....	3-32
§ 3:11.6	Compliance Review	3-32
§ 3:12	Regulatory Compliance.....	3-33
§ 3:12.1	Industry-Specific Regulation	3-33
§ 3:12.2	Privacy and Data Security.....	3-34
§ 3:12.3	Trade Compliance.....	3-37
[A]	Anti-Corruption and Anti-Money Laundering	3-37
[B]	Economic Sanctions.....	3-38
[C]	Export Control.....	3-40
[D]	Anti-Boycott	3-41
§ 3:12.4	Government Contracts and Federal Funding	3-42
§ 3:13	Accounting Matters	3-42
§ 3:14	Related Person Transactions	3-43
§ 3:15	Website Cleanup.....	3-45
§ 3:16	Corporate and Capital Structure.....	3-45
§ 3:17	Other Housekeeping Matters.....	3-48
§ 3:17.1	Tax Matters.....	3-48
§ 3:17.2	Legal Proceedings.....	3-48
§ 3:17.3	Insurance.....	3-48
§ 3:17.4	Additional Topics	3-49
§ 3:18	Corporate Governance Preparation.....	3-49

Chapter 4 Accounting Preparation

§ 4:1	Overview	4-2
§ 4:2	The Importance of Accounting Preparation	4-3
§ 4:3	Auditor Independence.....	4-3
§ 4:3.1	Sarbanes-Oxley Act.....	4-4
[A]	Prohibition of Most Non-Audit Services	4-5
[B]	Pre-Approval of Services.....	4-5
[C]	Rotation of Audit Firm Partners	4-6
[D]	Reporting to Audit Committee on Critical Accounting Policies.....	4-6
[E]	Restrictions on Company’s Employment of Former Audit Firm Personnel.....	4-6
§ 4:3.2	SEC Rules	4-7
[A]	Rules Pre-Dating Sarbanes-Oxley.....	4-7
[B]	Rules Implementing Sarbanes-Oxley	4-8
§ 4:3.3	PCAOB Rules.....	4-10
§ 4:3.4	Independence Determinations.....	4-11
§ 4:4	Financial Statement Requirements	4-13
§ 4:4.1	Company Financial Statements	4-13
[A]	Required Time Periods and Information	4-13
[A][1]	Basic Requirements	4-13
[A][2]	Emerging Growth Companies	4-16
[A][3]	Omission of Certain Financial Statements.....	4-18
[B]	Accounting Standards	4-20
[B][1]	Basic Requirements	4-21
[B][2]	Emerging Growth Companies	4-21
[B][3]	Convergence of U.S. GAAP and IFRS	4-24
[C]	Audit Requirements	4-25
[C][1]	Basic Requirements	4-25
[C][2]	Emerging Growth Companies	4-27
§ 4:4.2	Other Financial Statements	4-28
[A]	Significant Acquisitions	4-29
[A][1]	General Requirements.....	4-29
Table 4-1	Significance Tests for Acquisition Financials.....	4-31
Table 4-2	Periods for Which Acquisition Financials Are Required.....	4-33
[A][2]	Exceptions.....	4-35
[B]	Significant Dispositions.....	4-36
[C]	Significant Equity Investments	4-37
§ 4:4.3	Relief from Financial Statement Requirements	4-38
§ 4:4.4	Mandatory Use of XBRL Interactive Data Format	4-39

INITIAL PUBLIC OFFERINGS

§ 4:4.5	GAAP Codification	4-41
§ 4:4.6	Reorganization of PCAOB Auditing Standards	4-42
§ 4:4.7	Accounting Simplification	4-42
§ 4:5	Acquisition Accounting	4-43
§ 4:5.1	“Fair Value” Accounting for Acquisitions	4-43
§ 4:5.2	Impact of Acquisition Accounting.....	4-45
§ 4:6	Stock Option Issues	4-46
§ 4:6.1	Option Expensing	4-46
§ 4:6.2	Section 409A	4-46
§ 4:6.3	Cheap Stock.....	4-49
[A]	Common Stock Valuation.....	4-49
[B]	Strategies to Minimize Cheap Stock Issues.....	4-51
§ 4:7	Employee Stock Purchase Plans	4-55
§ 4:8	Revenue Recognition	4-57
§ 4:9	Restatements and Corrections of Accounting Errors	4-58
§ 4:9.1	Evaluating Accounting Errors	4-59
§ 4:9.2	Corrective Action.....	4-62
§ 4:9.3	Company Analysis and Recommendation	4-64
§ 4:9.4	Additional IPO Considerations	4-65
§ 4:9.5	Prevalence and Consequences of Restatements	4-66
§ 4:10	Accounting Treatment of Offering Expenses	4-68
§ 4:11	Other Accounting Issues.....	4-68
§ 4:12	Non-GAAP Financial Measures	4-70
§ 4:13	Obtaining SEC Guidance.....	4-72
§ 4:14	Attorney-Client Privilege and Auditor Communications.....	4-75

Chapter 5 Corporate Governance

§ 5:1	Introduction	5-3
§ 5:2	Sources of Governance Requirements and Practices	5-4
§ 5:2.1	Primary Factors at the Time of the IPO	5-4
[A]	Stock Exchange Rules	5-4
[A][1]	General Requirements.....	5-4
[A][2]	Exceptions	5-4
[B]	SEC Rules	5-6
[C]	Private Company Stockholders	5-6
[D]	Managing Underwriters	5-6
§ 5:2.2	Additional Factors Once the Company Is Public.....	5-6
[A]	Public Company Stockholders	5-6
[B]	Proxy Voting Advisory Services	5-8
[C]	Governance Ratings.....	5-8
[D]	Public Scrutiny	5-9

Table of Contents

§ 5:2.3	Best Practices	5-10
§ 5:3	Director Independence.....	5-11
§ 5:3.1	Stock Exchange Requirements	5-11
Table 5-1	Comparison of Nasdaq and NYSE IPO Phase-In Requirements.....	5-14
§ 5:3.2	Other Independence Definitions.....	5-15
[A]	Special Definitions Relating to Board Committees.....	5-16
[B]	Company-Specific Definitions	5-16
[C]	ISS's Definition.....	5-16
[D]	Other Definitions	5-17
§ 5:3.3	Antitrust Law Restrictions.....	5-17
§ 5:4	Board Committees.....	5-18
§ 5:4.1	Audit Committee.....	5-18
[A]	Composition—"Super Independence"	5-19
[B]	Composition—Expertise	5-21
[C]	Duties.....	5-23
[D]	PCAOB Considerations	5-25
§ 5:4.2	Compensation Committee	5-27
[A]	Composition—"Enhanced Independence"	5-27
[B]	Composition—Additional Securities Law Consideration	5-28
[C]	Duties.....	5-28
§ 5:4.3	Nominating and Corporate Governance Committee	5-32
[A]	Composition.....	5-32
[B]	Duties.....	5-32
§ 5:4.4	Other Committees.....	5-33
[A]	Executive Committee	5-33
[B]	Risk Committee	5-33
[C]	Science or Technology Committee	5-34
[D]	Finance Committee	5-34
[E]	ESG Committee.....	5-34
[F]	Strategy Committee.....	5-34
§ 5:5	Board Size.....	5-35
§ 5:6	Corporate Governance Guidelines.....	5-36
§ 5:6.1	Stock Exchange Requirements	5-36
§ 5:6.2	Key Provisions	5-36
[A]	Executive Sessions of Independent Directors	5-36
[B]	Board Leadership	5-37
[C]	Stock Ownership and Retention Guidelines.....	5-38
[D]	Director Tenure and Retirement	5-38
[E]	Director Resignation Policies; Majority Voting.....	5-38
[F]	Limitations on Service on Multiple Boards	5-39

INITIAL PUBLIC OFFERINGS

	[G]	Director Evaluations	5-39
	[H]	Communications from Stockholders	5-40
	[I]	Diversity	5-40
§ 5:7		Corporate Charter and Bylaws As a Public Company	5-42
	§ 5:7.1	Principal Purposes	5-42
	§ 5:7.2	Additional Topics	5-43
	[A]	Corporate Opportunity Provisions	5-43
	[B]	Exclusive Forum Provisions	5-44
	[C]	Mandatory Arbitration Provisions.....	5-46
	[D]	Fee-Shifting Provisions.....	5-48
§ 5:8		Takeover Defenses	5-48
	§ 5:8.1	Deciding to Implement Takeover Defenses	5-48
	§ 5:8.2	Common Takeover Defenses	5-49
	[A]	Classified Boards	5-49
	[B]	Limitation of Stockholders' Right to Remove Directors	5-50
	[C]	Limitation of Stockholders' Right to Increase Board Size or Fill Vacancies.....	5-50
	[D]	Supermajority Voting Requirements	5-51
	[E]	Prohibition of Stockholders' Right to Act by Written Consent	5-51
	[F]	Limitation of Stockholders' Right to Call Special Meetings	5-52
	[G]	Advance Notice Requirements	5-52
	[H]	State Anti-Takeover Laws.....	5-53
	[I]	Blank Check Preferred Stock.....	5-53
	[J]	Stockholder Rights Plans	5-54
	[K]	Multi-Class Capital Structures	5-55
	§ 5:8.3	Takeover Defenses in IPO Companies	5-62
	§ 5:8.4	Market Practices	5-64
Table 5-2		Prevalence of Takeover Defenses in U.S. IPO Companies and Established Public Companies, 2007–2019	5-65
Table 5-3		Prevalence of Takeover Defenses Among Types of IPO Companies, 2007–2019.....	5-66
Table 5-4		Trends in Takeover Defenses Adopted by U.S. IPO Companies, 2007–2019.....	5-67
Appendix 5A		Best Practices: When You Want to Do More Than Just Follow the Rules	App. 5A-1
Appendix 5B		Comparison of Nasdaq and NYSE Director Independence Requirements	App. 5B-1

Chapter 6 Oversight, Controls, and Policies

§ 6:1 Introduction 6-2

§ 6:2 Fiduciary Duties and the Duty of Oversight 6-2

§ 6:3 Controls and Procedures..... 6-5

 § 6:3.1 Internal Controls 6-6

 [A] Section 13(b)(2) of the Exchange Act..... 6-6

 [B] Sarbanes-Oxley Section 404..... 6-6

 [C] SEC Focus on Recently Public and Pre-IPO
 Companies 6-10

 § 6:3.2 Disclosure Controls and Procedures 6-11

§ 6:4 Policies 6-13

 § 6:4.1 Disclosure Policy 6-13

 [A] Disclosure Guidelines and Procedures 6-14

 [B] Means of Public Disclosures 6-14

 [C] Authorized Spokespersons 6-14

 [D] “No Comment” Policy 6-15

 § 6:4.2 Code of Business Conduct and Ethics..... 6-15

Table 6-1 General Guidelines for Implementing
 Effective Corporate Policies..... 6-18

 § 6:4.3 Insider Trading Policy 6-19

 [A] Key Elements 6-20

 [B] Blackout Periods 6-20

 [C] Other Policy Issues 6-21

 [D] Market Practices 6-23

Table 6-2 Persons Subject to Regularly Scheduled
 Quarterly Blackout Periods..... 6-24

Table 6-3 Transactions Prohibited During Regularly
 Scheduled Quarterly Blackout Periods..... 6-24

 § 6:4.4 Related Person Transaction Policy..... 6-25

 § 6:4.5 Clawback Policy..... 6-26

Table 6-4 Comparison of Clawback Provisions Under
 Dodd-Frank Act and Sarbanes-Oxley Act..... 6-27

 § 6:4.6 Equity Grant Policy..... 6-28

 § 6:4.7 Investment Policy 6-30

 § 6:4.8 Document Retention Policy 6-31

 § 6:4.9 Regulatory Compliance Policies 6-32

§ 6:5 Oversight Role of Company Counsel 6-33

 § 6:5.1 Impact of SEC Professional
 Responsibility Rules..... 6-33

 § 6:5.2 Reporting “Up the Ladder” 6-33

 § 6:5.3 QLCC Alternative..... 6-35

Chapter 7 Pre-IPO Acquisitions

§ 7:1 Introduction 7-2

§ 7:2 Business Challenges 7-3

 § 7:2.1 Generally 7-3

 § 7:2.2 Challenges of Acquisitions Concurrent with
 an IPO 7-3

 [A] Management Distraction 7-3

 [B] Business Integration 7-4

 [C] Structuring 7-4

 [D] Financial Statements 7-4

§ 7:3 Selected Legal Issues 7-5

 § 7:3.1 Securities Law 7-5

 [A] Exemptions from Registration 7-5

 [B] Securities Law Integration 7-6

 [C] Antifraud Rules 7-6

 [D] Resale Restrictions 7-7

 [E] Cash Earnout As a Security 7-8

 § 7:3.2 Fiduciary Duties 7-8

 [A] Deal Protection 7-9

 [B] Fiduciary Exceptions Following *Omnicare* 7-9

 § 7:3.3 Antitrust Law 7-10

 [A] Hart-Scott-Rodino Act 7-10

 [B] Foreign Antitrust Law 7-13

 [C] Pre-Closing Activities 7-13

Table 7-1 Antitrust DOs and DON'Ts Between Signing
 and Closing 7-14

 [D] Post-Closing Antitrust Challenges 7-15

§ 7:4 Tax Considerations 7-16

 § 7:4.1 Valuation Issues 7-16

 § 7:4.2 “Golden Parachute” Rules 7-16

 § 7:4.3 Limitations on Use of NOLs and Tax Credits 7-18

§ 7:5 Accounting Matters 7-20

 § 7:5.1 Financial Statement Requirements 7-20

 § 7:5.2 Acquisition Accounting 7-21

 § 7:5.3 Sarbanes-Oxley Section 404 7-22

§ 7:6 Structural Issues in Acquisitions of Venture
 Capital-Backed Companies 7-24

 § 7:6.1 Effect of Preferred Stock Rights 7-24

 § 7:6.2 Indemnification and Escrow Arrangements 7-25

 § 7:6.3 Treatment of Stock Options, Restricted Stock,
 and Warrants 7-27

Table of Contents

§ 7:7 Special Considerations in California M&A Deals..... 7-29

 § 7:7.1 California Corporations Code’s Business
 Combination Provisions 7-29

 [A] Section 1101—Equal Treatment Requirements..... 7-29

 [B] Section 1201—Mandatory Class Votes 7-30

 [C] Section 1203—Fairness Opinion in
 “Interested Party” Transaction 7-30

 [D] Section 2115—“Quasi-California” Provisions 7-30

 § 7:7.2 Deal Lockups 7-32

 § 7:7.3 Fairness Hearings 7-33

 § 7:7.4 Non-Competition Agreements 7-34

 § 7:7.5 Equity Grants 7-35

 § 7:7.6 Jury Trial Waivers..... 7-36

§ 7:8 IPO Implications of Concurrent M&A Activity 7-36

 § 7:8.1 Disclosure of IPO Plans to Target 7-36

 § 7:8.2 Form S-1 Disclosure Obligations 7-37

 § 7:8.3 Due Diligence..... 7-37

 § 7:8.4 Additional Stockholders..... 7-38

 § 7:8.5 Registration Rights 7-38

**Chapter 8 Financial Planning for Executives of
Pre-IPO Companies**

§ 8:1 Introduction 8-2

§ 8:2 Loans to Directors and Executive Officers 8-3

 § 8:2.1 Prohibition on Personal Loans Under
 Sarbanes-Oxley Section 402..... 8-3

 § 8:2.2 Resolving Outstanding Loans 8-4

 [A] Repayment..... 8-4

 [B] Forgiveness 8-4

 [C] Share Surrender 8-5

§ 8:3 Restricted Stock and Restricted Stock Units 8-5

 § 8:3.1 Description 8-5

 § 8:3.2 Federal Income Tax Treatment..... 8-6

 [A] Generally 8-6

 [B] Section 83(b) Elections..... 8-7

 [C] Tax Withholding 8-7

 [D] Tax Strategies..... 8-8

§ 8:4 Stock Options 8-9

 § 8:4.1 Incentive Stock Options..... 8-9

 [A] Requirements..... 8-9

 [B] Federal Income Tax Treatment..... 8-10

 [C] Tax Strategies..... 8-12

INITIAL PUBLIC OFFERINGS

Table 8-1	ISOs: Exercise Now or Later?	8-12
§ 8:4.2	Non-Statutory Stock Options	8-13
[A]	Description	8-13
[B]	Federal Income Tax Treatment	8-13
[C]	Tax Strategies	8-14
§ 8:4.3	Reverse-Vesting (Early Exercise) Stock Options	8-14
§ 8:4.4	Section 83(i) Elections	8-15
§ 8:5	Estate Planning	8-18
Table 8-2	NSOs: Exercise Now or Later?	8-19
§ 8:5.1	Taxation of Individuals and Assets	8-20
[A]	Gift Tax	8-20
[B]	Estate Tax	8-20
[C]	GST Tax	8-20
[D]	Income Tax	8-21
§ 8:5.2	Basic Wealth Transfer Planning Techniques	8-21
§ 8:5.3	Advanced Pre-IPO Techniques	8-21
[A]	Irrevocable Trusts	8-22
[B]	Grantor Retained Annuity Trusts	8-23
Table 8-3	Examples of Use of GRAT for Pre-IPO Stock	8-24
§ 8:5.4	Valuation Issues	8-25
§ 8:5.5	Transfer Restrictions and Securities Law Issues	8-26
§ 8:5.6	Related Matters	8-27
[A]	Will	8-27
[B]	Healthcare Proxy	8-27
[C]	Durable Power of Attorney	8-27
[D]	Asset Protection Techniques	8-28
§ 8:5.7	Role of Company Counsel	8-28
§ 8:6	Section 409A	8-28
§ 8:6.1	General Provisions	8-29
§ 8:6.2	Application to Deferred Compensation Arrangements	8-29
[A]	Salary or Bonus Deferrals	8-29
[B]	Bonus Plans	8-30
[C]	Severance Arrangements	8-30
§ 8:6.3	Six-Month Delay for Key Employees of Public Companies	8-31
§ 8:7	Rule 10b5-1 Trading Plans	8-31
§ 8:7.1	Requirements	8-32
§ 8:7.2	Benefits and Drawbacks	8-33
Table 8-4	Pros and Cons of Rule 10b5-1 Trading Plans	8-33
§ 8:7.3	Market Practices	8-34
Table 8-5	Market Practices Relating to Rule 10b5-1 Trading Plans	8-35

Table of Contents

§ 8:8	Antitrust Reporting Obligations.....	8-36
§ 8:8.1	Application to Acquisitions of Voting Securities	8-37
§ 8:8.2	Thresholds for HSR Reporting.....	8-37
§ 8:8.3	Exemptions.....	8-38
§ 8:8.4	Penalties and Corrective Filings.....	8-39

Chapter 9 Assembling the IPO Team

§ 9:1	Introduction	9-2
§ 9:2	Management and Employees	9-3
§ 9:2.1	CEO and CFO	9-3
§ 9:2.2	New Positions.....	9-3
[A]	Controller	9-3
[B]	Additional Finance and Accounting Staff	9-3
[C]	General Counsel	9-4
[D]	Investor Relations Personnel.....	9-4
[E]	Stock Plan Administrator.....	9-4
[F]	Internal Auditor	9-5
[G]	Webmaster	9-6
§ 9:3	Board of Directors.....	9-6
§ 9:3.1	Board Composition.....	9-6
§ 9:3.2	Compensation of Outside Directors	9-7
§ 9:4	Company Counsel.....	9-8
§ 9:4.1	Selection Criteria	9-9
§ 9:4.2	Sample Questions/Requests for Company Counsel Candidates.....	9-11
§ 9:5	Independent Accountants	9-12
§ 9:5.1	Big 4 or Not?.....	9-12
§ 9:5.2	Switching Auditors Prior to an IPO.....	9-13
§ 9:5.3	Sample Questions/Requests for Independent Accountant Candidates.....	9-14
§ 9:6	Managing Underwriters	9-17
§ 9:6.1	Identifying Candidates.....	9-17
§ 9:6.2	Bases for Evaluating Potential Managing Underwriters	9-18
[A]	Track Record	9-18
[B]	Team Members	9-18
[C]	Commitment to the Company	9-19
[D]	Distribution Reach and Mix	9-20
[E]	Aftermarket Support	9-20
[F]	Prestige and Reputation	9-21

INITIAL PUBLIC OFFERINGS

[G]	Client Satisfaction	9-21
[H]	Economic Factors.....	9-21
[I]	Financial Strength and Stability	9-22
[J]	Other Capabilities	9-22
§ 9:6.3	The Selection Process	9-22
[A]	Selecting Managing Underwriters	9-22
[B]	Designating Lead Managing Underwriters	9-23
[C]	Selecting Co-Managers	9-24
[D]	Being Evaluated by the Underwriters	9-24
[E]	Confidentiality Agreements	9-24
§ 9:6.4	Sample Questions/Requests for Managing Underwriter Candidates	9-25
§ 9:7	Underwriters' Counsel.....	9-31
§ 9:8	Consultants and Advisors.....	9-32
§ 9:8.1	Compensation Consultant.....	9-32
§ 9:8.2	Investor Relations Firm	9-32
§ 9:8.3	Road Show Consultant	9-33
§ 9:8.4	Accounting Consultant.....	9-33
§ 9:8.5	IPO Consultant	9-33
§ 9:9	Outside Vendors	9-33
§ 9:9.1	Financial Printer	9-34
§ 9:9.2	Transfer Agent	9-34
§ 9:9.3	Banknote Company	9-34
§ 9:9.4	Virtual Data Room Provider.....	9-35
§ 9:9.5	Electronic Road Show Host.....	9-35
§ 9:9.6	Option Administrator	9-35
§ 9:10	Changes in the IPO Team.....	9-35

PART II GOING PUBLIC

Chapter 10 An Overview of the IPO Process

§ 10:1	Introduction	10-3
§ 10:2	Securities Law in a (Tiny) Nutshell.....	10-3
Figure 10-1	Principal Relationships Among IPO Participants.....	10-4
§ 10:3	Roles of IPO Participants	10-5
§ 10:3.1	Company Management	10-5
§ 10:3.2	Board of Directors and Board Committees.....	10-6
§ 10:3.3	Company Counsel	10-7

Table of Contents

§ 10:3.4	Independent Accountants	10-8
§ 10:3.5	Pre-IPO Stockholders	10-9
§ 10:3.6	Managing Underwriters	10-9
§ 10:3.7	Research Analysts	10-10
§ 10:3.8	Underwriters' Counsel.....	10-11
§ 10:3.9	Securities and Exchange Commission	10-11
§ 10:3.10	Other Participants.....	10-12
[A]	FINRA	10-12
[B]	Financial Printer	10-12
[C]	Stock Exchange	10-12
[D]	Transfer Agent	10-12
[E]	Banknote Company	10-13
[F]	DTC	10-13
[G]	CUSIP	10-13
[H]	Virtual Data Room Provider.....	10-13
[I]	Electronic Road Show Host.....	10-13
[J]	Compensation Consultant.....	10-14
[K]	Investor Relations Firm	10-14
[L]	Road Show Consultant	10-14
[M]	Accounting Consultant.....	10-14
§ 10:4	Public Company Education	10-14
§ 10:4.1	Informal and Formal "Schooling"	10-15
§ 10:4.2	Common Approaches to the "Curriculum"	10-16
[A]	Potential Liability.....	10-16
[B]	Corporate Governance	10-16
[C]	Sarbanes-Oxley Act; Dodd-Frank Act; JOBS Act.....	10-16
[C][1]	Sarbanes-Oxley Act	10-17
[C][2]	Dodd-Frank Act.....	10-17
[C][3]	JOBS Act	10-18
[D]	Exchange Act Reporting	10-18
[E]	Public Communications	10-18
[F]	Insider Trading and Reporting.....	10-19
[G]	Section 16 Reporting.....	10-19
[H]	Financial Planning for Executives	10-19
[I]	Post-IPO Resales	10-19
§ 10:5	Impact of the JOBS Act.....	10-20
§ 10:5.1	Overview	10-20
§ 10:5.2	"IPO On-Ramp"	10-20
[A]	Definition of "Emerging Growth Company".....	10-21
[B]	IPO Relief	10-22
[B][1]	Relief Available Beginning with Registration Process	10-22

INITIAL PUBLIC OFFERINGS

[B][2]	Grace Period for Loss of EGC Status During Registration Process	10-26
[B][3]	EGC Elections	10-27
[C]	Post-IPO Relief.....	10-27
Table 10-2	EGC Elections	10-29
§ 10:5.3	Adoption of EGC Standards.....	10-30
§ 10:5.4	General Solicitation in Rule 506 and Rule 144A Placements.....	10-30
§ 10:5.5	Required SEC Studies	10-31
[A]	Streamlining of Registration Process.....	10-31
[B]	Decimalization	10-32
§ 10:5.6	SEC Interpretations	10-33
§ 10:5.7	“JOBS Act 2.0”?	10-33
§ 10:6	Sequence and Timing of Events in the IPO Process	10-34
§ 10:6.1	Six to Twelve Months Before the Organizational Meeting.....	10-35
Figure 10-3	Illustrative IPO Timetable	10-36
§ 10:6.2	Three to Six Months Before the Organizational Meeting.....	10-37
§ 10:6.3	One to Three Months Before the Organizational Meeting.....	10-38
§ 10:6.4	The Organizational Meeting.....	10-38
§ 10:6.5	One to Two Months After the Organizational Meeting.....	10-39
§ 10:6.6	One to Three Months After the Initial Form S-1 Filing or Submission.....	10-40
§ 10:6.7	Three to Four Months After the Initial Form S-1 Filing or Submission.....	10-40
Table 10-4	Top Ten List.....	10-41

Chapter 11 The Quiet Period and Other Publicity Issues

§ 11:1	Introduction	11-2
§ 11:2	Legal Framework.....	11-3
§ 11:2.1	Section 5.....	11-3
[A]	Pre-Filing Period.....	11-4
[B]	Waiting Period.....	11-4
[C]	Post-Offering Period.....	11-5
§ 11:2.2	Permissible Communications	11-5
[A]	Rule 163A—Communications More Than Thirty Days Before Public Filing.....	11-5
[B]	Rule 169—Factual Business Communications.....	11-6

Table of Contents

[C]	Rule 135—Announcement of Intent to Conduct Public Offering	11-8
[D]	Rule 134—Announcement of Proposed Public Offering After Filing Registration Statement.....	11-8
[E]	Section 5(d) and Rule 163B—“Test-the-Waters” Communications.....	11-9
§ 11:2.3	Free Writing Prospectuses	11-10
§ 11:3	SEC Enforcement	11-11
§ 11:3.1	Monitoring for Violations	11-11
§ 11:3.2	Remedies for Violations	11-11
§ 11:3.3	Cautionary Tales About Pre-IPO Publicity	11-12
[A]	Prior to Adoption of Safe Harbors	11-12
[B]	Following Adoption of Safe Harbors.....	11-13
Table 11-1	Example of Rescission Risk Disclosure in Prospectus	11-15
§ 11:4	Planning for the Quiet Period	11-16
§ 11:4.1	Management Education	11-17
§ 11:4.2	External Communications Policy.....	11-17
§ 11:4.3	Legal Review	11-18
§ 11:4.4	Adherence to Established Disclosure Practices	11-18
§ 11:4.5	Coordination with Underwriters.....	11-18
§ 11:5	Living with the Quiet Period.....	11-19
§ 11:5.1	Public Disclosure of IPO Plans	11-20
[A]	Pre-Filing Announcements	11-20
[B]	Post-Filing Announcements.....	11-21
§ 11:5.2	Announcement of IPO Plans to Employees.....	11-21
§ 11:5.3	Communications with Customers, Suppliers, Business Partners, and Other Third Parties.....	11-22
§ 11:5.4	Communications with Existing Investors	11-23
§ 11:5.5	Press Releases	11-23
§ 11:5.6	Media Coverage	11-24
§ 11:5.7	Company Website.....	11-25
§ 11:5.8	Blogging and Tweeting	11-26
§ 11:5.9	Social Networking Websites.....	11-27
§ 11:5.10	Industry Trade Shows	11-27
§ 11:5.11	Scientific Conferences.....	11-28
§ 11:5.12	User Conferences.....	11-28
§ 11:5.13	Non-Deal Road Shows	11-29
§ 11:5.14	“Test-the-Waters” Communications.....	11-30
§ 11:5.15	Investor Conferences	11-31
§ 11:5.16	Analysts.....	11-32
[A]	Industry Analysts.....	11-32
[B]	Research Analysts	11-33

§ 11:5.17	Awards.....	11-33
§ 11:5.18	Directed Share Program	11-34
§ 11:5.19	Employee Stock Purchase Plan	11-34
§ 11:5.20	IPO Participation Rights	11-35
§ 11:5.21	Distribution of the Form S-1	11-36
§ 11:6	Leaks	11-36
§ 11:6.1	How Do Leaks Occur?	11-36
§ 11:6.2	Responding to Leaks	11-36

Chapter 12 Potential Liability and the Purposes of Due Diligence

§ 12:1	Introduction	12-2
§ 12:2	What Is Due Diligence?	12-3
§ 12:3	Purposes of Due Diligence.....	12-3
§ 12:4	Potential Liability	12-4
§ 12:4.1	Section 11	12-4
§ 12:4.2	Other Sources of Liability	12-7
	[A] Section 12.....	12-7
	[B] Rule 10b-5	12-8
	[C] Section 17(a).....	12-9
	[D] Controlling Person Liability	12-9
	[E] SEC Enforcement Proceedings	12-9
	[F] Blue Sky Laws	12-10
§ 12:4.3	Additional Considerations in Assessing Liability	12-11
	[A] Rule 159	12-11
	[B] PSLRA	12-11
	[C] Punitive Damages.....	12-11
	[D] Liability for Plaintiff’s Attorney Fees.....	12-11
	[E] Bankruptcy Discharge.....	12-11
§ 12:5	The Due Diligence Defense.....	12-12
§ 12:5.1	Due Diligence Defense Under Section 11	12-12
§ 12:5.2	Similar Defenses Under Other Securities Law Provisions.....	12-13
§ 12:6	The Company’s Perspective.....	12-14
§ 12:7	Directors and Officers.....	12-15
§ 12:7.1	Duties and Responsibilities.....	12-15
§ 12:7.2	Establishing the Due Diligence Defense	12-15
	[A] <i>Escott v. BarChris Construction Corp.</i>	12-15
	[B] Steps Commonly Taken to Establish a Due Diligence Defense	12-18

Table of Contents

§ 12:7.3	Indemnification and Exculpation	
	Arrangements	12-18
[A]	Corporate Charter and Bylaws	12-18
Table 12-1	Establishing a Due Diligence Defense.....	12-19
[B]	Indemnification Agreements.....	12-19
[C]	Expense Advancement Provisions	12-20
[D]	Exculpation Provisions.....	12-20
[E]	SEC’s Position on Indemnification	12-21
§ 12:7.4	D&O Insurance	12-21
[A]	The ABCs of D&O Insurance.....	12-22
[B]	Procuring D&O Insurance	12-23
§ 12:7.5	Putting the Risk of Personal Liability in Perspective.....	12-24
§ 12:8	Selling Stockholders.....	12-27
§ 12:9	Underwriters	12-28
§ 12:9.1	Motivations for Diligence	12-28
§ 12:9.2	Diligence Standards	12-29
[A]	Regulatory Guidance.....	12-29
[B]	Case Law	12-31
§ 12:9.3	Indemnification of Underwriters	12-32
§ 12:10	Due Diligence in an IPO.....	12-34
§ 12:10.1	Overview	12-34
§ 12:10.2	The Due Diligence Process	12-35
[A]	Management Integrity	12-35
[B]	Retention of Professionals.....	12-35
[C]	Information Requests	12-35
[D]	Diligence Sessions	12-36
[E]	Independent Verification.....	12-37
[F]	Follow-Up	12-37
[G]	Drafting Coordination	12-37
[H]	Updating and Bring-Down.....	12-38
[I]	Comfort Letters	12-38
[J]	Legal Opinions.....	12-41
[K]	Documentation	12-42
§ 12:10.3	Company Cooperation and Assistance	12-42

Chapter 13 Preparing the Form S-1

§ 13:1	Introduction	13-2
§ 13:2	Contents of the Form S-1	13-3
§ 13:2.1	Prospectus	13-4
[A]	Front Cover.....	13-5
Table 13-1	Illustrative EGC Disclosures.....	13-5

INITIAL PUBLIC OFFERINGS

	[B]	Prospectus Summary	13-7
	[C]	Risk Factors	13-8
	[D]	Special Note Regarding Forward-Looking Statements.....	13-9
	[E]	Use of Proceeds.....	13-9
	[F]	Dividend Policy.....	13-10
	[G]	Capitalization	13-10
	[H]	Dilution.....	13-11
	[I]	Selected Financial Data.....	13-11
Table 13-2		Cybersecurity Disclosures.....	13-12
	[J]	MD&A	13-13
	[K]	Business.....	13-17
Table 13-3		Outline of Business Section for Technology Company.....	13-18
Table 13-4		Outline of Business Section for Life Sciences Company.....	13-19
	[L]	Management.....	13-20
Table 13-5		Am I an Officer?	13-23
	[M]	Executive Compensation	13-26
	[N]	Related Person Transactions	13-28
	[O]	Principal and Selling Stockholders	13-29
Table 13-6		What Will Be Disclosed About Me?	13-31
	[P]	Description of Capital Stock.....	13-33
	[Q]	Shares Eligible for Future Sale.....	13-34
	[R]	Material U.S. Tax Considerations for Non-U.S. Holders of Common Stock	13-34
	[S]	Underwriting	13-34
	[T]	Legal Matters	13-35
	[U]	Experts.....	13-36
	[V]	Where You Can Find More Information	13-36
	[W]	Financial Statements and Notes	13-37
	[X]	Other Sections	13-39
	[Y]	Back Cover.....	13-39
	[Z]	Emerging Prospectus Practices	13-39
Table 13-7		Examples of Mission Statements	13-41
§ 13:2.2		Length of the Prospectus.....	13-41
Table 13-8		Typical Prospectus Length.....	13-42
§ 13:2.3		Cover and Part II of Form S-1	13-44
§ 13:2.4		Material Contracts.....	13-45
	[A]	Filing Requirements.....	13-45
	[B]	Confidentiality Considerations.....	13-46
	[C]	Representations and Warranties Contained in Exhibits	13-50

Table of Contents

§ 13:2.5	Other Exhibits	13-51
§ 13:2.6	Signature Requirements.....	13-52
[A]	Required Signatures	13-52
[B]	Powers of Attorney.....	13-53
§ 13:3	Plain English.....	13-53
§ 13:3.1	Overview	13-53
§ 13:3.2	Practical Application.....	13-54
§ 13:3.3	Words to Avoid	13-54
Table 13-9	Words to Avoid	13-55
§ 13:4	The Organizational Meeting.....	13-55
§ 13:5	The Form S-1 Drafting Process.....	13-57
§ 13:5.1	The Role of Company Counsel.....	13-57
§ 13:5.2	Getting Ready to Draft.....	13-58
§ 13:5.3	Staging the Drafting.....	13-58
[A]	Business.....	13-58
[B]	MD&A and Other Financial Disclosures	13-59
[C]	Management, Executive Compensation, and Selling Stockholder Disclosures	13-60
[D]	Risk Factors	13-62
[E]	Exhibits	13-63
[F]	Balance of Form S-1	13-63
[G]	Pacing Items	13-63
§ 13:5.4	Drafting Sessions.....	13-64
Table 13-10	Tips for Effective Drafting Sessions.....	13-66
§ 13:5.5	Board and Committee Involvement.....	13-67
§ 13:5.6	Document Form and Control	13-69
§ 13:5.7	Drafting: What Does Not Work.....	13-70
§ 13:5.8	A Summary of Drafting Roles	13-71
Table 13-11	Traditional Drafting Roles: Which One Will You Be?.....	13-71

Chapter 14 Selling Stockholders

§ 14:1	Introduction	14-2
§ 14:2	Background.....	14-2
§ 14:2.1	Registration Rights	14-2
§ 14:2.2	Nature and Prevalence of Selling Stockholders.....	14-3
Table 14-1	Prevalence of Selling Stockholders	14-5
§ 14:3	Advantages and Disadvantages	14-6
§ 14:3.1	The Company's Perspective.....	14-6
§ 14:3.2	The Selling Stockholders' Perspective	14-6
[A]	Loss of Upside	14-6
[B]	Potential Liability.....	14-7

INITIAL PUBLIC OFFERINGS

[C]	Uncertain Terms.....	14-8
[D]	Section 16 Risk.....	14-8
[E]	Higher Sales Commission.....	14-9
[F]	Other Expenses.....	14-9
§ 14:4	Process and Documentation.....	14-9
§ 14:4.1	Waivers and Amendments.....	14-9
§ 14:4.2	Registration Rights Notice.....	14-10
§ 14:4.3	Selling Stockholder Documents.....	14-11
[A]	Questionnaires and FinCEN Certifications.....	14-11
[B]	Power of Attorney.....	14-11
[C]	Custody Agreement.....	14-12
[D]	Stock Power and Medallion Guarantee.....	14-12
[E]	IRS Form W-9.....	14-13
[F]	SEC Filing Obligations.....	14-13
§ 14:5	Deal Complications.....	14-14
§ 14:5.1	Disclosure.....	14-14
§ 14:5.2	Pricing.....	14-15
§ 14:5.3	Cashless Exercises.....	14-15
§ 14:5.4	Logistics.....	14-16
§ 14:5.5	Foreign Selling Stockholders.....	14-16

Chapter 15 Stock Exchange Listing

§ 15:1	Introduction.....	15-2
§ 15:2	Listing Choices.....	15-2
§ 15:2.1	Background.....	15-2
§ 15:2.2	The Hegemony of Nasdaq and the NYSE.....	15-4
[A]	Nasdaq.....	15-5
[B]	New York Stock Exchange.....	15-6
§ 15:3	Selecting an Exchange.....	15-6
§ 15:3.1	Selection Criteria.....	15-6
[A]	Listing Standards.....	15-6
[B]	Cost.....	15-7
[C]	Prestige.....	15-7
[D]	Image.....	15-8
[E]	Volatility, Liquidity, and Trading Execution.....	15-8
[F]	Competitor Listings.....	15-8
[G]	Insider Sales.....	15-8
§ 15:3.2	Current Picture.....	15-9
§ 15:4	Listing Requirements.....	15-10
§ 15:4.1	Quantitative Listing Standards.....	15-10
§ 15:4.2	Corporate Governance Standards.....	15-11
§ 15:5	Listing Process and Documentation.....	15-12
§ 15:5.1	Overview.....	15-12

Table of Contents

§ 15:5.2	Phases of the Listing Process	15-13
[A]	Eligibility Review	15-13
[B]	Initial Application and Supporting Materials	15-14
[C]	Review of Application	15-14
[D]	Selection of Market Makers	15-15
[E]	Listing Approval.....	15-15
[F]	Final Documentation.....	15-15
[G]	Opening Day	15-16
§ 15:6	Related Matters	15-16
§ 15:6.1	Trading Symbol.....	15-16
§ 15:6.2	Transfer Agent	15-17
§ 15:6.3	DTC Eligibility	15-18
§ 15:6.4	DRS Eligibility	15-18
§ 15:6.5	CUSIP Number	15-19
§ 15:6.6	Exchange Act Registration	15-19
§ 15:7	Delisting.....	15-20
§ 15:7.1	Voluntary Delisting.....	15-20
§ 15:7.2	Involuntary Delisting; Alternatives and Consequences	15-20
Appendix 15A	Summary of Stock Exchange Listing Requirements and Fees	App. 15A-1

Chapter 16 Initial Filing or Submission of the Form S-1

§ 16:1	Introduction	16-2
§ 16:2	Conditions to Initial Filing or Submission.....	16-3
§ 16:3	EDGAR Filer Codes.....	16-4
§ 16:4	SEC Registration Fee.....	16-7
§ 16:5	Filing the Form S-1	16-8
§ 16:5.1	“At the Printer”	16-8
§ 16:5.2	Formatting.....	16-9
§ 16:5.3	Final Pre-Filing Review	16-10
§ 16:5.4	EDGAR Transmission	16-11
§ 16:5.5	Confidential Submission	16-12
[A]	Overview	16-12
[B]	Eligibility	16-13
[C]	Contents of Confidential Submission	16-13
[D]	SEC and FINRA Review.....	16-14
[E]	Public Filing Requirements	16-15
[F]	Confidentiality Considerations.....	16-15
[G]	Submission Mechanics	16-16
[H]	Advantages and Disadvantages	16-16

INITIAL PUBLIC OFFERINGS

§ 16:5.6	Nonpublic Review.....	16-17
[A]	Overview	16-17
[B]	Eligibility	16-18
[C]	Contents of Nonpublic Submission	16-19
[D]	SEC and FINRA Review.....	16-20
[E]	Public Filing Requirements	16-20
[F]	Confidentiality Considerations.....	16-21
[G]	Submission Mechanics	16-23
[H]	Advantages and Disadvantages	16-23
Table 16-1	Comparison of Public Filing, Confidential Submission, and Nonpublic Review.....	16-25
§ 16:6	Required Consents.....	16-28
§ 16:6.1	Auditors.....	16-28
[A]	Initial Form S-1 Filing.....	16-28
[B]	Form S-1 Amendments.....	16-28
[C]	Prospectuses	16-29
[D]	Dating of Auditor Consents.....	16-29
§ 16:6.2	Counsel	16-29
§ 16:6.3	Other Experts	16-30
§ 16:6.4	Director Nominees	16-30
§ 16:6.5	Customers	16-31
§ 16:6.6	Industry Analysts	16-31
§ 16:7	Confidential Treatment for Material Contracts	16-32
§ 16:8	Related Filings	16-32
§ 16:8.1	FINRA Filing	16-33
§ 16:8.2	Stock Exchange Listing	16-34
§ 16:8.3	CUSIP Number	16-34
§ 16:8.4	Exchange Act Registration	16-34
§ 16:8.5	Blue Sky Filings	16-34
§ 16:9	Evolution of EDGAR System.....	16-35
§ 16:10	Board and Committee Approvals.....	16-36
§ 16:10.1	Items for Board Approval.....	16-36
[A]	Governance Matters	16-36
[B]	IPO Matters.....	16-37
[C]	Other IPO Preparation Matters.....	16-38
[D]	Public Company Matters	16-39
§ 16:10.2	Role of Committees	16-39
§ 16:10.3	Sequencing and Other Considerations.....	16-40
§ 16:11	Stockholder Approvals.....	16-41
§ 16:11.1	Generally	16-41
§ 16:11.2	Delaware Considerations.....	16-42
§ 16:12	Immediate Next Steps	16-43
§ 16:12.1	Press Release.....	16-43
§ 16:12.2	Employee Announcement.....	16-44

Chapter 17 The SEC Review Process

§ 17:1	Introduction	17-2
§ 17:2	SEC Overview.....	17-2
§ 17:2.1	SEC Structure, Functions, and Players.....	17-3
§ 17:2.2	Corp Fin	17-4
§ 17:3	The Review Process	17-7
§ 17:3.1	Overview	17-7
[A]	Generally	17-7
[B]	Review of Confidential or Nonpublic Submissions	17-8
§ 17:3.2	Standard of Review	17-9
Table 17-1	Mustang Ranch: Too Much Disclosure?.....	17-10
§ 17:3.3	Initial Comments	17-11
Table 17-2	When the Bedbug Bites	17-14
§ 17:3.4	The Company’s Initial Response.....	17-15
§ 17:3.5	Subsequent Comments and Responses.....	17-17
§ 17:3.6	“Appeals” and Waivers During the Review Process.....	17-19
§ 17:3.7	Timing and Comment Data	17-23
Table 17-3	Elapsed Time Between Form S-1 Filings or Submissions and SEC Comment Letters, 2010–2019	17-24
Table 17-4	Distribution of SEC Comments.....	17-25
§ 17:4	Tips for a Smooth Review Process.....	17-26
§ 17:4.1	Working with the Staff.....	17-26
§ 17:4.2	Managing the Timeline.....	17-27
§ 17:5	What SEC Review Does and Does Not Mean	17-27
Table 17-5	Tips for a Good Relationship with SEC Examiners	17-29
§ 17:6	Confidentiality Issues	17-29
§ 17:6.1	Freedom of Information Act.....	17-29
§ 17:6.2	Public Release of Comment Letters and Responses	17-30
§ 17:6.3	Confidential Treatment Requests for Correspondence and Supplemental Information	17-32
[A]	Overview of Rule 83.....	17-32
[B]	Rule 83 Procedures for Requesting Confidential Treatment.....	17-33
[C]	Rule 80 Procedures for Making and Resolving Requests for SEC Records	17-35

§ 17:6.4	Return of Supplemental Materials	17-37
§ 17:6.5	Confidentiality Considerations in the Confidential Review Process and the Nonpublic Review Process	17-38
[A]	Confidential Review Process	17-39
[B]	Nonpublic Review Process	17-39

Chapter 18 Marketing the Offering

§ 18:1	Introduction	18-2
§ 18:2	Preliminary Prospectus	18-3
§ 18:2.1	Printing and Distribution	18-3
§ 18:2.2	Determining Price Range and Number of Shares	18-4
§ 18:2.3	Flash Results.....	18-6
§ 18:3	Free Writing Prospectuses	18-10
§ 18:3.1	Requirements.....	18-11
§ 18:3.2	Use of Free Writing Prospectuses	18-13
Table 18-1	Illustrative Timeline for Use of Post-Effective Free Writing Prospectus to Convey Updated Offering Information	18-14
Table 18-2	Illustrative Timeline for Use of Pre-Effective Free Writing Prospectus to Convey Material Company Developments	18-15
§ 18:4	Road Show.....	18-16
§ 18:4.1	Overview	18-16
§ 18:4.2	Requirements.....	18-17
§ 18:4.3	Management Preparation.....	18-18
§ 18:4.4	The Launch	18-19
§ 18:4.5	Schedule	18-21
Table 18-3	Illustrative Road Show Schedule	18-22
§ 18:5	Electronic Road Show	18-22
§ 18:5.1	Overview	18-22
§ 18:5.2	Requirements.....	18-23
§ 18:6	Rules of the Road.....	18-25
§ 18:6.1	Legal Review	18-25
§ 18:6.2	Availability of Documents	18-25
§ 18:6.3	Consistency with Preliminary Prospectus	18-26
§ 18:6.4	Q&A Sessions and Other Investor Follow-Up	18-26
§ 18:6.5	Attendance.....	18-27
§ 18:6.6	Forward-Looking Statements	18-27
§ 18:6.7	Presentation Slides.....	18-27
§ 18:6.8	Potential Liability	18-28

Table of Contents

§ 18:7	Impermissible Offering Communications.....	18-28
§ 18:8	Pre-Marketing Activities	18-29
§ 18:8.1	“Test-the-Waters” Communications.....	18-30
§ 18:8.2	Preliminary Road Shows	18-32
§ 18:9	Unconventional Marketing Techniques	18-33
§ 18:9.1	Underwritten IPOs	18-33
Table 18-4	Underwritten IPOs with Unusual Marketing Twists	18-34
§ 18:9.2	Non-Underwritten IPOs	18-35
§ 18:10	Directed Share Programs	18-37
§ 18:10.1	Overview	18-37
§ 18:10.2	Potential Risks.....	18-38
§ 18:10.3	Minimizing the Risks	18-38
§ 18:11	Insider Purchases in IPO	18-40
§ 18:11.1	Regulation M.....	18-40
§ 18:11.2	Disclosure Requirements	18-41
§ 18:11.3	FINRA Restrictions.....	18-42
§ 18:11.4	Underwriter Loans.....	18-43
§ 18:11.5	Other Considerations	18-44
§ 18:12	Lockup Agreements	18-45
§ 18:12.1	Purpose.....	18-45
§ 18:12.2	Parties.....	18-46
§ 18:12.3	Timing.....	18-46
§ 18:12.4	Duration and Exceptions	18-47
§ 18:12.5	Releases	18-48

Chapter 19 Demystifying the Underwriting Process

§ 19:1	Introduction	19-3
§ 19:2	Underwriting Basics	19-3
§ 19:2.1	The Players.....	19-3
[A]	Principal Players	19-3
[B]	Key Personnel	19-4
§ 19:2.2	Basic Structure.....	19-5
[A]	Overview	19-5
[B]	Share Distribution and Purchase Price Discounts	19-6
[C]	Evolving Industry Practices	19-7
Table 19-1	Different Purchase Prices in the Distribution Chain	19-7
[D]	Underwriting Discounts	19-8
Table 19-2	Median Underwriting Discount by Offering Size, 2007–2019	19-8

INITIAL PUBLIC OFFERINGS

§ 19:2.3	Contractual Arrangements	19-9
[A]	Overview	19-9
[B]	Agreement Among Underwriters	19-10
[C]	Selected Dealers Agreement.....	19-10
§ 19:3	Distribution and Bookbuilding Process.....	19-11
§ 19:3.1	Forming the Underwriting Syndicate.....	19-11
§ 19:3.2	Preparing the Sales Forces.....	19-12
§ 19:3.3	Building the Book	19-13
Table 19-3	Example of Bookbuilding	19-15
§ 19:3.4	Confirming Sales; Aftermarket Price Stabilization.....	19-16
§ 19:3.5	Share Allocations	19-18
§ 19:4	Underwriting Agreement.....	19-21
§ 19:4.1	Purchase and Sale of the Shares	19-22
§ 19:4.2	Representations and Warranties.....	19-23
[A]	Purposes	19-23
[B]	Company Representations	19-23
[C]	Selling Stockholder Representations	19-26
[D]	Underwriter Representations	19-26
§ 19:4.3	Closing Arrangements	19-26
§ 19:4.4	Default Provisions	19-29
§ 19:4.5	Covenants	19-29
[A]	Company Covenants	19-29
[B]	Selling Stockholder Covenants.....	19-31
[C]	Underwriter Covenants	19-31
§ 19:4.6	Payment of Offering Expenses.....	19-31
§ 19:4.7	Disclaimer of Fiduciary or Advisory Relationship.....	19-33
§ 19:4.8	Indemnification and Contribution Arrangements	19-34
[A]	Indemnification Obligations of the Company.....	19-34
[B]	Indemnification Obligations of Selling Stockholders	19-35
[C]	Indemnification Obligations of the Underwriters	19-36
[D]	Enforcing Indemnification and Contribution Obligations	19-36
§ 19:4.9	Miscellaneous Provisions.....	19-38
§ 19:5	Economics of Underwriting.....	19-38
§ 19:5.1	Allocating Underwriting Compensation	19-38
Table 19-4	What Can Be Negotiated?.....	19-40
Table 19-5	Illustrative Breakdown of Underwriting Discount.....	19-41
§ 19:5.2	Profitability.....	19-42

Table of Contents

§ 19:6	FINRA Review of Underwriting Arrangements	19-42
§ 19:6.1	Corporate Financing Rule	19-43
§ 19:6.2	Prohibited Arrangements	19-46
§ 19:6.3	Mandatory Underwriter Lockup	19-47
§ 19:6.4	Conflicts of Interest	19-48
§ 19:7	Research Analysts	19-49
§ 19:7.1	Background	19-49
[A]	The Global Settlement	19-50
[B]	The JOBS Act	19-50
[C]	FINRA Rules and Interpretations	19-52
[C][1]	Rule 2241	19-52
[C][2]	FAQs	19-53
§ 19:7.2	Separation of Research Analyst and Investment Banking Functions	19-57
[A]	Solicitation of Investment Banking Business	19-57
[B]	Analyst Participation in IPO Process	19-57
[C]	Preparation of Research Reports	19-58
[D]	Research Analyst Quiet Periods	19-58
Table 19-6	Comparison of Research Analyst Quiet Periods for Non-EGCs Under NASD Rule 2711 and FINRA Rule 2241	19-60
[E]	Analyst Disclosures, Personal Trading, and Compensation	19-60
§ 19:7.3	Implications for IPOs	19-62
[A]	Relationships with Research Analysts	19-62
[B]	Analyst Participation in IPO Process	19-62
[C]	Selection of Managing Underwriters	19-63
[D]	Timing of Research Reports	19-63
[E]	Relationships with Investment Bankers	19-65
[F]	Avoiding Violations	19-65
§ 19:7.4	Non-Syndicate Research Analysts	19-65

Chapter 20 Effectiveness, Pricing, Trading, and Closing

§ 20:1	Introduction	20-2
§ 20:2	Overview	20-3
§ 20:3	Effectiveness of the Form S-1	20-4
§ 20:3.1	Timing of Effectiveness	20-4
§ 20:3.2	Acceleration Requests	20-5
[A]	Acceleration Request Requirements	20-5
[B]	SEC Consideration of Acceleration Requests	20-7
§ 20:3.3	Avoiding Premature Effectiveness	20-8
§ 20:4	Form 3 Filings	20-9
§ 20:4.1	Who Is Required to File	20-9
§ 20:4.2	Filing Considerations	20-10

INITIAL PUBLIC OFFERINGS

§ 20:5	Pricing	20-10
§ 20:6	Conveying Updated Information Prior to Time of Sale.....	20-13
§ 20:7	Pricing Outside the Range or Changing the Offering Size	20-15
§ 20:7.1	Overview	20-15
§ 20:7.2	Pricing Below the Range or Reducing the Offering Size	20-19
§ 20:7.3	Pricing Above the Range or Increasing the Offering Size	20-21
§ 20:7.4	Pre-Effective Amendments to Reflect Offering Changes	20-24
§ 20:7.5	Post-Effective Amendments to Reflect Offering Changes.....	20-25
§ 20:7.6	Preparing for Offering Changes	20-25
§ 20:8	Final Prospectus.....	20-26
§ 20:8.1	Adding Price-Dependent Information to Final Prospectus	20-26
§ 20:8.2	Final Prospectus Filing and Delivery Requirements.....	20-27
§ 20:9	Trading	20-28
§ 20:9.1	First-Day Trading.....	20-28
§ 20:9.2	Stock Performance Expectations and Results	20-29
§ 20:9.3	Insider Purchases in the Aftermarket.....	20-30
§ 20:10	Closing	20-31
§ 20:10.1	IPO Settlement Cycle	20-31
§ 20:10.2	Closing Actions	20-31
[A]	Typical Closing Deliveries.....	20-32
[B]	Exercising the Over-Allotment Option.....	20-33
[C]	Other Closing Matters.....	20-34
§ 20:11	Related Matters	20-34
§ 20:11.1	Transfer Agent Arrangements	20-34
§ 20:11.2	Press Releases	20-35
§ 20:11.3	Form 4 Filings.....	20-35
§ 20:11.4	Section 13 Filings	20-35
§ 20:11.5	Investor Relations Section of Website	20-37
§ 20:11.6	Registration Statement on Form S-8	20-37
§ 20:12	Looking Beyond the Closing	20-38
§ 20:12.1	Post-Offering Quiet Period.....	20-38
§ 20:12.2	Investor Relations	20-39
§ 20:13	Pricing but Not Closing.....	20-39
§ 20:13.1	Failure to Close Due to External Events.....	20-40
§ 20:13.2	Failure to Close Due to Adverse Company Developments.....	20-40

Table of Contents

Table 20-1	Firm-Commitment IPOs That Priced but Did Not Close	20-41
§ 20:13.3	Failure to Close Due to Underwriter Issues	20-43
§ 20:14	Abandoning the IPO	20-43
§ 20:14.1	When an IPO Is Canceled.....	20-44
§ 20:14.2	When an IPO Is Delayed	20-45
§ 20:14.3	Aftermath of a Failed IPO	20-46
Appendix 20A	Examples of Pricing Below the Range or Reducing the Offering Size.....	App. 20A-1
Appendix 20B	Examples of Pricing Above the Range or Increasing the Offering Size	App. 20B-1
Appendix 20C	How Do You Compare? Some Facts About the IPO Market.....	App. 20C-1

Chapter 21 Out-of-the-Ordinary IPOs—Special Issues for Special Issuers

§ 21:1	Introduction	21-5
§ 21:2	Dual Tracks	21-5
§ 21:2.1	Rationale	21-5
§ 21:2.2	Challenges and Implications.....	21-6
[A]	Importance of Confidentiality.....	21-6
[B]	Disclosure Issues	21-7
[C]	Selection of Legal Advisors.....	21-7
[D]	Selection of Financial Advisors	21-7
[E]	Potential for Conflicted Motivations.....	21-8
[F]	Board Duties.....	21-8
[G]	Valuation Impact	21-8
[H]	Timing Considerations	21-9
[I]	Contractual Arrangements with Bidders.....	21-9
[J]	Sale Terms	21-9
[K]	Public Availability of Form S-1.....	21-10
[L]	Unwinding the IPO	21-10
[M]	Extra Effort and Expense.....	21-11
§ 21:2.3	Outlook	21-11
§ 21:3	Issuers and Offerings Subject to Reduced Disclosure Requirements	21-12
§ 21:3.1	EGCs	21-12
§ 21:3.2	Smaller Reporting Companies	21-14
[A]	Background.....	21-14
[B]	Relaxed Disclosure Rules	21-15
[B][1]	Overview	21-15
[B][2]	Eligibility.....	21-16

INITIAL PUBLIC OFFERINGS

Table 21-1	Subsequent Qualification Thresholds for Smaller Reporting Company Status	21-17
[B][3]	Scaled Disclosure	21-18
Table 21-2	Scaled Disclosure Under Regulation S-K.....	21-19
Table 21-3	Scaled Disclosure Under Regulation S-X.....	21-21
[C]	Implications for IPO Companies	21-22
[D]	Relationship of Smaller Reporting Company Category to Other Public Company Categories	21-24
[E]	Outlook	21-25
§ 21:3.3	Regulation A IPOs	21-26
[A]	Overview	21-26
[B]	IPO Considerations	21-27
[B][1]	Disclosure Requirements.....	21-27
[B][2]	SEC Filing and Review.....	21-28
[B][3]	Offering Process	21-28
[B][4]	Post-IPO Public Reporting.....	21-29
[C]	Outlook	21-30
§ 21:4	Issuers Facing Special Considerations.....	21-30
§ 21:4.1	Venture Capital–Backed IPOs	21-30
[A]	Overview	21-30
[B]	IPO Considerations	21-31
[B][1]	Heightened Urgency.....	21-32
[B][2]	Investor Involvement	21-32
[B][3]	Selling Stockholders	21-32
[B][4]	Committee Membership	21-32
[B][5]	Transition in Board Membership.....	21-33
[B][6]	Section 16 Considerations.....	21-34
[B][7]	Potential Conflicts of Interest.....	21-34
[C]	Outlook	21-35
§ 21:4.2	Life Sciences IPOs.....	21-35
[A]	Overview	21-35
[B]	IPO Considerations	21-36
[B][1]	Complex Operations	21-36
[B][2]	IPO Challenges	21-37
[B][3]	Advisors	21-37
[B][4]	Post-IPO Funding.....	21-38
[C]	Outlook	21-38
§ 21:4.3	Private Equity–Backed IPOs	21-38
[A]	Overview	21-38
[B]	IPO Considerations	21-39
[B][1]	Company Profile	21-39
[B][2]	Prior Public Company History	21-39

Table of Contents

	[B][3]	Capital Structure and Needs	21-39
	[B][4]	Possible Exemptions from Corporate Governance Requirements	21-39
	[B][5]	Captive Relationships.....	21-40
	[B][6]	Disclosure Issues.....	21-40
	[B][7]	Potential Conflicts of Interest.....	21-40
	[C]	Outlook	21-40
§ 21:4.4		SPAC IPOs.....	21-41
	[A]	Overview	21-41
	[B]	General Characteristics	21-42
	[B][1]	Management Team.....	21-42
	[B][2]	Insider Ownership and Restrictions	21-43
	[B][3]	Proposed Acquisition.....	21-43
	[B][4]	Stockholder Approval	21-43
	[B][5]	Transformation of Stockholder Base	21-44
	[B][6]	Liquidation and Return of Funds.....	21-44
	[C]	Advantages and Disadvantages	21-45
	[D]	IPO Terms and Process	21-45
	[D][1]	Offering Terms	21-46
	[D][2]	Prospectus Disclosures	21-47
	[D][3]	Marketing the Offering.....	21-47
	[D][4]	Regulatory Review	21-48
	[D][5]	Post-Offering Matters.....	21-48
	[E]	Outlook	21-48
§ 21:5		Non-Traditional IPOs	21-49
	§ 21:5.1	Spin-Off IPOs	21-49
	[A]	Overview	21-49
	[B]	IPO Considerations	21-50
	[B][1]	Transaction Planning	21-50
	[B][2]	Establishment of Subsidiary	21-51
	[B][3]	Parent-Subsidiary Relationship.....	21-51
	[B][4]	Controlled Company Rules	21-51
	[B][5]	Separate Counsel.....	21-51
	[B][6]	Additional Form S-1 Disclosures	21-52
	[C]	Outlook	21-52
	§ 21:5.2	Form 10 IPOs	21-52
	[A]	Overview	21-52
	[B]	Advantages and Disadvantages	21-53
	[C]	Offering Process	21-54
	[C][1]	Pre-Financing Preparation	21-54
	[C][2]	The Private Placement	21-55
	[C][3]	Public Company Preparation.....	21-55

INITIAL PUBLIC OFFERINGS

[C][4]	Governance Preparation for Stock Exchange Listing	21-55
[C][5]	Form 10 Registration Statement.....	21-55
[C][6]	PIPE Financing.....	21-56
[C][7]	Resale Form S-1.....	21-56
[C][8]	Over-the-Counter Trading.....	21-56
[C][9]	Stock Exchange Listing.....	21-57
[D]	Outlook	21-57
§ 21:5.3	Rule 144A IPOs	21-58
[A]	Overview	21-58
[B]	Advantages and Disadvantages	21-58
[C]	Offering Process	21-60
[C][1]	The Placement Process.....	21-60
[C][2]	Public Company Preparations	21-61
[D]	Outlook	21-62
§ 21:5.4	Direct Listings	21-62
[A]	Overview	21-62
[B]	Direct Listing Considerations	21-62
[B][1]	Registration Process	21-62
[B][2]	SEC Filing and Review.....	21-64
[B][3]	Exchange Listing Process	21-64
[B][4]	Public Reporting.....	21-64
[C]	Outlook	21-65
§ 21:5.5	Reverse-Merger IPOs	21-65
[A]	Overview	21-65
[B]	Transaction Considerations	21-67
[B][1]	Merger Agreement.....	21-67
[B][2]	Due Diligence	21-67
[B][3]	SEC Filing and Review.....	21-67
[B][4]	Blue Sky Laws	21-68
[C]	Outlook	21-68
§ 21:5.6	Tracking Stock IPOs	21-68
[A]	Overview	21-68
[B]	IPO Considerations	21-69
[C]	Outlook	21-69
§ 21:5.7	Post-Bankruptcy IPOs.....	21-70
[A]	Overview	21-70
[B]	IPO Considerations	21-70
[B][1]	Fresh-Start Accounting.....	21-70
[B][2]	Bankruptcy Disclosures.....	21-71
[B][3]	Offering Limitations.....	21-71
[B][4]	Additional "Underwriter" Disclosures.....	21-71
[B][5]	Exchange Listing	21-72
[C]	Outlook	21-72

Table of Contents

§ 21:6	Cross-Border IPOs	21-72
§ 21:6.1	Foreign Companies Conducting IPOs in the U.S. Market	21-72
[A]	Overview	21-72
[B]	“Foreign Private Issuer” Status.....	21-72
[C]	American Depositary Shares.....	21-73
[D]	Relaxed Disclosure Requirements for Foreign Private Issuers	21-74
[D][1]	IFRS Financial Statements	21-75
[D][2]	Modified Disclosure in Form F-1	21-75
[D][3]	Partial Relief from Corporate Governance Requirements	21-76
[D][4]	Less Extensive Exchange Act Reporting	21-77
[D][5]	Other Exemptions	21-79
[D][6]	Confidential SEC Review.....	21-79
[E]	Increased Burdens for Foreign Companies	21-80
[F]	Termination of Reporting Obligations.....	21-80
[G]	Outlook	21-81
§ 21:6.2	U.S. Companies Conducting IPOs in Foreign Countries	21-81
[A]	Overview	21-81
[B]	Advantages of a Foreign Market	21-81
[C]	Drawbacks of a Foreign-Market IPO	21-82
[C][1]	U.S. Securities Law Issues	21-82
[C][2]	Reincorporation and Reverse Mergers.....	21-83
[C][3]	Additional Challenges and Limitations	21-84
[D]	Outlook	21-85
§ 21:6.3	Listing on AIM	21-85
[A]	Overview	21-85
[B]	Admission Process	21-86
[B][1]	No Regulatory Review	21-86
[B][2]	Nomad Arrangements	21-86
[B][3]	Appointment of Market Maker.....	21-87
[B][4]	Pre-Offering Publicity Practices	21-87
[B][5]	Due Diligence	21-88
[B][6]	Placement Arrangements	21-88
[B][7]	Scope of Disclosure	21-88
[B][8]	Investor Agreements	21-88
[C]	Market Abuse Regulations	21-89
[D]	Outlook	21-89

PART III

BEING PUBLIC: SELECTED POST-IPO TOPICS

Chapter 22 Life As a Public Company

§ 22:1	Introduction	22-3
§ 22:2	Company Reporting Obligations.....	22-3
§ 22:2.1	Classification of Public Companies	22-4
§ 22:2.2	Exchange Act Reporting	22-7
Table 22-1	Principal Exchange Act Filings and Due Dates	22-8
[A]	Annual Reports on Form 10-K.....	22-8
[B]	Quarterly Reports on Form 10-Q	22-12
Table 22-2	Quarterly Earnings Releases and Conference Calls	22-14
[C]	Current Reports on Form 8-K	22-15
Table 22-3	Form 8-K Triggering Events.....	22-17
[D]	Annual Reports on Form 11-K (Employee Savings and Similar Plans).....	22-19
[E]	Transition Reports	22-20
[F]	Form 12b-25 (Late Filings).....	22-21
[G]	Form SD (Specialized Disclosure Report)	22-22
§ 22:2.3	Additional Information Requirements	22-24
[A]	Proxy Statements	22-24
[A][1]	Overview	22-24
[A][2]	SEC Filing Requirements.....	22-24
[A][3]	Contents of Annual Meeting Proxy Statement.....	22-25
[A][4]	E-Proxy Rules	22-27
[A][5]	Stockholder Proposals and Proxy Access.....	22-28
[B]	Annual Reports to Stockholders.....	22-29
[C]	Provision of Proxy Statement and Annual Report to Plan Participants	22-30
Table 22-4	Annual Meeting of Stockholders	22-31
[D]	California Disclosure Requirements	22-34
§ 22:2.4	Use of Plain English in Exchange Act Filings	22-35
§ 22:2.5	Disclosure Effectiveness.....	22-36
§ 22:2.6	SEC Review of Exchange Act Reports.....	22-38
§ 22:2.7	EDGAR Submissions As a Public Company	22-40
§ 22:3	Non-GAAP Financial Measures	22-41
§ 22:3.1	Overview	22-41
§ 22:3.2	Requirements and Prohibitions.....	22-42
§ 22:3.3	Prevalence.....	22-44

Table of Contents

§ 22:3.4	May 2016 SEC Interpretive Guidance	22-44
§ 22:3.5	Relevance to Operating Metrics	22-46
§ 22:4	Officer Certification Requirements	22-47
§ 22:4.1	Section 302 Certification	22-47
§ 22:4.2	Section 906 Certification	22-49
§ 22:4.3	Sub-Certifications	22-49
Table 22-5	SEC Enforcement Focus on Financial Reporting	22-50
§ 22:5	Preparation and Certification of SEC Filings	22-51
§ 22:5.1	The High Stakes of Disclosure Obligations	22-51
§ 22:5.2	Development and Documentation of Process	22-52
§ 22:5.3	Formation of Disclosure Committee	22-52
§ 22:5.4	Evaluation of Controls and Procedures	22-53
§ 22:5.5	Preparation of SEC Filings	22-56
§ 22:5.6	Review of Draft SEC Filings	22-60
§ 22:5.7	Timetable for Timely Quarterly Reporting	22-61
Table 22-6	Illustrative Quarterly Reporting Timetable	22-62
§ 22:6	Individual Reporting and Other Obligations	22-64
§ 22:6.1	Applicability of Section 16	22-64
§ 22:6.2	Reporting Beneficial Ownership	22-66
[A]	Ownership That Must Be Reported	22-67
[B]	Trusts	22-68
[C]	Transition Periods	22-69
[D]	Procedures for Preparing, Filing, and Posting Section 16 Reports	22-70
[E]	Sanctions	22-70
§ 22:6.3	“Short-Swing” Profits	22-71
[A]	Generally	22-72
[B]	Directors and Officers	22-72
[C]	10% Stockholders	22-72
[D]	“Purchase” and “Sale”	22-73
[E]	Determination of “Profit”	22-73
[F]	Common Exemptions	22-74
§ 22:6.4	Short Sales	22-74
§ 22:6.5	Cashless Option Exercises Under the Sarbanes-Oxley Act	22-75
§ 22:6.6	Trading Restrictions During Pension Fund Blackout Periods	22-75
§ 22:6.7	Section 13 Reporting	22-76
[A]	Beneficial Ownership	22-76
[B]	Schedule 13D	22-77
[C]	Schedule 13G	22-78
[D]	Sanctions	22-79

§ 22:7	Insider Trading	22-79
§ 22:7.1	Generally	22-79
§ 22:7.2	Definition of Material Nonpublic Information	22-81
§ 22:7.3	Rule 10b5-1 Trading Plans	22-82
§ 22:7.4	Sanctions	22-83
§ 22:7.5	Insider Trading Policy	22-83
§ 22:8	Section 162(m)	22-84
§ 22:9	Inadvertent Investment Company Issues.....	22-85
§ 22:9.1	Overview	22-85
§ 22:9.2	Investment Company Status	22-86
§ 22:9.3	Avoiding Investment Company Regulation.....	22-87
[A]	Private Investment Companies	22-87
[B]	One-Year Safe Harbor for Transient Investment Companies.....	22-88
[C]	R&D Safe Harbor.....	22-88
[D]	45% Asset/Income Test.....	22-89
[E]	SEC Exemptive Relief	22-90
§ 22:9.4	Planning Considerations.....	22-90
Appendix 22A	Summary of Public Company Obligations and Consequences	App. 22A-1

Chapter 23 Investor Relations and Other Public Communications

§ 23:1	Introduction	23-2
§ 23:2	Legal Background.....	23-3
§ 23:2.1	Duties to Disclose, Update, and Correct.....	23-3
§ 23:2.2	Antifraud Rules.....	23-4
[A]	Rule 10b-5	23-4
[B]	Entanglement and Adoption	23-4
§ 23:2.3	PSLRA Safe Harbor.....	23-5
[A]	Applicability	23-5
[B]	Written Statements Versus Oral Statements	23-6
§ 23:2.4	Regulation FD.....	23-6
[A]	Company Representatives Subject to Regulation FD.....	23-7
[B]	Recipients Triggering Public Disclosure Obligation.....	23-8
[C]	Disclosures Not Subject to Regulation FD	23-8
[D]	Intentional and Non-Intentional Disclosures	23-9
[E]	Manner of Required Public Disclosure.....	23-10
[E][1]	General Requirements.....	23-10
[E][2]	Website Postings and Social Media	23-10
[F]	Liability and Enforcement.....	23-12

Table of Contents

§ 23:3	Interactions with Securities Analysts and Investors.....	23-13
§ 23:3.1	Conference Calls with the Investment Community.....	23-13
Table 23-1	Sample Disclaimers for Conference Calls.....	23-17
§ 23:3.2	One-on-One Calls or Meetings.....	23-17
§ 23:3.3	Limited-Access Forums.....	23-20
§ 23:3.4	Other Interactions with Securities Analysts.....	23-21
[A]	Review of Analyst Reports.....	23-21
[B]	Distribution of Analyst Reports.....	23-21
[C]	Endorsement of Analyst Projections.....	23-22
[D]	Confidential Disclosure to Analysts.....	23-22
§ 23:4	Guidance on Future Financial Results.....	23-22
§ 23:4.1	Electing to Provide Guidance.....	23-22
§ 23:4.2	Minimizing the Potential Risks of Providing Guidance.....	23-23
§ 23:5	Press Releases.....	23-25
§ 23:5.1	Press Release Versus Form 8-K; Timing.....	23-25
§ 23:5.2	Press Release Guidelines.....	23-26
§ 23:6	Media Relations.....	23-30
§ 23:7	Company Website.....	23-30
§ 23:7.1	Overview.....	23-30
§ 23:7.2	Posting of Governance Information and SEC Filings.....	23-31
[A]	Section 16 Reports.....	23-31
[B]	Exchange Act Reports.....	23-32
[C]	Code of Ethics.....	23-32
[D]	Committee Charters.....	23-32
[E]	Annual Report to Stockholders.....	23-32
[F]	NYSE Rules.....	23-32
[G]	Nasdaq Rules.....	23-33
[H]	Other Governance Materials.....	23-33
§ 23:7.3	Administration of the Website.....	23-33
§ 23:7.4	Website Content.....	23-35
§ 23:7.5	Third-Party Links.....	23-36
§ 23:7.6	Legends and Disclaimers.....	23-37
§ 23:8	Social Media.....	23-38

Chapter 24 Post-IPO Liquidity, Fundraising, and Acquisitions

§ 24:1	Introduction.....	24-3
§ 24:2	Registration Statements on Form S-8.....	24-3
§ 24:2.1	Overview.....	24-3

INITIAL PUBLIC OFFERINGS

§ 24:2.2	Resales	24-3
§ 24:2.3	Timing Considerations	24-4
§ 24:3	Rule 144	24-4
§ 24:3.1	Overview	24-4
§ 24:3.2	Sales by Affiliates	24-5
[A]	Current Public Information	24-5
[B]	Holding Period for Restricted Securities	24-6
[C]	Limitation on Amount of Securities Sold	24-6
[D]	Manner of Sale	24-7
[E]	Notice of Sale	24-7
§ 24:3.3	Sales by Non-Affiliates	24-8
§ 24:3.4	Special Rule for Shell Companies	24-8
§ 24:4	Rule 701	24-8
§ 24:5	Other Resale Considerations	24-9
§ 24:5.1	Threshold Issues	24-9
§ 24:5.2	Insider Trading	24-10
§ 24:5.3	Section 16 Liability	24-10
§ 24:5.4	Reporting Obligations	24-11
§ 24:5.5	Applicability to Insider Purchases	24-11
§ 24:6	“Short-Form” Registration on Form S-3	24-12
§ 24:6.1	Advantages	24-12
§ 24:6.2	Eligibility	24-12
[A]	Company Requirements	24-12
[B]	Transaction Requirements	24-13
[B][1]	Primary Offerings of Securities	24-13
[B][2]	Primary Offerings of Non-Convertible Securities (Other Than Common Stock)	24-14
[B][3]	Rights Offerings, Reinvestment Plans, Conversions, and Exercises	24-14
[B][4]	Secondary Offerings	24-15
§ 24:7	Secondary Public Offerings	24-15
§ 24:7.1	Overview	24-15
§ 24:7.2	Registration Requirements	24-15
§ 24:7.3	Deal Process	24-16
§ 24:8	Follow-On Public Offerings	24-18
§ 24:8.1	Registration and Disclosure Requirements	24-18
[A]	Form S-1	24-19
[B]	Form S-3	24-19
[C]	Shelf Offerings	24-19
[D]	WKSI Shelf Offerings	24-20
[E]	At-the-Market Offerings	24-20
[F]	Hybrid Public-Private Offerings	24-21
§ 24:8.2	Stockholder Approval	24-23
[A]	Stock Exchange Requirements	24-23

Table of Contents

[B]	Applicability to Different Types of Follow-On Offerings	24-24
§ 24:8.3	FINRA Clearance.....	24-24
[A]	Exempt Offerings	24-25
[B]	Non-Exempt Offerings.....	24-25
[B][1]	Shelf Offerings.....	24-26
[B][2]	Other Offerings	24-26
§ 24:8.4	Deal Process	24-26
§ 24:8.5	Outlook	24-28
§ 24:9	Rule 144A Placements.....	24-28
§ 24:9.1	Deal Process	24-29
§ 24:9.2	Stockholder Approval.....	24-30
§ 24:9.3	Private Resales of Rule 144A Securities.....	24-30
§ 24:9.4	Exchange Offers; Public Resales of Rule 144A Securities	24-30
§ 24:9.5	Advantages	24-31
§ 24:9.6	Outlook	24-32
§ 24:10	PIPE Financings.....	24-32
§ 24:10.1	Deal Process	24-33
§ 24:10.2	Stockholder Approval.....	24-35
§ 24:10.3	Outlook	24-36
§ 24:11	Private Debt Financing	24-36
§ 24:12	Selected Public Company M&A Issues	24-38
§ 24:12.1	General Considerations	24-38
Table 24-1	Tips to Minimize Litigation Risk.....	24-40
§ 24:12.2	Due Diligence.....	24-40
§ 24:12.3	Merger Agreement	24-41
§ 24:12.4	SEC Involvement.....	24-42
§ 24:12.5	Stockholder Approval.....	24-43
§ 24:12.6	Cash Tender Offers	24-44

PART IV GLOSSARY AND FORMS

Glossary	G-1	
Table of Forms	F-1	
Form 1	Organizational Meeting Agenda and Checklist	Form 1-1
Form 2	Timetable and Responsibility Checklist (Public Filing).....	Form 2-1

INITIAL PUBLIC OFFERINGS

Form 3	Timetable and Responsibility Checklist (Confidential or Nonpublic Submission).....	Form 3-1
Form 4	Due Diligence Request List.....	Form 4-1
Form 5	Filing Checklist.....	Form 5-1
Form 6	Confidential or Nonpublic Submission Checklist	Form 6-1
Form 7	Road Show Launch Checklist	Form 7-1
Form 8	Effectiveness and Pricing Checklist.....	Form 8-1
Form 9	Closing Checklist	Form 9-1
Form 10	Director, Officer, and 5% Stockholder Questionnaire (Nasdaq Company).....	Form 10-1
Form 11	Director, Officer, and 5% Stockholder Questionnaire (NYSE Company)	Form 11-1
Form 12	Selling Stockholder Questionnaire	Form 12-1
Form 13	Certification Regarding Beneficial Owners of Legal Entity Customers (FinCEN Certification).....	Form 13-1
Form 14	FINRA Questionnaire (Issuer)	Form 14-1
Form 15	FINRA Questionnaire (Individual).....	Form 15-1
Form 16	Executive Compensation Questionnaire	Form 16-1
Form 17	Audit Committee Charter (Nasdaq Company)	Form 17-1
Form 18	Audit Committee Charter (NYSE Company).....	Form 18-1
Form 19	Compensation Committee Charter (Nasdaq Company)	Form 19-1
Form 20	Compensation Committee Charter (NYSE Company).....	Form 20-1
Form 21	Nominating and Corporate Governance Committee Charter (Nasdaq Company)	Form 21-1
Form 22	Nominating and Corporate Governance Committee Charter (NYSE Company).....	Form 22-1
Form 23	Corporate Governance Guidelines (NYSE Company).....	Form 23-1
Form 24	Code of Business Conduct and Ethics.....	Form 24-1

Table of Contents

Form 25	Insider Trading Policy	Form 25-1
Form 26	Related Person Transaction Policy.....	Form 26-1
Form 27	Disclosure Policy	Form 27-1
Form 28	Disclosure Controls and Procedures	Form 28-1
Form 29	Restated Bylaws (Public Delaware Corporation).....	Form 29-1
Form 30	Amended and Restated Bylaws (Public Delaware Corporation).....	Form 30-1
Table of Initial Public Offerings		T-1
Table of Cases		T-5
Index		I-1

