

IPO Preparedness

PREPARING FOR AN IPO

An IPO is an exciting time for any company, but an important aspect of making sure your transition is smooth requires selecting the right transfer agent. Transfer agents are involved in every step of your public offering, and we outline some important ways in which a transfer agent facilitates the IPO process. In general, transfer agents keep track of who owns a company's stocks and how they are held, as well as keeping records of how many shares each investor owns. The transition from a privately-held to a public company necessarily changes this picture, and a transfer agent reflects the changes in the underlying ownership of the company.

STEP 1: NOTICE OF OFFERING

Once a transfer agent has been appointed, a company or its counsel provide a formal notice of offering. When the notice of offering is received, the transfer agent collaborates with your outside counsel and/or underwriters to prepare the appropriate documents.

STEP 2: IPO DOCUMENTATION

Generally, the following documents are prepared in support of an IPO, and a transfer agent is involved as indicated.

- Executed Transfer Agent Agreement
- Legal Opinion(s)
- Company Authorization Letter
- Incumbency Certificate
- Final Prospectus
- Certificate of Transfer Agent
- CUSIP (for all offerings, including 144A, CUSIP numbers will be required)
- Confirmation of depository Trust and Clearing Corporation (DTCC) eligibility
- Certificate of incorporation and bylaws
- List of insiders/pre-existing shareholders

STEP 2A: LIST OF INSIDERS / PRE-EXISTING SHAREHOLDERS

As part of the IPO process, you will need to understand the current ownership structure of your company. One of the benefits of being a private markets Carta customer is that we should have almost all of the relevant information.

STEP 3: CUSTODIAN / PAYING AGENT

The transfer agent usually reviews a draft of the custody agreement one week prior to pricing by the underwriter(s). The final custody agreement package generally contains the following:

- Signed power of attorney for each seller
- Signed custody agreement for each seller
- Medallion guaranteed stock power
(This will be signed by the seller or his/her attorney and undated with the number of shares being sold left blank.)
- Appropriate tax forms
 - W-9 for US Residents
 - W-8BEN for non-US residents
- Wire information form indicating which financial institution will receive the funds.

STEP 4: CLOSING

The transfer agent will participate in a final closing call to release share to the account of the underwriter(s). The following parties are generally represented in the closing call for "Full FAST" closings:

- Transfer agent
- Company
- Issuer's counsel
- Underwriter
- Underwriter's counsel
- Depository Trust & Clearing Corporation (DTCC)

Upon closing of the offering, the shares are released to the underwriter(s) and the IPO is complete.

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