

The Countdown to an Initial Public Offering (IPO)

A Spotlight on Preparing Critical Materials and Operational Functions During the Time-Sensitive IPO Filing Window

Are You Ready for an Open Dialogue with Your Future Shareholders?

An Initial Public Offering (IPO) is the formal process of selling your shares on a stock exchange for the first time to raise capital. Before you can sell your shares, you need to establish their price by assessing interest and demand through an investor roadshow. For the roadshow to be successful in developing strong interest among your potential investors, it is critical to ensure optimal readiness for addressing any questions from potential investors about your business prospects, growth expectations and inherent risks.



READINESS

Readiness should be conducted one to two years before your target IPO filing date to identify risks providing sufficient time to remediate key weaknesses in preparation for regulatory disclosures and investor roadshow presentations. Operational readiness involves assessing your operations, governance, regulatory compliance, partnerships, and cybersecurity.



COUNTDOWN

A typical timeline for an IPO in the US spans from 9 to 12 months and involves registration filing and review with the US Securities and Exchange Commission (SEC), setting the price and shares allocation, as well as preparing financial statements and disclosures.



ROADSHOW

The roadshow is a series of presentations for potential investors to build an interest in your IPO. Direct engagement with investors is an opportunity to build trust and confidence in your business prospects.



Countdown to an IPO

The roadmap below outlines your key steps to go public. Executing these steps aligns operations with strategic goals and regulatory requirements. After ensuring your IPO-readiness by establishing a well-structured and a risk-resilient position, the countdown to IPO starts with IPO preparation, filing, and review.



Readiness

Get ready early and allocate the time and resources to remediate risks that may need to be disclosed during filing or are inquired on during the roadshow.



Preparation

Assess your overall financial health and the market conditions, prepare audited financial statements and develop a detailed business plan.



Filing and Review

File your registration statement and prospectus with the SEC..

Pricing and Allocation



Advisors, such as the IPO underwriters, help you determine the initial price for your shares based on investor feedback and market conditions.

Roadshow



Presentations to your potential investors to promote your IPO, garner interest and gauge demand. Critically, risks that may not have been externally reported while private must now be disclosed publicly accessible filings



Public Trading

Your shares are listed on a stock exchange.



Post-IPO Activities

Ongoing compliance with SEC's quarterly and annual reporting requirements. Continuous investor relations to communicate with shareholders and the public.



SEC Rules and Guidelines

By registering with the SEC you take on the requirement to comply with applicable regulations. The SEC serves as the primary agency for the US securities market with responsibility for investor protection, market efficiency, capital formation, securities law enforcement, and oversight. You must assess your compliance with the laws such as the Securities Act of 1933 (Truth in Securities Act) prior to embarking on an IPO roadshow. SEC rules and guidelines for publicly traded companies include:

Regulation Fair Disclosure (Reg FD)

Prohibits companies from disclosing material nonpublic information to select individuals or groups to ensure all investors have equal access to material information.

Regulation S-K

Disclosure and periodic reporting requirements of risk factors, financial statements, and management discussion and analysis (MD&A).

Regulation S-X

Regulate form and content of financial statements filed with the SEC, including accounting principles used, audit requirements, and financial statement presentation.

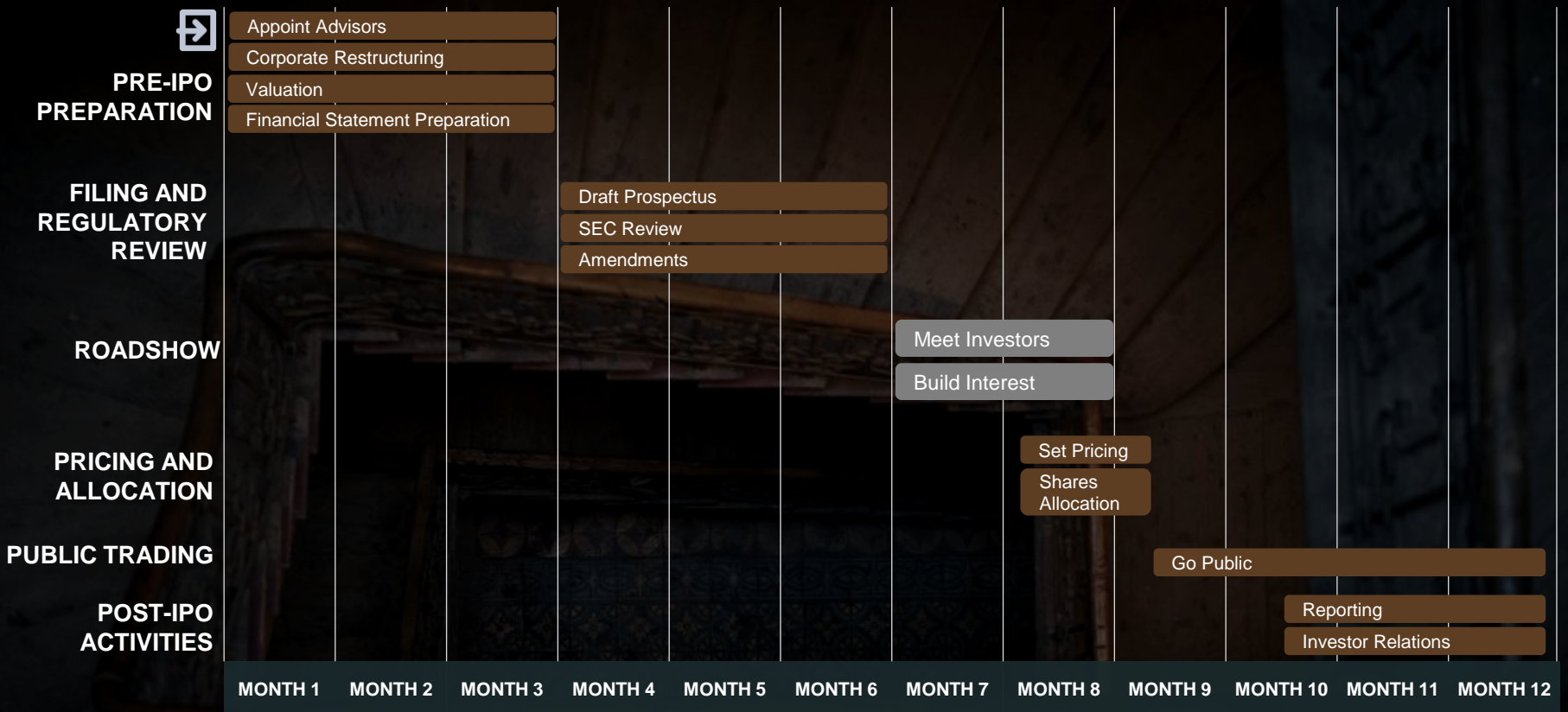
SEC Rule 433

Governs the use of free writing prospectus, separate from a registration statement, which a company may have as an additional communications about its offering.



IPO Countdown Timeline

Countdown to IPO starts when you select the bank who will work with you on pricing of your shares and the auditor who will prepare your financial statements. From there, it may take up to 6 months for the roadshow with your first day of trading on a stock exchange around the corner.



Navigating Through an IPO Filing

The questions below will help kickstart your IPO readiness assessment:



Drafting the Prospectus

- Have you reviewed your risk management framework?
- Have you clearly outlined the risk factors that could impact the business in compliance with the Regulation S-K Item 105?
- Are all required financial statements and data included in the prospectus?
- Have you disclosed all material changes in financial condition or operations since the last fiscal year-end?



Regulatory Compliance

- Are you fully compliant with Regulation S-K and Regulation S-X?
- Do you have policies and procedures in place for ongoing compliance requirements post-IPO?
- Do you have a general counsel and/or compliance officer that will be responsible for overseeing ongoing regulatory compliance?
- Have you conducted statutory requires by applicable federal and state securities laws?



Corporate Governance

- Do you have an independent and effective board of directors?
- Do your directors have direct experience in the products offered and markets served?
- Can you demonstrate a culture of compliance?
- Are your committees structured and functioning?
- Are your corporate governance policies, procedures, and minutes well-documented?



Risk Management

- Do you have a comprehensive risk management framework in place?
- Are your risk management policies reviewed and approved by board of directors?
- Are you compliant with regulatory risk management requirements?
- Have you conducted a thorough enterprise-wide risk assessment?
- Does your board review the risk assessments and allocate budget for remediation?



Cybersecurity

- Have you conducted an enterprise-wide cybersecurity risk assessment?
- Do you have a cybersecurity strategy and policy in place?
- Are your systems and networks adequately protected against cyber threats?
- Do you have an incident response plan in place?
- Have you conducted regular cybersecurity audits and vulnerability assessments?



Discover what Stratis Advisory can do for you



Pre-IPO Readiness Assessment

Risk factors must be taken into consideration in anticipation of filing for an IPO. Readiness assessments should include operations, governance, regulatory compliance, partnerships, and cybersecurity. Stratis can execute enterprise-wide assessments with enough time for you to remediate significant issues, get the board buy-in and budget, and deliver a clean company for your IPO.



Partnership / Licensing Valuation Strategy

As you seek to maximize your equity valuation upside you must also consider the risks that discount prospective upside in the eyes of your investors. Stratis can optimize your regulatory strategy across partnerships and licensing options to align with your target long-term outcomes and increase investor confidence.



Regulatory Compliance Advisory

As a financial services-enabled platform preparing for an IPO, regulatory compliance is an ongoing function pre-and-post IPO. Compliance relies extensively on the success of your underlying operational processes. From reportable sanctions to cyber incidents, Stratis can help you identify enterprise-wide gaps in your organization leading up to and through your IPO to mitigate disclosable activity and protect your valuation.



