PRIMARY EQUITY MARKETS

SECONDARY EQUITY MARKETS

typical ways to go from PRIVATE ⟶ PUBLIC:

- IPO - privately held company enters PUBLIC EQUITY MARKET for 1st time

  Investment bank acts as

- SPAC

- Direct Listing - Listing shares which already exist/have been issued on an exchange

EQUITIES may be sold via: → PUBLIC OFFERING

or

→ PRIVATE PLACEMENT

Typical motives for going PRIVATE → PUBLIC:

- early-stage company wishes to attract public investment

- divestiture or spin-off of a business division from existing public company

- previously listed company RETURNS to public markets

+

- Full/partial PRIVATIZATION

IPO TIMELINE

Regulatory angle:

Company (issuer) + Advisors (underwriter) present proposal + timeline to market authorities regulators

Confidential prospectus filed with authorities / regulators

Prospectus is APPROVED by authorities / regulators
&
RELEASED by ISSUER

T-6M — T-3M — Issuance date (T)

Marketing angle:

company presented to analysts + potential investors

Analysts start publishing report, talks with investors INTENSIFY

Initial IPO price range established

Book building begins

EQUITY PROSPECTUS describes company, its business model, key risks, audited financial statements

MARKETING efforts: Company mgmt + ADVISERS talk to ANALYSTS & INVESTORS to:

Contrast to Fixed-Income BOOK-BUILDING process : for EQUITY issuance

UNDERWRITERS' interests

Result: shares are often → incentive for to participate

Why do company managers accept this?

SPAC - Special Purpose Acquisition Company

↳ company created solely for one purpose: to acquire an UNSPECIFIED PRIVATE COMPANY within pre-agreed time frame (typically 2 years)

Shell company which raises

May only be used to pay for an acquisition

if an acquisition is NOT COMPLETED within contractual time frame

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BACK DOOR LISTING - private company acquires existing public company

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SEASONED / FOLLOW-ON EQUITY offering - sale of additional units of already listed shares

May be

Investors & analysts already familiar with company

• non-dilutive:

or

Uses: firm founders, private investors wanting to REDUCE their concentrated positions

• dilutive

Uses: firms wanting to raise additional equity capital

SECONDARY EQUITY MARKETS

↳ trading of previously issued public equity securities

↳ FUNCTIONS:

- Benefits of access to price data (for investors)
  - ↳ ability to measure returns/volatility/correlations
- Benefits for issuers:
  - ↳ feedback for managers to support:

RSUs ⇒ RESTRICTED STOCK UNITS

⇒ shares granted to employees as part of compensation

⇒ SALE RESTRICTED during

⇒ Following vesting period RSUs may be sold or retained as unrestricted shares