

FinTech Webinar Series: IPOs and Recent Developments in Capital Raising Transactions

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Agenda

- Offering Timeline
- Initial Form S-1
- JOBS Act
- Other Capital Raising Options
- Market Update
- Corporate Housekeeping
- Corporate Governance
- Public Company Education
- Q&A



Offering Timeline— Overall

- Preparation should begin ~6 months before org meeting
- Generally ~6 weeks from org meeting to initial filing or confidential submission (assumes strong draft of “Business” section circulated prior to org meeting)
- Filing/confidential submission to closing requires ~4 months
- Overall duration: approximately one year

But all subject to company readiness, SEC review process, market conditions and numerous other factors



Offering Timeline— Illustrative

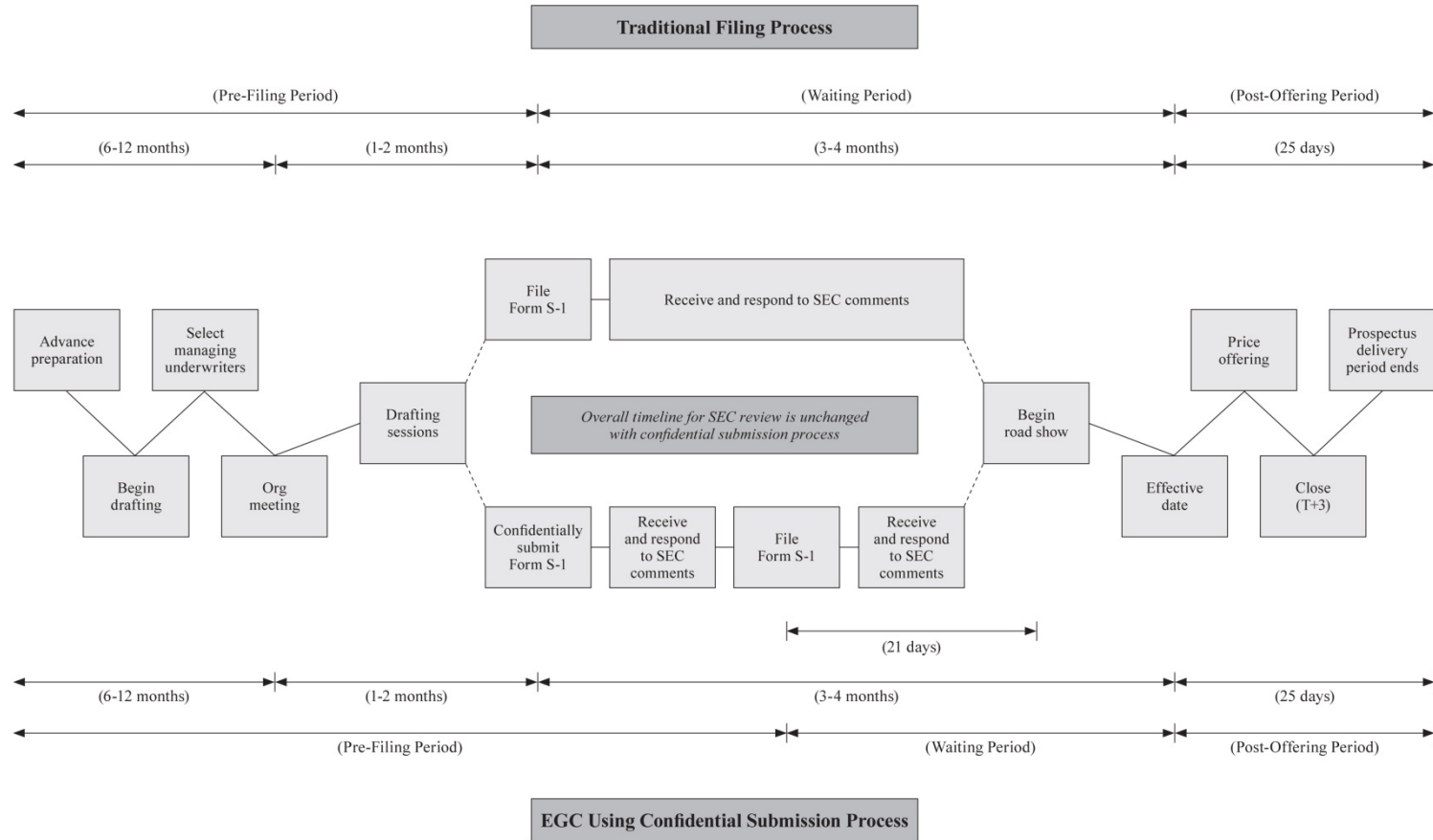


Diagram not to scale



Initial Form S-1

- Main sections
 - Business
 - MD&A
 - Management / executive compensation
 - Risk factors
 - “Back of the book”
- Other considerations
- Pacing items
 - Financial statements



JOB Act

- EGC eligibility
- Evaluate EGC relief
 - Confidential submission
 - Financial statements
 - Executive compensation disclosures
 - New accounting standards
 - SOX 404(b) audit report



Other Capital Raising Options— Available Now

- The JOBS Act directed the SEC to permit general solicitation and advertising in Rule 506 private placements by all companies (not just EGCs)
 - Company must take “reasonable steps to verify” that all purchasers are “accredited investors”
- The new rules became effective as of September 23, 2013



Other Capital Raising Options— On the Horizon

- **The JOBS Act increases the threshold for mandatory SEC reporting to 2,000 stockholders or 500 non-accredited investors**
 - Excludes securities issued pursuant to exempt employee compensation plans and crowdfunding transactions
- **“Crowdfunding” exemption proposed by SEC in October 2013**
 - As proposed would allow exempt sales up to \$1 million, subject to numerous requirements (including disclosures, use of an intermediary and limitations on individual investment amounts)
 - Provides for preemption of state securities registration requirements
 - Exemption not available until SEC issues final rules
- **Reg A+ increases maximum offering amount to \$50 million a year (rule not yet proposed)**
 - Permits issuers to “test the waters” to gauge investor interest and market to unaccredited investors
 - Purchasers receive freely transferable shares



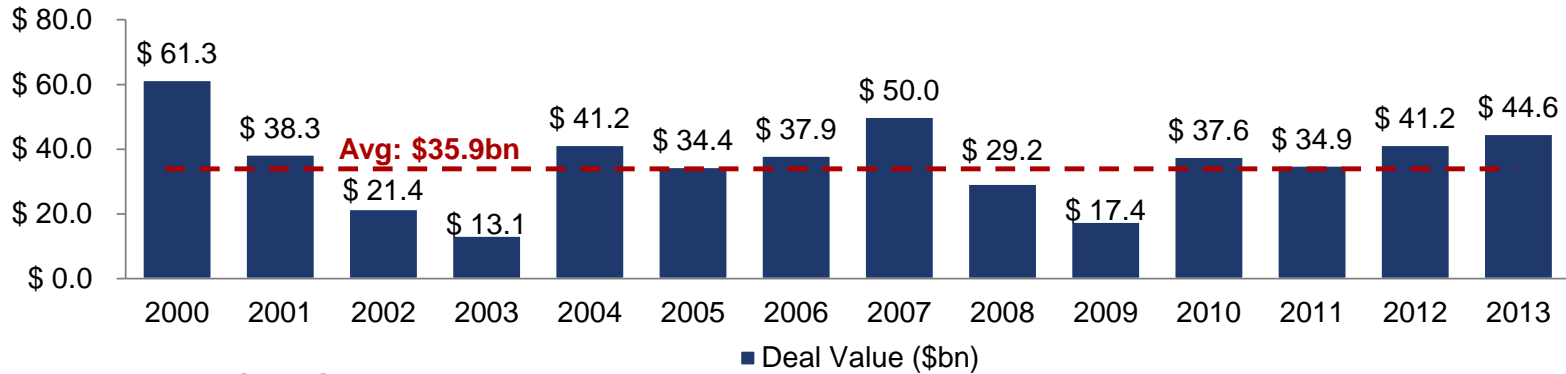
Market Update— IPO Market Overview

- **The IPO market and overall investor appetite remain strong as issuers attempt to access the markets ahead of the holiday season**
 - 142 IPOs have priced in 2013, totaling ~\$43.8bn, with 78% pricing in or above the range
 - October was the busiest month this year, with a total of 26 IPOs pricings, totaling \$11.9bn (approximately a quarter of IPO volume this year)
- **Overall, IPOs are “working” so far this year:**
 - 73% of priced IPOs are trading above initial offering price
 - The average IPO has appreciated 29% since its IPO pricing
- **High growth IPOs have been met with greater investor receptivity while less growth focused companies have had to rely on deeper discounts or yield to engage investors**

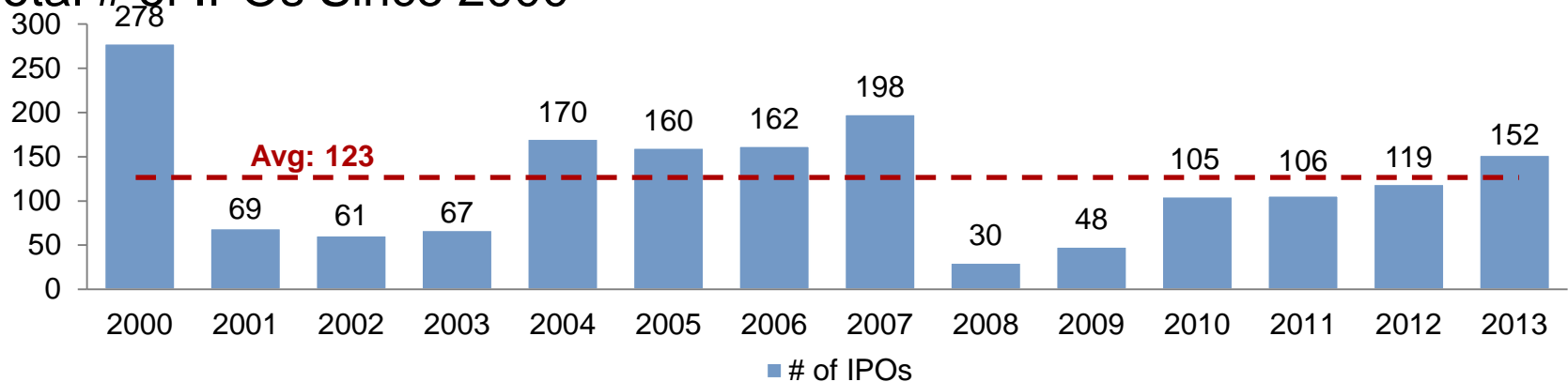


Market Update— IPO Trends

Total IPO Value Since 2000



Total # of IPOs Since 2000

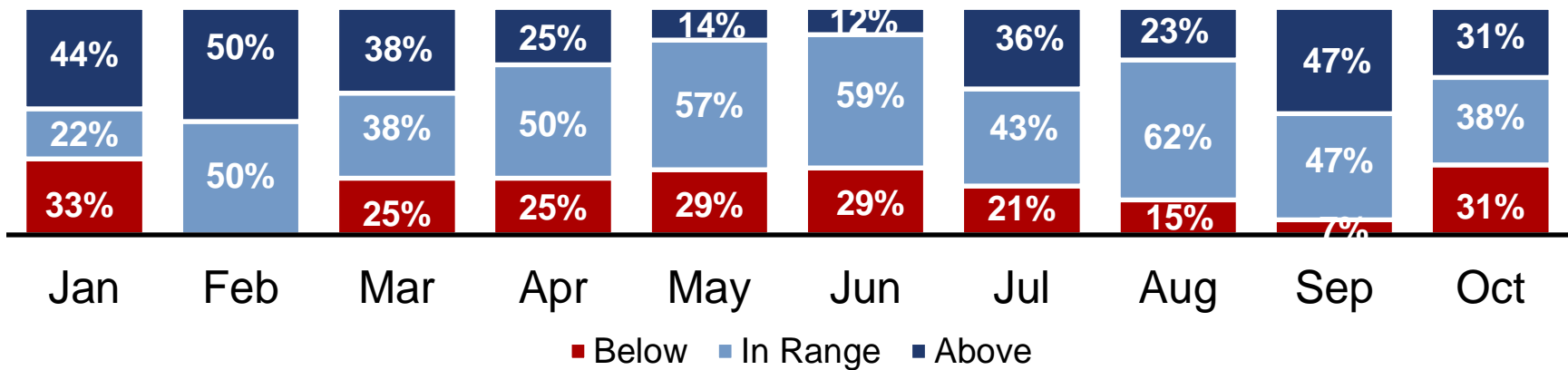


Source: Dealogic



Market Update— 2013 IPO Trends

2013 Monthly IPO Pricing Outcomes



IPOs 9 6 8 12 21 17 14 14 15 26

Source: Dealogic



Market Update— FinTech Sector

- **Healthy issuance activity since 2010**
 - Strong after-market performance of sector IPOs
 - Receptivity across broad investor types
 - Primary driver has been private equity monetizations
- **2014 / 2015 Pipeline beginning to emerge**
 - Private equity will continue to play a major role
 - Investors craving “pure play” emerging company stories
 - Market “disruptors” and SaaS-based models, supported by high top-line growth, will continue to capture investor mindshare



Market Update— Lessons Learned

- **Strategic considerations**
 - It's never too early to start...
 - Positioning and “finishing”
 - Investor discussions (both existing and new)
 - Pre-IPO funding rounds
 - Dual-track dialogue
- **Financial considerations**
 - Segment reporting
 - Accounting, including pro forma and non-GAAP
 - Key reporting metrics
 - Capital structure



Corporate Housekeeping

- Minute books and organizational documents
- Stock, option and warrant records
- Contracts and investor rights
- Financing transactions
- M&A transactions
- Intellectual property
- Related person transactions
- Website cleanup / social media practices



Corporate Governance

- Post-IPO charter and bylaws (including takeover defenses)
- Board composition and committees
- Corporate governance guidelines
- Disclosure policy
- Code of business conduct and ethics
- Insider trading policy
- Other policies (clawback, equity grant, investment, related person)



Public Company Education

- IPO process (quiet period, liability, road show)
- Company reporting requirements
- Insider trading and reporting
- Public communications
- Post-IPO stock sales
- Employee education



Questions?

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