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## Legal Considerations in Pre-IPO Crossover Financings

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In this article published by Bloomberg Law's *Corporate Law & Accountability Report*, authors Lia Der Marderosian and Ryan Mitteness explain that while late-stage crossover financings come with significant potential benefits to both the company and the investors, given the complexity of the legal issues involved, they must be structured and implemented carefully to avoid potential securities law violations, as well as to ensure that the company and investors are able to reap those anticipated benefits.

**Excerpt:** An increasingly common financing strategy for companies expecting to conduct an initial public offering (IPO), particularly in the life sciences space, is to conduct a "crossover" financing shortly prior to the IPO. Crossover financings are capital raises by private companies that include investors that traditionally invest primarily in public companies, rather than with just venture capital funds and other more traditional private company investors. Crossover financings provide unique benefits to both the company and the participating crossover investors beyond just providing an infusion of cash and a private company investment opportunity. [Read the full article.](#)