

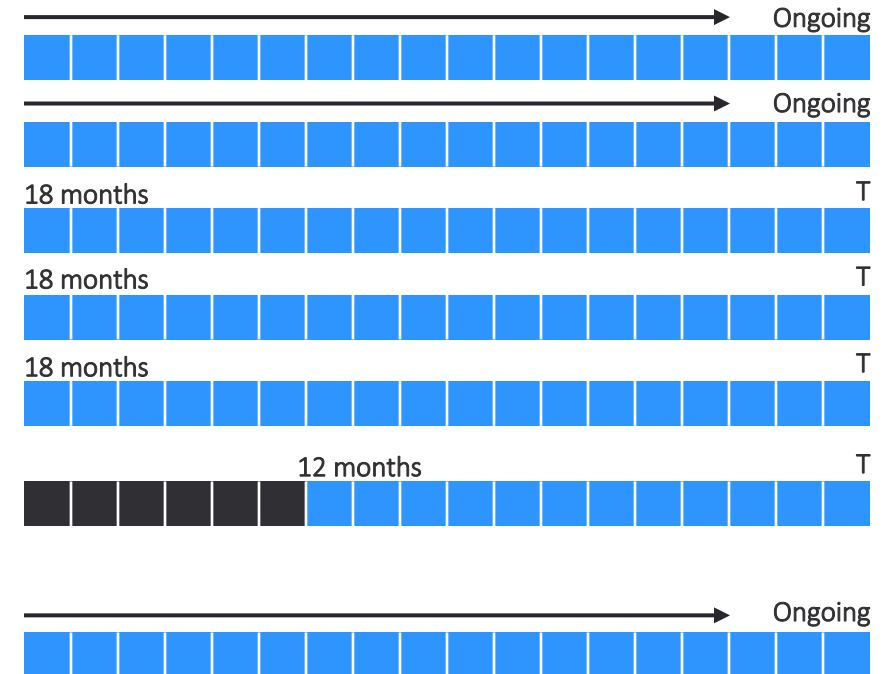
# IPO and Direct Listing Planning Checklist

✓	Responsible Parties	Task	Timeline (from 18 months prior to IPO/direct listing organizational meeting) <sup>1</sup>
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## Corporate Governance

### Board and Committee Matters

<input type="checkbox"/>	Directors and officers (D&O) questionnaires	<ul style="list-style-type: none"> <li>CC</li> <li>Company Legal</li> </ul>	Prepare and distribute questionnaires to existing and new directors and officers.
<input type="checkbox"/>	D&O background checks	<ul style="list-style-type: none"> <li>Company Legal</li> </ul>	Obtain background checks on new directors and officers.
<input type="checkbox"/>	Board composition	<ul style="list-style-type: none"> <li>CC</li> <li>Company Legal</li> </ul>	Prepare Board composition matrix, including desired functional areas and analysis of public-company independence and composition requirements.
		<ul style="list-style-type: none"> <li>Company</li> </ul>	Discuss with investor directors plans with respect to service on Board or its committees following offering.
		<ul style="list-style-type: none"> <li>Company</li> </ul>	Consider hiring a Board recruitment firm to assist with sourcing director candidates.
<input type="checkbox"/>	Board committees	<ul style="list-style-type: none"> <li>CC</li> <li>Company Legal</li> </ul>	Discuss formation of Board committees in advance of public listing. Consider committee composition with respect to current Board members and review of new director candidates. Prepare draft Board committee charters.
<input type="checkbox"/>	Director orientation	<ul style="list-style-type: none"> <li>Company Legal</li> </ul>	Develop onboarding policies and procedures for new directors, including background checks.



## Responsible Parties

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<sup>1</sup> T – IPO/direct listing organizational meeting

**Corporate Governance**

*Company Policies*

☐	Draft and adopt corporate policies	<ul style="list-style-type: none"> <li>▪ CC</li> <li>▪ Company Legal</li> <li>▪ Company Legal</li> </ul>	Review existing and/or draft corporate policies. Implement and train on corporate policies. Focus primarily on policies that have current application/value as it relates to the current operations of the company.
			▪ Anti-money-laundering policy (recommended for companies that have payment processing or fintech functions).
			▪ Code of business conduct and ethics.
			▪ Corporate communications policy.
			▪ Corporate governance guidelines (only need this post-offering).
			▪ Employee handbook.
			▪ Equity grant guidelines (only need this post-offering).
			▪ Export controls policy (recommended for companies that sell outside of the United States).
			▪ FCPA/anti-bribery policy (recommended for companies with foreign operations).
			▪ Indemnification agreement.
			▪ Insider trading policy (recommend adopting pre-offering for companies with active secondary markets).
			▪ Investment policy.
			▪ Related-party transaction policy.
			▪ Signature authority policy/matrix.
▪ Social media policy.			
▪ Whistleblower policy.			



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**Corporate Governance**

*Other Governance*

<input type="checkbox"/>	Environmental, social and governance (ESG)	<ul style="list-style-type: none"> <li>▪ CC</li> <li>▪ Company</li> <li>▪ Company Legal</li> </ul>	<p>Discuss current ESG landscape and best practices, including principles and goals and how those will play into transition into being a public company.</p> <p>Consider hiring internal ESG function.</p> <p>Engage ESG consultant to assist in developing an ESG framework.</p>
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**Pre-Offering Stock/Control Issues**

<input type="checkbox"/>	Review existing venture financing documents	<ul style="list-style-type: none"> <li>▪ CC</li> <li>▪ Company</li> <li>▪ Company Legal</li> </ul>	<p>Confirm applicability of qualified IPO definition (including with respect to a direct listing) and auto termination provision of existing venture financing documents.</p> <p>Evaluate anti-dilution provisions (if applicable).</p>
<input type="checkbox"/>	Founder control mechanisms	<ul style="list-style-type: none"> <li>▪ CC</li> <li>▪ Company</li> <li>▪ Company Legal</li> </ul>	<p>Review and prepare presentation on founder control mechanisms. Timing of implementation to be determined but can occur up until the time of the public listing.</p>

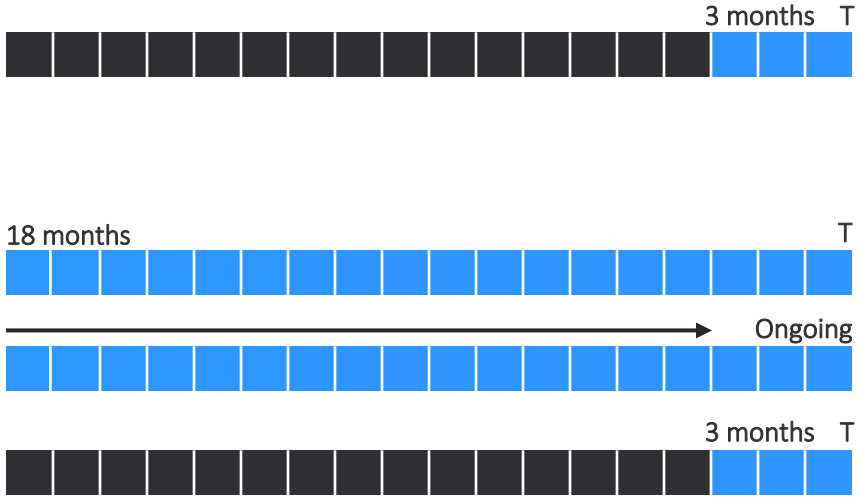


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**Compensation/HR**

<input type="checkbox"/>	Compensation strategy	<ul style="list-style-type: none"> <li>▪ CC</li> <li>▪ Company HR</li> <li>▪ Company Legal</li> </ul>	<p>Engage compensation consultant to assist in benchmarking and setting compensation strategy, including non-employee director compensation.</p> <p>Discuss potential modifications to compensation practices, including equity compensation (i.e., change from options to RSUs, RSU vesting, etc.).</p>
<input type="checkbox"/>	Management and personnel review	<ul style="list-style-type: none"> <li>▪ Company</li> </ul>	<p>Review current management team and legal, finance, FP&amp;A and accounting personnel to determine whether additional staff is necessary to support being publicly listed.</p>
<input type="checkbox"/>	Rule 701 disclosure packet, if applicable	<ul style="list-style-type: none"> <li>▪ CC</li> <li>▪ Company Finance</li> <li>▪ Company Legal</li> </ul>	<p>Prepare or review and revise current Rule 701 disclosure packet.</p>
<input type="checkbox"/>	Review employment arrangements/offer letters	<ul style="list-style-type: none"> <li>▪ CC</li> <li>▪ Company Legal</li> </ul>	<p>Review current employment agreements and offer letters and current change in control terms for executives and directors and determine whether agreements will need to be amended prior to offering.</p>

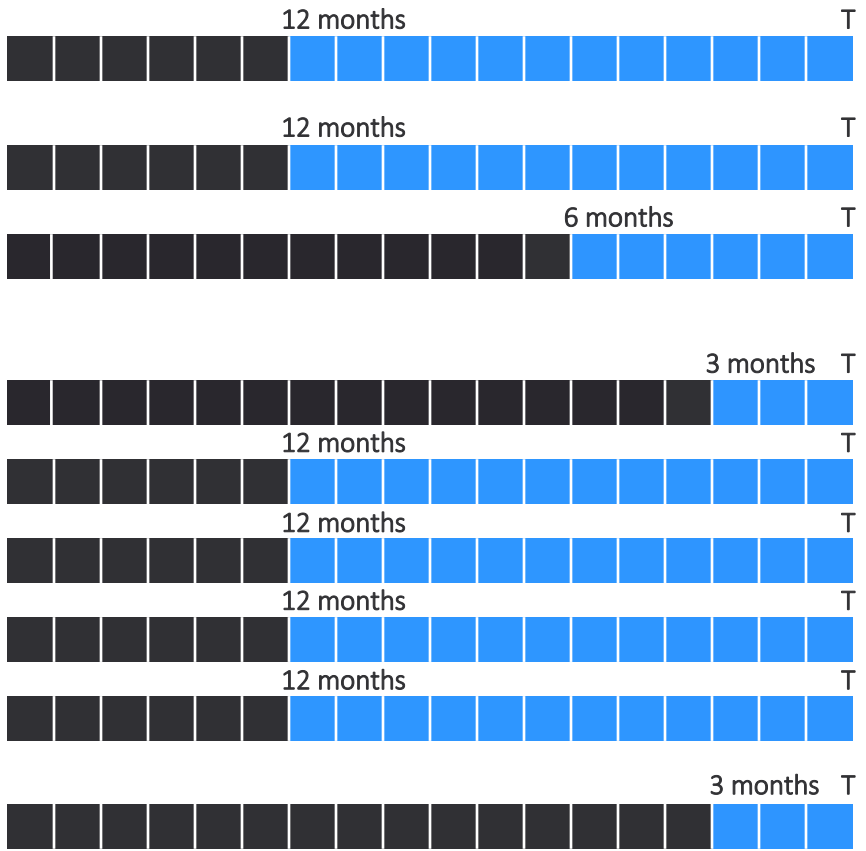


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Accounting/Finance

<input type="checkbox"/>	Audit firm	<ul style="list-style-type: none"> <li>Auditors</li> <li>Company Finance</li> </ul>	Ensure audit firm and team is suitable for public company reporting. Consider implications for required audit partner rotation.
<input type="checkbox"/>	PCAOB standards	<ul style="list-style-type: none"> <li>Auditors</li> <li>Company Finance</li> </ul>	Ensure the Company is able to meet the more rigorous requirements of an audit performed under PCAOB standards that will be required in connection with the listing.
<input type="checkbox"/>	Key metrics	<ul style="list-style-type: none"> <li>Company Finance</li> </ul>	Determine key metrics to be disclosed to investors. Evaluate existing key metrics that are presented to the Board and/or made available broadly within the company. Establish tracking and control mechanisms that can accurately validate these key metrics – e.g., get them off spreadsheets, minimize human involvement.
<input type="checkbox"/>	Financial statements <sup>2</sup>	<ul style="list-style-type: none"> <li>Auditors</li> <li>Company Finance</li> </ul>	Prepare annual and quarterly financial statements. Audit and review of annual and quarterly historical financial statements.
<input type="checkbox"/>	Financial models	<ul style="list-style-type: none"> <li>Company Finance</li> </ul>	Create multi-year financial model and track performance against model.
<input type="checkbox"/>	Accounting system updates	<ul style="list-style-type: none"> <li>Company Finance</li> </ul>	Update accounting systems (e.g., ERP), as necessary.
<input type="checkbox"/>	Review internal controls <sup>3</sup>	<ul style="list-style-type: none"> <li>Auditors</li> <li>Company Finance</li> </ul>	Determine adequacy of, and necessary improvements to, Company’s internal controls and begin planning for SOX compliance.
<input type="checkbox"/>	Acquired company financial statements	<ul style="list-style-type: none"> <li>Auditors</li> <li>CC</li> <li>Company Finance</li> <li>Company Legal</li> </ul>	Identify material acquisitions that require disclosure of acquired company’s financial statements pursuant to Rule 3-05 of Regulation S-X. For more information, visit our <a href="#">article</a> .
<input type="checkbox"/>	Outstanding preferred stock, notes and warrants, if any	<ul style="list-style-type: none"> <li>Auditors</li> <li>Company Finance</li> </ul>	Evaluate proper accounting treatment for outstanding preferred stock, notes and warrants, if any.



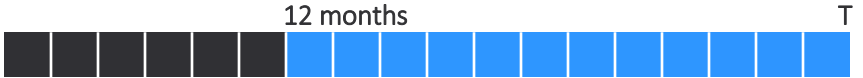
2 In S-1 registration statement, there will be at least two years (three years if not an emerging growth company (EGC)) of audited financial statements and typically at least four to eight quarters of SAS 100 reviewed quarterly information.  
3 Company will be required to have its internal controls audited after it ceases to qualify as an EGC and qualifies as a “large accelerated filer” or “accelerated filer” (including if it ceases to be an EGC because it qualifies as a large accelerated filer due to having a public float in excess of \$700 million).

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**Accounting/Finance**

<input type="checkbox"/>	Evaluate cheap stock issues	<ul style="list-style-type: none"> <li>▪ Auditors</li> <li>▪ CC</li> <li>▪ Company Finance</li> <li>▪ Company Legal</li> </ul>	<p>Discuss best practices for 409A valuations. Evaluate existing 409A valuations.</p> <p>Determine the potential for any cheap stock issues and discuss best practices for financial reporting of stock-based compensation expense. Consider need for preemptive retrospective compensation charges.</p>
<input type="checkbox"/>	SEC preclearance of accounting matters	<ul style="list-style-type: none"> <li>▪ Auditors</li> <li>▪ CC</li> <li>▪ Company Finance</li> <li>▪ Company Legal</li> </ul>	<p>Identify any accounting issues requiring SEC preclearance.</p> <p>Prepare SEC preclearance letter.</p>



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Communications and Marketing

<input type="checkbox"/>	Investor education	<ul style="list-style-type: none"> <li>Company Finance</li> <li>Investor Relations</li> </ul>	<p>Design and implement a marketing plan and investor education programs, including engaging in non-deal roadshow that can be done pre-organizational meeting.</p> <p>Consider engaging in non-deal roadshow; gather investor feedback to refine story.</p> <p>Consider hiring external investor relations consultant.</p> <p>Develop relationships with investment banks and sell-side analysts.</p>
<input type="checkbox"/>	Mock earnings calls	<ul style="list-style-type: none"> <li>Company Finance</li> <li>Company Legal</li> </ul>	<p>Hold mock earnings calls and prepare mock earnings releases.</p>
<input type="checkbox"/>	Offering communications processes	<ul style="list-style-type: none"> <li>CC</li> <li>Company</li> </ul>	<p>Establish processes with internal and external legal and communication groups for preparation and dissemination of press releases and other communications in light of gun-jumping restrictions and Regulation FD compliance.</p> <p>Present to management team and Board on Regulation FD and gun jumping.</p>
<input type="checkbox"/>	Website review	<ul style="list-style-type: none"> <li>CC</li> <li>Company Legal</li> </ul>	<p>Review of Company website for mentions of, amongst other things, potential offering, forward-looking statements and projections, and other problematic statements.</p> <p>Discuss removal of items as necessary.</p>
<input type="checkbox"/>	Customer case studies	<ul style="list-style-type: none"> <li>Company</li> </ul>	<p>Prepare customer case studies for S-1 registration statement and other offering materials.</p>
<input type="checkbox"/>	Industry data	<ul style="list-style-type: none"> <li>CC</li> <li>Company</li> <li>Company Legal</li> </ul>	<p>Begin compiling third-party statistical data for industry size for S-1 registration statement and other offering materials.</p>

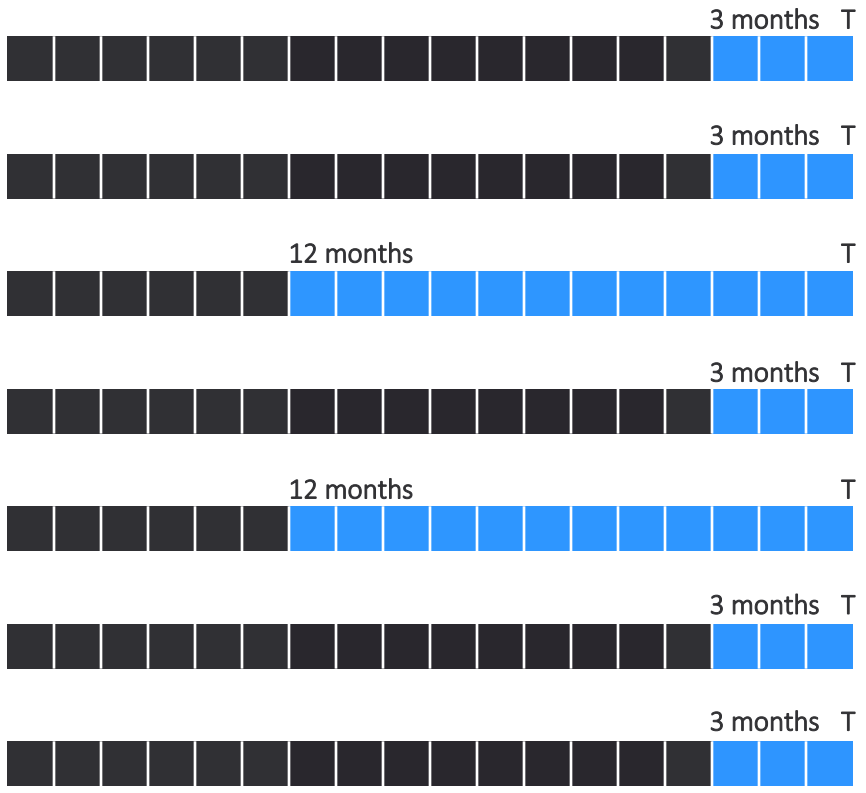


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Diligence

<input type="checkbox"/>	Diligence preparation	<ul style="list-style-type: none"> <li>CC</li> <li>Company Legal</li> </ul>	<p>Provide sample offering due diligence request list and due diligence call agendas.</p> <p>Hold mock due diligence call.</p>
<input type="checkbox"/>	IP portfolio and protection	<ul style="list-style-type: none"> <li>CC</li> <li>Company</li> <li>Company Legal</li> </ul>	Review IP portfolio and confirm status of all IP ownership.
<input type="checkbox"/>	Regulatory review	<ul style="list-style-type: none"> <li>Company Legal</li> </ul>	Work with regulatory counsel to determine any long-pole issues that may affect transaction process or ability to be a publicly traded company.
<input type="checkbox"/>	Data room preparation	<ul style="list-style-type: none"> <li>CC</li> <li>Company Finance</li> <li>Company Legal</li> </ul>	Populate and organize data room. Data room to be organized based on due diligence request list provided by CC.
<input type="checkbox"/>	Related-party transactions	<ul style="list-style-type: none"> <li>Company Legal</li> </ul>	Create a tracking spreadsheet of related-party transactions in prior three fiscal years.
<input type="checkbox"/>	Identify material agreements	<ul style="list-style-type: none"> <li>CC</li> <li>Company Legal</li> </ul>	Identify current agreements material to the Company's business, which may need to be publicly filed with the S-1 registration statement.
<input type="checkbox"/>	Review legal proceedings and related matters	<ul style="list-style-type: none"> <li>CC</li> <li>Company Legal</li> </ul>	Review open legal matters to determine necessary disclosures for the S-1 registration statement.



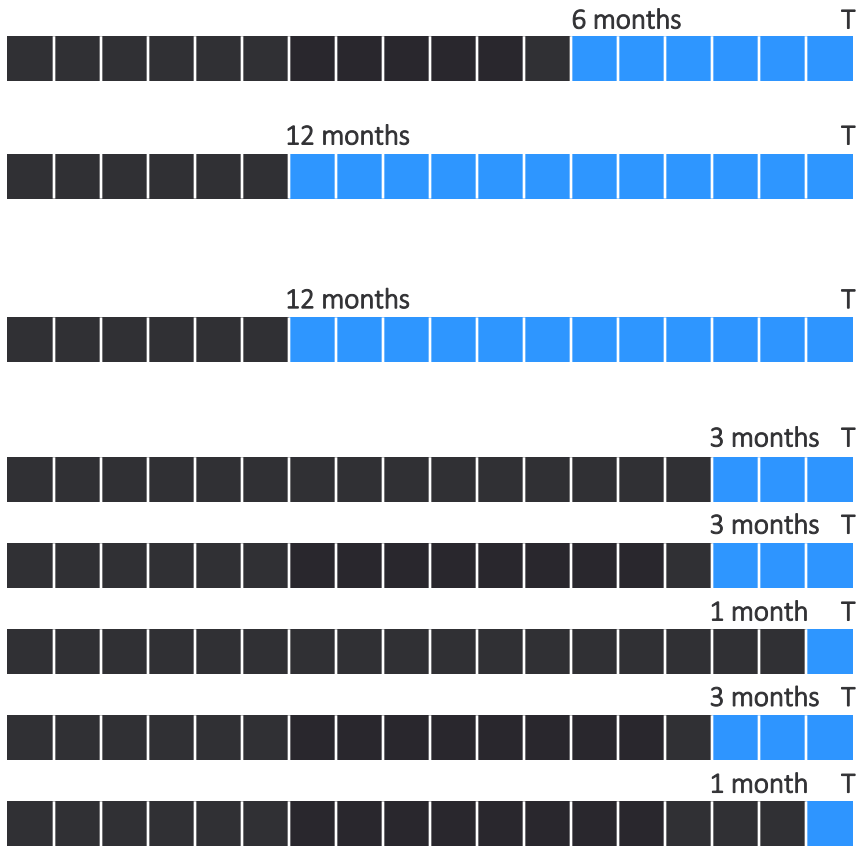
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Other Transaction Preparation

<input type="checkbox"/>	Transaction structure	<ul style="list-style-type: none"> <li>CC</li> <li>Company Finance</li> <li>Company Legal</li> </ul>	Consider transaction structure (traditional IPO versus direct listing).
<input type="checkbox"/>	Public-ready capital structure	<ul style="list-style-type: none"> <li>CC</li> <li>Company Finance</li> <li>Company Legal</li> </ul>	<p>Company to consider capital needs in lead-up to offering, including possible additional private equity financing rounds.</p> <p>Review charter for any applicable conversion provisions.</p> <p>If a direct listing, consider whether to waive transfer restrictions to allow for a secondary trading market.</p>
<input type="checkbox"/>	Reserve trading symbol	<ul style="list-style-type: none"> <li>CC</li> <li>Company</li> </ul>	<p>Identify desired symbol(s).</p> <p>Reserve symbol(s).</p> <p>Ticker can be reserved for two years prior to renewal on both NYSE and Nasdaq.</p>
<input type="checkbox"/>	EGC status	<ul style="list-style-type: none"> <li>CC</li> <li>Company</li> </ul>	<p>Confirm EGC status.<sup>4</sup></p> <p>Discuss benefits and transition periods applicable to EGCs</p>
<input type="checkbox"/>	Select offering legal counsel	<ul style="list-style-type: none"> <li>Company Finance</li> <li>Company Legal</li> </ul>	Select legal counsel, including underwriters'/advisors' counsel
<input type="checkbox"/>	Select underwriters/financial advisors	<ul style="list-style-type: none"> <li>Company</li> </ul>	<p>Prepare and solicit request for proposal (RFP) from investment banks.</p> <p>Hold investment banker bake-off and meet with and review possible underwriters or financial advisors.</p>
<input type="checkbox"/>	Determine financial printer and data room provider	<ul style="list-style-type: none"> <li>Company Finance</li> <li>Company Legal</li> </ul>	Solicit proposals from and negotiate agreements with financial printer and data room providers.
<input type="checkbox"/>	Conduct Investment Company Act analysis	<ul style="list-style-type: none"> <li>CC</li> <li>Company Finance</li> </ul>	Analyze applicability of Investment Company Act and discuss available exemptions.



<sup>4</sup> Most issuers with less than \$1.07 billion of revenue in their most recently ended fiscal year qualify as EGCs, which permits them to benefit from certain reduced reporting requirements.

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