

5 STEPS IN THE IPO EXPERIENCE

The IPO Transformation

Tapping the financial markets through an IPO is both an exciting and challenging task. You have chosen professionals for your legal and financial matters and now you need to add the expertise of a transfer agent. In this series – “To, Through and Beyond the IPO” – AST shares its deep expertise and insights into the entire process as a private company goes public.

Your First Key Decision: Finding the Right Transfer Agent

Driving your company to a successful IPO can be a demanding task. The job of your transfer agent is making the process as seamless and streamlined as possible. Expert guidance through every step related to your offering is crucial, as each action will bring specific challenges. Once you select a transfer agent, you can expect to go through each of the 5 steps detailed below. *Note: All steps are standard for an IPO with no selling shareholders except Step 4, which applies only to an IPO with selling shareholders.*

STEP 1: Notice of Offering

Once the transfer agent is appointed, you or your counsel will be requested to provide a notice of offering. Once the notice of offering is received, the transfer agent will work directly with your outside counsel and underwriters to determine your IPO needs and prepare the appropriate documents.

STEP 2: Appointment

In connection with your appointment of the transfer agent, you will be requested to provide the following documents:

- Executed Transfer Agent Agreement
- Legal Opinion
- Company Authorization Letter
- Incumbency Certificate
- Final Prospectus
- Certificate of Transfer Agent
- CUSIP (for all offerings, including 144A, CUSIP numbers will be required)
- Confirmation of Depository Trust and Clearing Corporation (DTCC) eligibility, which is the responsibility of the underwriter(s), counsel and issuer
- Certificate of incorporation and by-laws
- List of insiders/pre-existing holders

STEP 3: Preexisting Shareholders

You will need to provide detailed data on your shareholders in connection with your IPO. You may wish to review the data with your outside counsel to confirm that it is complete and accurate.

STEP 4: Custodian/Paying Agent (only applies to an IPO with selling shareholders)

The transfer agent will request a draft of the custody agreement generally no later than one week prior to pricing for review. The final custody agreement package should generally contain the following:

- Signed power of attorney for each selling holder (if applicable)
- Signed custody agreement for each selling holder
- Medallion guaranteed stock power
- This will be signed by the selling holder or his/her attorney-in-fact (if applicable) and undated with the number of shares being sold left blank.
- Appropriate tax forms
 - W-9 for US residents
 - W-8BEN for non-US residents
- Wire information form indicating which financial institution will receive the funds

Please Note: Should a foreign selling holder have difficulty obtaining a medallion guarantee, the transfer agent may accept a power of attorney. The attorney-in-fact generally needs to be assigned and named in the custody agreement as power of attorney so the transfer agent can then sign and obtain the requisite medallion guarantee to be provided on behalf of the selling holder. Medallion guarantee coverage may vary based on the value of shares being sold. The standard Medallion many transfer agents request is the Z Stamp Medallion.

If you appoint your transfer agent as custodian, the transfer agent can act as the paying agent. If you do not appoint the transfer agent as custodian, a paying agent agreement is then required.

Your transfer agent will work with you and/or your outside counsel prior to the offering on a drafted version to confirm that the payments will be made on time and accurately. Be sure to complete all wire information accurately to ensure the wires are released successfully.

STEP 5: Closing Call

The transfer agent will participate in the closing call to release the shares to the account of the underwriter(s). A formal confirmation of shares to the shareholders is sent by the transfer agent through the Deposit/Withdrawal at Custodian (DWAC) or Fast Automated Securities Transfer (FAST) system, which are determined by the underwriter. The following parties should participate in the closing call for “Full FAST” closings:

- IPO representative from transfer agent
- Company representative
- Issuer’s counsel
- Underwriter
- Underwriter’s counsel
- Depository Trust & Clearing Corporation (DTCC) (If Full Fast closing)

Upon closing of the offering, the shares will be released to the underwriter(s) and then the wires will be released to the shareholders. With the closing call complete, your IPO is also complete. You’re up and running as a publicly traded company. Congratulations!

AST - FOR YOUR IPO, AND BEYOND

We offer an integrated platform that delivers the most current technology available, backed by the personal service necessary to ensure that this event runs smoothly. We service all types of IPOs, including custodial services, paying agent services, exempt offerings (144A offerings), special purpose acquisition companies (SPACs) and offerings including selling shareholders. Benefits include:

- Established relationships with every major underwriter, guaranteeing a seamless interface
- Processes for the transition of shares held by existing shareholders, including pre-IPO splits, conversions and restrictions
- Procedures for timely delivery of stock certificates and electronic issuance of shares
- Opportunities for the development of a new shareholder base through AST's Direct Stock Purchase Plan
- Internet and Interactive Voice Response (IVR) account access for shareholders
- Unique two-way data transmission
- Corporate trust services
- In-house annual meeting, proxy tabulation and solicitation services for your first major event as a public company

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