



## Transition Steps for an IPO

Each of the following steps is important to the transition process when a company with an employee equity compensation program and employee equity ownership is changing status from a private company to a publicly-owned entity. Accomplishing each step will provide a smoother path as you go through this complex process.

1. Capitalization Table: reconcile with Legal Counsel and audit for accuracy.
2. Legends: Verify legends on stock certificates; set up procedures for removal of legends; blanket removals
3. Select your Transfer Agent vendor.
4. Equity Plans: Review existing and/or design new Equity Compensation Plans appropriate for a public company.
5. Equity Plan Documents: Review and update all documentation for your equity compensation programs as needed. Be certain to consider terms and provisions from a public company perspective.
6. Equity Benefit Plans and Reserves; verify the pools of available shares for future issuance and grant.
7. Consider implementing an evergreen provision for equity plans reserve increases.
8. Consider the implementation of an Employee Stock Purchase Plan
9. Complete S-8 filing after completion of the IPO for all shares not registered and “available for future issuance”
10. Review and implement procedures to ensure Rule 144 compliance.
11. Rule 701 is applicable to public companies; ensure compliance to restrictions under Rule 701 is verified.
12. Coordinate the conversion of Preferred Classes of Stock to Common
13. Implement Insider Trading policy and pre-clearance policy.
14. Institute and communicate Black-out Windows and identify affected persons.
15. SEC Sections 16(a) and (b): Identify SEC 16 Reporting Persons.
16. Consider, define, communicate, and implement a 180-day Lock-up Period.
17. Prepare and conduct all communications to employees and to shareholders.

### FRS History and Services

Founded in 2000 by Marianne Brannock-Hill, CEP, CTP, FRS Equity Strategies is the full-service provider of choice for the full array of equity compensation services, from consulting and outsourcing to training. We take a team approach, applying just the right skills and expertise to deliver a solution tailored to meet your needs. This approach also adds an important level of internal accountability and auditing. Our goal is to provide services as seamlessly as though we were members of your internally staffed equity compensation team.

We provide the following services to both private and publicly-owned companies. We work with a wide range of organizations from start-up to Fortune 1000 companies. Our professional staff is comprised of individuals with advanced degrees and certifications in accounting, tax, law and business. We are SAS70 certified, ensuring that our processes meet the highest standards of security and confidentiality. For further details on all our services, please visit our website: [www.frsequitystrategies.com](http://www.frsequitystrategies.com), email us: [clientservices@equity-strategies.com](mailto:clientservices@equity-strategies.com), or call (408) 727-0227.

#### **Out-Sourcing**

- We provide a full-service management and administration service customized to the needs of your organization and your current processes.
- Our services cover all aspects of employee equity plan management, addressing up to 50% more corporate responsibilities than those handled by brokers, law firms, or other third-party vendors.
- Our team is highly experienced with a variety of equity plan management software suites including those from EASi, EMS, eProsper, E\*Trade, Equity Edge, Transcitive and more.

#### **Consulting**

- We offer services on a project-basis to provide you with a variety of assistance with the management of your employee equity plans.
- FAS 123(R) valuation and expense allocation reporting.
- Database integration related to mergers and acquisitions.
- Software implementation for new applications and transitions between applications.
- Audits of historical data and ongoing processes for compliance.
- Other special projects as needed.

#### **Training**

- Remote or onsite training services to maintain the technical expertise of your staff.
- Seminars and “boot-camps” on regulations, accounting, tax and compliance issues.
- Courses in the use of equity plan management software applications.
- CEP exam preparation sessions for levels 1, 2 & 3 of certification.