

Liquidity Program Volume Rises 35% in First Half of 2017

The first half of 2017 was the busiest period to date for private company liquidity programs conducted on the Nasdaq Private Market platform. Companies continue to use structured and controlled liquidity as a valuable recruitment and retention tool while growing privately.

Below is a breakdown of program activity on the NPM platform in the first half of 2017:

\$733M
Program Volume
+35% from 1H 2016

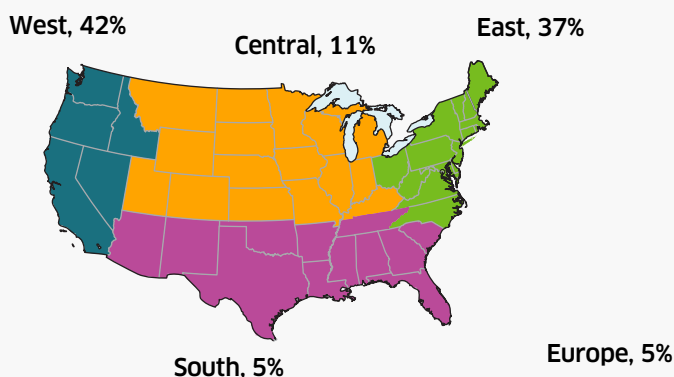
19
Liquidity Programs
+58% from 1H 2016

1,765
Program Participants

Program Overview:



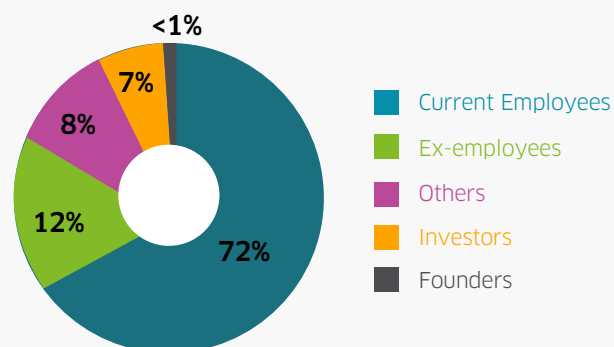
Regional Breakdown:



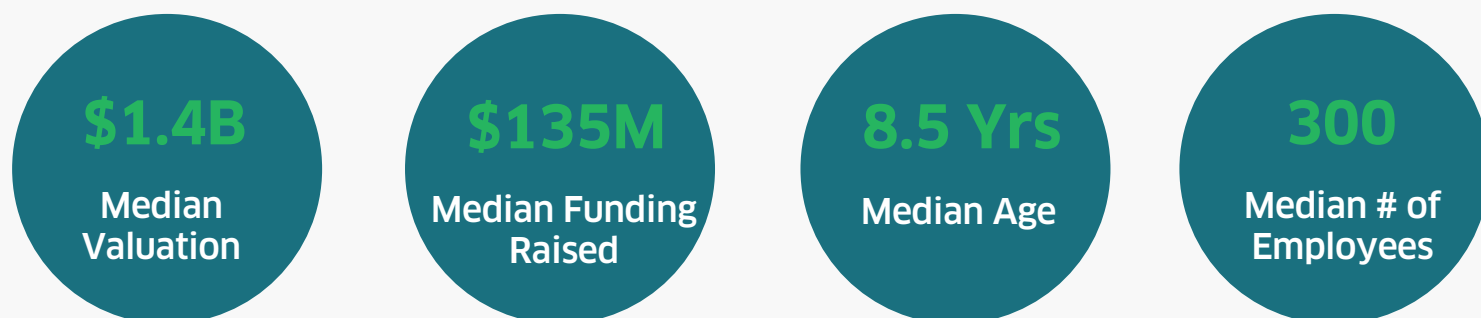
\$40M Average Program Size

96 Average # of Participants

Eligible Participant Pool:



Client Snapshot:



Private Company Liquidity Update

Employee-focused Liquidity Programs

The majority of liquidity programs conducted on the NPM platform during the first half of 2017 were employee-focused. Current and former employees made up 84% of the total eligible seller pool and about 79% of the total participants. Even in transactions where a third party was the buyer or a company used proceeds from a recent fundraise to buy back stock, employees remained the focus of these programs.

Companies also continued to enforce selling restrictions on eligible participants. For current employees, companies typically limit sales to 10-25% of total vested equity. Former employees are often offered an all or nothing option for participation, as companies look to clean up their cap tables.

Expanding Interest in Private Company Liquidity

While private company liquidity programs are often thought to be reserved for late-staged, Silicon Valley-based private companies, we are continuing to see growing interest from a wide range of companies. For instance, to date in 2017, we have worked with three companies over 15 years in age, including one that has been in operation for over 30 years. Roughly 60% of our clients were located outside of the Bay Area, including companies located in the Southern and Central United States, as well as Europe.

There is a definite trend that more and more private companies are considering and offering shareholder liquidity programs.

Unique Program Structures

Private liquidity programs take different shapes and sizes depending on the needs of the company. We continue to see a wider variety of program structures; for instance, we worked with one company to launch an option exercise extension program, allowing employees with expiring options to exercise their options and sell just enough new common stock to satisfy the exercise costs and estimated taxes.

We also facilitated a number of recurring liquidity programs for companies who have established ongoing periodic liquidity events for their employees. These ongoing events are becoming an increasingly popular tool for late-stage private companies that are delaying an IPO but want to grant their employees some liquidity in their shares.

Trends in Secondary Liquidity

Customer Case Study: Intapp

Intapp, Inc. is a company that utilized the Nasdaq Private Market platform to provide secondary liquidity in the first half of 2017.



Intapp is a leading provider of business applications for professional services firms. Founded in 2000, Intapp serves over 675 customers globally, including 91% of the Am Law 100, 90% of the Global 100 and three of the Accounting Top 20.

Following a recent fundraising round led by Temasek Holdings, Intapp wanted to provide its employees with an opportunity to recognize some of the value of their equity through a company-sponsored liquidity program.

NPM handled the administration of the program by providing Intapp with a private shareholder portal, collecting buy and sell submissions, facilitating document execution and managing settlement.

“Providing our employees with partial, controlled liquidity helps ensure they are rewarded for their hard work while remaining focused on our long-term goals,” said Steve Robertson, Intapp’s CFO. “NPM’s technology platform made it easier for us to control and manage our liquidity program and delivered a great user experience for our employees.”

Conclusion:

As companies remain private longer, they are increasingly offering private third party tender offers and company buybacks to align their shareholder base and reward their employees with structured liquidity. As buy-side interest in private companies continues to swell, we anticipate program volume will increase through the remainder of 2017.

At Nasdaq Private Market, we continue to expand our suite of solutions designed to address the liquidity needs of today’s private companies.

Contact Us to Learn More About Private Liquidity Programs: Companies@npm.com

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