

APPENDIX C / THE OTHER SIDE OF THE TABLE

Going-Public Readiness Questions

A private working sheet for deciding whether the company is ready for the obligations ahead.

- 1 Why are we going public: to raise capital, to create liquidity, to use stock as currency, or something else?
- 2 Do we need to raise money in the process, or primarily become a reporting company?
- 3 Can we produce audited financial statements, by a PCAOB-registered firm, for the required periods?
- 4 Is our capitalization history documented, with an exemption identified for every issuance?
- 5 Are our corporate records, minutes, and consents complete?
- 6 Who are our officers and directors, and is there anything in their backgrounds that must be disclosed or that would disqualify an offering?
- 7 Do we have, or can we build, disclosure controls and internal control over financial reporting?
- 8 Have we budgeted for ongoing legal, audit, filing, transfer agent, and market costs?
- 9 If we want a trading market, have we thought realistically about market maker sponsorship or exchange requirements?
- 10 If a reverse merger is proposed, what do we know about the shell, its history, and its shareholders?
- 11 Do our management and board understand the personal obligations of public company officers and directors?
- 12 Are there material contracts, disputes, regulatory issues, or related-party arrangements that will need disclosure?

Terms to know

Form S-1

The general registration statement for offerings under the Securities Act.

Form 10

A registration statement registering a class of securities under the Exchange Act.

Form 211

The FINRA form a broker-dealer files to initiate quotation of an OTC security.

OTCQB

The venture market tier of OTC Markets, with reporting, audit, bid price, float, and shareholder requirements.

Shell company

A company with no or nominal operations and no or nominal assets, or assets consisting mainly of cash.

Super 8-K

The Form 8-K containing Form 10 information that a shell company must file after a transaction ending its shell status.