

JOBS Act, Title I: A Review of the First 17 Months and a Look Ahead

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**Presentation to the SEC Advisory Committee on
Small and Emerging Companies**

Title I: Where Are We Now?

- In April 2013, we surveyed data on IPOs in the year since enactment of Title I
 - Latham & Watkins report – The JOBS Act After One Year: A Review of the New IPO Playbook
- Trends we identified are continuing

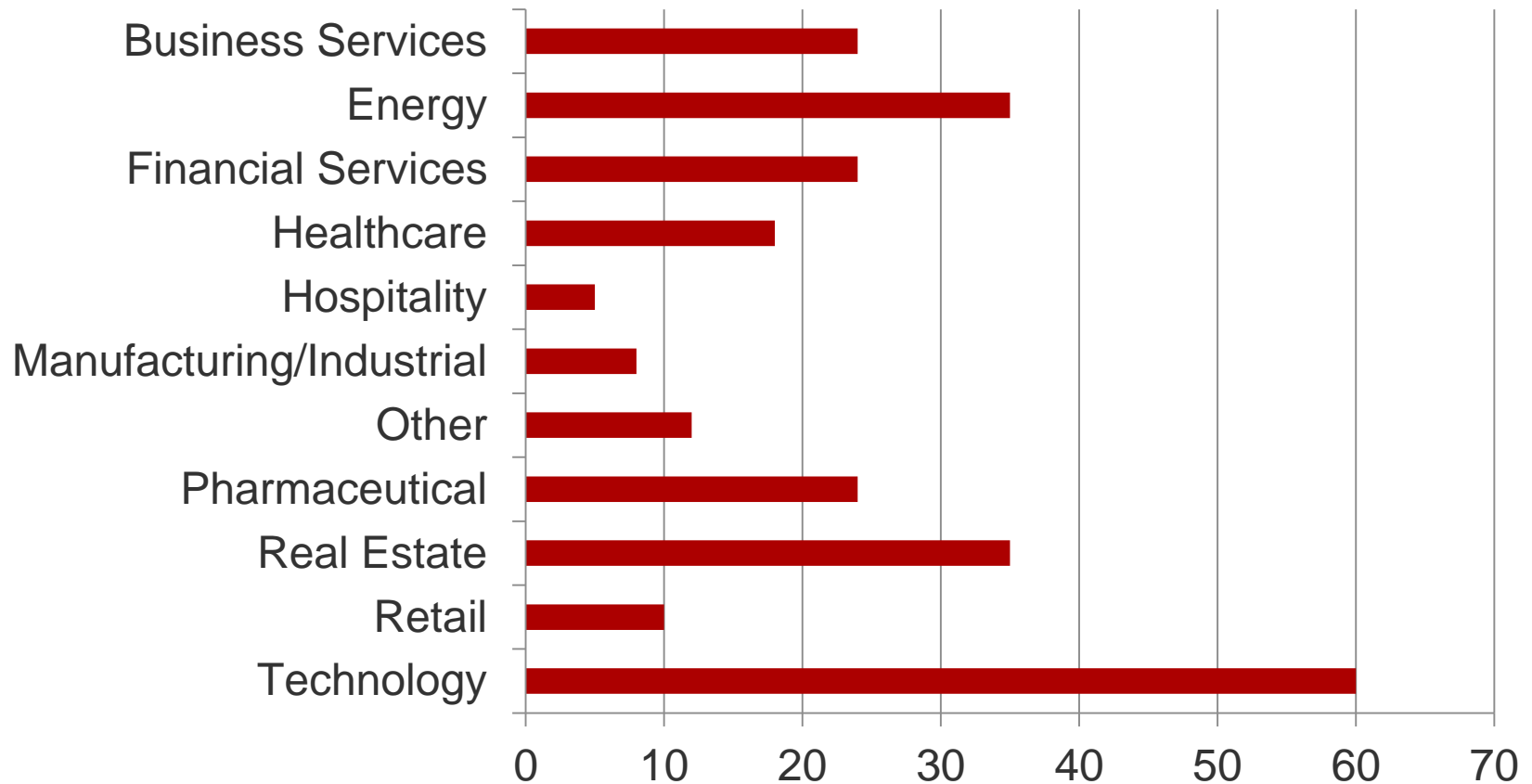
Emerging Growth Companies

- 85% of IPOs since April 5, 2012
- Over 90% of EGCs used at least one Title I accommodation
- Over 10% of EGC issuers are also foreign private issuers

Source: SEC filings

Emerging Growth Companies

Publicly Filed EGC IPOs By Industry



Source: SEC filings

Emerging Growth Companies

- Top industries where EGC issuers are found:
 - Technology
 - Real estate
 - Energy
 - Pharmaceuticals
 - Financial services
 - Business services

Source: SEC filings

Emerging Growth Companies

- Nearly two-thirds of EGCs have annual revenue of less than \$100 million
- Over 80% of EGCs have annual revenue of less than \$250 million

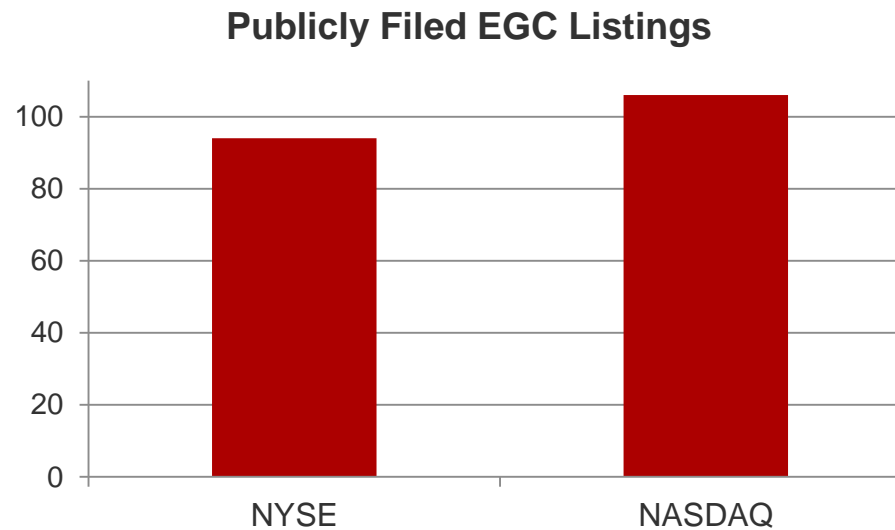
“Many of the companies coming to market have been relatively small, fast-rising business.”

-The Wall Street Journal, September 5, 2013

Source: SEC filings

Emerging Growth Companies

- Which exchange?



Source: SEC filings

Use of Title I Accommodations

- In 2013, nearly 85% of EGCs used the confidential SEC review process
 - The average number of confidential submissions prior to public filing – two
- Other accommodations that have gained broad acceptance:
 - Extended phase-in of the internal controls audit
 - Streamlined executive compensation disclosure

Source: SEC filings

Use of Title I Accommodations

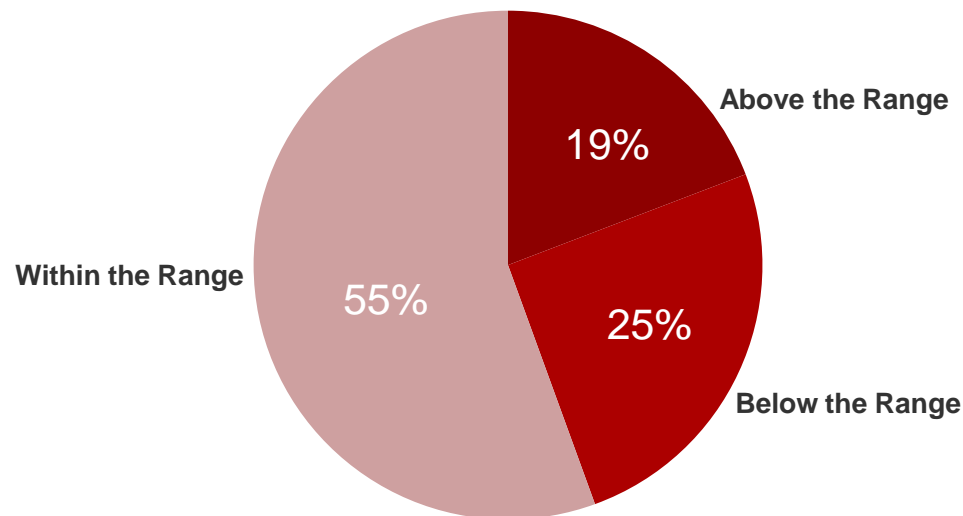
- Approximately 40% of EGCs provided two years of audited financial statements
- Approximately half of EGCs with annual revenue of less than \$100 million provided two years of audited financial statements
- Approximately 1/3 of EGCs that provided three years of audited financial statements provided fewer than five years of selected financial data
- Approximately 15% of EGCs had an operating history of fewer than five years at the time of IPO pricing

Source: SEC filings

Use of Title I Accommodations

- Testing the waters remains deal-specific and industry-specific
- Accommodations that have not been used in most EGC IPOs
 - Extended phase-in for new accounting standards
 - Pre-deal research
 - Immediate post-offering research

Most EGC IPOs Priced Within or Above the Range



Source: SEC filings

Title I: Where Are We Now?

- Title I has changed the IPO process
- IPO market remains robust in 2013

“Companies that went public this year are up 27% on average since their debuts, as of [September 4, 2013], according to Dealogic.”

-The Wall Street Journal, September 5, 2013

“The IPO market is on track for its busiest year since the financial crisis.”

-The Wall Street Journal, September 5, 2013

“At least 70 companies [are] poised to go public between now and year end, which would bring IPO activity back to the healthy 200-deal level last seen in 2007.”

-Renaissance Capital

Where Do We Go From Here?

- Will testing the waters expand?
 - Restrictions imposed by market participants
- Will pre-deal and immediate post-deal research take place?
 - Regulatory and liability issues
- Thinking beyond Title I
 - How will IPOs be structured to account for new technological frontiers such as social media?
 - Concurrent public/private transactions?