

EXERCISE

GUN JUMPING

Background

You've been assigned to a deal team representing a very large cosmetics company that just decided to take the company public. The client is currently talking to a few investment banks to decide who will underwrite the IPO, and soon they'll start drafting the registration statement. The client is aware that there are rules governing its public communications, but doesn't know the specifics.

In particular, the company is very excited about a possible new breakthrough into the natural foods market, which could be highly profitable. They'd like to share this news on their website and to their followers on social media.

They also want to speak to potential investors while the deal team is working on the offering materials to make sure there's enough investor interest before moving forward with the IPO process.

The client has asked the firm to help them understand what they can and can't say, and when. There's a call set up with the company's officers to discuss it. The senior associate on the deal team has asked you to take the lead on this call. She notes that you should explain what the gun-jumping rules are and provide an overview of the restrictions they'll face during the offering process, being sure to cover:

- The restrictions on communications during each of the Pre-Filing, Waiting, and Post-Effective Periods;
- The timeline of when those periods start and end;
- Relevant safe harbors; and
- Communications about their breakthrough in the natural foods market.

You're meeting with the senior associate tomorrow to review what you plan to say on the call.

Instructions

Come prepared to discuss what you'll share with the senior associate.