

LATE STAGE FINANCING

MAYER BROWN

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Assistant Professor

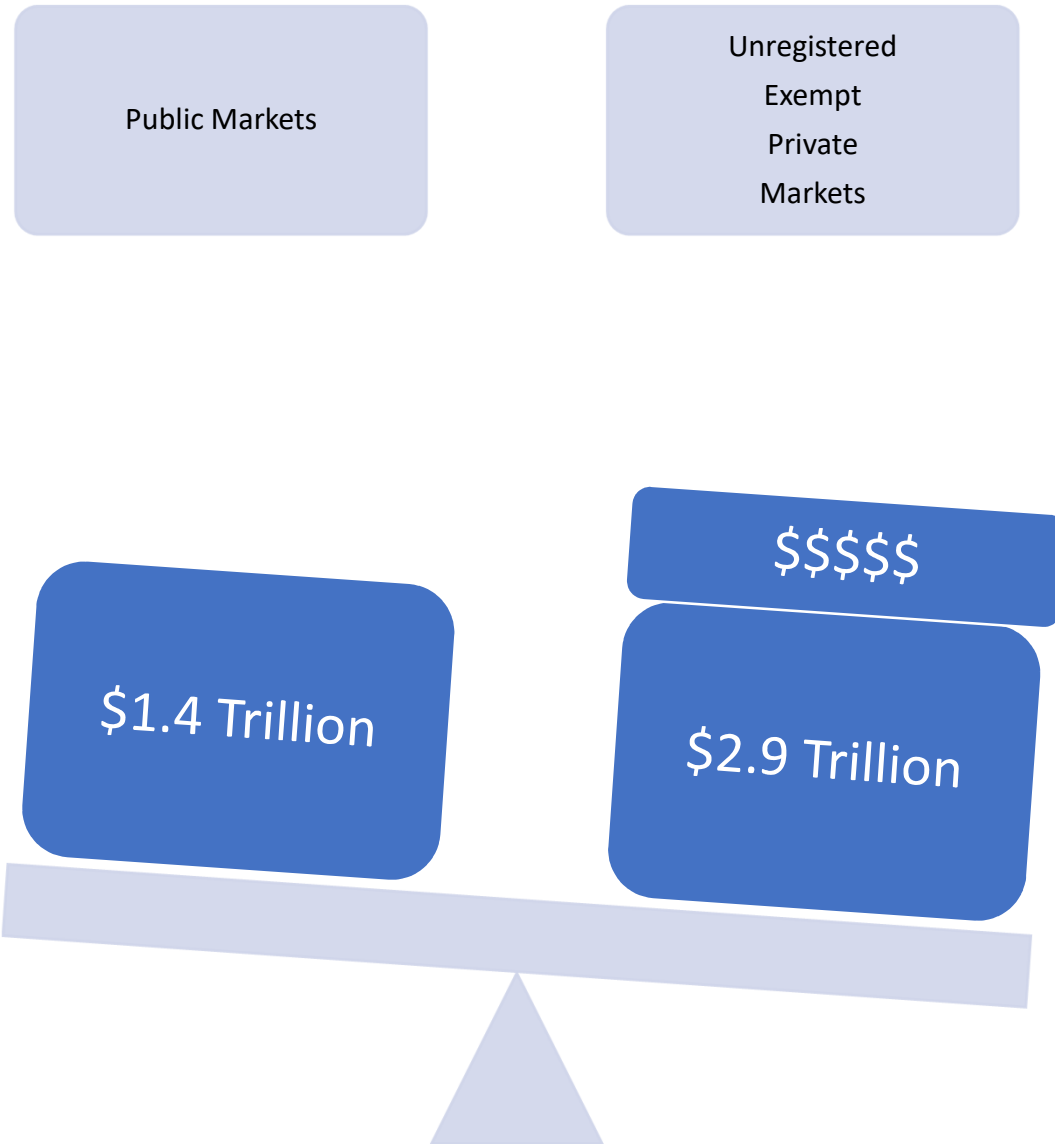
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SCHOOL OF LAW

CASE WESTERN RESERVE
UNIVERSITY

Equity ownership is changing in the USA



Exemptions from registration

Exemption	Amounts Reported or Estimated as Raised in 2018
Rule 506(b) of Regulation D	\$1,500 billion
Rule 506(c) of Regulation D	\$211 billion
Regulation A: Tier 1	\$0.061 billion
Regulation A: Tier 2	\$0.675 billion
Rule 504 of Regulation D	\$2 billion
Regulation Crowdfunding; Section 4(a)(6)	\$0.055 billion
Other exempt offerings	\$1,200 billion

Source, SEC, Concept Release on Harmonization of Securities Offering Exemptions

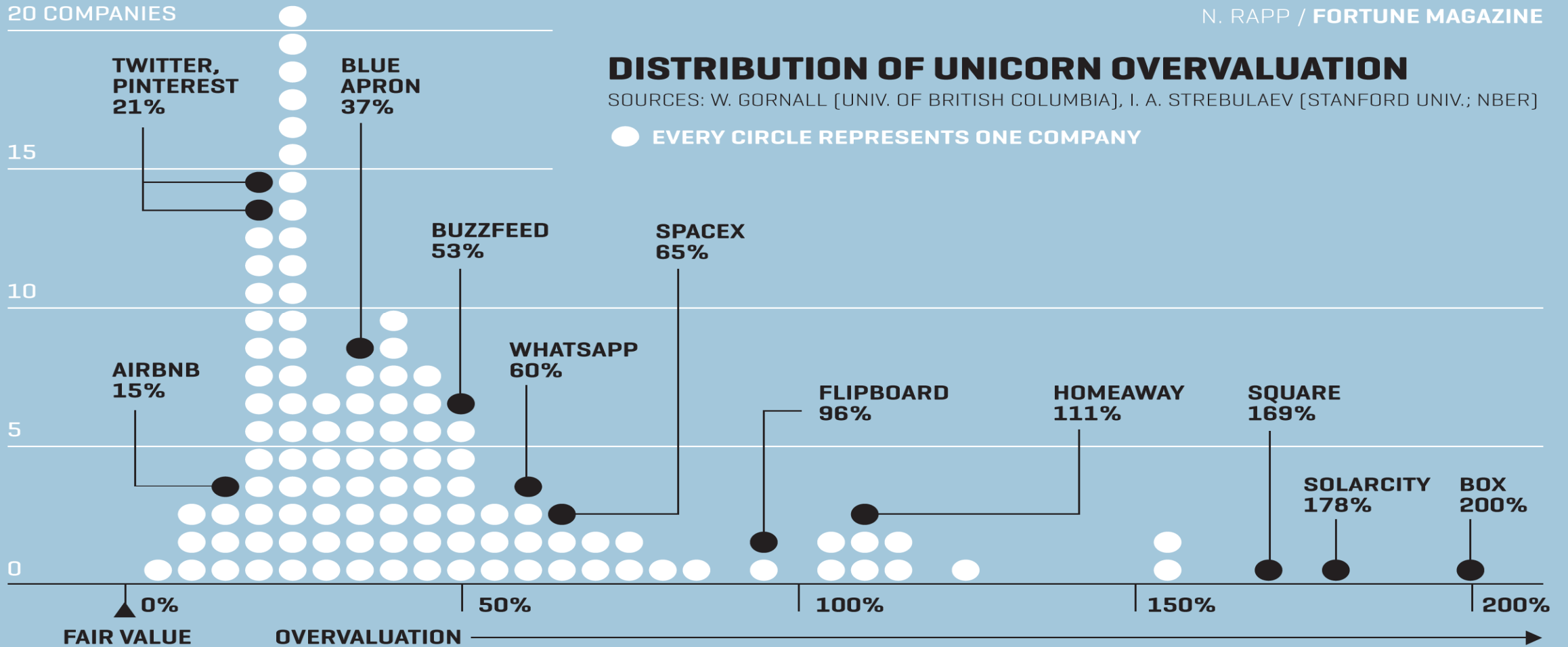
20 COMPANIES

N. RAPP / FORTUNE MAGAZINE

DISTRIBUTION OF UNICORN OVERVALUATION


SOURCES: W. GORNALL [UNIV. OF BRITISH COLUMBIA], I. A. STREBULAEV [STANFORD UNIV.; NBER]

● EVERY CIRCLE REPRESENTS ONE COMPANY



The Black Box of Unicorn Valuation

Unicorns choose to stay private longer



Shift in employee expectations



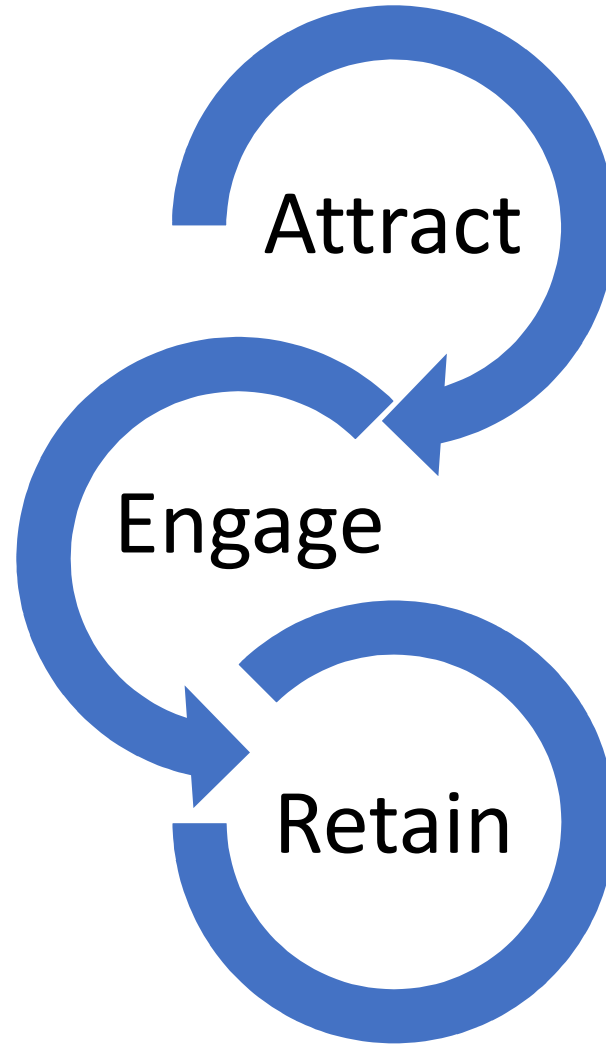
Labor contract renegotiations

Unicorn Stock Options: A Golden Goose or Trojan Horse?

Bonuses

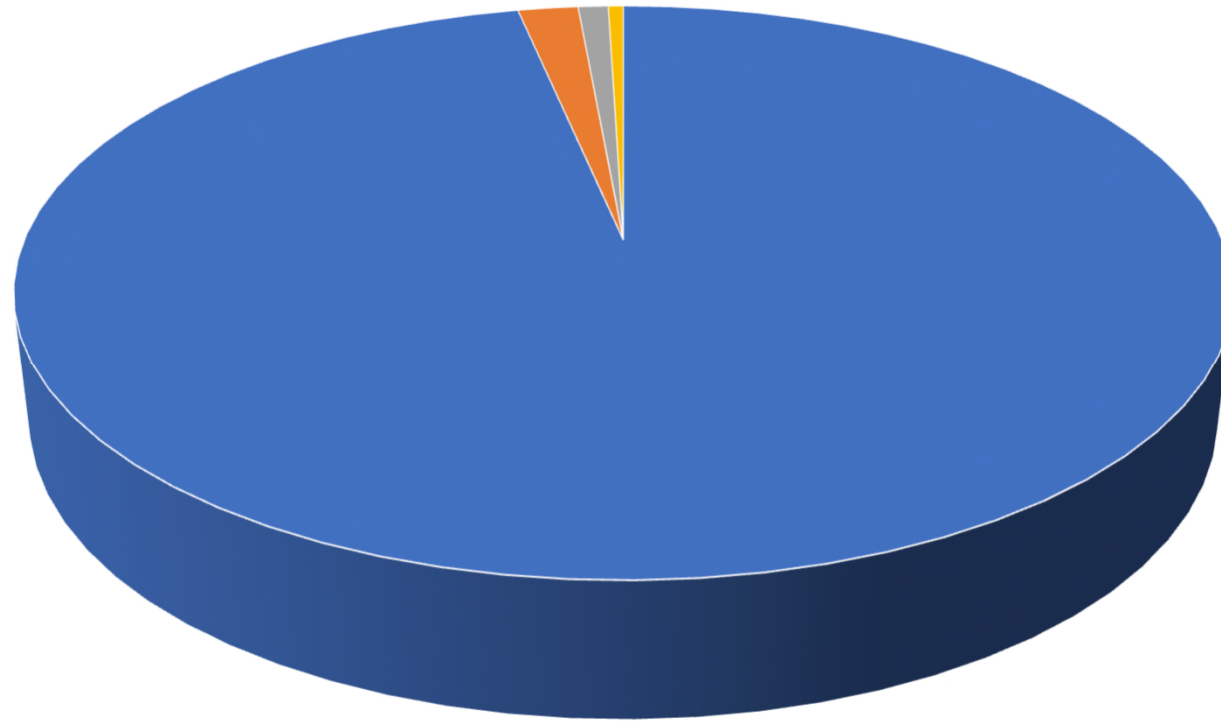
Options

RSUs

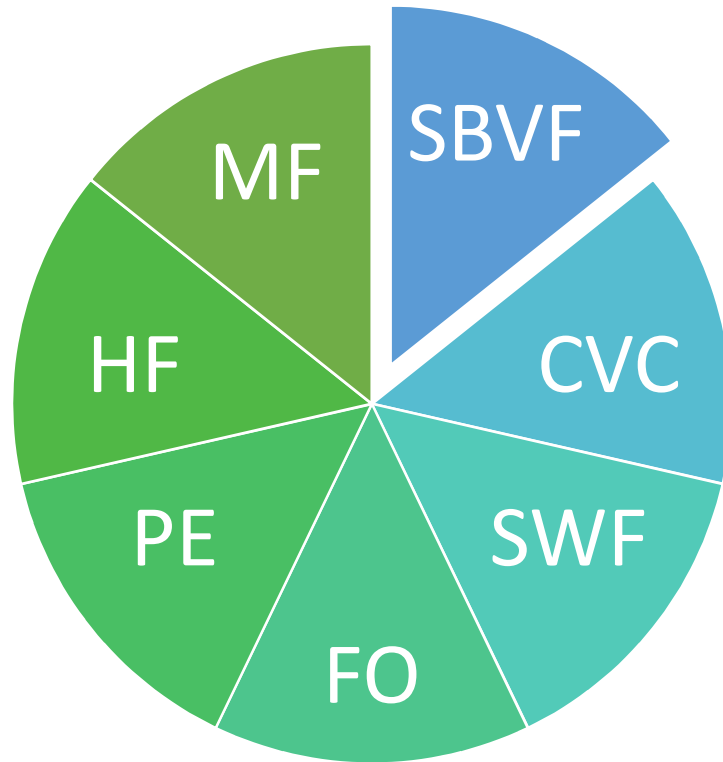


Secondary Markets

State of Incorporation



■ DE ■ CA ■ NY ■ NC



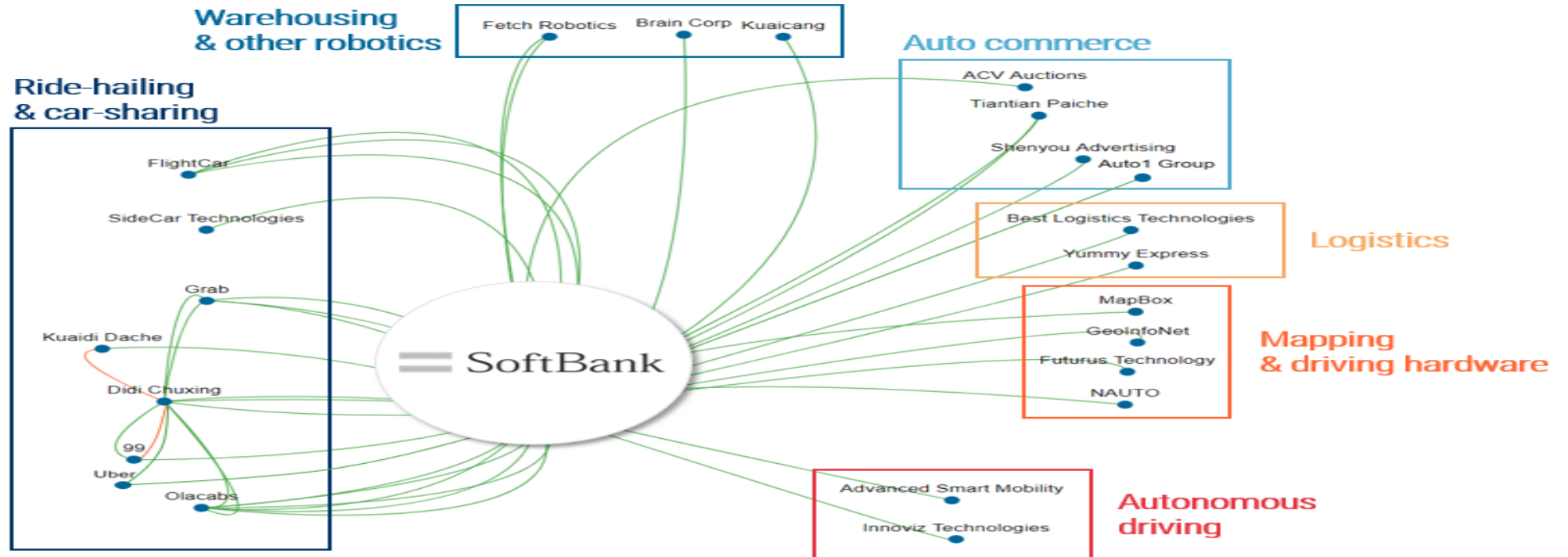
Alternative VC – The New Investors

SoftBank's Vision Fund



SoftBank diversifies mobility and logistics bets beyond ride-hailing

Deals to private mobility and logistics companies, 2013 – 2018 YTD (1/24/2018)



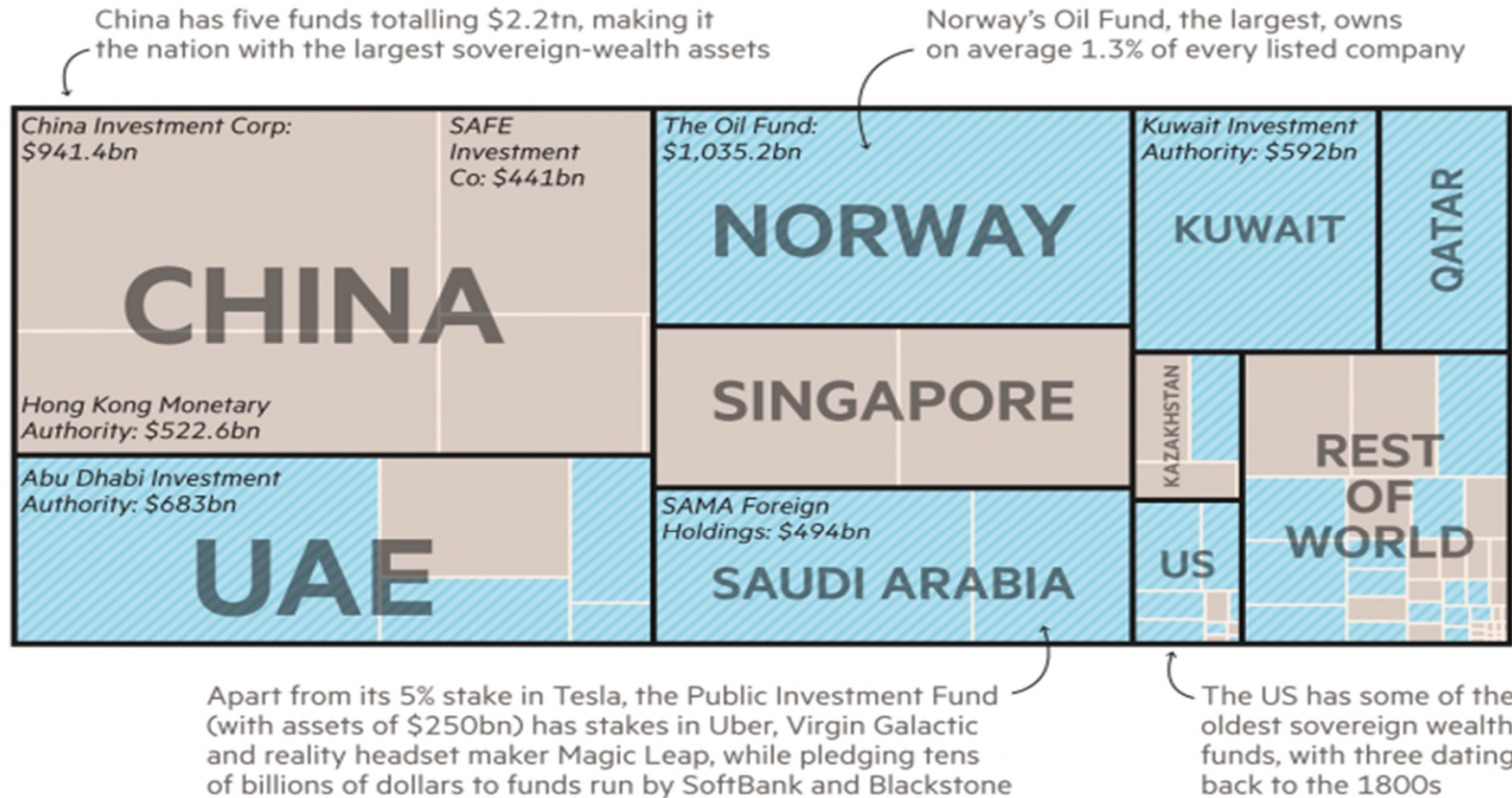
Orange lines represent acquisitions; green lines represent investments.
Includes investments from SoftBank Group subsidiaries.

Sovereign wealth funds

Largest sovereign wealth funds

Assets under management

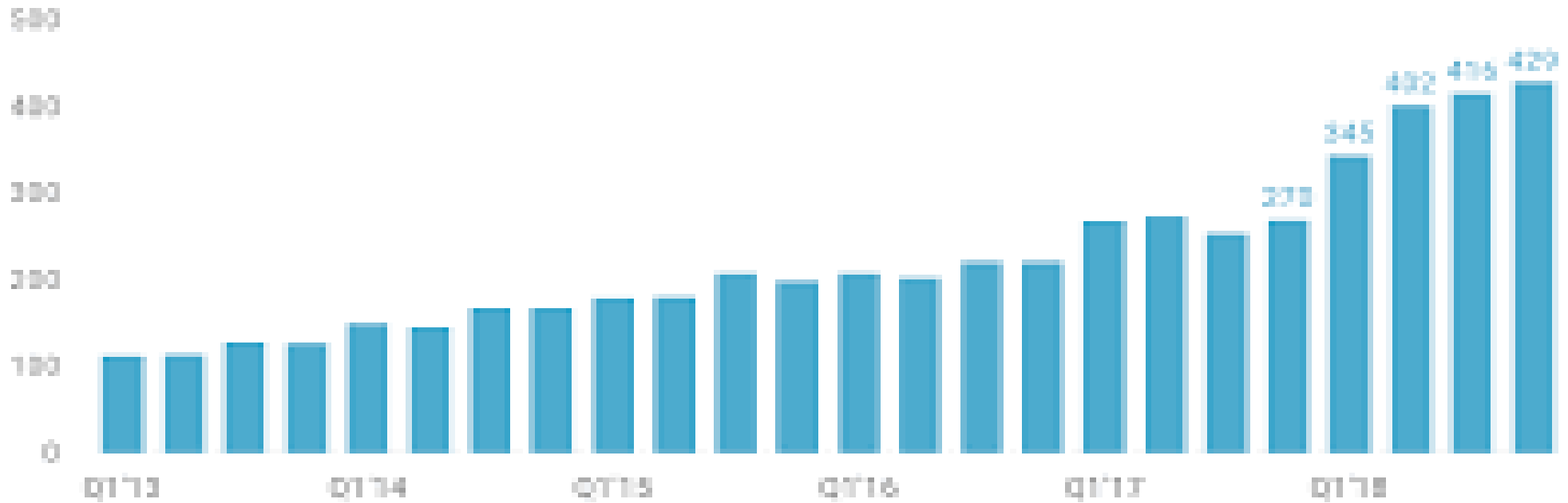
Oil fund Non-oil fund



CORPORATE VENTURE CAPITAL

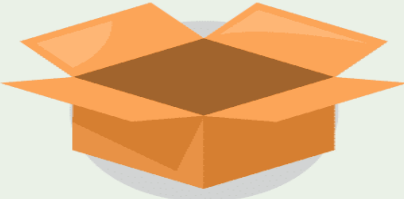
More CVCs invested in 2018 than ever before

Number of active Corporate Venture Capital arms, Q1'13 – Q4'18



MUTUAL FUND

Different Types of Mutual Funds



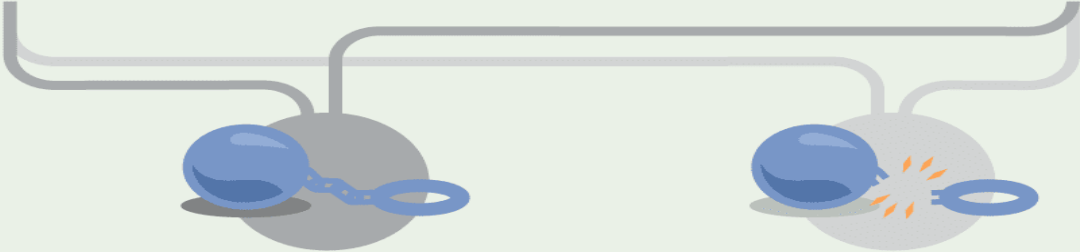
Open-End Funds

Share price based on net asset value
Shares created and destroyed as necessary



Closed-End Funds

Share price based on supply and demand
Set number of shares



Load

Investor pays a sales commission
on top of the net asset value

No Load

No sales
commission

HEDGE FUNDS





Questions?

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