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Association News

IVCA Event Review – Liquidity through the Private Markets

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At the March 9th Luncheon IVCA hosted a discussion on new opportunities for liquidity for shareholders of private companies via private shares marketplaces. The event began with an introduction to the marketplaces and why they have developed by Danielle Hughes of Divine Capital Markets. Ms. Hughes spent much of her career engaged in the IPO market and has followed the emerging private market places as a new source of liquidity. At this time there exist 4 markets – SecondMarket, GATE Technologies, Xpert Financial and SharesPost. Ms Hughes described the strategy for each.

Jeremy Smith of SecondMarket, the largest marketplace (founded in 2004), followed with a detail overview of how the market works, what must happen for a company to begin to trade on the market and why he thinks it is good for VC investor/shareholders. At a high level SecondMarket allows for shareholder liquidity, attracting new investors allows stock to be currency and can provide a branding event for a company. A key to SecondMarket's business model is that no shares can trade without the company's full endorsement and involvement. The company defines the market for buyers and sellers – both who can trade and when the shares can be traded.

Michael Gray of Neal, Gerber & Eisenberg LLP discussed his (positive) experiences on behalf of clients with both Divine and SecondMarket and posed issues that might concern a potential listing company including impacts on valuation and ROFRs. Michael then moderated the audience Q&A. IVCA members can view the presentation slides [here](#). (Members please log-in, then click "Resources, Research & Statistics" on the left nav bar.)