

# Section 4(a)(7) – the RAISE Act Will Issuers be Willing to Provide Disclosure?

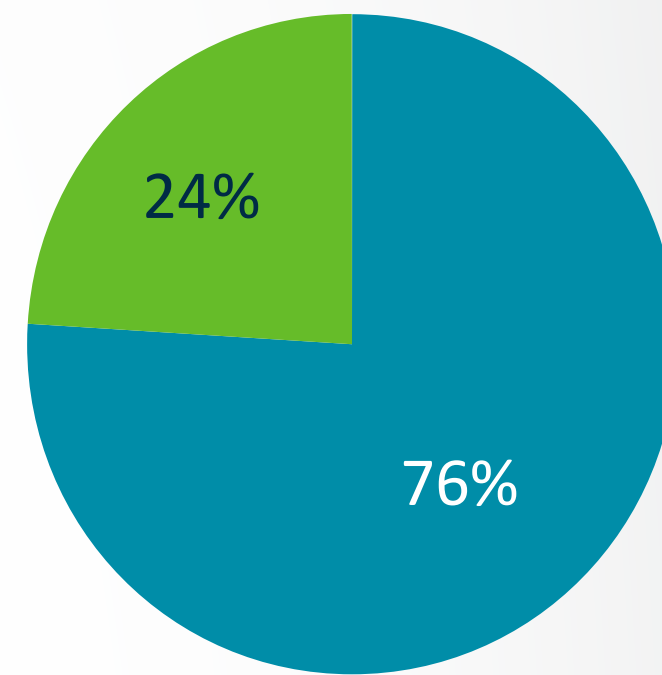
On December 4, 2015, Section 4(a)(7) of the Securities Act of 1933, a new federal safe harbor for resales of restricted securities, was signed into law. For a resale to be eligible for the exemption available under Section 4(a)(7), certain disclosure about the issuer must be provided to transaction participants. To the extent that an issuer is willing to provide transaction participants access to this information, Section 4(a)(7) is an important new tool for holders of private company shares seeking pre-IPO liquidity. The required disclosure ranges from basic information about the issuer to financial statements.

As a market leader in helping private companies facilitate secondary transactions, we analyzed liquidity programs facilitated by our technology platform during the past two years to determine whether the level of disclosure provided by issuers in those programs would have satisfied the Section 4(a)(7) information requirements.

Below is a breakdown of the twelve items required to be provided under Section 4(a)(7) and how often those items were made available to participants through our technology platform:

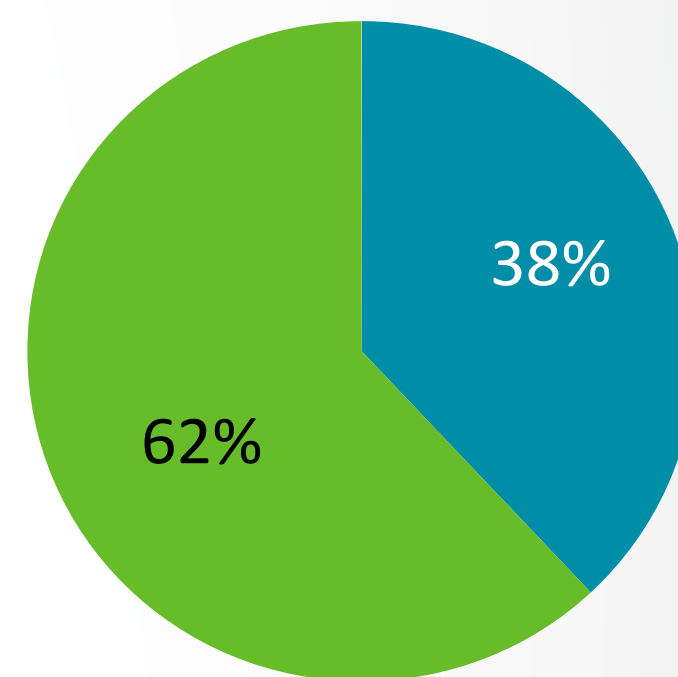
Information was Provided Information was Not Provided

**Issuer's Most Recent Balance Sheet and P&L Statements for the Past 2 Years Prepared in Accordance with US GAAP or IFRS**



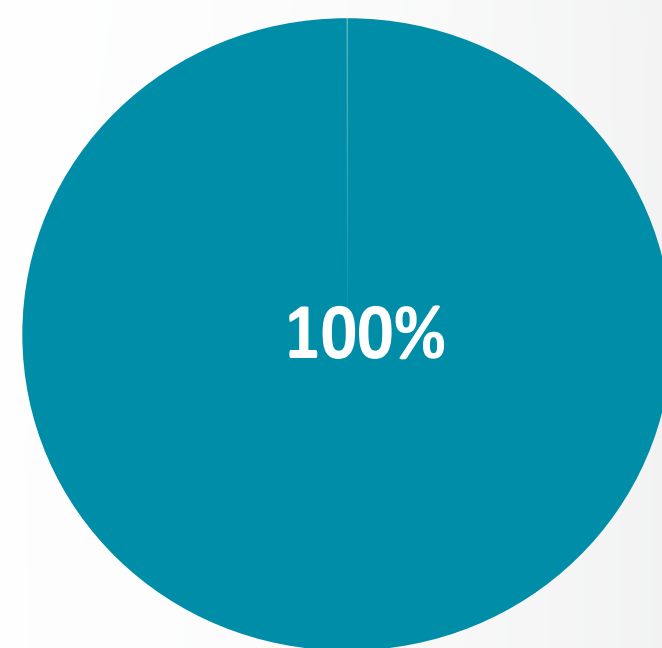
In over 75% of the liquidity programs that we helped facilitate for private companies, participants were provided with US GAAP balance sheet and P&L statements for the past two years. Companies offering controlled liquidity programs through our technology platform generally provided at least Rule 701 level disclosure to participants.

**A P&L Statement Dated Within 6 Months of the Transaction Date (if Balance Sheet is Dated More Than 6 Months Prior to Transaction)**



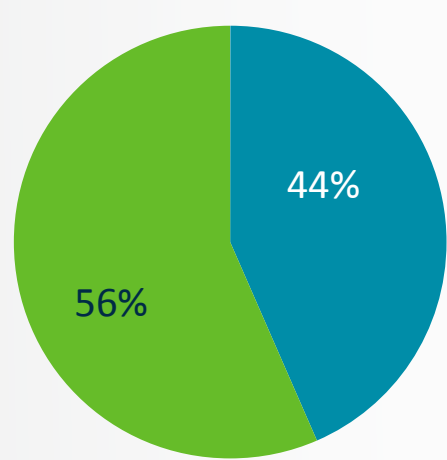
This statistic is not surprising because a majority of liquidity programs we helped facilitate occurred during the first half of the calendar year.

**Total # of Shares Outstanding as of Most Recent Fiscal Year**  
**Title and Class of Security**  
**Exact Name of the Issuer**  
**Was the Class of Security Being Sold Outstanding for at Least 90 Days?**

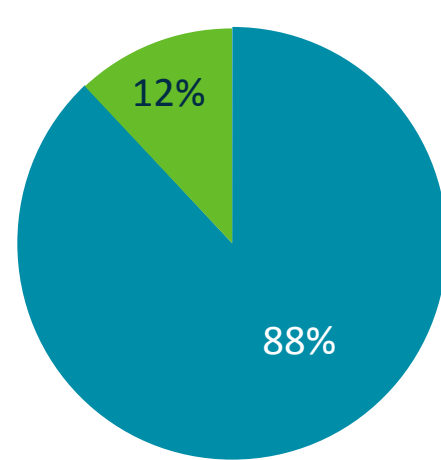


## Additional Requirements:

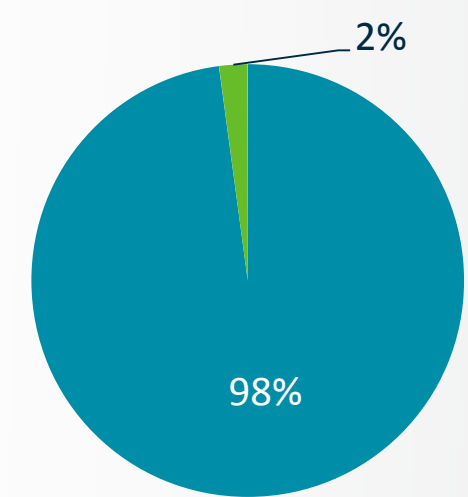
Names of Officers & Directors of Issuer



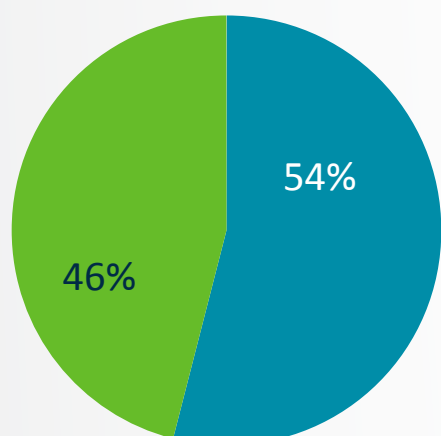
Par Value of Security



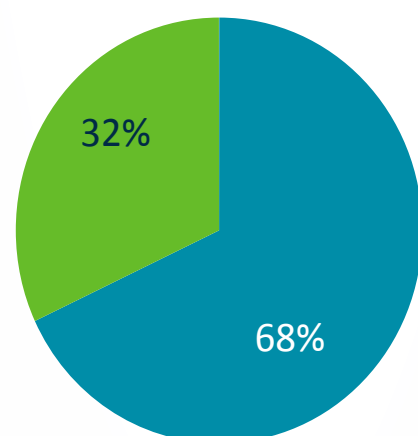
Name of Broker-Dealer or Agent Paid for Participation in Transaction



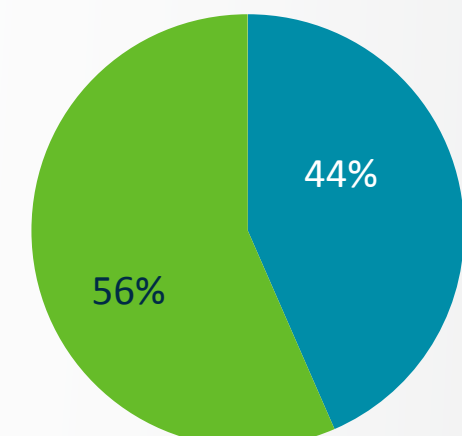
Name & Address of Transfer Agent or Person Responsible for Transferring Shares & Stock Certificates



Description of Business, Products & Services



Address of Principle Office



Section 4(a)(7) also requires that a seller that is a control person of the issuer (director, officer, holder of 20% or more of voting securities) provide a certification stating that they have no reasonable grounds to believe that the issuer is a bad actor. We found that 84% of the sales facilitated with the help of our technology platform included a seller that would have qualified as a control person.

The RAISE Act is a pivotal piece of legislation. And based on our experience, we think that companies willing to sponsor secondary liquidity opportunities for their shareholders will also be willing to provide the required disclosures under Section 4(a)(7).

**TO LEARN MORE ABOUT THE RAISE ACT, PLEASE CONTACT: [annemarie.tierney@nasdaq.com](mailto:annemarie.tierney@nasdaq.com)**

The information contained herein is provided for informational and educational purposes only. None of the information provided is an offer or solicitation to buy or sell any securities, or to provide any legal, tax, investment or financial advice. The NASDAQ Private Market, LLC is not: (a) a registered exchange under the securities exchange act of 1934; (b) a registered investment adviser under the investment advisers act of 1940; or (c) a financial or tax planner, and does not offer legal advice to any user of the NASDAQ Private Market website. Securities-related services offered through SecondMarket are provided by SMTX, LLC, a registered broker-dealer, which is a member FINRA/SIPC and a wholly-owned subsidiary of The NASDAQ Private Market, LLC. Securities-related services offered through The NASDAQ Private Market, LLC are provided by NPMS Securities, LLC, a registered broker-dealer, which is a member FINRA/SIPC and a wholly-owned subsidiary of The NASDAQ Private Market, LLC. Securities offered through SMTX, LLC and NPM Securities, LLC are not listed or traded on The NASDAQ Stock Market LLC, nor are the securities subject to the same listing or qualification standards applicable to securities listed or traded on The NASDAQ Stock Market LLC.

Data collected from the SecondMarket platform may include transactions conducted through current and former affiliates of SecondMarket.