

# Directed share program

What is it?



Wealth Management

Often referred to as a “friends and family list,” it is a program designed to allow company employees to purchase stock as part of an initial public offering. In some cases, directed share programs are also open to participation by other individuals or entities that have some established relationship with the company.

## Benefits of program

Directed share programs can be an attractive way to provide additional benefits to company employees. By allowing employees to acquire shares of stock in the company, the relationship between employer and employee is strengthened. Along with enjoying compensation for services rendered as an employee of the company, the individual also begins to feel a personal stake in the well-being of the corporation. Employees will feel they have a vested interest in the prosperity and success of the firm.

## How does it work?

The program sets aside stock which qualified parties may purchase at the public offering price. Typically it can exceed 5% of total shares issued in IPO or Secondary. The terms may vary slightly, but they always address certain essential components: a specified quantity of stock and criteria that qualified parties must meet.

## RBC Corporate and Executive Services assists with directed share programs

Our experienced professionals can work with your RBC Wealth Management financial advisor to help coordinate a directed share program on behalf of soon to be publicly traded companies. We can assist the company to design the program, organize the correspondence with identified parties, enact measures to maintain strict confidentiality and facilitate the purchase of shares within the specified time period prior to the initial public offering. Plus, we can help intended shareholders comply with the myriad regulations related to the issuance of new securities.

The Corporate and Executive team has many years of experience with offering this service to corporate clients and has streamlined the process to put minimal burden on the issuer, who typically has many responsibilities to meet prior to launching an IPO. With our service team taking care of every aspect of the DSP process, issuers simply provide us contact information for participants and we deal with all the regulatory elements of communicating, establishing accounts and delivering shares to participant accounts. We offer this full service approach understanding that the more we can do for the issuer during this busy time, the more they can focus on their primary task of ensuring a successful IPO launch.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.