

Corporate Structure and Capital Stack

Keep it Simple

STREAMLINE FOR SUCCESS

- **Structure:** Opt for a Delaware C Corp for clarity (But ... Texas? Nevada?); simplify subsidiaries and intercompany ties.
- **Capital Stack:** Convert complex securities (e.g., preferred stock) at IPO; address rights like registration or anti-dilution.
- **Lock-Ups:** Align existing lock-ups with standard 180-day IPO terms.

GAME PLAN

- Amend documents to ensure sufficient shares and ideal trading range.
- Add anti-takeover protections (e.g., staggered board) for stability.

Corporate Governance

Board Independence Requirements: Building Compliance

CORE STANDARDS

- Majority of board must be independent; audit, compensation, and nominating/corporate governance committees must be fully independent.

IPO TRANSITION RULES

- One independent director per committee at initial listing.
- Majority independence for each committee within 90 days of listing.
- Full committee independence and board majority within one year of listing.

SPECIAL CONSIDERATIONS

- Private equity designees may qualify as independent, with specific audit committee rules applying.

Controlled Company Boards: Tailored Governance

DEFINITION: A “Controlled Company” exists when an individual, group, or entity (e.g., voting agreements designating directors or directing votes) holds >50% voting power for director elections.

EXEMPTIONS

- No majority independent board required.
- Independent compensation and nominating/governance committees not mandated.

REQUIREMENT: Must maintain an independent audit committee.

DISCLOSURE: Must report Controlled Company status and basis in the annual proxy statement.

Board Composition

SKILLS MATRIX

Evaluate specific experience, qualifications, and skills.

ALIGNMENT

Match attributes to the company's unique business context.

EMERGING FOCUS

Prioritize expertise in AI, technology, cybersecurity, digital assets, human capital, and climate, as appropriate.

BROADER PERSPECTIVE AND CAPACITY

Consider directors' service on other boards.

Committees

NYSE REQUIREMENT

- Mandatory audit, compensation, and nominating/corporate governance committees.

NASDAQ REQUIREMENT

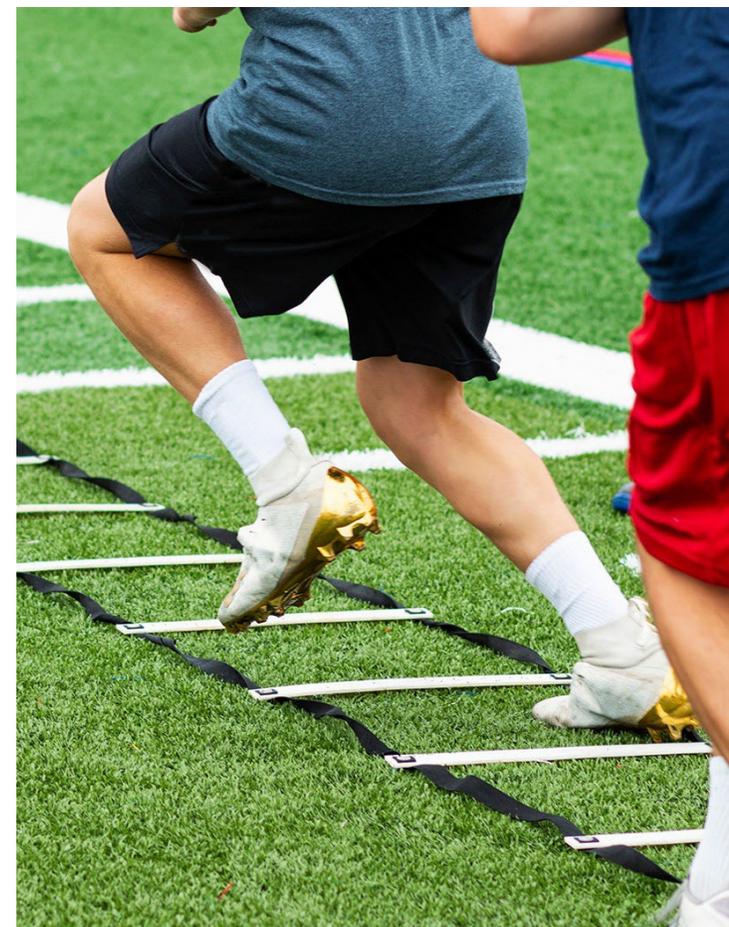
- Audit committee plus independent executive compensation oversight.

INDUSTRY/RISK-SPECIFIC COMMITTEES

- Disclosure, executive, finance, compliance, risk, AI, technology, ESG (as needed).

DOCUMENTATION

- Each committee must have a governing charter.



Committee Charters / Governance Policies

1. DEVELOP AND ADOPT DETAILED CHARTERS FOR EACH BOARD COMMITTEE

2. DEVELOP AND ADOPT GENERAL CORPORATE GOVERNANCE POLICIES, SUCH AS:

- Governance Guidelines
- Code of Conduct
- Financial Code of Ethics
- Audit Committee Pre-Approval Policy
- Whistleblower Policy
- Related Persons Transactions Policy
- Stock Ownership & Retention Guidelines
- Insider Trading Policy
- Short-Swing Trading and Reporting Policy
- Regulation FD Policy
- Document Retention Policy
- Executive Compensation Clawback Policy