

What is an IPO?

Initial Public Offering (IPO)

An **IPO** is an **initial public offering**, in which shares of a private company are made available publicly for the first time, allowing a company to raise equity capital from public investors. Companies must meet specific legal, governance, and accounting requirements imposed by the securities exchanges and the Securities and Exchange Commission (SEC) to conduct an IPO. Companies hire investment banks to market the offering, evaluate investor demand, and set the IPO price.

An IPO is one exit strategy for the private company's founders and early investors. Meanwhile, it also allows public investors to participate in the offering.

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