

What Is Pre-IPO?

Pre-IPO

A **pre-IPO** placement is a late-stage offering to raise funds by a company in advance of its [initial public offering](#). The investors are typically private equity firms, hedge funds, and other large institutional investors. Due to the size of the investments and the significant risk, the investors typically receive a discount from the price in the eventual IPO. Individual investors rarely participate in pre-IPO placements. They are generally restricted to high-net-worth individuals with a sophisticated knowledge of the financial markets. For the company, the placement is a way to raise funds and offset the risk that the IPO will not be as successful as hoped.

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