

Dual-Class IPO Snapshot: 2017–2018 Statistics

Calendar Year 2017:

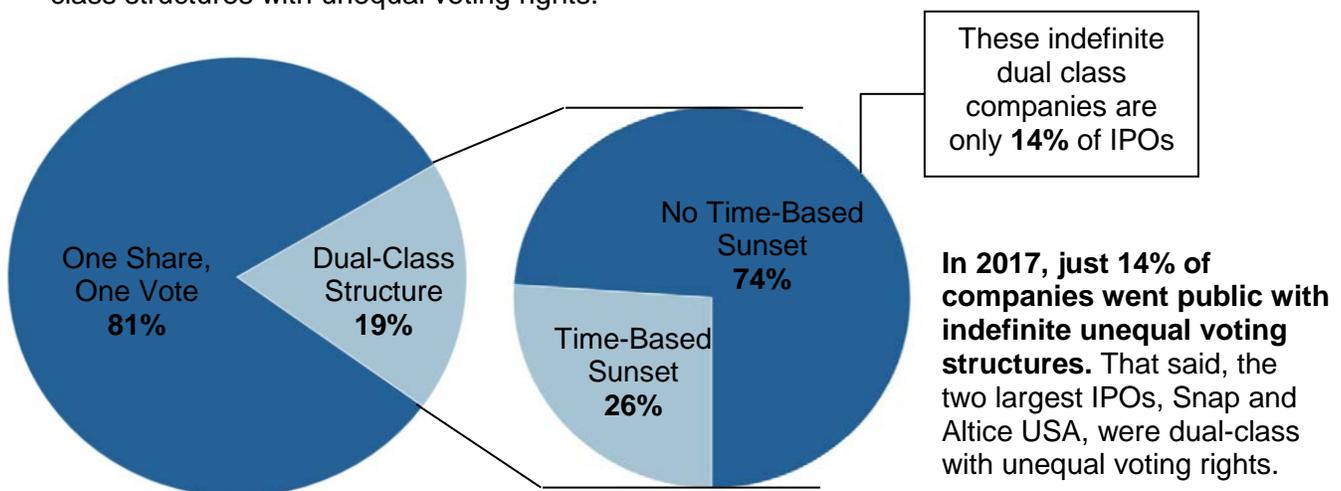
CII's tracking of the IPO market in 2017 shows more than four in five companies continue to go public with a one share, one vote structure.

Last year, a total of 195 companies went public on U.S. exchanges. Of these, 45 were foreign private issuers (FPIs), 20 were special purpose acquisition companies (SPACs), and six were master limited partnerships (MLPs).

Of the remaining 124 IPOs (excluding FPIs, SPACs, and MLPs):

- **101, or 81%, were one share, one vote.**
- 23, or 19%, had dual-class structures with unequal voting rights.
- Four, or 3%, included non-voting shares in their structures: Snap, Altice USA, Blue Apron and Cadence Bancorporation. Snap is the only company that has actually issued non-voting shares to public investors, and no IPO with non-voting shares occurred in 2017 after Blue Apron's IPO in June.
- Six, or 26% of dual-class IPOs, will phase out their unequal voting structures with time-based sunsets

CII [reported](#) in November that 2017 set a record for IPOs with time-based sunset provisions that automatically convert the super-voting class to one share, one vote common stock. The six companies with these sunsets are Mulesoft (five years), Hamilton Lane (10 years), Alteryx (10 years), Okta (10 years), Stitch Fix (10 years), and Altair Engineering (12 years). The mean sunset for 2017 was 9.5 years, down from 10.3 years in 2016. CII [recommends](#) a sunset of seven years for newly public companies that choose to adopt dual-class structures with unequal voting rights.



Although dual-class structures skew toward larger companies that comprised roughly half of the total IPO market capitalization in 2017, Snap and Altice witnessed significant price declines after their IPOs, lessening the market cap weight of dual-class firms among the new IPOs by year end.

First Quarter 2018:

In the first three months of 2018, more than nine in ten companies have gone public with a one share, one vote structure.

Between January 1 and March 31, a total of 56 companies went public on U.S. exchanges. Of these, 15 were foreign private issuers (FPIs), 11 were special purpose acquisition companies (SPACs), and two were foreign companies (but not FPIs) incorporated in the United States.

Of the remaining 28 IPOs (excluding FPI, SPACs and foreign companies):

- **26, or 93%, were one share, one vote.**
- 2, or 7%, had dual-class structures with unequal voting rights: Victory Capital Holdings and Dropbox.
- Just one, Dropbox, included non-voting shares in its structure, but these shares have not been issued to public investors.

Although there were no time-based sunsets for dual-class companies in the first quarter of 2018, CII is tracking two companies that have filed for IPOs, Smartsheet and Zuora, that include sunset provisions that collapse their dual-class structures after 7 and 10 years respectively.

Updated 4/3/2018