

ideals.

IPO readiness checklist

Five stages of preparation for a successful public listing



Introduction

After the surge in IPOs in 2021, U.S. activity slowed sharply. In 2025–2026, improving valuations and investor confidence are driving a cautious rebound, but the path to going public remains demanding.

Companies now face stricter disclosure standards, longer SEC reviews, and closer scrutiny of governance and controls. For example, emerging growth companies may submit only two years of audited financial statements, but these statements become “stale” after 134 days and require continual updates.

Disclaimer:

This document is provided for informational purposes only and does not constitute legal, financial, or investment advice. Companies should consult qualified advisors before making decisions related to an initial public offering.



In this environment, companies with a robust IPO readiness plan have a decisive advantage over those without one. This white paper outlines a practical IPO preparation guide for assessing public-market readiness across key dimensions, enabling companies to strengthen market readiness, governance, compliance, and stakeholder confidence before entering public markets.



Understanding the IPO process steps and readiness

The IPO process typically unfolds in several stages: preparation, due diligence, regulatory filing, investor roadshow, pricing, and the post-IPO transition.

An IPO readiness assessment reviews governance structures, financial reporting, internal controls, compliance, and leadership capabilities to identify gaps that could delay filings or negatively impact performance post-listing.

IPO readiness should begin 12–24 months prior to filing, allowing sufficient time for audit preparation, system upgrades, and internal-control testing. Due diligence and SEC filings follow, supported by auditors and legal advisors. The final phase is the roadshow, which introduces the company to investors before the actual listing.

IPO journey



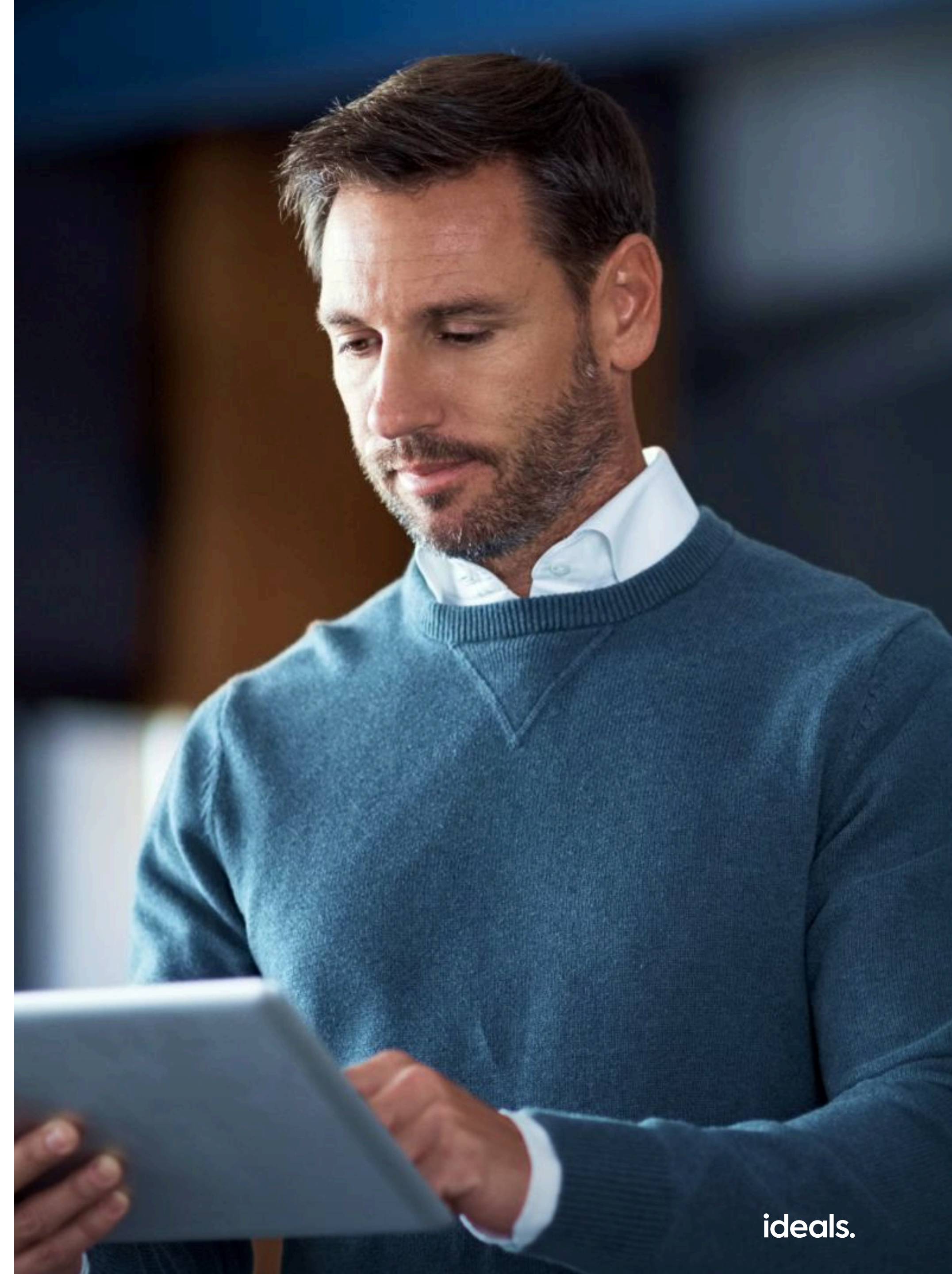
Credit: [KPMG: IPO Readiness](#)

Key stages of IPO readiness

An IPO readiness assessment checklist focuses on five key dimensions that collectively determine the company's preparedness for market entry and long-term performance.

Key features:

Corporate governance readiness	Builds independent oversight and strengthens accountability structures
Reporting, financial, and IT readiness	Establish transparent, reliable IT systems that meet SEC and audit standards
People's readiness	Develops leadership depth and a culture fit for operating as a public company
Tax and legal readiness	Ensures compliance with evolving domestic and international regulations
Capital market readiness	Ensures a compelling equity story and alignment with investor expectations



Corporate governance readiness

Corporate governance readiness assesses whether the board of directors, committees, and governance policies meet the listing requirements of stock exchanges and the Securities and Exchange Commission.

Pre-IPO programs also include ethics and risk frameworks, such as:

- A publicly available code of conduct
- A clawback policy
- Whistleblower procedures
- A conflict of interest policy
- Enterprise risk management (ERM) processes

Key requirements include:

- Independent directors must comprise the majority (over 50%) of the board, as per [Nasdaq Listing Rule 5605](#); similar requirements apply on other exchanges. Independence means directors have no material relationship with the company.
- The audit committee must have at least three members, consist entirely of independent directors, and include at least one “financial expert” capable of understanding financial statements.
- The compensation committee must consist entirely of independent directors and typically has at least two to three members, depending on the exchange.
- An internal audit function must exist. The company must comply with [Section 303A.07\(c\) of the NYSE](#) within one year of the listing date, making timing critical.

Illustrative example

A U.S. med-tech issuer finalizes its majority-independent board, constitutes all required committees, establishes its internal audit function for NYSE compliance, and implements comprehensive ethics and risk frameworks.

People's readiness

The people side of IPO readiness assesses whether leadership and corporate culture are prepared for the accountability and transparency of public scrutiny. Pre-IPO companies should consider the following aspects:

Leadership and governance imperative

The CEO and CFO must be effective public figures who handle roadshows and earnings calls with confidence. They must be prepared to sign SOX [Section 302 and Section 906](#) certifications, personally attesting to the accuracy and integrity of the company's financial reports.

Before listing, management should document and formalize the board's role in risk oversight, a key disclosure in the annual proxy statement.

Executive compensation should be transparent and clearly tied to long-term shareholder value. Companies must justify pay decisions in public disclosures, including the [Compensation Discussion and Analysis \(CD&A\)](#), and demonstrate that the board actively oversees compensation-related risk.

Organizational depth and talent strategy

Beyond the C-suite, companies need a deep bench across finance, accounting, legal and investor relations – ideally with public-company experience.

Cultural transformation and communication

The organization must adopt a culture of transparency and ethical conduct. This requires training all employees on the code of ethics, whistleblower practices, and handling material non-public information (MNPI) and [Regulation Fair Disclosure \(Reg FD\)](#).

People's readiness in practice

A consumer goods company hires a CFO with IPO experience, establishes a fully independent board with a documented risk oversight framework, implements a long-term incentive plan, rolls out SEC compliance training, and appoints an investor relations officer.

Reporting, financial, and IT readiness

Reporting, financial, and IT readiness assesses whether disclosures, internal controls, and systems meet SEC/PCAOB expectations and can sustain timely, reliable public-company reporting at scale.



Reporting & financial readiness

This stage evaluates the ability to meet SEC and exchange disclosure standards and PCAOB audit requirements – critical as a private company transitions to public reporting.

- File U.S. GAAP financial statements audited under PCAOB standards by a PCAOB-registered auditor, and provide a robust MD&A that quantifies performance drivers (pricing, volume, FX, acquisitions) and explains material trends and uncertainties.
- Prepare pro forma financial information under the [Regulation S-X Article 11](#) (if [significance tests](#) trigger it) to illustrate the impact of significant transactions – such as acquisitions or IPO proceeds to repay debt – as if they had occurred at the start of the historical period.
- Implement a reporting calendar that meets deadlines for [10-K](#) (annual), [10-Q](#) (quarterly), and [8-K](#) (current event) filings.
- Align financials with public-company requirements, with particular attention to [ASC 280 segment reporting](#), since operating segments must reflect how the chief operating decision-maker manages the business.
- Design, document, and test Internal Control over Financial Reporting (ICFR) in accordance with [Sarbanes–Oxley Act \(SOX\) Section 404](#).



“Registrants that have determined that they have a single reportable segment sometimes receive a comment from the staff challenging that determination.”

[Maynard Nexsen PC](#)

Pre-IPO companies typically develop ICFR using recognized frameworks, such as the internal controls framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ([COSO](#)).

IT readiness

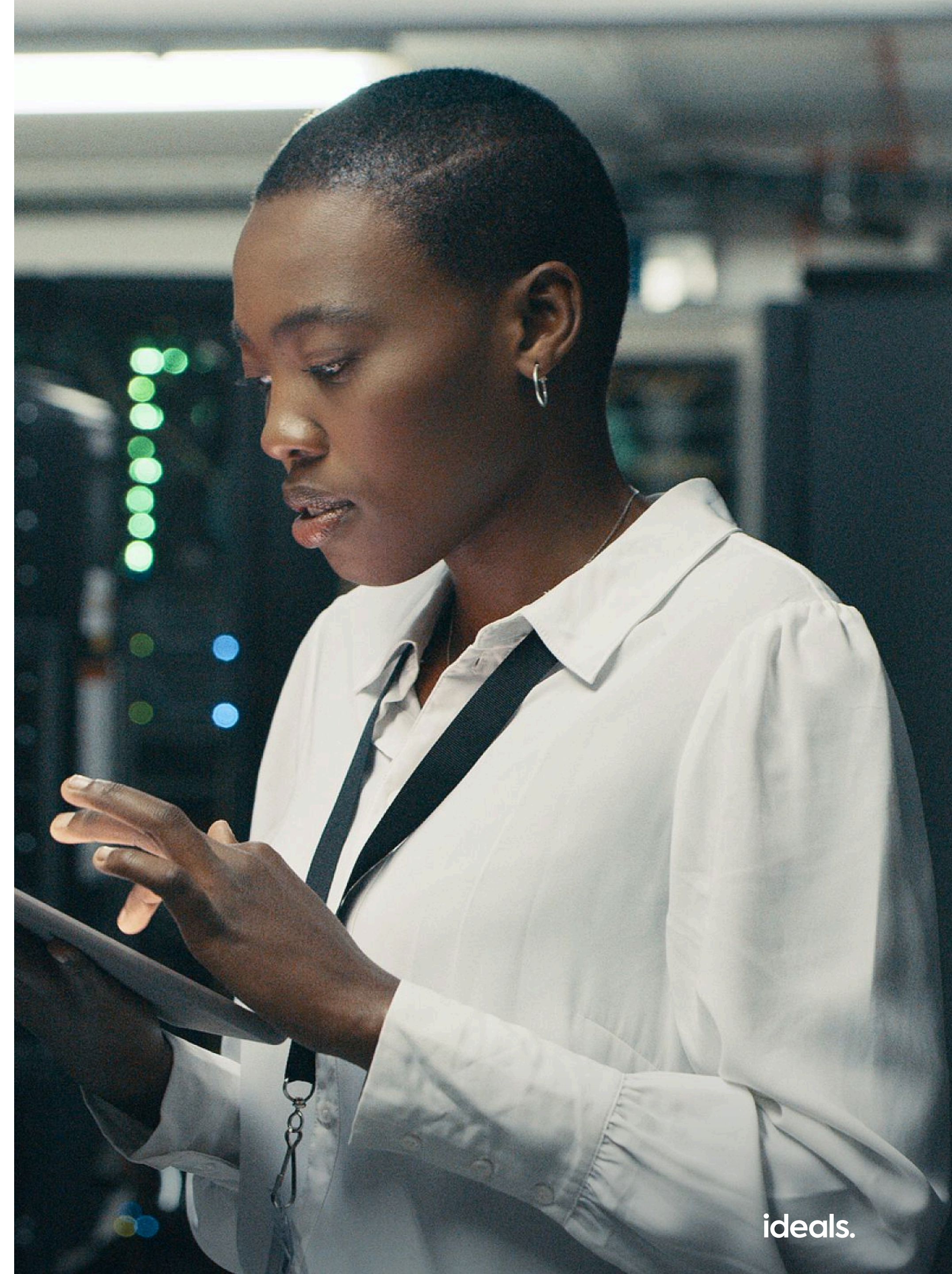
IT readiness ensures financial systems, IT controls, and data processes meet public-market standards.

Key considerations include:

- Use ERP and financial systems that enable automated consolidation and standardized, auditable journals. Enforce role-based access, control changes with traceable approvals, and retain evidence suitable for ICFR/DC&P.
- Operate documented IT General Controls (ITGCs) on user access provisioning, change management, relevant program development, computer operations, and business continuity and disaster recovery.

Expect auditors to test management's validation of the completeness and accuracy of information produced by the entity (IPE) and information used in a control (IUC).

Evidence that reports come from authorized sources with consistent parameters and no untracked manual edits is a core component of ITGC and ICFR testing before the first SOX audit.

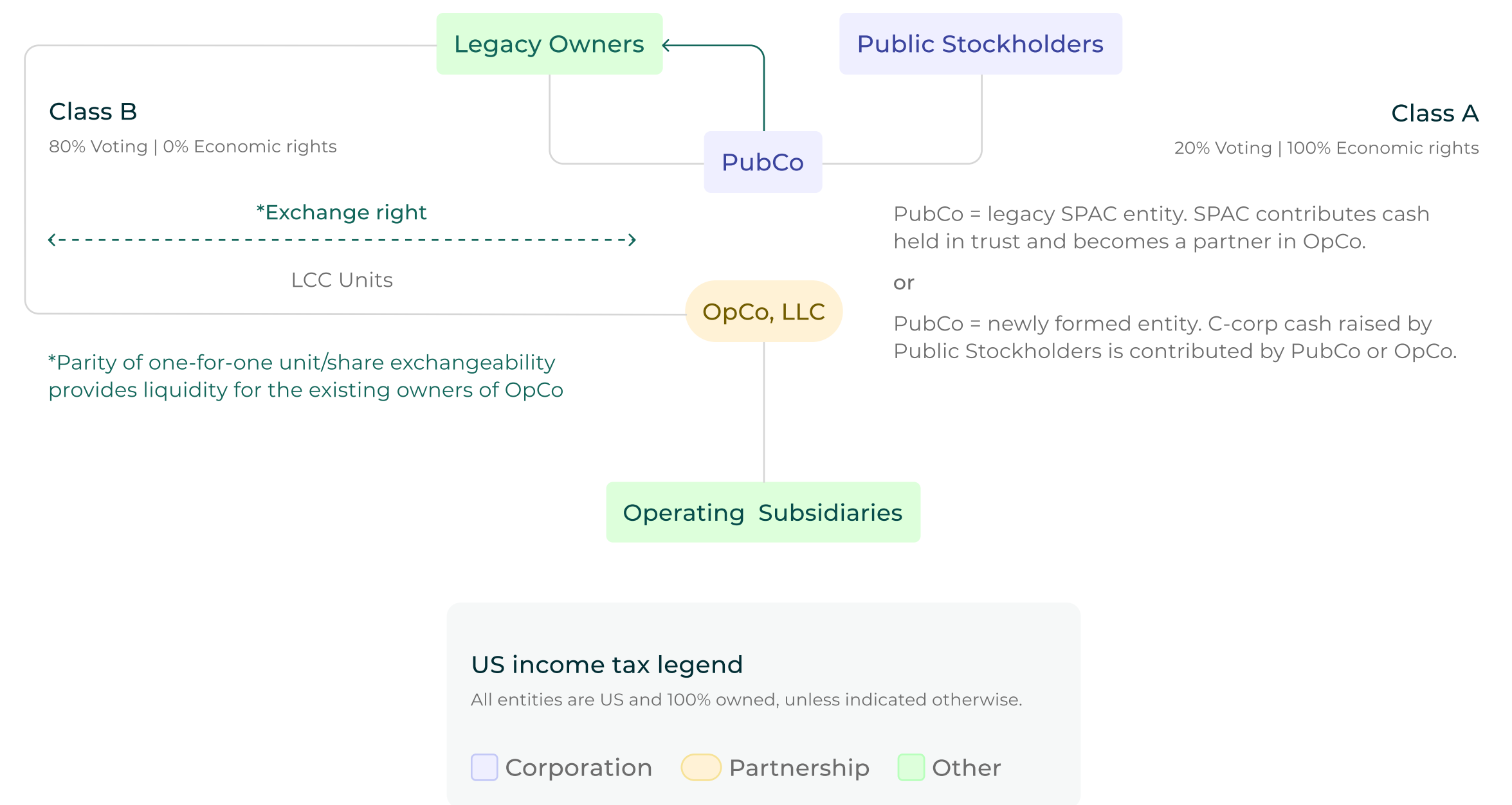


Tax and legal readiness

This stage evaluates whether legal compliance, tax posture, and entity structure can withstand public market scrutiny. Pre-IPO companies should focus on:

- **Structural integrity.** Select an entity structure optimal for listing – commonly a Delaware C-Corp or an Up-C structure. The Up-C structure often involves a Tax Receivable Agreement (TRA), enabling legacy owners to receive a portion of the tax benefits realized by the public company.
- **Compliance and contingencies.** Assess potential implications of an “ownership change” (which an IPO may trigger) under Section 382 of the Internal Revenue Code (IRC), as this can severely limit the future use of Net Operating Loss (NOL) carryovers. Complete this analysis well in advance.

A visual representation of a typical Up-C structure



Source: [Deloitte](#)

What does tax and legal readiness look like in practice? Here is an illustrative example:

- A company's corporate structure is optimized for public markets, with no unresolved material litigation.
- All tax filings are complete, provisions are accurate under [ASC 740](#), and the Section 382 IRC impact on NOLs is quantified.
- The company maintains a current [Section 409A IRC](#) valuation to support fair-value pricing of stock-based compensation and has eliminated all prohibited loans to comply with Sarbanes-Oxley rules.
- Key contracts, intellectual property, and licenses are securely owned and documented.



Capital market readiness

Capital market readiness means the company can credibly present itself to investors and exchanges with a strong equity story, realistic valuation, and the operational mechanics necessary to list and communicate as a public entity.

Most IPO issuers are eligible for the confidential submission process with the SEC, allowing the draft [S-1 to be reviewed privately](#). All confidential submissions must be publicly filed at least 15 days before a “road show”, as defined in the [Securities Act Rule 433\(h\)\(4\)](#).

You can confidently say a company is capital-market ready when the equity story is validated against peer performance and valuation multiples, filing timelines are finalized, and roadshow materials are approved.

Key assessment areas include:

- **Strategy.** An investment case, benchmarking against public peers, and an ESG narrative with useful metrics, such as board diversity, employee turnover, and Scope 1 and 2 greenhouse gas emissions.
- **Communications.** Readiness for “testing the waters” under [Securities Act Rule 163B](#).
- **Mechanics.** Confirm NASDAQ/NYSE listing eligibility, appoint lead underwriters and advisors, and establish a centralized IPO program office.

IPO readiness assessment checklist

This IPO readiness assessment checklist covers corporate governance, people, reporting & IT, tax & legal, and capital markets – the five key stages of IPO preparation. Use it to cross-reference progress and inform your IPO readiness report.

1. Corporate governance readiness

- Seat a majority-independent board per listing rules
- Constitute an all-independent audit committee with three members
- Designate at least one “financial expert” on the audit committee
- Form an independent compensation committee with a defined charter
- Stand up an internal audit function with a plan and budget
- Approve and publish a code of conduct
- Adopt a clawback policy aligned with exchange/SEC requirements
- Document conflicts-of-interest and related-party policies
- Operate an enterprise risk management process with board oversight

2. People’s readiness

- Confirm the CEO and the CFO are media-ready and roadshow-capable
- Prepare the CEO/CFO for SOX 302/906 certifications
- Staff controller, SEC reporting, legal, and investor relations roles with public-company experience
- Define roles, handoffs, and a public-company reporting calendar
- Document the board’s risk-oversight framework for the proxy
- Align executive pay to long-term shareholder value and draft CD&A inputs
- Train all staff on MNPI handling and Reg FD
- Roll out ethics and whistleblower training with attestations

3. Reporting, financial, and IT readiness

- Complete U.S. GAAP financials' audits under PCAOB standards
- Draft MD&A with quantified drivers and trend disclosures
- Prepare Article 11 pro formas if significance tests trigger
- Establish disclosure controls and procedures (DC&P)
- Design, document, and test ICFR to SOX 404
- Validate ASC 280 segments and chief operating decision-maker logic
- Lock a 10-K/10-Q/8-K filing calendar and owners
- Use ERP with automated consolidation and auditable journals
- Enforce role-based access and change approvals with evidence retention
- Operate ITGCs for access, change, program development, operations, business continuity, and disaster recovery
- Evidence IPE/IUC completeness and accuracy for auditor testing

4. Tax and legal readiness

- Confirm optimal listing structure
- Draft/validate any TRA if using an Up-C
- Quantify Section 382 impacts on NOLs

- Eliminate prohibited loans and confirm SOX compliance
- Clear material litigation and disclose contingencies
- Ensure IP ownership, key contracts, and licenses are documented
- Refresh ASC 740 tax provision and uncertain tax positions

5. Capital market readiness

- Build the equity story with peer benchmarking and KPIs
- Align ESG narrative and metrics used by investors
- Confirm Nasdaq/NYSE listing eligibility and governance tests
- Select lead underwriters and advisors and define the IPO workplan
- Stand up an IPO program office
- Use a confidential submission and plan to file publicly within 15 days before the roadshow
- Prepare Rule 163B "testing-the-waters" materials and Q&A lines
- Finalize roadshow deck, Q&A book, and disclosure controls for comms

How Ideals supports IPO readiness

This IPO readiness assessment checklist covers corporate governance, people, reporting & IT, tax & legal, and capital markets – the five key stages of IPO preparation. Use it to cross-reference progress and inform your IPO readiness report.

Key assessment areas include:

- Eight levels of user access to manage information rights across underwriters, legal teams, and internal users.
- Dynamic watermarks, Fence View (screen-shielding), and document expiry to deter insider data leakage.
- Comprehensive audit trails with time-stamped activity, IP/user attribution, and exportable reports for counsel and auditors.
- SOC 2/3 and ISO 27001-certified controls, plus multi-factor authentication (MFA), single sign-on (SSO), role-based access, and password policies.
- Q&A workflows with status tracking, categories, and autoforwarding to experts, so diligence questions don't spill into email.
- Bulk upload, automatic index numbering, versioning, and OCR-backed full-text search to maintain "one source of truth" during comment cycles.
- Secure Spreadsheet Viewer and document rights management to protect formulas and prevent uncontrolled downloads.
- Project-level templates, user groups, and granular notifications to accelerate workstream setup for new filings or amendments.
- AI tools that enhance document search and personally identifiable information (PII) redaction.

Explore how Ideals can streamline every stage of your IPO, from draft filings to post-listing reporting.

[Get started](#)

The bottom line

Beyond a compliance exercise, IPO readiness is the foundation of investor trust and market credibility. Using a structured IPO preparation checklist helps management assess gaps, document progress, and maintain accountability across all workstreams.

Companies that approach readiness systematically enter the market with fewer surprises, smoother audits, and stronger post-listing performance.



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