

IPO Database Sample: FINRA Questionnaire

FINRA QUESTIONNAIRE

INTRODUCTION

The following questions seek information in connection with the preparation by [] (the “Company”) of a Registration Statement for use in connection with its proposed public offering. The representative of the several underwriters for the public offering is [] (the “Representative”).

Please note that italicized terms are defined in the Section entitled “Definitions” at the end of this questionnaire. In addition, for ease of comprehension: (i) any reference to the “Company” shall include [] and its *subsidiaries*, if any, directors, *officers* and stockholders; (ii) any reference to “a *FINRA member*” shall include a *person affiliated with a FINRA member*, a *person associated with a FINRA member*, and the *immediate family members* of a *FINRA member*, a *person affiliated with a FINRA member and a person associated with a FINRA member*; (iii) any reference to an *underwriter* shall include those entities defined as an “*underwriter or a related person*”; and (iv) any reference to “you” shall include your affiliates, *associates* and *immediate family members*, and the *immediate family members* of your affiliates and *associates*.

In the event you have a positive response to any question, please explain your answer on a separate piece of paper and attach hereto. Once completed, please return the signed questionnaire (“Questionnaire”) along with all explanations ***as soon as possible*** to: [].

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1. Compensation of Underwriters

Do you know of any information pertaining to compensation received or to be received in connection with or related to the distribution of the public offering, or any other dealing or arrangement which provides for the receipt or transfer of any item of value or the transfer of any warrants, options or other securities from the Company to any *underwriter or FINRA member*?

Yes No If Yes, please explain.

2. FINRA Affiliation

Are you:

- a. a *FINRA member*;
- b. a *person affiliated with a FINRA member*;
- c. a *person associated with a FINRA member*;
- d. an *underwriter* with respect to the proposed offering; or
- e. a person directly or indirectly engaged in the securities business as a broker, dealer or underwriter, whether as an employee, director, partner, registered representative, investor, or otherwise?

Yes No If Yes, please explain.

3. Ownership of Securities of FINRA Members

Do you own any stock or other securities of any *FINRA member* not purchased in the open market, or have you made any outstanding subordinated loans to any *FINRA member*?

Yes No If Yes, please explain.

4. Underwriter Affiliation

Have you ever been an *underwriter or a controlling person* or member of any investment banking or brokerage firm that has been or might be an underwriter for securities of the Company (including, but not limited to, the Units now being registered)?

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Yes No If Yes, please explain.

5. Ownership of the Company’s Securities

Please answer Question 5 only if you answered “Yes” to Questions 2, 3, or 4.

A. Purchases and Acquisitions

Please list below all purchases and acquisitions (including contracts for purchase or acquisition) of securities of the Company by you since the Company’s inception. Also include proposed purchases and acquisitions that are to be consummated by you in whole or in part within the next twelve months.

Seller or Prospective Seller	Nature of Securities	Amount and Price or Other Consideration	Date	Description of Relationship with Seller

B. Sales and Dispositions

Please list below all sales and dispositions (including contracts to sell or to dispose) of securities of the Company, since the Company’s inception, by you, the Company or any of its *subsidiaries*, or any other *person*, to any *FINRA member* or *underwriter*. Also include all proposed sales and dispositions that are to be consummated by you in whole or in part within the next twelve months.

Buyer or Prospective Buyer	Nature of Securities	Amount and Price or Other Consideration	Date	Description of Relationship with Seller

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6. Relationship with Underwriters

A. Regarding the Proposed Offering

If you have had since the Company's inception, or are to have within the next twelve months, any transactions of the character referred to in Question 5, please describe briefly the relationship, affiliation, or association of both you and, if known, the other party or parties to any such transaction with an *underwriter* or other *person* or entity "in the stream of distribution" with respect to the proposed offering. In any transaction where you know the purchaser (including yourself) to be a member of a "private investment group," such as a hedge fund or other group of purchasers, please furnish, if known, the names of all *persons* comprising such a group and their association with or relationship to any broker-dealer.

B. Other Relationships

Have you ever had any interest in or *material relationship* with [underwriter] or any other investment banking firm or underwriting organization or its counsel?

Yes No If Yes, please explain.

7. Arrangements

Except as to any *arrangement* with [underwriter], do you know of any arrangement made or to be made by any person, or of any transaction already effected:

- a.** to limit or restrict the sale of the Company's Units during the period of the proposed public offering of the Units to be registered;
- b.** to stabilize the market for the Company's Units;
- c.** to withhold commissions or otherwise to hold each *underwriter* or dealer responsible for the distribution of his or her participation in the offering;
- d.** to grant any discounts or the payment of any commission to any *underwriter* or the payment of any finder's fee or similar payment; or
- e.** to allocate any of the Company's Units which are to be registered to you or any of your *associates* or to any officer or director of the Company?

Yes No If Yes, please explain.

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8. Transactions with the Company

Since the Company's inception, have you engaged in, or do you propose to engage in, any transaction or series of transactions to which the Company was or is to be a party and in which you have had or will have any direct or indirect *material* interest?

Yes No If Yes, please explain.

If any such transaction involved or is to involve the purchase or sale of assets by or to the Company or any of its *subsidiaries*, other than in the ordinary course of business, please list the cost of the assets to the purchaser, and the cost thereof to the seller if the assets were acquired by the seller within the two years immediately prior to the transaction.

Note: Examples of possible interests which must be disclosed are where you:

- a.** have been, or are now, or propose to be an *officer*, director or employee of a major creditor, customer or supplier of the Company, or any of its *subsidiaries*, or where you have an interest in any such creditor, customer or supplier;
- b.** are a seller, buyer, lessee or lessor of property to or from the Company or any of its *subsidiaries*;
- c.** are the lender or guarantor of a loan made to, or a borrower from, the Company or any of its *subsidiaries*;
- d.** are the debtor under an obligation which the Company or any of its *subsidiaries* guarantees;
- e.** are a buyer of securities or evidences of indebtedness from the Company or any of its *subsidiaries*.

The information set forth above is supplied by the undersigned in response to the request of the Company for use in connection with the Company's proposed public offering of common stock and warrants. By signing below, the undersigned is certifying that the answers given in this questionnaire are correctly stated to the best of the undersigned's knowledge, information and belief, and the undersigned acknowledges that the Company, the Representative and the several underwriters and their respective counsel will rely on such answers. If there is any material change in such information prior to the commencement of the proposed public offering, the undersigned will immediately inform [].

This questionnaire has been executed by the undersigned on _____, 2007.

Name of Individual or Entity (please print)

By: _____
(Signature)

Name of signatory, if signing on behalf of an entity
(please print)

Title (if applicable)

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QUESTIONNAIRE APPENDIX

DEFINITIONS

The term “*arrangement*” means any plan, contract, authorization or understanding, whether or not set forth in a formal document.

The term “*associate*,” as used throughout this questionnaire, means (a) any corporation or organization (other than the Company or any of its subsidiaries) of which you are an officer, director or partner or of which you are, directly or indirectly, the beneficial owner of 5% or more of any class of equity securities, (b) any trust or other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar capacity, (c) your spouse, (d) any relative of your spouse or any relative of yours who has the same home as you or who is a director or officer or key executive of the Company or any of its subsidiaries, or (e) any partner, syndicate member or person with whom you have agreed to act in concert with respect to the acquisition, holding, voting or disposition of shares of the Company’s securities.

The term “*control*” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

FINRA defines “*immediate family*” as parents, mother-in-law, father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and children, or any other person who is supported, directly or indirectly, to a material extent by an employee of, or person associated, with a member.

The term “*material*,” when used in this Questionnaire, refers to those matters as to which an average prudent investor ought reasonably to be informed before purchasing the Common Stock of the Company.

The term “*material relationship*” has not been defined by the SEC. However, the Commission has indicated that it will probably construe a “*material relationship*” as any relationship which tends to prevent arms-length bargaining in dealings with a company, whether arising from a close business connection or family relationship, a relationship of control or otherwise. It seems prudent, therefore, to consider that you would have such a relationship, for example, with any organization of which you are an officer, director, trustee or partner or in which you own, directly or indirectly, 10% or more of the outstanding voting stock, or in which you have some other substantial interest, and with any person or organization with whom you have, or with whom any relative or spouse (or any other person or organization as to which you have any of the foregoing other relationships) has, a contractual relationship.

FINRA defines an “*FINRA member*” as being either any individual, partnership, corporation or other legal entity that is a broker or dealer admitted to membership in the Financial Industry Regulatory Authority (“*FINRA*”) or any officer or partner of such a member, or the executive representative of such a member or the substitute for such a representative.

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The term “*officer*” means the president, the principal financial officer, the principal accounting officer, any vice president in charge of a principal business unit, division or function (such as sales, administration, or finance), and any person who performs similar policy-making functions for the entity in question.

FINRA defines a “*person*” as any natural person, partnership, corporation or other legal entity.

FINRA defines a “*person affiliated with a FINRA member*” as being any person that controls, is controlled by, or is under common control with such *FINRA* member. Without limiting the foregoing in any way, a person will be presumed to control an *FINRA* member if such person owns 10% or more of the economic interest or voting power of such *FINRA* member. A *FINRA* member will be presumed to control a person if the member has 10% or more of the economic interest or voting power in such person. A person and a *FINRA* member will be presumed to be under common control if a single person owns 10% or more of the economic interest or voting power in both such other person and such *FINRA* member. A person and a *FINRA* member will also be presumed to be under common control if another person has the power to direct or cause the direction of the management or policies of both the *FINRA* member and such other person.

FINRA defines a “*person associated with a FINRA member*” as being every sole proprietor, partner, officer, director or branch manager of any *FINRA* member, or any natural person occupying a similar status or performing similar functions, or any natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a *FINRA* member (for example, any employee), whether or not any such person is registered or exempt from registration with the *FINRA* pursuant to its Bylaws.

The term “*subsidiary*” means a corporation controlled by the Company, directly or indirectly, through one or more intermediaries.

FINRA defines an “*underwriter or a related person*” with respect to a proposed offering as being an underwriter, underwriter’s counsel, financial consultants and advisors, finders, members of the selling or distribution group, any member participating in the public offering, and any and all other persons associated with or related to any of the aforementioned persons.