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Founder Liquidity Without IPO: Secondary & Tender Structures

A practical primer on secondary tenders, company-sponsored repurchases, and structured liquidity — when they work, how they are priced, and what boards should prepare.

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Growth-stage companies are staying private longer. For boards and founders, that shift makes liquidity design a strategic capability — not an afterthought reserved for pre-IPO planning. This primer outlines secondary tenders, company-sponsored repurchases, and combined primary-secondary structures, and the preparation each requires.

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Why Liquidity Moved Up the Agenda

Median timelines from early institutional rounds to public listing have extended. Early investors, employees, and founders accumulate paper value long before a traditional exit. Secondary liquidity programs can retain talent, manage cap-table concentration, and align holders — but only when structured with the same discipline as a primary raise.

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Instrument Overview

Secondary tenders allow existing holders to sell a portion of shares at a defined price. Company-sponsored repurchases use balance-sheet capital to buy back shares from selected classes. Combined primary-secondary rounds pair new capital with seller liquidity in a single process. Each instrument carries different signaling, tax, and governance implications.

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When Secondaries Work

Secondaries fit best when the operating business is performing, the cap table includes holders seeking partial liquidity, and management retention is a priority. They are a poor substitute for fixing broken unit economics or avoiding a necessary primary raise at a realistic mark.

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Design Considerations

Boards must address pricing methodology, pro-rata vs. selective participation, insider trading policies, and communication to investors not participating in the tender. Tax and legal coordination is critical-path, not closing mechanics.

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Common Pitfalls

Rushed secondaries without fairness analysis, unclear insider participation rules, or simultaneous unstructured primary negotiations often create cap-table complexity and investor friction that outweigh the liquidity benefit.

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Methodology

Based on observed mandates and market practice through Q2 2026. For informational purposes only.

NEXT STEP

Discuss this with our team

Keningford Partners is a New York-based, principal-led capital advisory and M&A firm advising companies from Series A through the pre-IPO stage, alongside institutional investors, on equity, debt, and strategic transactions. Every mandate is led directly by senior bankers from origination through close.

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