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# What Every Director Should Know About The Prospectus

A prospectus is the document investors read before buying shares in your IPO. Every word in it is a director's personal liability. Misstatements. Omissions. Projections. The prospectus is the biggest director exposure at IPO.

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## Statutory and Criminal Liability

**Everything in the prospectus is a director statement. Everything can become a lawsuit.**

- Civil lawsuits from investors who relied on the prospectus
- Criminal charges for knowingly including false statements
- Personal liability applies across APAC markets

**The prospectus is signed by the directors. So is the exposure.**

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# Roadshow Statements Travel With the Prospectus

**Roadshow statements aren't in the formal prospectus, but investors rely on them. They carry the same liability as the prospectus.**

- **What executives say in roadshows matters to investors**
- **Oral statements become evidence in lawsuits**
- **Directors are liable for what they say, not just what they write**

**The prospectus extends beyond the document. It's everything directors say about the offering.**

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# Forward-Looking Projections Carry Their Own Tail

**Projections in the prospectus carry liability when the company misses them.**

**Projections shape investor expectations**

**Stock price drops trigger shareholder lawsuits**

**Directors are sued when guidance doesn't happen**

**Directors sign off on projections. Directors carry the liability when they miss.**

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## Misstatements and Omissions Are Both Liability

**Liability comes from both false statements and missing information.**

- False statements trigger shareholder lawsuits
- Missing information triggers regulatory action
- Investors can sue either way

**The prospectus is a liability document. Every word and every silence counts.**

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## The First Three Years Are The Highest Risk

**The first three years after IPO are the highest-risk period. Stock volatility is high. Investors hold companies to prospectus promises.**

**Most shareholder lawsuits happen in years one to three after IPO**

**Stock price drops trigger litigation**

**Prospectus becomes the benchmark for performance**

**The prospectus creates the liability benchmark. The first three years test it most.**

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## The Prospectus Is The Exposure

**Every word in the prospectus is a director's personal liability. From the moment it's filed through the first three years of trading, directors carry the risk.**


**Understand prospectus liability before you go public.**

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