The Broker's Playbook: Sourcing, Syndicating and Closing Pre-IPO Blocks

A deal execution framework for intermediaries operating in the private secondary market, covering how to source supply, price a block, syndicate buy-side demand and close a transfer to settlement, with particular reference to Gulf Cooperation Council conditions in 2026.

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ABSTRACT

Abstract. The market for pre-initial-public-offering equity has matured from an opportunistic corner of private markets into a recognised asset class, and the intermediary who sources, prices and places blocks of that stock has become a distinct professional. This paper sets out a practical playbook for that intermediary. It treats a pre-IPO block trade as a sequence of gates rather than a single negotiation, and it follows the deal through five stages: building a holder map and qualifying sellable supply; pricing the block against a stale last-round mark; assembling a covered order book from a syndicate of buyers; clearing the consent, right-of-first-refusal and transfer-restriction machinery that governs private shares; and documenting, funding and settling the transfer. For each stage the paper identifies the work the broker actually does, the points at which deals fail, and the controls that protect the intermediary and the parties. The analysis is calibrated to Gulf Cooperation Council conditions in 2026, where deep pools of sovereign and family-office capital, a fast-growing cohort of late-stage regional companies, and two common-law financial centres in the Dubai International Financial Centre and the Abu Dhabi Global Market have combined to make the region a meaningful venue for secondary block activity. The contribution is a structured, repeatable execution framework rather than a market forecast. All figures are illustrative and the paper is general information, not investment advice or an offer of any service.

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1. INTRODUCTION

A broker who is handed a pre-IPO block to place faces a deceptively simple instruction and a genuinely difficult task. The instruction is to find a buyer for a parcel of shares in a private company that is some way from a public listing. The difficulty is that almost everything which makes a public-market block trade routine is absent. There is no exchange to print the trade on, no continuous price to reference, no central counterparty to guarantee settlement, and frequently no automatic right for the holder to sell at all. The shares sit behind a shareholders' agreement that may restrict transfer, grant the company and existing investors a right of first refusal, and require board or company consent before the register can be changed. The buyer cannot see the order book, the seller cannot see the demand, and the company in the middle may be indifferent or hostile to the transaction. The broker's job is to convert this fog into a closed, settled trade.

This paper supplies a playbook for that work. It is written for the intermediary: the placement agent, the secondary broker, the private-markets desk at a bank or wealth manager, and the independent advisor who is asked to source or place pre-IPO stock. The aim is not to celebrate the asset class, of which there is no shortage of commentary, but to describe the mechanics of doing the deal. It breaks the transaction into the stages a practitioner actually moves through, names the decisions and documents at each stage, and is honest about where transactions die.

The structure is deliberately a funnel. A broker who begins with a single named seller and a single named buyer is not running a process; they are hoping. The professional approach begins with a wide universe of potential supply and potential demand and narrows it, gate by gate, to the few transactions that actually clear. Figure 1 sets out that funnel and gives indicative attrition at each gate. The numbers are illustrative, but the shape is real: most identified holders never sell, most indicated blocks never reach a binding order book, and a meaningful share of agreed trades fall over at the consent or settlement stage. Understanding where attrition occurs is the difference between a desk that quotes a pipeline and a desk that closes.

Figure 1. The Pre-IPO Block Deal Funnel (illustrative)

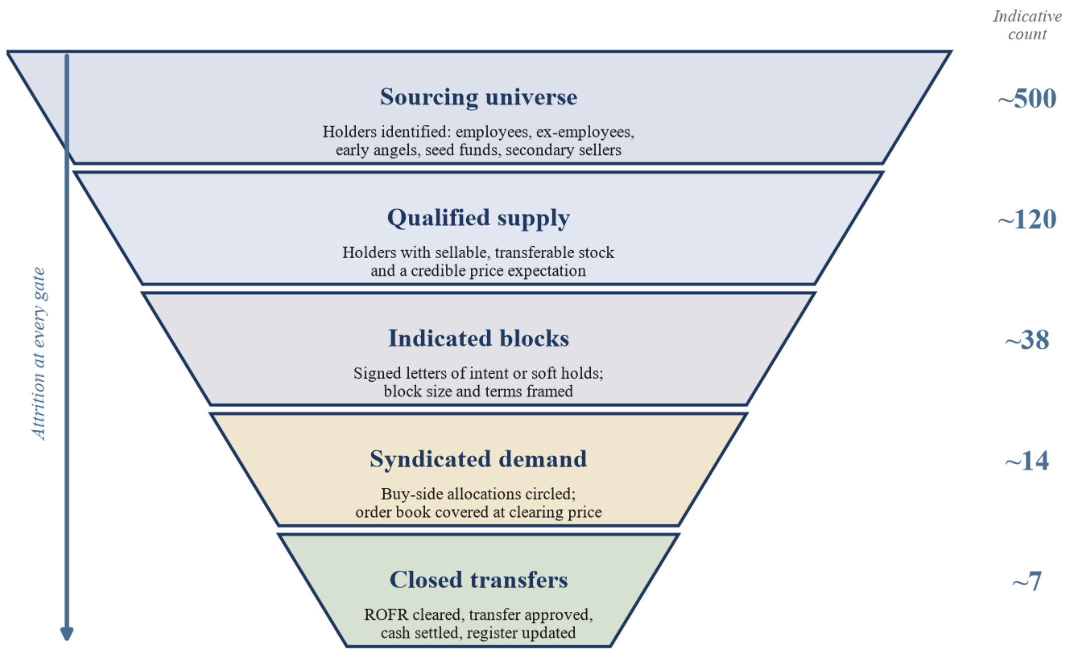

Figure 1. The Pre-IPO Block Deal Funnel.

Illustrative funnel. Counts are stylised to show the shape of attrition from a wide sourcing universe down to closed, settled transfers; they are not market statistics or a forecast.

The setting for the paper is the Gulf Cooperation Council in 2026. The choice is not incidental. Three features of the region make it a serious venue for pre-IPO block activity, and each shapes how the broker should work. First, the buy side is unusually deep and unusually patient: sovereign wealth funds, large single and multi-family offices, and a growing set of regional growth and crossover funds hold capital that is well suited to illiquid, long-dated private positions. Second, the supply side has matured, as a cohort of regional technology, fintech and platform companies founded in the late 2010s has reached the late-stage, pre-listing phase at which employees, early angels and seed funds begin to seek liquidity. Third, the legal plumbing is better than in most emerging markets, because the Dubai International Financial Centre and the Abu Dhabi Global Market offer common-law courts, recognised security and transfer regimes, and a familiar contractual vocabulary for cross-border buyers. The combination means that a broker working the region in 2026 has real supply, real demand and workable law, which is more than can be said for many markets.

Three caveats frame the analysis. First, this is an execution playbook and an orientation document, not investment advice, a solicitation, or a recommendation of any security or transaction. Second, every quantitative illustration in the paper, including the funnel counts, the syndication example, the pricing bridge and the fee schedule, is a stylised teaching device chosen to make the structure legible, and none should be read as data, a benchmark or a forecast. Third, the legal and regulatory observations are general and high level; any live transaction requires qualified local legal, tax and regulatory advice, because the transferability of a given holding turns on the specific contracts that govern it.

The paper makes three contributions. It organises the pre-IPO block trade into a single, ordered execution framework that a desk can adopt as a checklist rather than a narrative. It isolates the consent and transfer-restriction stage, which is the part of the process least understood by newcomers and most responsible for failed closings, and gives it the weight it deserves. And it calibrates the whole framework to GCC conditions in 2026, so that the broker working the region has a reference written for the market they are actually in. The remainder proceeds as follows. Section 2 reviews the relevant literature and states the propositions. Section 3 sets out the method and the stylised assumptions. Sections 4 to 8 work through the five stages of the playbook. Section 9 addresses risk, conduct and the controls that protect the intermediary. Section 10 concludes.

2. LITERATURE AND PROPOSITIONS

The playbook draws on four bodies of work: the microstructure of block trading and the role of intermediaries; the literature on private-company secondary markets and liquidity; the economics of private-market discounts and valuation; and the institutional literature on financial centres and cross-border capital. Each contributes a building block.

2.1 Block Trading and the Role of the Intermediary

The market-microstructure literature explains why a broker exists at all. In a market with asymmetric information and a finite set of counterparties, an intermediary who can find the other side of a trade, smooth out the price impact of a large order, and certify the quality of the transaction earns a fee for reducing search and adverse-selection costs. The classic upstairs-market studies of public-equity block trading describe exactly this function: a broker who works a large order away from the public tape, quietly assembling counterparties, so that the block clears without moving the visible price. Pre-IPO block trading is the upstairs market taken to its logical extreme, because there is no downstairs market at all. Every element of price discovery, counterparty search and trade certification falls to the intermediary.

2.2 Private Secondary Markets and Liquidity

A second literature studies the secondary market in private-company stock directly. It documents the rise of employee and early-investor liquidity programmes, the emergence of dedicated secondary platforms, and the structures, direct transfers, forward contracts, special-purpose vehicles and synthetic exposures, through which private shares change hands before a listing. The recurring theme is that liquidity in private stock is not free: it is rationed by the company through transfer restrictions, and it is intermediated by brokers who can navigate those restrictions. The literature also establishes that the secondary price for a private company can diverge materially and persistently from its last primary round, because the two prices answer different questions.

2.3 Private-Market Discounts and Pricing

A third strand addresses the pricing of illiquid private equity. The valuation literature on discounts for lack of marketability and lack of control gives the broker a vocabulary for the gap between a last-round headline and a clearing block price, and the empirical work on restricted-stock and pre-IPO studies gives a sense of the range such discounts can take. The point for the practitioner is not a precise number, which is unknowable in advance, but the recognition that the discount is a stack of separately identifiable components: the staleness of the reference mark, the friction of transfer, the information the buyer does not have, and the motivation of the seller. Section 5 builds the playbook's pricing approach on exactly that decomposition.

2.4 Financial Centres and Cross-Border Capital

A fourth literature concerns the role of financial centres in channelling cross-border capital and in supplying the legal certainty that private transactions require. This work bears directly on why the GCC has become a workable venue for secondary block activity. The presence of two common-law centres with their own courts and recognised contractual regimes lowers the legal risk that otherwise deters foreign buyers from private transactions in an emerging market, and the concentration of sovereign and family capital in the same jurisdictions shortens the distance between supply and demand.

2.5 Synthesis and Propositions

Taken together, these literatures yield five propositions that the rest of the paper develops.

- Proposition 1. A pre-IPO block trade is best executed as a staged funnel, not a single negotiation, because attrition is concentrated at identifiable gates and the broker's value lies in moving supply and demand through those gates.
- Proposition 2. The scarce input is qualified, transferable supply, not buy-side demand; the broker who controls credible supply controls the deal.
- Proposition 3. The clearing price of a block is a discount stack built on a stale reference mark, and pricing the block means decomposing and defending that stack rather than quoting a single number.
- Proposition 4. The consent, right-of-first-refusal and transfer-restriction stage is the principal cause of failed closings and deserves to be run as a distinct workstream from the first day of the deal, not discovered at signing.

- Proposition 5. In the GCC in 2026 the binding constraints are supply qualification and consent, not the availability of capital or the adequacy of law, which inverts the usual emerging-market problem.

2.6 The GCC Pre-IPO Secondary Market in 2026

It is worth dwelling on why the Gulf has become a credible venue for this work, because the structure of the market shapes how the broker operates within it. A decade ago the region had capital but little domestic late-stage supply, and a broker would have struggled to assemble a pipeline of qualified blocks. By 2026 three things have changed. The first is the arrival of a maturing cohort of regional companies. A generation of technology, fintech, logistics and platform businesses founded across the second half of the 2010s has reached the size and age at which early backers and employees naturally seek liquidity, and at which a private secondary market has something to trade. The second is the deepening of the buy side beyond the sovereign funds that have always dominated the headlines. Regional growth and crossover funds, an expanding population of professionalised family offices, and a set of wealth platforms able to aggregate private-client demand have together broadened the set of buyers a broker can approach. The third is the consolidation of the two common-law financial centres as the default venue for structuring, which has lowered the legal risk that previously deterred cross-border buyers from private transactions in the region.

These changes do not make the market easy. They make it workable. The broker still faces the central difficulties of any private secondary market, which are that supply is rationed by transfer restrictions and that price is opaque. What has changed is that the raw materials of a transaction, credible supply, deep demand and enforceable law, are now present in the same place at the same time, which is the precondition for an intermediary to build a business rather than to chase the occasional opportunistic deal. The propositions above are therefore not abstractions; they describe the binding constraints a desk actually encounters in this specific market in this specific year.

3. DATA AND METHODOLOGY

This study is analytical and descriptive rather than empirical. It constructs an execution framework from the practitioner mechanics of the pre-IPO block trade and the literatures summarised above, and it illustrates that framework with stylised, clearly labelled examples. It does not estimate a model from transaction data, both because reliable transaction-level data on private secondary blocks is scarce and confidential, and because the contribution sought is a repeatable process rather than a market estimate.

3.1 The Five-Stage Framework

The framework decomposes the transaction into five stages, each treated in its own section. Stage one is sourcing and supply qualification: identifying holders, establishing who can actually sell, and converting a universe into a pipeline. Stage two is pricing: setting a defensible clearing price by decomposing the discount from the last reference mark. Stage three is syndication: assembling a covered order book of buy-side demand and allocating the block. Stage four is consent and transferability: clearing the right-of-first-refusal, transfer-restriction and approval machinery. Stage five is documentation, funding and settlement: papering the trade and moving from agreement to a changed register. Figure 2 places these stages in the value chain and shows where the broker sits.

Figure 2. The Block Trade Value Chain and Where the Broker Sits (illustrative)

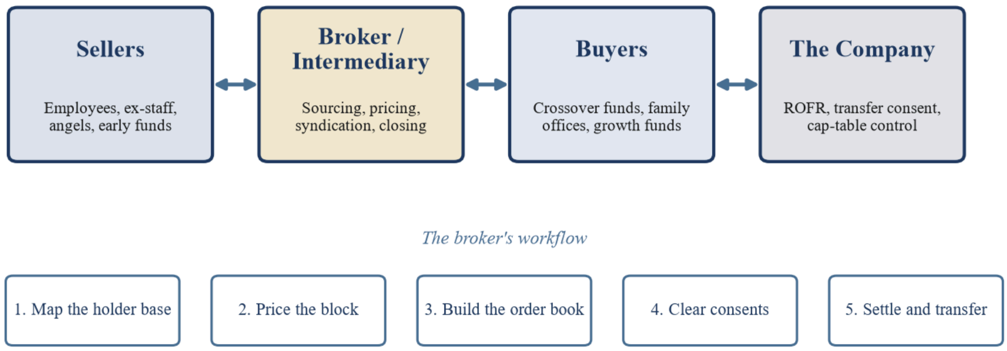

Figure 2. The Block Trade Value Chain and Where the Broker Sits.

Illustrative. The broker intermediates between sellers and buyers while the company controls the consent and register gate; the numbered workflow below maps to the five stages of the playbook.

3.1a What the Framework Does and Does Not Do

The framework is a tool for organising execution. It tells a desk what to do, in what order, and what must be true before each gate can be passed. It does not value any specific company, does not opine on whether any particular block is attractively priced, and does not substitute for legal review of the contracts that govern a given holding. It is, in short, a process map and a discipline, not a recommendation engine.

3.2 Assumptions and Their Justification

The illustrations use a small set of stylised assumptions, recorded in Table 1, chosen to make the mechanics legible. The worked syndication example assumes a forty-million-dollar block; the pricing bridge assumes a last-round reference indexed to one hundred; the fee schedule assumes a declining percentage as block size rises. These are teaching figures. They are deliberately round and deliberately illustrative, and the reader should take the structure they expose, not the levels they state.

Table 1. Stylised Assumptions Used in the Illustrations.

Parameter	Illustrative value	Role in the analysis
Sourcing universe	~500 holders	Top of the deal funnel (Figure 1)
Worked block size	USD 40m	Syndication example (Figure 3)
Reference mark	Last round = 100	Base of the pricing bridge (Figure 4)
Clearing discount	~30% to last round	Illustrative outcome of the discount stack
Number of buy-side tickets	6 in syndicate	Order-book construction (Figure 3)
Headline fee range	1.0% to 3.5%	Declines with block size (Figure 6)

Time to close	8 to 16 weeks	Gated by consent and documentation

Indicative, illustrative calibrations used to make the structure legible; not forecasts, benchmarks or sourced data.

4. STAGE ONE: SOURCING AND QUALIFYING SUPPLY

The first stage, and the one that distinguishes a serious desk from an opportunistic one, is sourcing. The broker's task is to build a map of who holds stock in the target company and then to qualify that map down to the holders who can actually sell. In the GCC in 2026 the binding constraint is almost never the absence of buyers; it is the difficulty of assembling credible, transferable supply at a size and price that clears. The broker who controls supply controls the deal.

4.1 Mapping the Holder Base

A private company's equity is held by a small number of identifiable constituencies, and each behaves differently as a source of secondary supply. Founders and senior management hold the largest blocks but are the most constrained, by lock-ups, by signalling concerns and by the company's sensitivity to insider selling. Employees and former employees hold vested options and shares and are frequently the most motivated sellers, seeking liquidity for life events, but their individual parcels are small and must be aggregated. Early angels and seed-stage funds hold meaningful blocks and have a clear economic incentive to realise a multiple ahead of a listing whose timing they cannot control. Later venture and growth funds hold the largest institutional positions but sell selectively, usually for portfolio or fund-life reasons. The broker maps all of these, names the holders where possible, and forms a view of which constituencies are likely to be both willing and able to sell.

4.2 Qualifying Transferable Supply

A name on the cap table is not supply. The critical qualification step is to establish whether a holder can actually transfer their stock, and on what terms. Three questions decide this. Is the stock subject to a lock-up or a contractual standstill that prevents sale in the relevant window? Does the shareholders' agreement grant a right of first refusal or a co-sale right that gives the company or other holders the ability to pre-empt or to tag along? And does any transfer require board or company consent that the company can withhold at its discretion? A holder who is locked up, subject to an unwaived right of first refusal, or unable to obtain consent is not sellable supply, however willing they are. The broker who skips this qualification builds a pipeline of trades that cannot close.

4.3 Approaching Holders and Establishing Price Expectations

Once qualified, holders must be approached with discretion. Pre-IPO selling is sensitive: it can carry an adverse signal, it may breach the company's expectations, and it frequently involves individuals who are not professional sellers and have an anchored, often unrealistic, sense of their stock's worth based on the last headline round. The broker's early work with a seller is as much education as negotiation, framing the difference between a primary round price and a secondary clearing price, and converting an aspiration into a credible reserve. Supply that has not been price-qualified is as dangerous as supply that has not been transfer-qualified, because a seller who will not move off the last round will collapse the trade at the worst possible moment.

4.4 Aggregation and the Block

Because individual parcels, particularly from employees, are often small relative to the size a credible buyer wants, the broker frequently aggregates. Several sellers are combined into a single block with a single set of terms, which raises the question of how a common price is struck across holders with different bases and different motivations, and how the mechanics of a multi-seller transfer are documented. Aggregation is where a broker adds visible value: it converts a scatter of unsellable small parcels into an institutionally sized, cleanly papered block.

5. STAGE TWO: PRICING THE BLOCK

Pricing a private block is the stage at which inexperienced intermediaries most often anchor to the wrong number. The last primary round is a tempting reference because it is the only visible price, but it answers a different question from the one the block trade poses. The primary round priced a small slice of new, preferred stock, sold by the company to a chosen investor under negotiated protections, at a moment the company selected. The block prices a parcel of existing, often common, stock, sold by a holder who wants liquidity, to a buyer who lacks the company's information and the primary investor's protections, at a moment the seller did not choose. The clearing price is almost always below the last round, and the broker's job is to know why, and by how much.

5.1 The Discount Stack

The playbook treats the discount from the last round not as a single haircut but as a stack of separately identifiable components, each of which can be reasoned about and defended. Figure 4 sets out the stack. The first component is the staleness of the reference: a round priced twelve or eighteen months ago, in a different rate and sentiment environment, no longer describes today's value, and in a falling market this alone can be a large adjustment. The second is illiquidity and transfer friction: the buyer is acquiring stock they cannot easily resell, behind transfer restrictions, and demands compensation for that. The third is information asymmetry: the buyer lacks the company's board-level visibility and prices in the risk of what they cannot see. The fourth is the supply-and-demand balance of the specific situation: a motivated or forced seller, or a glut of supply in one name, widens the discount, while scarce stock in a coveted name narrows it.

Figure 4. From Last Round to Clearing Price: The Discount Stack (illustrative)

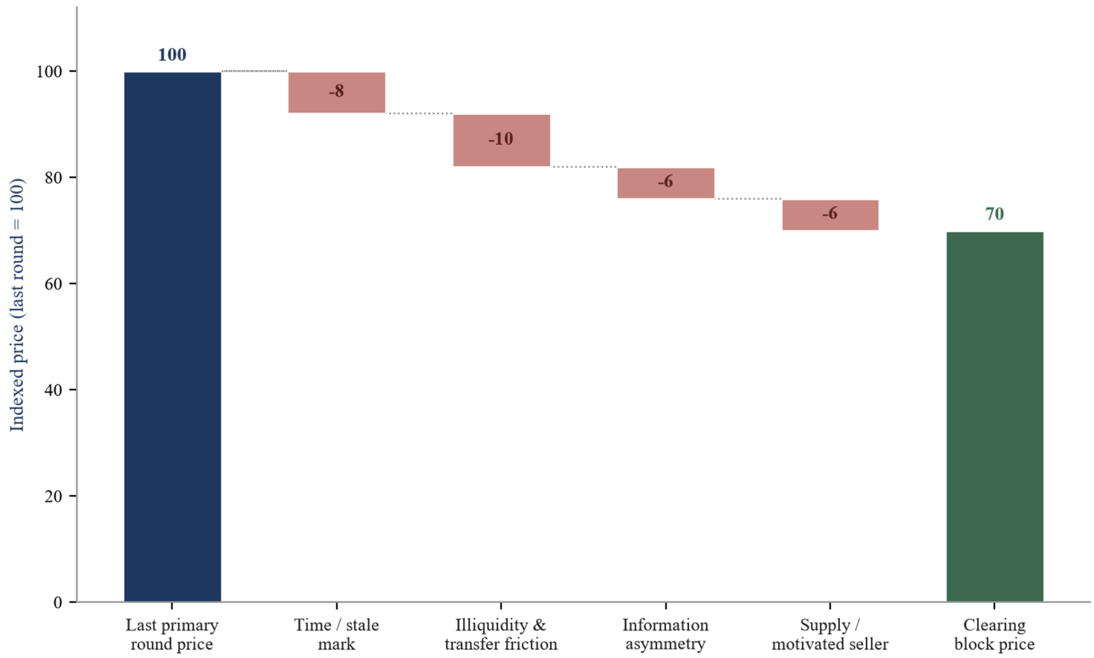

Figure 4. From Last Round to Clearing Price: The Discount Stack.

Illustrative bridge indexed to a last-round price of 100. The components and their magnitudes are stylised to show how a clearing price is built up, not a valuation of any company.

5.2 Defending the Price to Both Sides

A broker prices the block twice: once to persuade the seller that the clearing price is fair given the stack, and once to persuade the buyer that it is attractive given the same stack. The discipline of the decomposition is that it gives the intermediary a defensible narrative for each conversation. To the seller, the broker explains that the discount is not an insult to the company but the market price of liquidity, staleness and asymmetry. To the buyer, the broker explains that the discount compensates precisely those risks and that the entry is therefore underwritten, not speculative. A single quoted number cannot do this work; a decomposed stack can.

5.3 GCC-Specific Pricing Considerations in 2026

Two features of the 2026 GCC market shape pricing. First, the depth of patient regional capital can narrow the illiquidity and supply components of the stack for coveted names, because a buyer who intends to hold to listing is less troubled by interim illiquidity and more willing to pay for scarce stock. Second, the relative youth of the regional secondary market means reference marks are frequently stale and information asymmetry is frequently high, which widens those two components. The net effect varies by name, but the broker who decomposes the stack can explain the variation rather than being surprised by it.

6. STAGE THREE: SYNDICATING THE DEMAND

With qualified supply and a defensible price, the broker turns to the buy side. The objective of this stage is a covered order book: binding or near-binding commitments from a syndicate of buyers that, in aggregate, take down the whole block at the clearing price. Syndication is where the broker behaves most like a placement agent, and where the discipline of running a book rather than chasing a single buyer pays off.

6.1 Building the Buyer Universe

The buy side for a GCC pre-IPO block in 2026 is segmented and the broker tailors the approach to each segment. Sovereign and quasi-sovereign vehicles take large anchor tickets in strategically significant names but move on their own timetable and require institutional process. Crossover and growth funds, regional and international, are natural anchor and lead buyers for technology names and bring price discipline and diligence capacity. Single and multi-family offices are flexible, relationship-driven and able to move quickly, and frequently fill the middle of the book. Wealth platforms and feeder structures aggregate smaller tickets from private clients and can clear the tail of an order book that institutions will not. The broker's craft is to sequence these: anchor first, build out, then clear the tail.

6.2 Constructing the Order Book

A block is rarely placed with one buyer. More commonly the broker builds a book of several tickets that together cover the block, much as an equity syndicate covers an offering. Figure 3 illustrates the construction of a covered book for a forty-million-dollar block: an anchor crossover ticket establishes the price and gives the book credibility, two family offices and a second growth fund fill the core, and a wealth platform and a set of tail orders complete the cover. Sequencing matters. An anchor who sets the price de-risks the rest of the book, and a book that is visibly being covered attracts the marginal buyer, while a book that stalls after the anchor signals a problem and can unravel.

Figure 3. Syndicating a USD 40m Block: Building the Order Book (illustrative)

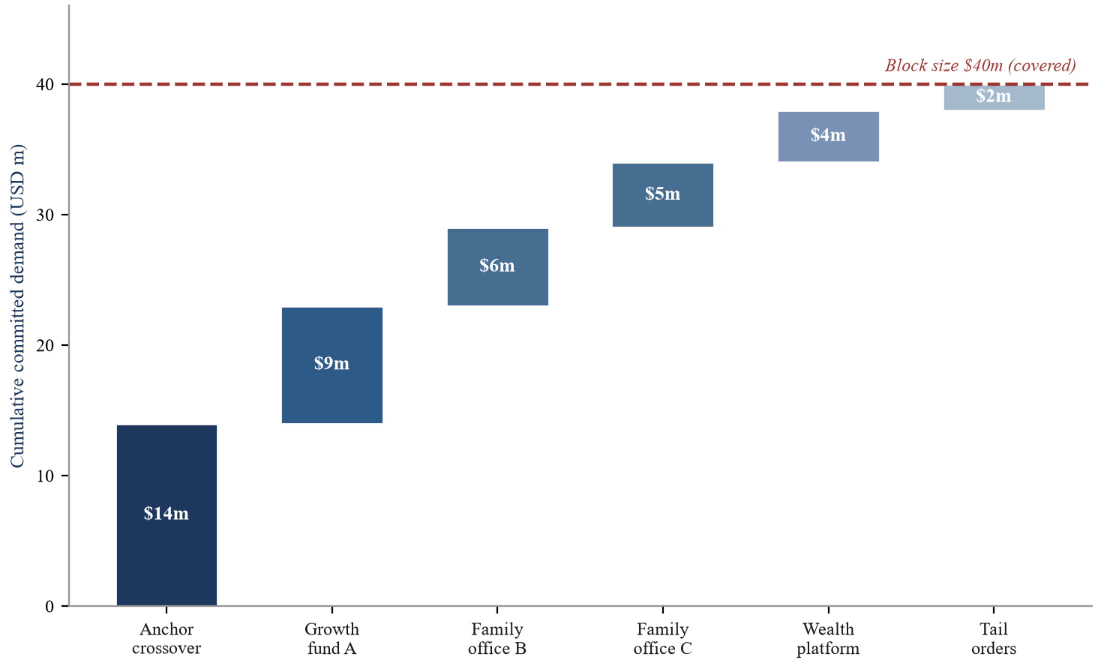

Figure 3. Syndicating a USD 40m Block: Building the Order Book.

Illustrative order book for a stylised forty-million-dollar block. Ticket sizes and the buyer mix are teaching figures showing how a covered book is assembled, not an actual transaction.

6.3 Allocation and the Anchor

When demand exceeds the block, which a well-run process should achieve, the broker faces an allocation decision that is as much relationship management as arithmetic. The anchor is rewarded for setting the price and taking early risk; repeat buyers who support the desk across deals are favoured over opportunistic one-time bidders; and the seller's preferences, where they have any, are respected. Allocation is where a broker builds or destroys the buy-side relationships that supply the next deal, and a desk that allocates capriciously finds its book harder to cover next time.

Table 2 records the worked syndication example in numbers. It shows the six tickets of the illustrative forty-million-dollar book, the role each plays, and the cumulative cover they build. The point of the table is not the specific figures, which are stylised, but the discipline it embodies: a broker should be able to state, at any moment in the syndication, exactly how much of the block is committed, by whom, and at what point the book becomes covered. A desk that cannot produce this table for a live deal does not yet have a process.

Table 2. Worked Syndication of a USD 40m Block.

Ticket	Buyer type	Role	Size (USD m)	Cumulative (USD m)
Anchor	Crossover fund	Sets price, takes early risk	14	14
Core 1	Growth fund	Validates the anchor price	9	23
Core 2	Family office	Relationship-led core demand	6	29
Core 3	Family office	Relationship-led core demand	5	34
Fill	Wealth platform	Aggregates private-client tickets	4	38
Tail	Various	Completes cover	2	40

Illustrative order book. Ticket sizes, buyer types and roles are stylised teaching figures showing how a covered book is assembled in sequence; not an actual transaction.

6.4 Structuring the Vehicle

How buyers actually take the stock is a structuring choice with real consequences. A direct transfer on the register is cleanest but exposes each buyer to the consent and transfer machinery individually and crowds the cap table. A single special-purpose vehicle that aggregates the syndicate and holds the block presents the company with one new holder rather than many, simplifies consent, and is frequently the preferred route for a multi-buyer book, particularly when the vehicle is domiciled in the DIFC or the ADGM for legal certainty. A forward or synthetic structure may be used where a direct transfer is restricted, but it carries its own counterparty and enforceability questions. The broker advises on the structure but the parties take their own legal and tax advice on it.

7. STAGE FOUR: CONSENT AND TRANSFERABILITY

This is the stage that fails deals, and it is the stage that newcomers underestimate. A pre-IPO share is not a freely transferable instrument. It is governed by a shareholders' agreement and articles that typically restrict transfer, grant pre-emption rights, and require approvals before the register can be changed. A broker who reaches a signed price with a willing buyer and a willing seller, and who has not run the consent process in parallel, has not closed a deal; they have created an option that the company can extinguish. The playbook treats consent as a distinct workstream begun on day one, not a formality discovered at signing.

7.1 Reading the Shareholders' Agreement

Everything starts with the documents. The broker, with counsel, reads the shareholders' agreement and articles to establish exactly what restricts the stock. The relevant provisions are usually four: an outright transfer restriction or a permitted-transferee carve-out; a right of first refusal in favour of the company or existing holders; a co-sale or tag-along right that lets other holders join the sale; and a board or company consent requirement. Lock-ups, drag-along rights and information covenants may also bear on the trade. The output of this reading is a precise map of which gates the transfer must pass and who controls each.

7.2 The Right of First Refusal

The right of first refusal is the gate most likely to consume time and most likely to surprise. It gives the company, or existing holders, the right to buy the offered stock on the same terms before an outside buyer can. The broker must serve the required notice, observe the contractual exercise period, and manage the real possibility that the right is exercised, in which case the carefully assembled outside book is displaced. A right of first refusal is not merely a delay; it is a genuine risk to the deal, and a sophisticated broker prices and sequences around it, sometimes by securing a waiver in advance where the company is cooperative.

7.3 Company Consent and the Cap-Table Relationship

Even where no right of first refusal bites, many private companies retain a discretionary consent over transfers, exercised through the board or the company secretary. A company may withhold consent because it dislikes the incoming holder, because it wishes to control its cap table ahead of a listing, or because it objects to insider selling. The broker's relationship with the company, and the broker's ability to present an incoming holder the company welcomes, can be decisive. This is why the choice of buyer and structure in stage three is not independent of the consent stage: an aggregated special-purpose vehicle of reputable institutions is easier for a company to consent to than a crowd of unknown individuals.

Figure 5. The Closing Critical Path: From Term Sheet to Settlement (illustrative)

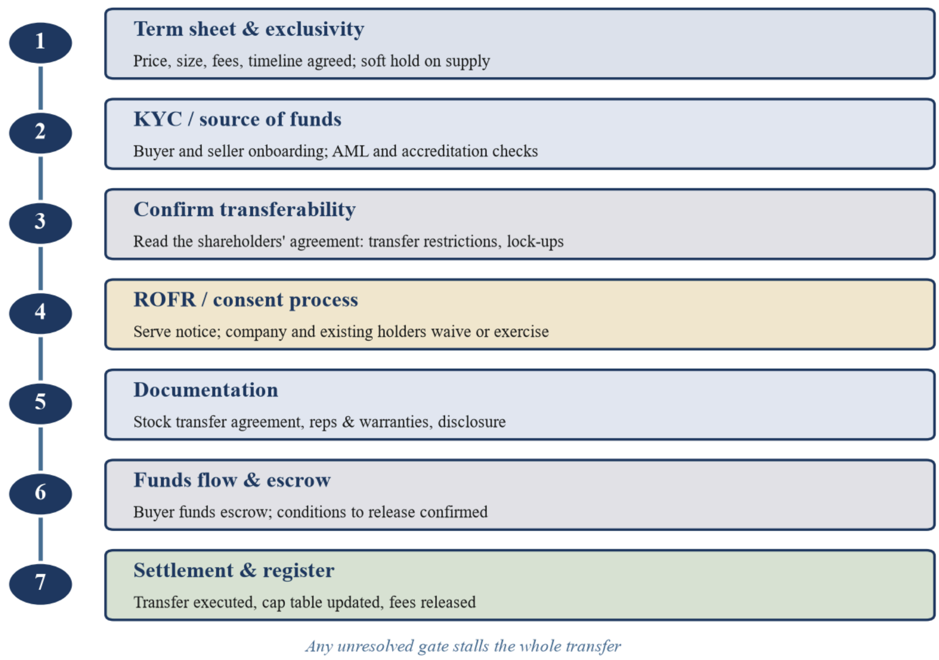

Figure 5. The Closing Critical Path: From Term Sheet to Settlement.

Illustrative critical path. The seven gates run in sequence and any unresolved gate, particularly consent, stalls the whole transfer; the figure is a process map, not a timetable for any deal.

7.4 Sequencing Consent With the Rest of the Deal

The lesson of Figure 5 is that consent is not a single late step but a workstream that runs alongside pricing and syndication from the start. A broker who waits until the order book is covered to read the shareholders' agreement and serve a right-of-first-refusal notice has built the demand before checking whether the supply can move. The professional sequence is the reverse: confirm transferability and open the consent dialogue early, so that the syndication is built on supply that is known to be deliverable.

8. STAGE FIVE: DOCUMENTATION, FUNDING AND SETTLEMENT

The final stage converts an agreed, consented trade into a settled transfer and a changed register. It is administrative rather than commercial, but administrative failure closes deals as surely as commercial failure, and a broker who manages the close tightly protects the fee that all the earlier work has earned.

8.1 Documentation

The trade is papered through a small set of documents whose content the broker coordinates even though the parties' counsel draft them. A stock transfer or share purchase agreement records the price, the parcel and the conditions. Seller representations and warranties confirm title, the absence of encumbrances, and the seller's authority to sell, which matter especially when stock is aggregated across multiple sellers. A disclosure of the limited information the seller can give protects against later claims. Where a special-purpose vehicle is used, its constitutional documents and subscription agreements are added. The broker's role is to keep these moving in parallel rather than in series, because sequential drafting is the commonest cause of a slow close.

8.2 Funds Flow, Escrow and Conditions

Money and stock must change hands safely and simultaneously, which in a private transfer without a central counterparty usually means escrow. The buyer funds an escrow account; the conditions to release, typically the receipt of consent, the clearing or waiver of any right of first refusal, and the execution of the transfer, are defined precisely; and the escrow releases cash to the seller and records the transfer only when every condition is met. The broker's fee is normally released from the same flow on settlement. A clean conditions-to-release schedule is the document that prevents the two sides settling out of step.

8.3 Settlement and the Register

Settlement is complete only when the company's register of members records the new holder. Until the register changes, the buyer has paid for an entitlement they do not yet legally hold, and the broker should not treat the deal as closed. The final acts, executing the transfer, procuring the company to update the register, and confirming the new entry, are the true finish line, and a disciplined desk tracks them to completion rather than declaring victory at signing.

8.4 Broker Economics

The broker is paid for closing, and the economics of the desk reward the ability to source, syndicate and close repeatedly. Fees on private block trades are typically a percentage of the block, and the percentage falls as block size rises, reflecting both the fixed component of the work and the competitive reality of larger mandates. Figure 6 illustrates a stylised fee schedule and the resulting absolute economics across deal sizes. The figure is illustrative, but the shape is instructive: small deals carry high percentage fees but modest absolute revenue, while large deals carry thin percentages but meaningful absolute fees, which is why a sustainable desk needs both a flow of mid-sized deals and the occasional large mandate.

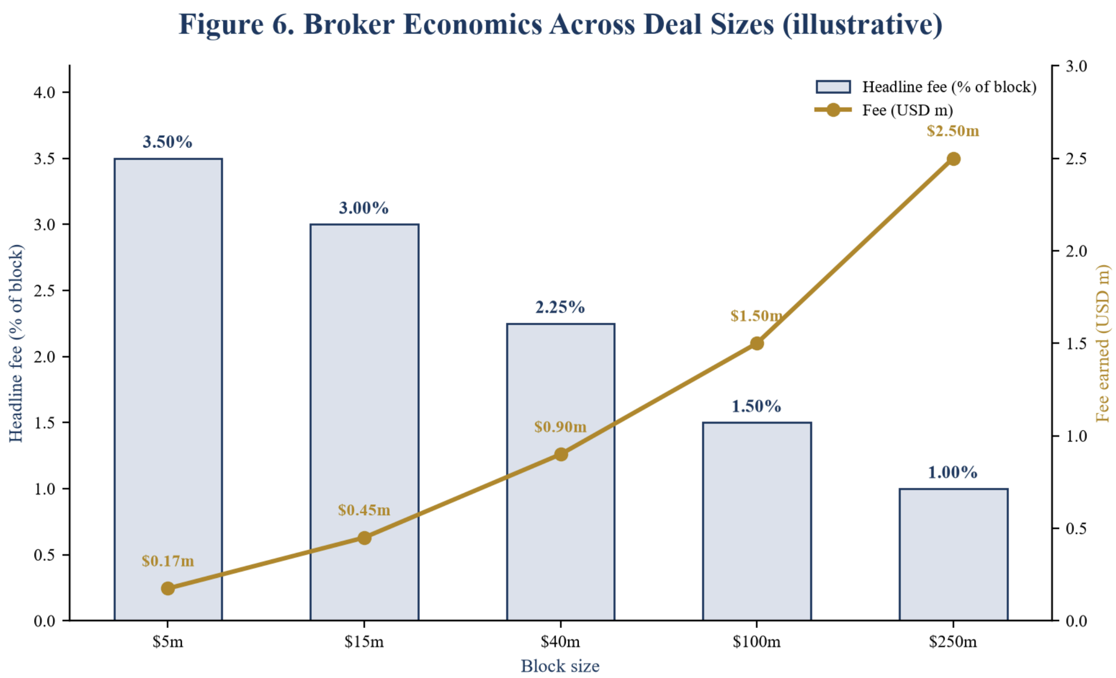

Figure 6. Broker Economics Across Deal Sizes.

Illustrative fee schedule. The declining percentage and the resulting absolute fee are stylised to show the economics of scale, not an actual or recommended fee scale for any transaction.

9. WHERE DEALS DIE: COMMON FAILURE MODES

A playbook is sharpened by studying its failures. The transactions that collapse rarely do so for exotic reasons; they fail at one of a small number of recurring points, and an experienced desk recognises the early signs of each. This section catalogues the common failure modes mapped to the five stages, so that the practitioner can read the warning signs before the deal is lost rather than after.

9.1 Failure at Sourcing: Phantom Supply

The commonest early failure is phantom supply: a holder who is willing to sell but whose stock cannot actually move, because it is locked up, subject to an unwaived right of first refusal, or held in a form the company will not permit to transfer. A desk that builds a pipeline on unqualified supply discovers, weeks in, that the block it has been marketing does not exist. The discipline that prevents this is to treat transferability as a gate that supply must pass before it enters the pipeline at all, not a check performed at signing.

9.2 Failure at Pricing: The Anchored Seller

The second failure mode is the seller who will not move off the last round. Anchored to a headline primary price that no longer describes the company's value, the seller treats any discount as an insult and collapses the negotiation, often after the broker has invested in assembling demand. The discount-stack discipline of Section 5 is the antidote, because it reframes the discount as the price of liquidity rather than a judgement on the company, but a seller who cannot be moved is better identified and set aside early than discovered late.

9.3 Failure at Syndication: The Stalled Book

The third failure mode is a book that stalls after the anchor. A syndication that secures its lead ticket and then fails to build cover signals to the remaining buyers that something is wrong, and a visibly stalling book repels the marginal buyer it most needs. The cause is usually a price that the anchor accepted but the wider market will not, or supply in a name the market does not want. The remedy is to test the price with several credible buyers before committing to the anchor, so that the book is built on demand that is known to be there.

9.4 Failure at Consent: The Exercised ROFR

The fourth and most painful failure mode is the right of first refusal that is exercised after the broker has assembled the entire outside book. The company or an existing holder steps in, buys the stock on the agreed terms, and the carefully built syndicate is displaced with nothing to show for it. This is not a failure of execution so much as a failure of sequencing, and it is avoidable. A broker who opens the consent dialogue and, where possible, secures a waiver before building demand does not assemble a book that a pre-emption right can extinguish.

9.5 Failure at Settlement: The Broken Funds Flow

The final failure mode is administrative: a settlement that breaks because the conditions to release were imprecise, because one side funded or transferred out of step, or because a buyer could not be onboarded in time. These failures are the most avoidable of all, and they are prevented by the simple discipline of a precise conditions-to-release schedule, escrow on both sides, and early know-your-customer work. A deal that survives sourcing, pricing, syndication and consent should never be lost at settlement, and a desk that loses deals there has a process problem, not a market problem.

10. RISK, CONDUCT AND CONTROLS

A pre-IPO block desk operates in a space with real legal, regulatory and reputational risk, and the controls that manage that risk are part of the playbook, not an afterthought. The broker who treats compliance as friction will eventually place a trade that should not have been placed.

10.1 Information, Material Non-Public Information and Conduct

The broker frequently sits close to non-public information about the target company, and the line between legitimate market colour and the misuse of material non-public information must be respected scrupulously. Information barriers, careful record-keeping of what was known and disclosed, and a clear policy on when a name is restricted are basic controls. The same discipline protects the broker against later allegations that a buyer or seller was misled about what the intermediary knew.

10.2 Suitability, Accreditation and Disclosure

Pre-IPO stock is illiquid, concentrated and risky, and it is suitable only for buyers who can bear that risk and who qualify under the relevant private-placement and professional-investor rules. The broker confirms accreditation or professional-client status, documents suitability where the rules require it, and discloses plainly the limits of the information available and the absence of any guarantee of a listing or of liquidity.

In the DIFC and the ADGM these obligations sit within recognised regulatory regimes, which is part of the attraction of operating through those centres.

10.3 Anti-Money-Laundering and Source of Funds

Know-your-customer and source-of-funds checks on both buyer and seller are non-negotiable, and in a cross-border GCC context where capital arrives from many jurisdictions they are also non-trivial. These checks belong early in the critical path, as Figure 5 shows, because a buyer who cannot be onboarded is not a buyer, and discovering that at settlement is fatal.

10.4 Conflicts and the Broker's Standing

The broker must be clear, to itself and to the parties, about whose agent it is. Acting for the seller, for the buyer, or as a neutral intermediary carries different duties, and a desk that collects a fee from both sides must disclose that and manage the conflict. Reputational capital is the broker's principal asset in a relationship-driven market, and it is destroyed quickly by undisclosed conflicts or by a single deal that should not have been done.

11. CONCLUSION

The pre-IPO block trade looks, from the outside, like a matter of finding a buyer. From the inside it is a staged process in which supply must be qualified before it is supply, price must be decomposed before it can be defended, demand must be syndicated into a covered book, consent must be cleared as a workstream rather than a formality, and settlement must be tracked to a changed register. This paper has set out that process as a single playbook for the intermediary, and has argued that the broker's value lies precisely in moving supply and demand through the gates where most transactions die.

Three conclusions stand out for the practitioner working the Gulf in 2026. First, the scarce input is qualified, transferable supply, not capital: the region's buy side is deep and patient, and the broker who controls credible supply controls the deal. Second, the consent and transfer-restriction stage is the principal cause of failed closings and must be run from day one, not discovered at signing; the broker who reads the shareholders' agreement last has built demand on supply that may not move. Third, the region's two common-law centres make the GCC an unusually workable venue for private secondary activity, inverting the usual emerging-market problem in which law, not capital, is the constraint.

None of this is a forecast, and none of it is advice. It is a description of how the work is done, offered to the intermediary who would rather close trades than quote a pipeline. The figures are illustrative, the propositions are general, and any live transaction requires qualified local legal, tax and regulatory advice on the specific holding and the specific parties involved.

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ABOUT THE AUTHOR

Chennakeshav (CK) Adya is an independent researcher and corporate-finance practitioner with experience spanning capital markets, private credit and alternative investments across the Gulf Cooperation Council and international markets. His work focuses on the structuring and execution of private-market transactions and on building practical frameworks that help intermediaries and investors translate market structure into repeatable process. The views expressed in this paper are his own and are offered for general information and discussion.

APPENDIX A. THE EXECUTION CHECKLIST

The following checklist distils the five-stage playbook into the questions a desk should be able to answer affirmatively before it treats a pre-IPO block trade as deliverable. It is a discipline, not advice, and it does not replace transaction-specific legal review.

- Sourcing: Have we mapped the full holder base and identified which constituencies are both willing and able to sell?
- Qualification: Have we confirmed, against the shareholders' agreement, that the supply is transferable and not blocked by lock-ups, pre-emption or consent?
- Pricing: Have we built a defensible clearing price by decomposing the discount stack rather than anchoring to the last round?
- Syndication: Have we assembled a covered order book with a credible anchor and a sensible buyer mix, and decided on a structure for how buyers take the stock?
- Consent: Have we opened the right-of-first-refusal and consent process early, in parallel with syndication, rather than discovering it at signing?
- Documentation: Are the transfer agreement, representations, disclosures and any vehicle documents moving in parallel rather than in series?
- Settlement: Are funds in escrow against a precise conditions-to-release schedule, and are we tracking the deal to a changed register rather than to signing?
- Conduct: Have we cleared KYC and source of funds, confirmed suitability and accreditation, managed information barriers, and disclosed our standing and any conflict?

APPENDIX B. GLOSSARY OF KEY TERMS

Pre-IPO secondary. A transaction in which an existing holder of a private company's shares sells to another investor before the company lists, providing liquidity ahead of an IPO.

Block trade. The sale of a large parcel of stock in a single negotiated transaction rather than in small lots on an exchange.

Holder map. The broker's reconstruction of who owns a private company's equity, used to identify potential sources of secondary supply.

Transfer restriction. A provision in a shareholders' agreement or articles that limits a holder's ability to sell or transfer their shares.

Right of first refusal (ROFR). A contractual right allowing the company or existing holders to buy offered shares on the same terms before an outside buyer can.

Co-sale / tag-along right. A right allowing other holders to join a sale on the same terms, so that a selling holder cannot exit alone.

Discount stack. The decomposition of the gap between a last-round reference price and a clearing block price into staleness, illiquidity, information and supply components.

Order book. The set of buy-side commitments a broker assembles to cover a block, analogous to the demand book in a public offering.

Anchor. The lead buyer whose early commitment sets the price and gives the order book credibility, de-risking the remaining allocation.

Special-purpose vehicle (SPV). An entity formed to aggregate a syndicate of buyers and hold a block, presenting the company with a single new holder.

Escrow. A neutral account holding the buyer's funds until defined conditions are met, enabling simultaneous settlement of cash and stock.

Register of members. The company's official record of its shareholders; a transfer is complete only when the register is updated.

DIFC. The Dubai International Financial Centre, a common-law financial free zone with independent courts and a recognised regulatory regime.

ADGM. The Abu Dhabi Global Market, the second UAE common-law financial centre, with a similar regime and courts.