

Top 10 Practice Tips: Lock-Up Agreements

A Practical Guidance® Practice Note by
Anna Pinedo, Ryan Castillo, and Alexandra Perry, Mayer Brown LLP



Anna Pinedo
Mayer Brown LLP



Ryan Castillo
Mayer Brown LLP



Alexandra Perry
Mayer Brown LLP

parties and securities subject to lock-up agreements, the standard form of lock-up agreements, the typical length of lock-up periods, customary restrictions imposed by these agreements, and common carve-outs or exceptions. The note also highlights special considerations, such as the impact of public filings and the possibility of early release from lock-up agreements under certain conditions. Recent trends in lock-up agreements are also discussed, including shorter lock-up periods, tiered releases, and performance-based lock-ups, which aim to balance market stability with the liquidity needs of early investors. This detailed overview provides valuable insights for legal analysts and professionals involved in securities offerings to ensure that lock-up agreements are effectively negotiated and enforced.

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This practice note provides key practice points for drafting and negotiating lock-up agreements in securities offerings. It discusses the role of underwriters or placement agents in negotiating these agreements with issuers, directors, officers, and other stockholders, particularly in the context of initial public offerings (IPOs). This note highlights the importance of lock-up agreements to prevent the sale of new issuer securities immediately following an offering to avoid market disruption. Key topics covered include the

Anna Pinedo, Partner, Mayer Brown LLP

Anna Pinedo represents issuers, investment banks and other financial intermediaries as well as investors in financing transactions, including public offerings and private placements of equity, equity-linked and debt securities. She also advises on structured products and derivatives matters.

Anna works closely with financial institutions to create and structure innovative financing techniques, including new securities distribution methodologies and financial products. She has particular financing experience in certain industries, including technology, telecommunications, healthcare, financial institutions, REITs and consumer and specialty finance. Anna has worked closely with foreign private issuers in their securities offerings in the United States and in the Euro markets. She also works with financial institutions in connection with international offerings of equity and debt securities, equity- and credit-linked notes, and hybrid and structured products, as well as medium term note and other continuous offering programs.

Ryan Castillo, Partner, Mayer Brown LLP

Frederick Ryan Castillo is a partner in Mayer Brown's New York office and a member of the Capital Markets practice. His work focuses on securities and corporate finance transactions. Ryan advises issuers, investment banks and sponsors in connection with public offerings and private placements of debt, equity and hybrid securities, including initial public offerings, follow-on offerings, investment grade and high-yield debt offerings, private investment in public equity, tender and exchange offers, consent solicitations, medium-term note programs and other capital markets transactions in the United States, Canada and the Euro markets. He represents companies and financial intermediaries involved in a broad range of industries, including financial services, technology, telecommunications, retail, life sciences, real estate and energy. He also advises clients on corporate governance, securities law compliance and general corporate matters.

Alexandra Perry, Counsel, Mayer Brown LLP

Alexandra (Ali) Perry focuses her practice on corporate and securities transactions as well as general corporate counseling. Ali has experience advising issuers, underwriters, placement agents, and investors in connection with public and private issuance of debt and equity. She has advised on numerous initial public offerings, SPAC mergers, follow-on equity offerings, private placements, at-the-market offerings, as well as investment grade debt offerings and medium term note programs among other capital markets transactions.

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