

Structured Liquidity Windows

A Strategic Approach To
Pre-Exit Liquidity For Startups

Table of contents

01 Executive Summary ----- 3

The Liquidity Paradox In Startups ----- 5

02

- 2.1 The Great Mismatch
- 2.2 Who Is Affected—And How
- 2.3 The Consequences of Ad-Hoc Liquidity
- 2.4 Thesis: Structure Beats Improvisation

The Evolution of Secondaries ----- 8

03

- 3.1 A Brief History of Direct Secondary Transactions
- 3.2 Early Attempts —What Worked, What Didn't
- 3.3 Key Insights Distilled From Early Attempts
- 3.4 The Natural Progression: From Ad-Hoc To Structured, Recurring Programs

Introducing Structured Liquidity Windows ----- 11

04

- 4.1 Definition (What This Is)
- 4.2 Core Principles
- 4.3 Why SLWs Differ From One-Off Secondaries (Reactive → Proactive Capital Management)
- 4.4 The SLW Building Blocks (What Every Program Includes)
- 4.5 When To Adopt (And When To Wait)
- 4.6 What SLWs Are Not

Core Program Architecture ----- 13

05

- 5.1 Eligibility Framework
- 5.2 Transaction Mechanics
- 5.3 Implementation Models (Pick One—Or Mix Thoughtfully)
- 5.4 Pricing Mechanisms
- 5.5 Governance Integration
- 5.6 Structured Liquidity Window – Program Charter (Summary)

Benefits Across the Ecosystem ----- 18

06

- 6.1 For Companies
- 6.2 For Employees
- 6.3 For Founders
- 6.4 For Investors (VCs, Angels, LPs)
- 6.5 The Competitive Advantage of Structured Liquidity
- 6.6 Quick "Risk → Guardrail" Matrix

07

Conclusion: A New Standard for Startup Shareholder Value ----- 21
References

Structured Liquidity Windows:

A Strategic Approach To Pre-Exit Liquidity For Startups

A white paper exploring how periodic, controlled liquidity programs can unlock value for startup employees and investors, while preserving company control and growth trajectory.

By [Ahmad Takatkah](#), Partner @ [Sadu Capital](#), December 18, 2025.
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1.

Executive Summary

Startups are creating unprecedented **paper wealth**, more than \$5.2 trillion locked in private companies globally [1], and yet the people building that value often can't touch it for years. IPOs are sporadic. M&A is lumpy. Ad-hoc secondaries are messy, opaque, and unfair. This is the **Liquidity Paradox**: record enterprise value with **limited, unpredictable access to cash** for founders, employees, and early investors. The result? Talent attrition, misaligned incentives, and portfolio pacing headaches for VCs and LPs.

This white paper proposes a simple, powerful answer: **Structured Liquidity Windows (SLWs)**: issuer-led, periodic programs that allow systematic, partial liquidity under a board-approved policy. SLWs decouple liquidity from exit timing while preserving governance, fairness, and cap-table hygiene.


Why This Matters—Now

For companies: Make equity feel real. Retain top performers, recruit faster, control price & shareholder composition, reduce back-channel transfers, and manage the cap table deliberately—not by rumor or one-off side deals.

For employees: Fund life events, reduce stress, and stay focused—without leaving the mission. The average startup employee waits 11.5 years for liquidity [2]; SLWs cut that to predictable 12-month cycles.

For founders: Diversify responsibly and extend your decision horizon; optimize for long-term value creation, not exit pressure. Founders who access partial liquidity make better strategic decisions, avoiding premature exits and loss of potential value.

For investors & LPs: Smooth DPI through measured, repeatable tenders; gain cleaner price discovery to inform reserves and pacing. Secondaries funds showed 15.9% median net returns versus 13.2% for traditional primary funds [3], they also have much lower loss ratios, only 1.4% of secondary funds exhibit TVPI ratios below 1.0x, compared to 22.8% for direct venture investments [4]. The takeaway for primary funds is clear, dynamic portfolio management and access to secondaries improve fund returns.



SLWs run on a **published cadence** (annual or semiannual), apply **clear eligibility tiers** and **volume caps** (typically 10–25% of vested holdings per window), use **uniform pricing per class** with a disclosed methodology (anchored to the last round, market indications, and a policy-bounded liquidity discount of 20-30%), and consolidate buyers via a single SPV or issuer repurchase to keep the cap table tight. Windows are designed around transparency, access parity, and control—not continuous trading.

Leading implementations show the path: SpaceX, Stripe, Carta, Replit and Linear with transparent tender offers—all prove SLWs work at scale (details & references in Section 3).

Companies that adopt SLWs see higher perceived equity value, fewer back-channel transfers, faster fundraising readiness, and stronger employer-of-choice positioning. Investors see earlier partial returns and better portfolio discipline. Culture shifts from “who can negotiate a side deal” to a predictable, fair, rules-based access for similarly situated holders.

This effort is led by the **Saudi Venture Capital & Private Equity Association (VCPEA)** to spark a market-wide conversation and accelerate safe, fair adoption of Structured Liquidity Windows across the ecosystem. This white paper is authored by **Sadu Capital**, reflecting our belief that responsible, programmatic liquidity is a hallmark of company maturity in MENA and globally.

As argued in this white paper: SLWs are not a luxury. They are a strategic necessity that align stakeholders, protect governance, and let equity work as intended. The companies that implement them now will define the next, more stakeholder-centric chapter of startups and venture capital.

For deeper mechanics, best practices, and implementation framework, see the extended version of the white paper on the author’s **website: <https://www.VCpreneur.com>**

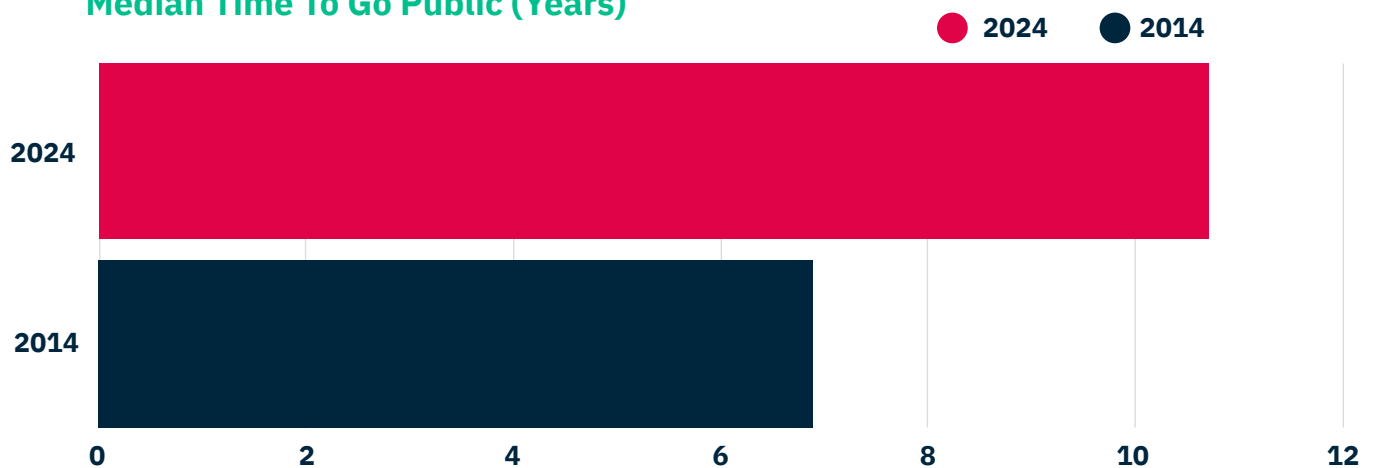
2.

The Liquidity Paradox In Startups

2.1 The Great Mismatch

Over the last decade, private companies have gained access to abundant private capital and stayed private longer, creating substantial paper wealth—but little realized liquidity for insiders. The median age of a company at IPO has risen from **6.9 years** a decade ago to **10.7 years** today [5], elongating employee and early-investor holding periods and deferring cash returns.

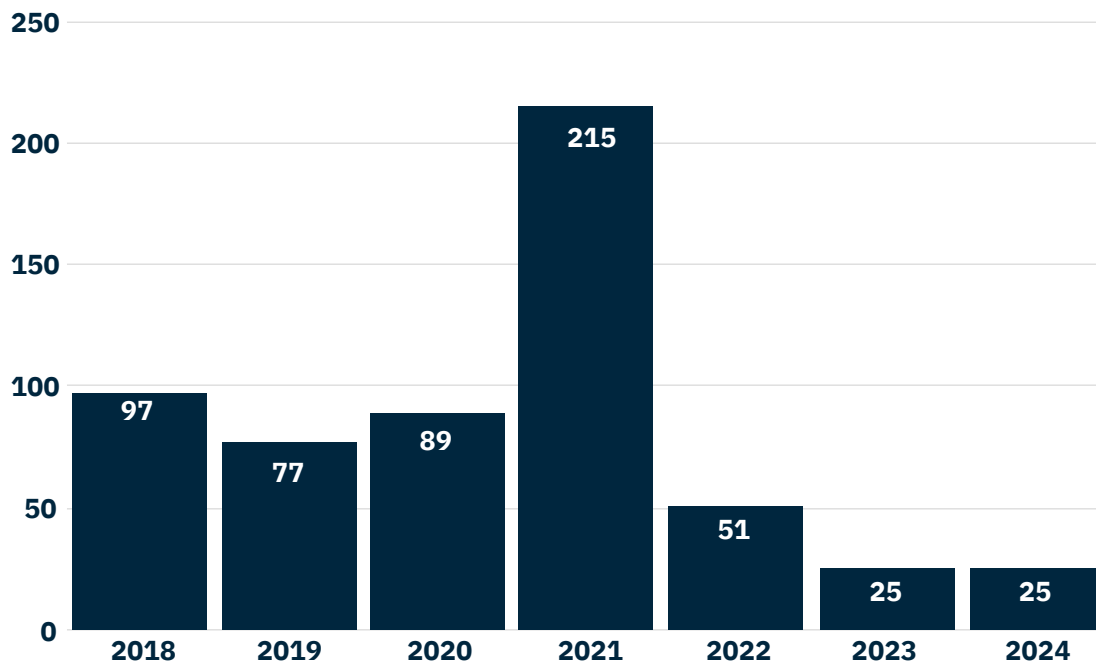
Median Time To Go Public (Years)



Data compiled Dec 2024.
Source: Morningstar.

Meanwhile, exit channels have contracted dramatically—venture-backed IPOs fell 95% from 2021 peaks through 2023 and 2024 [6], keeping distributions at decade lows across venture portfolios.

Number of Tech IPOs (North America & Europe)



Data compiled Dec 2024.

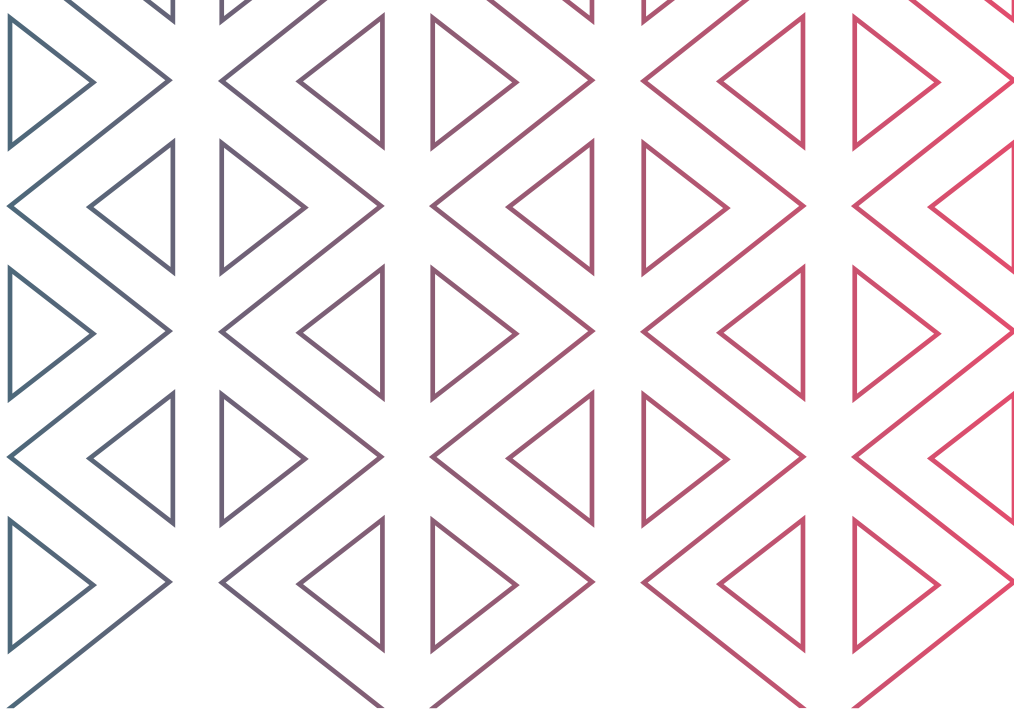
Source: S&P Global Market Intelligence.

Staying private gives high-growth companies room to mature without the glare of quarterly earnings—but the longer they do, the greater the risk that stakeholder incentives drift out of alignment. Several forces have made extended privateness the norm: the 2012 JOBS Act raising the shareholder threshold from 500 to 2,000, abundant late-stage private capital, the cost and complexity of exits, and a desire to avoid distracting quarterly earnings cycles.

This creates an unprecedented disconnect: \$5.2 trillion in private company value exists globally [1], yet stakeholders cannot access it for basic financial needs. Consider that the average startup employee now waits 11.5 years for any liquidity event [2], while holding equity worth multiples of their annual salary on paper.

Note: While some analyses suggest IPO timing hasn't changed materially over very long windows, the practical reality for today's stakeholders is clear: the 2022-2024 IPO drought, combined with slower fundraising cycles, has meaningfully extended time-to-cash across markets [7].





2.2 Who Is Affected—And How

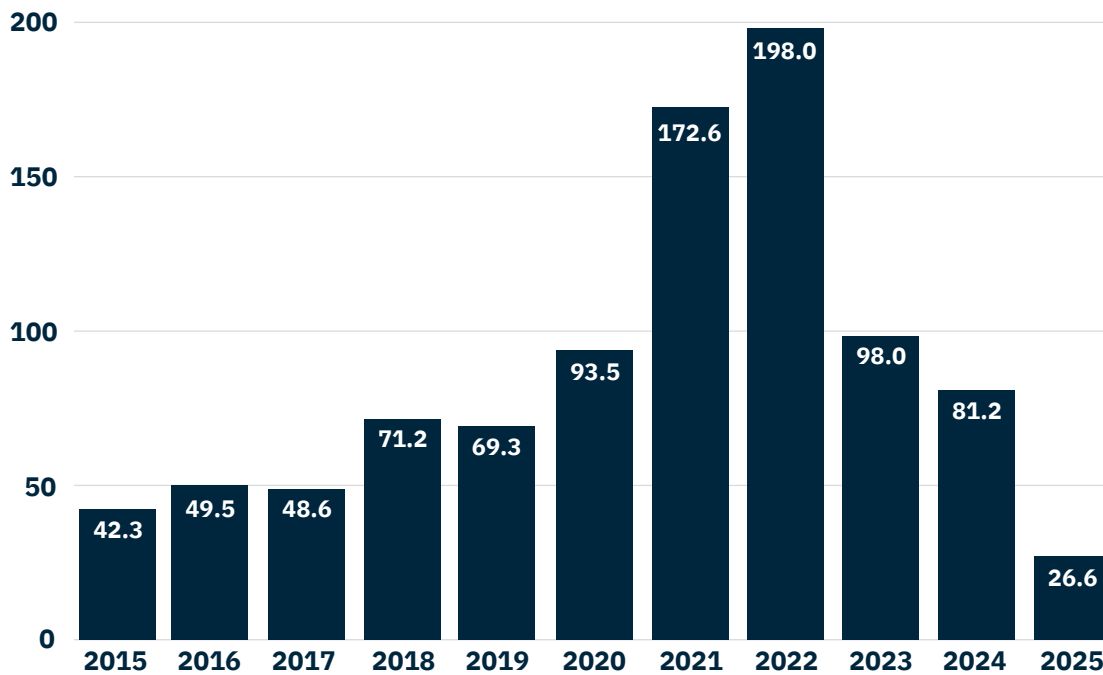
Founders. Personal concentration risk rises as company value compounds on paper without opportunities to diversify, creating pressure to optimize for short-term exitability rather than long-term value creation.

Employees (past & present). Equity remains illiquid through life events (housing, education, caregiving). Long, uncertain timelines erode the motivational power of equity awards and complicate retention. Rising interest in tender offers underscores this unmet need [8].

Vcs & Angels. Prolonged holding periods delay DPI (distributions to paid-in capital) and recycling of capital, dampening fund pacing and new-deal capacity; slow exits can also complicate GP/LP relations during fundraising cycles [9].

LPs. Portfolio liquidity shocks and the denominator effect (when public-market drawdowns inflate private-asset weights) constrain re-ups into new funds until cash returns resume [10].

Total Capital Raised by VC Funds (\$B)



Data compiled Jun 2025.

Source: Pitchbook, NVCA, Venture Monitor.

2.3 The Consequences of Ad-Hoc Liquidity

Talent Attrition & Competitive Disadvantage

Without predictable liquidity paths, companies lose key employees to public companies or cash-rich competitors who offer higher salaries and no equity.

Pressured or Premature Exits

When insiders' only release valve is a full exit, internal pressure biases strategy toward market timing rather than fundamental value creation, causing early exit with a potential value loss.

Operational Chaos

One-off, back-channel secondaries create:

- Pricing opacity that breeds resentment (investors and employees discover others got better prices in separate deals)
- Compliance nightmares with securities laws and tax implications
- Cap table sprawl requiring expensive legal cleanup pre-fundraising
- Finance teams spending precious time and effort managing ad-hoc transfer requests

Systemic Market Inefficiency

LP allocation constraints cascade through the ecosystem. When distributions stall:

- New fund formation drops dramatically [9]
- Emerging managers cannot raise inaugural funds
- Innovation capital concentrates in fewer, larger firms
- The entire venture flywheel slows

2.4 Thesis: Structure Beats Improvisation

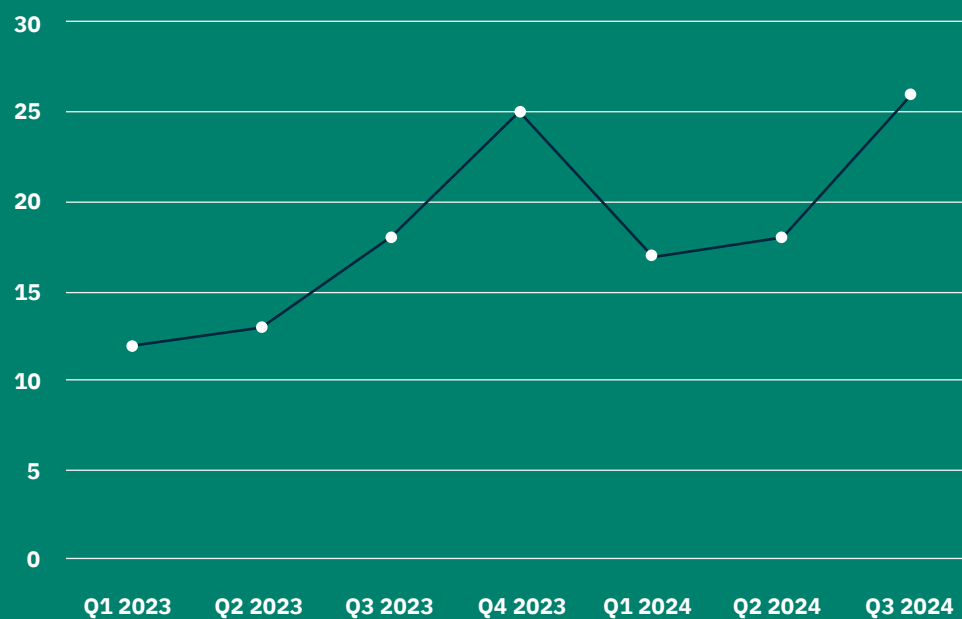
Ad-hoc fixes—single-buyer block trades, sporadic side-door secondaries, whispered deals at conferences—don't scale. They neither signal fairness nor preserve control.

A structured, predictable liquidity program creates a repeatable mechanism that:

1. Retains and motivates talent through transparent, equitable access
2. Enables responsible diversification for founders and early investors
3. Delivers measured price discovery and investor returns without compromising strategy
4. Transforms liquidity from crisis management to competitive advantage

The market is already moving this direction. In late 2024, the number of new tender offers administered by Carta had increased in five of the preceding six quarters [8]. Companies implementing these programs see immediate benefits: higher employee satisfaction, faster recruiting, cleaner cap tables, and smoother fundraising.

Count of Tender Offers Administered by Carta



**Data compiled 2024.
Source: Carta, Inc.**

3.

The Evolution of Secondaries

3.1 A Brief History of Direct Secondary Transactions

Early “secondaries” in startups were mostly **one-off, bilateral** sales between employees or early investors and outside buyers—hard to price, legally messy, and difficult for companies to monitor. Around **2009–2011**, dedicated marketplaces like **SecondMarket** and **SharesPost** connected buyers and sellers at scale, catalyzing activity but also revealing risks (information asymmetry, regulatory exposure, and cap-table creep) [10].

Private “stock markets” have generally struggled because most issuers **gate every transfer** (ROFRs, board approvals), **supply and demand are episodic** (driven by sporadic seller need, not continuous market making), and price **discovery is thin** without issuer participation—so venues can’t sustain two-sided, continuous trading.

The platforms that tried have largely failed, or **pivoted toward company-sponsored programs or broader services**: **Forge Global** expanded into data products, indices, and company solutions rather than pure exchange-style trading; **Sandhill Markets** (formerly Stonks) shifted to curated private syndicates after multiple pivots [11]; and **Carta** exited open-market secondary trading altogether (**CartaX**) due to structural trust/conflict concerns as the cap-table provider, refocusing on issuer-led tender offers and block trades through **Carta Liquidity** [12], and most recently, **Linqto** has filed for bankruptcy [13].

The common **lesson**: durable liquidity in private companies tends to work when the **issuer designs the window, not** when a marketplace tries to **emulate a public exchange**.

Recently, the center of gravity shifted toward **company-sponsored tender offers** using purpose-built infrastructure (e.g., **Nasdaq Private Market NPM**; and later **Carta Liquidity**), which let companies control price, eligibility, disclosures, and settlements [14]. In practice, tender offers evolved into the default way to deliver employee liquidity without losing governance control [15].

3.2 Early Attempts —What Worked, What Didn't

Facebook (2009–2011): the “wild-west” lesson

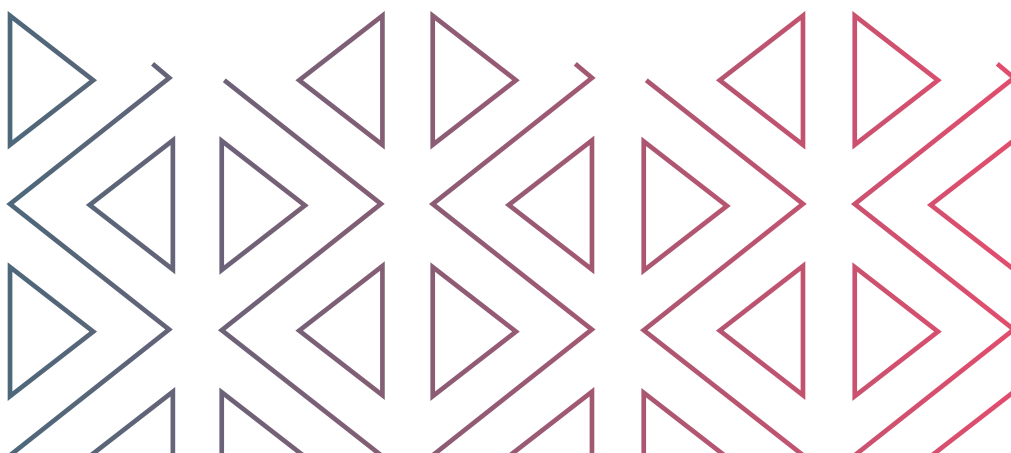
- **What happened:** Intense secondary trading in Facebook shares via private platforms led the company (and its partners) to clamp down. Facebook restricted employee stock sales in 2010 [16], while a high-profile Goldman Sachs SPV tried to aggregate buyers without tripping the then-500-shareholder reporting threshold—drawing media and regulatory scrutiny [17].
- **Takeaway:** Unmanaged secondaries create pricing opacity, information leakage, and regulatory risk; companies need structured channels—or they'll be forced to improvise rules mid-stream.

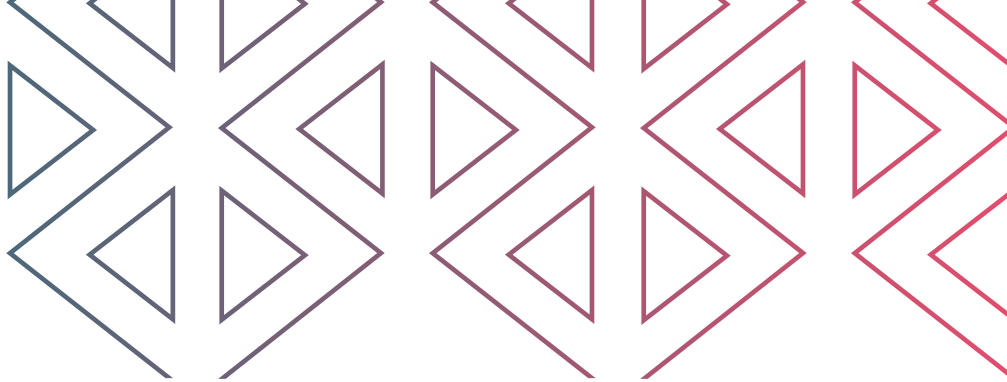
Spotify (2018): liquidity without a conventional IPO

- **What happened:** Spotify pioneered the modern direct listing, registering existing shares for resale and forgoing lockups, so employees and early holders could sell on day one—no new primary capital raised [18] [19].
- **Takeaway:** Not a private-market secondary, but a landmark example of shareholder-first liquidity design—decoupling liquidity from new money. It validated structured alternatives to an underwritten IPO when a company doesn't need capital.

Airbnb (2020) & Robinhood (2021): controlled, early employee liquidity at IPO

- **What happened:** In its IPO, Robinhood & Airbnb used a modified lockup that allowed employees to sell up to ~15% of their holdings immediately, or during the first week—a notable departure from the traditional 180-day blanket lockup [20] [21].
- **Takeaway:** Even at the moment of going public, rules-based, time-boxed liquidity windows can balance market supply with fairness for insiders—an idea that maps well to private-company programs.





SpaceX (2023–2025): programmatic tender offers at scale

- **What happened:** SpaceX has repeatedly run employee-focused tender offers, letting insiders sell limited amounts at set intervals. Reports show successive tenders stepping valuations from ~\$210B (mid-2023) to ~\$350B (Dec 2024) and discussions of ~\$400B (mid-2025)—a public example of recurring, company-run liquidity [22] [23].
- **Takeaway:** A recurring cadence supports retention and price discovery while preserving control; the company, not brokers, sets the rules.

Stripe (2024 & 2025):

- Company-sponsored tender offers for current and former employees—\$65B valuation (Feb 2024) and \$91.5B (Feb 2025)—with the company also repurchasing shares alongside outside investors to offset compensation dilution [24] [25].

Replit (Nov 2023):

- First company-run employee tender; founder’s note emphasizes the retention and wellbeing angle (“pay off debt, buy a home, care for loved ones”) [26].

Linear (Aug 2025):

- Public post detailing Linear’s first tender (as part of its Series C), offering identical pricing to primary investors and allowing current and former teammates to sell a portion of vested options—clean, transparent playbook [27].

3.3 Key Insights Distilled From Early Attempts

1. **Predictability beats opportunism.** Stakeholders value known cadences (annual/semiannual) with consistent eligibility and volume caps; it reduces rumor-driven trades and improves planning. Evidence of this market preference shows up in the steady migration from ad-hoc brokering to company-sponsored tenders over the last decade [28].
2. **Pricing opacity is costly.** Back-channel deals and fragmented platforms create uneven access and noisy reference prices; formal tenders centralize diligence, disclosures, and uniform pricing policies. Facebook’s pre-IPO experience is the canonical cautionary tale [29].
3. **One-offs carry operational drag.** Each bespoke transaction consumes legal, finance, and cap-table resources. Companies increasingly rely on tender infrastructure (NPM/Carta) to standardize workflows and reduce cycle time.

3.4 The Natural Progression: From Ad-Hoc To Structured, Recurring Programs

Put simply: the market learned that liquidity is a feature to design, not a fire to fight. The pathway has been:

- **Phase 1 (2009–2012):** Marketplace-driven secondaries (SecondMarket/SharesPost) → unintended side effects (regulatory, information, and cap-table complexity).
- **Phase 2 (2015–2020):** Rise of company-sponsored tender offers via platforms (NPM/Carta) → governed eligibility, disclosures, and settlement.
- **Phase 3 (2020s): Structured Liquidity Windows:** Programmatic liquidity—recurring, rules-based windows (e.g., SpaceX, Stripe) → predictability, fairness, and control as standard practice.

Evolution of Private Company Liquidity



4.

Introducing Structured Liquidity Windows

4.1 Definition (What This Is)

Structured Liquidity Windows (SLWs) are **periodic, company-sponsored programs** that enable **systematic, partial liquidity** for approved shareholders (employees, founders, early investors) under a board-approved policy.

Rather than leaving liquidity to ad-hoc side deals, SLWs bring clear rules, recurring cadence, transparent pricing, and controlled counterparties—so the company delivers fairness and access without ceding governance or strategy.

In short: **issuer-led, rules-based, limited-scope liquidity**—on your terms, on your timeline as a company or a founder.

4.2 Core Principles

1. Predictable

- Recurring cadence (e.g., annual or semiannual) and a published calendar.
- Consistent eligibility tiers and volume caps (commonly 10–25% of vested holdings per window for employees, with other caps for investors, subject to board policy).
- Clear timelines for intent, documentation, funding, and settlement.

2. Controlled

- Company sets the who, when, how much, with whom (buyer criteria, KYC/AML, accreditation), as well as the price and discounts discovery process.
- Centralized disclosures; coordinated legal, tax, and compliance workflows.
- Cap-table hygiene preserved (e.g., aggregation via SPVs or issuer buybacks when appropriate).

3. Structured

- A standing Program Charter: objectives, eligibility, pricing policy, volume limits, lockups/blackouts, and conflict controls.
- Standard documents and processes (tender offer package, transfer consents, tax/withholding, communications plan).
- Pre-selected infrastructure (platforms, escrow, 3rd-party valuation or fairness work as needed).

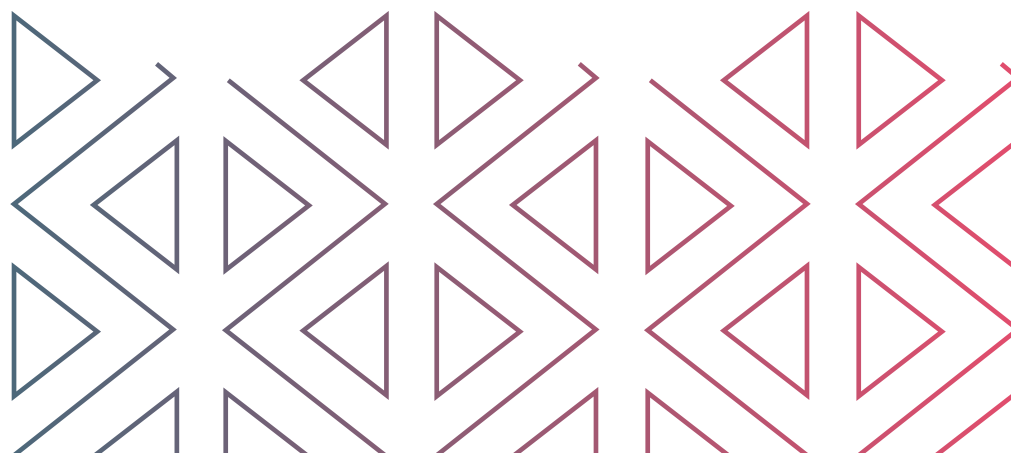
4. Strategic

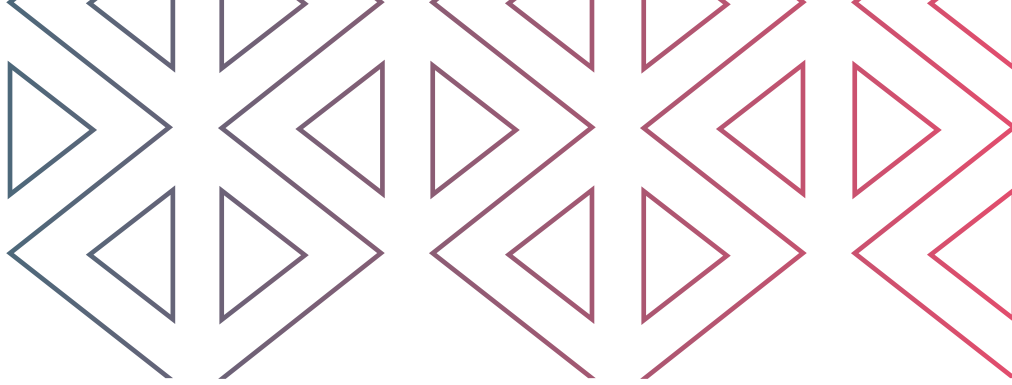
- Liquidity supports talent retention, price discovery, and financing strategy—not the other way around.
- Windows are integrated with fundraising plans, secondary demand, and board oversight.
- Data-driven KPIs (participation, retention impact, time-to-cash, returns to early investors, buyer mix quality).

4.3 Why SLWs Differ From One-Off Secondaries (Reactive → Proactive Capital Management)

	One-off deals	Structured Liquidity Windows
Access & Fairness	Uneven, relationship-driven	Transparent eligibility and equal terms per class
Pricing	Opaque, negotiated, inconsistent	Policy-driven (e.g., last round ± liquidity adjustment; validated methods)
Governance	Ad-hoc approvals; cap-table creep	Board-approved charter; SPVs/issuer buybacks to keep the cap table clean
Compliance	Fragmented, error-prone	Centralized disclosures, KYC/AML, tax/withholding, tender-rule awareness
Operational Load	High, bespoke every time	Repeatable workflows, vendor rails, faster cycle time
Strategic Fit	Liquidity events “happen to” the company	Liquidity is a designed feature that serves retention & financing goals

Bottom line: SLWs replace noise with policy. They turn scattered transactions into a repeatable mechanism that protects the company while treating stakeholders like partners.





4.4 The SLW Building Blocks (What Every Program Includes)

- **Program Charter (2–3 pages).** Purpose, scope, stakeholder benefits, conflict policy, disclosure standards, and change controls.
- **Cadence & Triggers.** Default: annual/semiannual windows; optional milestone-based windows (e.g., after audited financials or a primary round).
- **Eligibility Framework.** Tenure-based employee tiers, founder parameters, investor categories; treatment of former employees and leavers; blackout/lockup rules.
- **Volume Limits.** Per-participant caps (e.g., 10–25% of vested holdings), overall company cap, and anti-dumping protections for key roles.
- **Pricing Policy.** A stated method (e.g., last primary round as anchor \pm liquidity adjustments, third-party valuation inputs, or controlled auction) and uniform pricing within each class; guidance for liquidity discounts and market condition adjustments.
- **Buyer Management.** Pre-qualified buyer pools (aligned funds, strategic investors, company SPV, issuer repurchase, accredited retail investors), documentation standards, and onboarding (KYC/AML/accreditation).
- **Operations Stack.** Selected tender/settlement platform, cap-table system, escrow, tax handling, and service partners; named owners (Legal, Finance, People, IR).
- **Communications Kit.** Plain-language FAQs, timeline, eligibility notices, “how to participate,” post-window reporting, and feedback channel.
- **Risk & Compliance Controls.** ROFR/transfer compliance, insider-trading blackouts, tender-offer considerations, tax/withholding, and jurisdictional nuances.

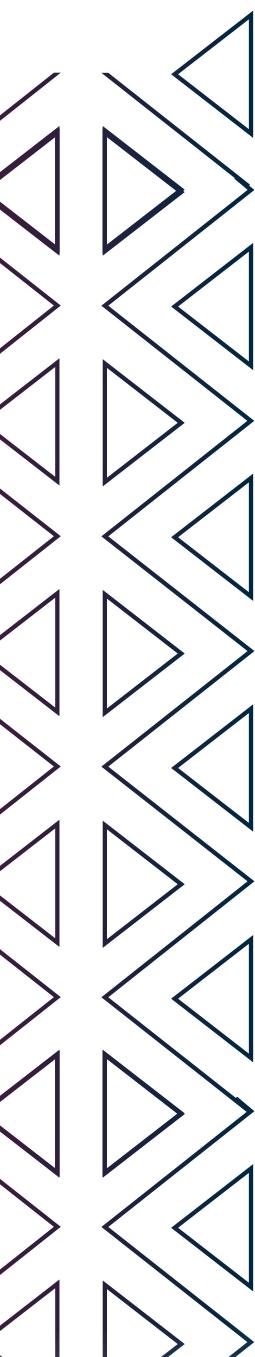
4.5 When To Adopt (And When To Wait)

Good timing signals: clear product-market fit, predictable financial reporting, steady secondary inbound interest, headcount/option maturity posing retention risk, or an upcoming primary round where a hybrid primary+secondary structure could align stakeholders.

Wait and prepare: if financials are volatile, governance is still forming, or there's insufficient operational bandwidth. In that case, draft the Charter, choose rails, and pilot a small, invitation-only window later.

4.6 What SLWs Are Not

- Not continuous trading or a promise of liquidity at any time.
- Not a price guarantee or an alternative to fundamentals.
- Not a bypass of investor protections (ROFRs, board approvals, information controls still apply).





5.

Core Program Architecture

This section turns the SLW idea into an operating system you can adopt, audit, and improve.

5.1 Eligibility Framework

Design goal: create clear, repeatable rules that feel fair to participants and safe to the company.

Participant classes

- **Employees (current):** Eligible after a tenure threshold (e.g., 12–24 months) and subject to performance/disciplinary standing. Treat executives separately with tighter caps.
- **Employees (former):** Allow limited participation for good leavers within a defined window after departure (e.g., 12 months), contingent on ongoing confidentiality and non-solicit obligations.
- **Founders:** Permit diversification with lower % caps and longer blackout periods to avoid signaling and governance risk.
- **Investors (early / angels / seed funds):** Allow modest liquidity where pro-rata rights and board commitments are preserved (e.g., cap sales that would impair future financing capacity).
- **Excluded:** Anyone in blackout (Material Nonpublic Information (MNPI) exposure), under Performance Improvement Plan (PIP) or disciplinary review, or with unresolved tax/option issues.

Typical gating criteria

- Tenure tiers (e.g., $\geq 12m$, $\geq 24m$, $\geq 36m$ service) with increasing per-window caps.
- Role tiers (e.g., IC, manager, VP+, founder) with differentiated limits.
- Compliance status (training complete, representations signed, no policy violations).
- Country/tax eligibility (jurisdictional constraints documented by counsel).

Illustrative policy snippet

- Tier A ($\geq 12m$ service): up to 10% of vested holdings per window
- Tier B ($\geq 24m$): up to 15%
- Tier C ($\geq 36m$): up to 20–25%
- Company-wide supply cap: ≤ 5 –10% of fully-diluted shares offered per year (across all classes)

5.2 Transaction Mechanics

Cadence & timing

- **Annual or semiannual** standard windows (publish calendar at start of FY).
- **Milestone windows (optional):** post-audit, post-primary round, or after product milestones or annual recurring revenue (ARR) milestones.
- **Timeline (example):**
 - T-30: Intent & eligibility notices \rightarrow FAQs & pricing methodology overview
 - T-21: Indications of interest open (non-binding)
 - T-10: Final pricing set; tender documents issued
 - T-0: Acceptances due; trade date
 - T+5 to T+10: Funds settle; transfers/withholding processed

Volume limits

- Per-participant cap by tier (above).
- Aggregate program cap per window (e.g., ≤ 3 –5% fully diluted shares) to protect signaling.
- Anti-dump guardrails for insiders (e.g., executives $\leq 10\%$ of vested; founders ≤ 5 –10% per year).
- Lookback rule to net prior sales in last 12 months.

Operational rails

- Single platform for tender, KYC/AML, escrow, settlement, and cap-table updates.
- Standardized documentation pack (offer to purchase, information statement, transfer/consent forms, tax forms, reps & warranties).
- Pre-cleared buyer list, and a single SPV aggregator per window to keep the cap table clean.





5.3 Implementation Models (Pick One—Or Mix Thoughtfully)

1. Company-Structured Tender Offer (fixed-price, uniform terms)

- **Best for:** broad employee liquidity with consistent pricing and disclosures.
- **How it works:** company sets price, caps, and eligibility; qualified buyers (or issuer) purchase shares pro-rata if oversubscribed.
- **Pros:** fairness, speed, cap-table hygiene, strong compliance trail.
- **Watch-outs:** price-setting accountability; communications discipline; MNPI controls.

2. Recurring Programs (“programmatically tenders”)

- **Best for:** culture/retention; making liquidity a designed feature.
- **How it works:** same as above, but on a published cadence (e.g., every April/October) with minor policy updates at the board each year.
- **Pros:** predictability, reduced back-channel trading, improved planning.
- **Watch-outs:** keep supply caps and eligibility rules tight to avoid signaling.

3. Hybrid Primary + Secondary Round

- **Best for:** funding growth and offering insider liquidity in one coordinated process.
- **How it works:** lead investor prices the round; a side pocket (e.g., 10–20% of total round size) buys insider shares at the same or slightly adjusted terms.
- **Pros:** single valuation event; aligned diligence; simpler communications.
- **Watch-outs:** protect primary proceeds (use-of-funds); ensure equal access policies for insiders.

4. SPV Buyer Pool (cap-table simplification)

- **Best for:** aggregating multiple buyers or allowing select strategic investors without proliferating entries.
- **How it works:** designated SPV (sponsor or company-affiliated vehicle) purchases from sellers, holds one line on the cap table; SPV investors come through LP interests.
- **Pros:** clean cap table; easier approvals/consents; flexible buyer mix.
- **Watch-outs:** SPV governance/transfer restrictions; information rights limitations; right-sizing sponsor economics.

5. Other variants to consider with counsel:

- Issuer **repurchases;**
- Modified Dutch auctions for price discovery;
- Employee-only micro-windows for small cash needs.

5.4 Pricing Mechanisms

Aim: transparent, defensible, uniform pricing within each security class.

Triangulation framework

- 1. Anchor:** last primary round price per share (PPS) or most recent board-approved valuation.
- 2. Market inputs:** recent arm's-length private transactions, firm inbound bids/Indication of Interest (IOIs), secondary indices where relevant.
- 3. Independent check:** third-party valuation or fairness analysis (especially for large programs).
- 4. Performance delta:** revenue/ARR, gross margin, cash runway vs. last financing; apply bounded adjustment.
- 5. Liquidity adjustment:** a clearly disclosed liquidity discount range to reflect transfer restrictions and limited marketability.
- 6. Guardrails:** floors/ceilings (e.g., not below FMV thresholds that would create tax issues for option exercises; not above last primary + defined band absent new financing).

Illustrative policy (example math)

Let:

- P0 = last primary PPS
- M = median of credible market indications (bids/last tenders)
- D = liquidity discount (policy range set by stage; applied once)
- G = performance growth factor (bounded, e.g., -10% to +15%)

Then **Indicative Price:**

$$P = (w1 \cdot P0 + w2 \cdot M) \cdot (1 + G) \cdot (1 - D)$$

with $w1 + w2 = 1$ (e.g., 0.6/0.4), and a board-set **floor/ceiling band** (e.g., $\pm 15\%$ from P0 absent a new primary).

Publish the **method**, not the confidential inputs.

Consistency rules

- One price per class (common vs. preferred); **no side deals.**
- If oversubscribed, execute **pro-rata** allocations by class/tier.
- Document rationale; retain a **pricing memo** for auditors and counsel.

5.5 Governance Integration

Board oversight & approvals

- Annual approval of the SLW Charter (objectives, eligibility, caps, pricing policy, cadence).
- Pre-window resolution: confirming price method, caps, classes, and approved buyers/SPV.
- Post-window report: participation, allocations, pricing summary, cap-table impact, learnings.

RACI (suggested)

- Responsible: Head of Finance (program owner), Legal (securities & employment), People Ops (employee comms/tax), Treasury (settlement).
- Accountable: CFO (operations & controls), CEO (strategic fit), Board Comp/Finance Committee (policy & pricing).
- Consulted: External counsel, tax advisors, tender platform, PR/IR.
- Informed: Managers, all-employee comms, existing investors.

Cap-table & investor-rights hygiene

- Preserve pro-rata rights for key investors; ensure side letters don't grant SPV voting/information rights beyond common.
- Route ROFR/Co-Sale via a standardized consent flow; aggregate buyers into one SPV where feasible.
- Maintain an "access parity" principle (equal treatment for similarly situated employees/investors).

Integration with fundraising

- If a primary is planned within $\pm 3-6$ months, prefer hybrid structure to anchor price and messaging.
- Avoid running a window immediately before a known down-round; if market conditions change materially, defer the window per the Charter.
- Keep use-of-funds and earnings guidance separate from liquidity comms to minimize signaling noise.

Controls & risk mitigants

- MNPI/insider lists; blackouts around board meetings and major announcements.
- Jurisdictional checklists (securities law, employment/tax, exchange controls).
- Communications plan with a single source of truth (FAQ, emails, intranet page, helpdesk).
- Post-mortem after each window; update Charter annually.

5.6 Structured Liquidity Window – Program Charter (Summary)

- **Purpose:** retention, responsible diversification, controlled price discovery
- **Cadence:** semiannual (April/October) + optional milestone windows
- **Eligibility:** employees $\geq 12m$ tenure, good leavers $\leq 12m$, founders & early investors per tier
- **Caps:** per-participant 10–25% of vested; aggregate $\leq 5\%$ FD per window; exec/founder tighter
- **Pricing:** triangulation (last round, market inputs, independent check) + disclosed liquidity discount
- **Buyers:** pre-qualified pool; all purchases via a single SPV (or issuer buyback)
- **Docs & Ops:** standardized tender pack; platform-based KYC/AML/escrow; tax/withholding flow
- **Compliance:** ROFR/co-sale workflow; MNPI controls; jurisdictional review
- **Reporting:** board pre-approval; post-window metrics & cap-table update; annual Charter refresh

6.

Benefits Across the Ecosystem

Structured Liquidity Windows (SLWs) create value because they decouple liquidity from company exit timing—while keeping control and fairness inside the company’s governance perimeter. Below are the concrete wins for each stakeholder, plus how to measure them, and why SLWs become a durable competitive edge.

6.1 For Companies

What you gain

- **Talent retention & recruitment.** Liquidity-as-a-feature increases the perceived value of equity awards and reduces “quiet discounting” of options by candidates.
- **Strategic cap-table management.** Program rules (eligibility tiers, volume caps, SPV aggregation) prevent cap-table sprawl and minimize ad-hoc exceptions.
- **Cleaner price discovery.** Uniform pricing per class and recurring windows provide reference points for boards and auditors—without outsourcing control to back-channel trades.
- **Operational efficiency.** One industrialized workflow replaces many bespoke approvals, reducing legal/compliance drag.
- **Signal of maturity.** Publishing a program charter and cadence signals discipline to recruits, customers, and capital providers.

How to measure it (suggested KPIs)

- Offer-acceptance rate for equity-heavy roles; voluntary attrition of equity-eligible employees.
- Participation rate by tier; average time-to-cash (T-0 → settlement).
- Back-channel transfer requests (down) vs. program participation (up).
- Cap-table entries added per window (target: one SPV line).
- Post-window engagement scores (pulse survey) on fairness and clarity.

6.2 For Employees

What you gain

- **Financial flexibility for life events.** Ability to fund housing, education, caregiving, or reduce high-cost debt without leaving the company.
- **Reduced stress, better focus.** Knowing when and how liquidity happens lowers the cognitive load of “if/when” uncertainty.
- **Career mobility.** Former employees (“good leavers”) with access to limited windows can transition without feeling trapped by illiquidity.

Fairness features that matter

- One price per class; consistent application of eligibility and caps; transparent how pricing is determined; clean comms and timelines.

How to measure it

- Employee NPS on equity & liquidity; window participation by tenure tier; number of exercise-related support cases (e.g., tax/withholding).

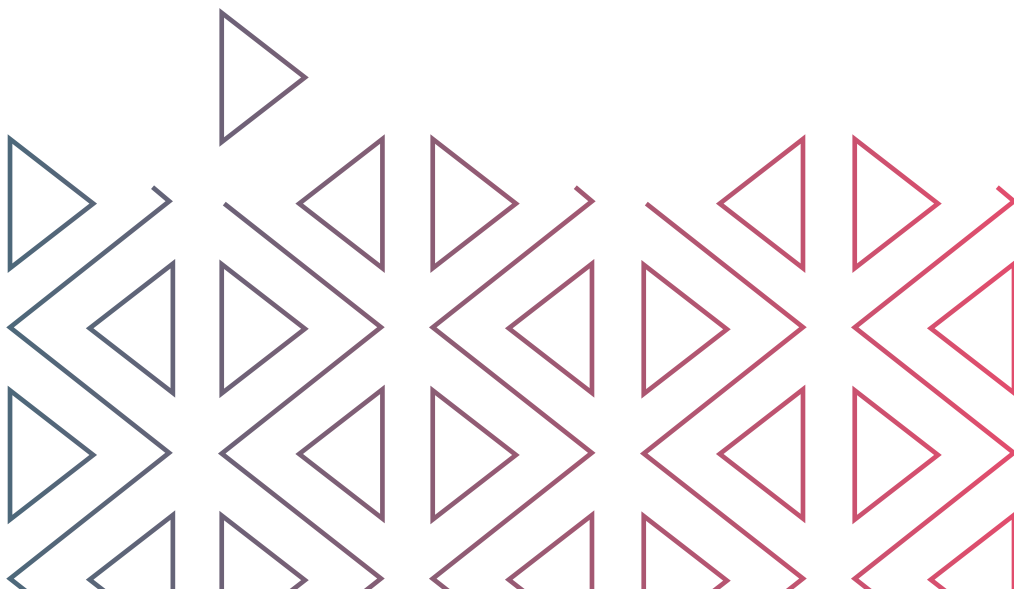
6.3 For Founders

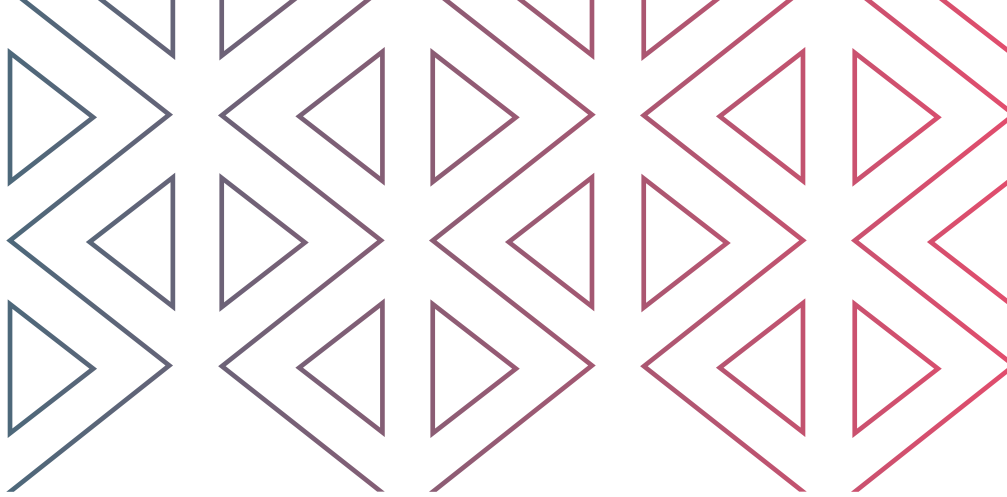
What you gain

- **Responsible diversification.** Limited, rule-based liquidity reduces personal concentration risk and the temptation to force timing-driven exits.
- **Better decision-making horizon.** With pressure eased, founders can optimize for multi-year value creation.
- **Stakeholder alignment.** Founders participating under tighter caps and longer blackouts set a tone of fairness.

How to measure it

Founder participation within policy; **board confidence** indicators (qualitative); reduction in off-cycle liquidity asks.





6.4 For Investors (VCs, Angels, LPs)

What you gain

- **Early partial returns (DPI) & recycling.** Programmatic tenders can return a trickle of cash across a portfolio, smoothing fund pacing.
- **Portfolio rebalancing.** Early investors can trim outsized positions without disrupting governance or signaling panic.
- **Improved risk management via price discovery.** Program prices—when built on consistent methods—offer additional inputs for reserve modeling and communication with LPs.
- **LP benefits.** More predictable distributions help pacing, mitigate denominator-effect stress, and build confidence that companies are run with shareholder-aware discipline.

How to measure it

- **Distributed-to-Paid-In (DPI)** contribution from secondaries; cash-on-cash multiple per window for selling investors; consistency of window pricing method across portfolio companies.

6.5 The Competitive Advantage of Structured Liquidity

SLWs aren't just an HR or finance tool—they're a strategic moat:

1. **Employer-of-choice effect.** In markets where top talent compares equity packages across local and global options, a published, rules-based liquidity program is a tie-breaker.
2. **Capital magnet.** Sophisticated investors prefer companies that proactively manage insider liquidity and governance—fewer surprises, fewer side letters, clearer audit trails.
3. **Signal of operational excellence.** A board-approved charter, consistent cadence, and post-window reporting communicate that the company treats shareholders like partners.
4. **Reduced friction, faster execution.** When a primary round arrives, a company already trained on SLW workflows (data room, disclosures, settlement rails) moves faster with less risk.
5. **Culture of fairness.** Equal-terms, policy-driven access deepens trust—an intangible advantage that shows up in speed, focus, and retention.

roof-of-value checklist (to use in your post-window report)

- Did the window reduce back-channel activity?
- Did participation concentrate in the intended tiers (mid-tenure employees) rather than executives?
- Did time-to-settlement meet your internal SLA?
- Did the SPV aggregation keep the cap table to one new line?
- Did you publish a short outcomes memo (ranges, not sensitive numbers) that reinforced transparency?

6.6 Quick “Risk → Guardrail” Matrix

Risk	Leading Indicator	Guardrail	Proof of Control
Valuation & signaling	Rumors, side quotes diverge from last round	Triangulated pricing policy + uniform class pricing + supply caps	Board pricing memo; outcomes note
Regulatory & compliance	Counsel escalations; jurisdictional uncertainty	Rule 144/701 mapping; adopt 20-day offer standard; insider lists/blackouts	Signed legal checklist; KYC logs; insider attestations
Operational load	Slipped timelines; cap-table errors	Single platform; RACI; dry-run; SLAs	Runbook sign-off; settlement report accuracy
Misalignment & optics	Exec-heavy participation; employee complaints	Tiered eligibility/caps; pro-rata allocations; founder blackouts	Participation by tier; fairness NPS

7.

Conclusion: A New Standard for Startup Shareholder Value

From a startup's perspective, this is about control, culture, and competitiveness. Structured Liquidity Windows turn equity from a distant promise into a reliable benefit your team can plan around—boosting retention, accelerating recruiting, and reducing the quiet discount employees place on stock they can't touch.

Because SLWs are issuer-led and rules-based (clear eligibility, tight caps, one price per class, single-line SPV aggregation), you keep cap-table discipline and narrative control while giving people fair, periodic access to cash for real life. Practically, that means fewer back-channel distractions, cleaner pricing signals for boards, and faster fundraising readiness when markets open. In short: SLWs are not a “VC feature”—they're a company operating system that lets you build for the long term without ignoring the needs of the present.

From a venture capital perspective, venture has mastered raising capital; it has not mastered distributing it fairly and predictably before an exit. That gap—the Liquidity Paradox—erodes the motivational power of equity, pushes back-channel deals into the shadows, and slows portfolio pacing for investors. Structured Liquidity Windows (SLWs) close that gap by decoupling liquidity from exit timing without sacrificing governance, control, or long-term strategy.

What SLWs change.

- For companies, equity becomes a real, durable incentive, not a distant promise.
- For employees, liquidity becomes planned and fair, not a rumor or exception.
- For founders, diversification becomes responsible and policy-bound, extending the decision horizon.
- For investors and LPs, measured tenders provide cleaner price discovery and earlier partial DPI—fuel for the next cycle of innovation.

Principles that endure. Predictable cadence. Access parity. One price per class. Tight caps and SPV aggregation to keep the cap table clean. Policy-driven pricing that's explainable, consistent, and auditable. These are not administrative preferences—they are the **operating system** for modern private companies.

From intent to institution. An SLW is not a one-off project; it is a program. Start small, learn fast, and institutionalize: a one-page charter, a single platform, a limited pilot, a published cadence, and a short outcomes note after each window. Over time, SLWs become part of the company's social contract with its people and shareholders.

A collective standard. With the leadership of **Saudi Venture Capital & Private Equity Association (VCPEA)**, and initiative from firms like **Sadu Capital** and many others, our ecosystem can normalize safe, fair, issuer-led liquidity—supported by shared templates, practical guidance, and common KPIs. As more companies adopt SLWs, the market migrates from improvisation to transparent, repeatable practice.

Your next step. Approve the charter. Stand up the rails. Run a disciplined pilot. Report, refine, repeat. The result is a culture of trust, a cleaner cap table, and a stronger position in recruiting, retention, and capital access.

Final thought. SLWs are not a luxury. They are a strategic necessity for any company that wants equity to work as intended. The organizations that operationalize them now will define the next, more stakeholder-centric chapter of venture—where people can build for the long term and still meet the needs of their present.



The Saudi Venture Capital and Private Equity Association (VCPEA)

The Saudi Venture Capital and Private Equity Association (VCPEA) is an organization dedicated to placing Saudi Arabia as one of the top-performing VC/PE markets in the Middle East and North Africa. Established by a resolution issued by the Saudi Council of Ministers in 2019, VCPEA uses expertise and professionalism in addressing the challenges faced by investment fund managers, Limited Partners, and start-ups. VCPEA helps to coordinate meetings between VC/PE stakeholders, review and improve regulations in the sector, improve the legislative environment, and increase awareness through quality training programs and discussion sessions that highlight the innovative and sustainable prospects of VC/PE investing. For more information, please visit <https://vcpea.org.sa/>.



Sadu Capital

Sadu Capital is a CMA-licensed Saudi-based venture capital firm focused on backing ambitious founders building category-defining companies across the Middle East and beyond. The firm focuses on early stage startups, with a vision to evolve onto a multi-stage investment platform, partnering with founders from company seed through scale, maturity, and liquidity.

Investment Philosophy

At Sadu Capital, we invest as partners who understand the realities of company building. We work closely with founders, not only through capital, but through hands-on support, when needed as needed, that helps companies build and scale with confidence.

Our investment philosophy is shaped around a clear framework. One we look to see come together before we commit.

The Investment Triangle

1) Exceptional Teams

Founders and leaders with vision, strong execution capability, and the judgment to make hard decisions. Teams that learn quickly and build organizations that grow stronger at every stage.

2) Large, Growing Markets

Real, expansive markets that support meaningful scale, justify venture risk, and allow companies to become category leaders rather than incremental players.

3) Scalable, Defensible Products

Clear solutions to real problems, with defensible advantages and business models capable of translating growth into healthy, sustainable returns over time.

We believe that the intersection of these three elements is where enduring companies are built and where the strongest outcomes for founders and investors are achieved.

Portfolio Focus

Sadu Capital invests across a range of technology-driven sectors, including FinTech and financial infrastructure, SaaS and enterprise software, deep tech and applied AI, marketplaces and platforms, digital infrastructure, and emerging business models.

The portfolio spans companies at different stages of maturity, reflecting our conviction that value creation, as well as liquidity needs, emerge across the full company lifecycle.

Team & Platform

Sadu Capital is led by an experienced team of investors, operators, and ecosystem builders with deep exposure to both regional and global venture markets. The team brings backgrounds in venture capital, product, finance, and technology, and works closely with founders as long-term partners.

The firm also plays an active role in the broader ecosystem through research, publications, founder education, and collaboration with institutions such as the Saudi Venture Capital & Private Equity Association (VCPEA).

Our Role in This White Paper

This white paper reflects Sadu Capital's conviction that Structured Liquidity Windows represent an emerging standard for private companies. As markets mature and companies remain private for longer periods, programmatic liquidity becomes essential for talent retention, governance discipline, and capital efficiency.

Sadu Capital authored and contributed to this work as part of its broader mission: to help founders and investors design better capital systems, not just better rounds.

About the author



Ahmad Takatkah, Partner at Sadu Capital: is a technical founder turned VC with 15+ years of experience in both venture capital and startup operations. With a background in data science (AI/ML) and engineering, he has worked with leading VC firms and high-growth startups across Silicon Valley and MENA. Ahmad combines a unique blend of technical, entrepreneurial, and investment expertise.

He hosts [The VC React Podcast](#), offering weekly reactions from VCs on market news, and [The VC Evolve Podcast](#), offering conversations about the continuous evolution of the VC model.

Ahmad is the author of three books on venture: [VC Evolve](#), [Contrarian Cycles](#), and [Unlocking Liquidity](#). He has also published two influential white papers: [The Great VC Evolution](#) and [The Startup-ization of Venture Capital](#).

Ahmad helped set up and operate multiple VC firms including KingsCrowd Capital (a quantitative VC fund in SF), Arzan VC, and Leap VC, and he recently joined Sadu Capital as a partner.

Ahmad's investing focus areas include FinTech, DeepTech, AI, SaaS, Media, and Web3, while also developing AI-driven venture tools for deal sourcing, startup evaluation, portfolio management, funding needs prediction, and proactive liquidity through structured liquidity programs and secondaries. He has pioneered internal systems for portfolio performance tracking and knowledge-sharing among founders and teams. His work also includes creating custom AI models for summarizing pitch decks, preparing investment memos, and forecasting valuations and exits.

Ahmad has hands-on startup operating experience with stops at [Carta](#), [KingsCrowd](#), and [Revenya](#).

Ahmad is [Harvard-trained in VC](#), a [Kauffman Fellow](#), and holds an MBA from NYIT, and a B.Sc. degree in Electronics Engineering from PSUT.

He is passionate about shaping the future of venture capital through technology and capital innovation, empowering VC firms with the speed, scale, and ambition of fintech startups.

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