PAID TOOLKIT · US

Equity Toolkit — US

Everything you need to prepare, request and clear a small US secondary sale ($10k–$800k).

- Five plain-English explainers (mechanics, permissions, pricing, tax)
- Three ready-to-adapt DRAFT documents your company signs
- A readiness audit and a board reassurance one-pager
- A full set of ready-to-send emails for every step
- Demystifying AI: expert prompts to use ChatGPT or Claude safely for your sale
- The universal glossary, plus a sourced references page

PrivateTechShares is an equity education and tools service. This toolkit is the preparation side of that: understand your equity, get your paperwork in order, and approach your company and advisers with confidence. We are not a broker or marketplace — we don't introduce buyers and sellers, hold money or securities, or take any transaction fee.

What's inside

How selling works in the US

Five short explainers covering the mechanics, the permissions, the pricing and the tax — in plain language.

How a small US secondary actually works

A secondary sale means you sell existing shares you already own to a private buyer. No new shares are issued and the company raises no money — ownership moves from you to the buyer and is recorded on the cap table. For tickets of roughly $10k–$800k this is almost always a direct, private transaction between two parties.

The usual sequence: confirm what you hold and check restrictions; agree a price with a buyer; clear any right of first refusal and get company (board) approval; sign a short stock transfer agreement; and have the company record the transfer. This toolkit gives you the pieces for each step.

Options: ISOs, NSOs, exercise and 83(b)

If you hold options rather than shares, you generally exercise them first — pay the strike price — to get real shares, then sell those shares. US options are usually incentive stock options (ISOs) or non-qualified stock options (NSOs), and the tax treatment differs: NSOs are typically taxed as ordinary income on the spread at exercise, while ISOs can trigger alternative minimum tax (AMT) considerations. This is worth a quick word with a tax adviser.

If you early-exercise unvested shares, an 83(b) election (filed with the IRS within 30 days) can matter a great deal for your later tax. It is easy to miss and hard to undo, so if it could apply to you, raise it before you act, not after.

If you have left or are leaving, mind your post-termination exercise window — often around 90 days for ISOs — after which vested options can expire. Check this deadline early; it is frequently the most urgent item.

ROFR, co-sale and board approval (NVCA-style docs)

Most US venture-backed companies use documents in the NVCA model family. Expect a right of first refusal (ROFR) in favour of the company and often the investors, a co-sale (tag-along) right letting certain investors sell alongside you, and a board approval requirement for the transfer.

None of these blocks a sale outright. In practice you notify the company of your intended sale, the company and/or investors decide whether to exercise their ROFR, any co-sale is worked out, and the board approves the new holder — then you complete. Founders and key employees sometimes have different terms, so rely on your own grant and the company's stockholders' agreement.

A note on ERISA and "retirement" confusion

Startup stock options and shares are equity compensation — they are generally not ERISA retirement plans, and should not be confused with a 401(k) or IRA. Do not assume retirement-account rollover rules, protections or tax treatment apply to your startup equity; they usually do not.

If someone suggests moving your startup equity into a retirement vehicle, treat it as a specialist question and confirm it with a qualified US tax adviser before acting — the rules are narrow and easy to get wrong.

Pricing and capital gains

Small private secondaries are usually priced off the most recent round or 409A valuation, then discounted for being a minority, illiquid, private stake sold quickly for cash. Knowing the last round / 409A price is your anchor; the discount is a negotiation. If investors hold preferred stock with a liquidation preference and you hold common, your common can reasonably be worth less per share.

On sale, your gain is generally subject to capital gains tax — short-term (higher, ordinary rates) if you held the shares a year or less, long-term (lower) if longer. Some early-stage stock may qualify for special treatment (for example QSBS under Section 1202) — worth asking a tax adviser about, as it can be very valuable. This toolkit does not compute your tax; confirm your position before you complete.

Ready-to-adapt documents (DRAFTS)

The documents a clean secondary usually needs — written in plain English for the company to review and sign. Each one explains why it matters before the draft itself.

DRAFT — for review. This is a starting-point **DRAFT** to adapt, not a finished legal instrument or legal advice. The company (its board or authorised signatory) is the party that signs it. Have it reviewed by a qualified lawyer in the relevant jurisdiction before anyone relies on or signs it.

How to use these: read the plain-English purpose, then hand the draft to whoever administers your company's cap table (founder, CFO, COO or company secretary). Offer to use the company's own template instead — the point is to make it easy to say yes, not to insist on your wording. Each document below starts on its own page so you can print or forward it on its own.

1. Right of First Refusal – Waiver and Consent to Transfer (DRAFT)

Why it may be needed: most shareholders' agreements give the company (and sometimes investors) the right to buy your shares first before you can sell to an outside buyer. Before you can complete, that right usually has to be either exercised or formally waived. This draft is the document the company signs to confirm it will not exercise its right of first refusal and consents to your sale — the single piece of paper that most often unblocks a secondary.

This waiver and consent is given by [Company name] (the "Company") in respect of a proposed transfer of shares by [Seller name] (the "Seller").

1. Background

The Seller holds [number] [share class] shares in the Company (the "Sale Shares"). The Seller wishes to transfer the Sale Shares to [Buyer name] (the "Buyer") at a price of $[amount] per share. Under the [shareholders' agreement dated [date] / articles of association], the Company [and/or certain shareholders] hold a right of first refusal over the Sale Shares.

2. Waiver

The Company confirms that it has been offered the Sale Shares in accordance with the [shareholders' agreement / articles] and that it does not intend to exercise, and hereby waives, its right of first refusal (and, to the extent it is able, procures the waiver of any corresponding right held by other shareholders) in respect of the transfer of the Sale Shares to the Buyer on the terms described above.

3. Consent to transfer

Subject to completion of the Company's customary transfer formalities, the Company consents to the transfer of the Sale Shares from the Seller to the Buyer and shall procure that the transfer is registered and the register of members / cap table updated accordingly.

4. Limits of this waiver

This waiver relates only to the specific transfer described above and to no other transfer. It is not a waiver of any other right, and does not amend the [shareholders' agreement / articles].

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For and on behalf of [Company name] ([Company number])

Name: […] Title: […] Date: […]

2. Board / Shareholder Consent to Share Transfer (DRAFT resolution)

> Why it may be needed: even once any right of first refusal is cleared, most companies require the board (or shareholders) to formally approve the incoming owner before the transfer is registered. This draft is a short written resolution recording that approval — the paperwork that makes the transfer official on the company's books.

Written resolution of the [board of directors / shareholders] of [Company name] (the "Company"), dated [date].

Recitals

It was noted that [Seller name] (the "Seller") proposes to transfer [number] [share class] shares in the Company (the "Sale Shares") to [Buyer name] (the "Buyer"), and that any applicable right of first refusal has been waived or has lapsed.

Resolutions

1. The transfer of the Sale Shares from the Seller to the Buyer be and is hereby approved.

2. The Buyer be and is hereby approved as a holder of shares in the Company [and, where required, agrees to adhere to the shareholders' agreement by executing a deed of adherence].

3. Any director or authorised officer be authorised to complete the stock transfer form / instrument of transfer, update the register of members / cap table, and issue a new share certificate to the Buyer.

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Signed for and on behalf of the [board / shareholders] of [Company name]

Name: […] Title: […] Date: […]

3. Vesting & Shareholding Confirmation (DRAFT – company to complete)

> Why it may be needed: buyers, and you, need a clear, company-confirmed statement of exactly what you hold and on what terms. This draft is a short letter the company completes and signs to confirm your position — it turns 'I think I have about this much' into something a buyer can rely on, and it is the natural, low-drama first thing to ask the company for.

[Company name] (the "Company") confirms the following in respect of [Holder name] (the "Holder") as at [date]:

- Instrument held: [options / shares], class […], under grant/agreement dated […]
- Total granted: [number]
- Vested to date: [number] · Unvested: [number]
- Vesting schedule: [e.g. 4 years, 1-year cliff, then monthly] · Cliff met: [yes/no]
- Strike / exercise price: $[amount] per share (if options)
- Post-termination exercise window (if applicable): [e.g. 90 days from leaving]
- Most recent price per share / valuation: $[amount], dated […]
- Transfer restrictions: [ROFR yes/no] · [board approval required yes/no] · [other]

This confirmation is provided for the Holder's information and is accurate to the best of the Company's records as at the date above.

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For and on behalf of [Company name] ([Company number])

Name: […] Title: […] Date: […]

Checklist to go with the confirmation

- You have your original grant letter / share certificate.
- You know whether you hold options or shares (and the class).
- You know your total granted, and vested vs unvested today.
- You know your strike / exercise price per share (if options).
- You know your vesting schedule and whether the cliff is met.
- If you have left or are leaving: you know your exercise-window deadline.
- You know the most recent price per share (last round / valuation).
- You know whether a right of first refusal applies to your shares.
- You know whether board or shareholder approval is needed to transfer.

■ You have the relevant section(s) of the shareholders’ agreement / plan.

Secondary Sale Readiness Audit

Run down this list before you approach a buyer or your company. If you can tick most of it, you're ready; the gaps are your to-do list.

A. What you hold

- ■ Instrument: options or shares? Which class?
- ■ How many, vested vs unvested, strike price if options.
- ■ Grant documents located and readable.

B. Deadlines

- ■ Any leaver / exercise-window deadline in the next 3–12 months?
- ■ Any company events (round, sale) that could change your position?

C. Permissions

- ■ Right of first refusal: applies? cleared or waived?
- ■ Board / shareholder approval: required? requested?
- ■ Any co-sale / tag-along that affects how much you can sell?

D. Price

- ■ Last round / valuation price per share known.
- ■ Realistic discount range understood for a private minority sale.
- ■ Your minimum acceptable price and ideal ticket size ($) set.

E. Tax & advice

- ■ You know whether exercise and/or sale is taxable in your country.
- ■ A local tax adviser lined up for a short pre-completion check.

F. The counterparty

- ■ Buyer identity and funds understood; mutual NDA in place before details shared.
- ■ Short transfer agreement drafted / to be drafted for signature.

Board reassurance one-pager

This one-pager is for you to adapt and hand (or email) to your board or founder when you ask them to approve a small secondary sale. Its job is to make approval easy by showing the transaction is small, normal and low-risk to the company. Keep it short and factual.

✓ It raises no money from and costs the company nothing.

This is a transfer of existing shares between me and a private buyer — not a fundraise. The company issues no new shares and pays nothing.

✓ It is small and partial.

I am proposing to sell [number] shares (about [x]% of my holding), a minority stake that does not change control or the cap table in any material way.

✓ The buyer will follow the company's rules.

The buyer will sign whatever the company requires — mutual NDA, deed of adherence to the shareholders' agreement, and the standard transfer documents — and be approved by the board like any new holder.

✓ I will clear the formalities properly.

I will respect any right of first refusal and any approval requirement, and complete only once the company has consented. I am asking for cooperation, not shortcuts.

✓ It is discreet.

The process is private and NDA-gated; company information is shared with the buyer only after approval and signature.

> **The ask:** What I'm asking for: a short confirmation of my holding, clearance or waiver of any right of first refusal, and board approval of the transfer to the buyer. I've prepared draft documents to make each step quick. Thank you for considering it.

Ready-to-send messages

Short, human emails for each step — copy, fill the [brackets], send. Keep them friendly and specific; you're asking for cooperation, not making demands.

1. Ask about transfer restrictions (ROFR / approval)

Subject: Quick question on transferring some of my shares

Hi [Name],

I'm looking into selling a small part of my vested [shares/options] privately. Before I take it any further, could you tell me what the rules are — is there a right of first refusal, and does a transfer need board or shareholder approval?

I want to do this properly and by the book, so just trying to understand the steps. Thanks!

[Your name]

2. Notify the company of an intended sale

Subject: Heads-up — proposed small secondary sale of my shares

Hi [Name],

A quick, formal heads-up: I'd like to sell [number] of my [share class] shares (a minority part of my holding) to a private buyer at [$amount] per share, subject to the company's approval and any right of first refusal.

Could you let me know the process from here and what you'd need from me and the buyer? I've prepared draft paperwork to make it easy.

Thanks,
[Your name]

3. Request a right-of-first-refusal waiver / consent

Subject: Request — ROFR waiver and consent for my share transfer

Hi [Name],

Following on from the sale I flagged: would the company be willing to waive its right of first refusal and consent to the transfer to [Buyer]? I've attached a short draft waiver and consent you're welcome to adapt — happy to use the company's own template instead if you prefer.

Let me know what else you need to move it along. Thank you!

[Your name]

4. Request a vesting / shareholding confirmation

Subject: Could you confirm my current holding in writing?

Hi [Name],

For my own records and for the buyer's due diligence, could you confirm my current position in writing — how many [shares/options] I hold, vested vs unvested, strike price, class, and any transfer restrictions? I've attached a one-page template to make it quick to fill in.

Really appreciate it.

[Your name]

5. Ask about ISO/NSO, exercise window and 83(b)

Subject: My options — type, exercise deadline, and 83(b)?

Hi [Name],

Could you confirm whether my options are ISOs or NSOs, my deadline to exercise after leaving, and the total cost to exercise? And if early exercise or an 83(b) election is relevant to my grant, could you flag that — I know it's time-sensitive.

I'll confirm the tax side with my own adviser; just want the facts from the company. Thank you!

[Your name]

6. Ask about company reporting / withholding on sale

Subject: Anything the company reports or withholds when I sell?

Hi [Name],

When I sell my shares, is there any reporting or withholding on the company's side I should coordinate with (for example on an NSO spread)? I'll handle my personal tax with an adviser — just making sure nothing falls between us.

Thanks,
[Your name]

7. Introduce the buyer to the company for approval

Subject: Introducing [Buyer] for approval of the transfer

Hi [Name],

As discussed, this is [Buyer], who's buying [number] of my shares subject to your approval. [Buyer] is happy to sign the mutual NDA, a deed of adherence, and whatever transfer documents you use.

Could we get the board's approval moving? I've got draft documents ready if useful. Thanks both.

[Your name]

8. Friendly follow-up / nudge

Subject: Re: my share transfer — anything you need from me?

Hi [Name],

Just a gentle nudge on this — is there anything outstanding you need from me or the buyer to move the approval along? Happy to jump on a quick call if that's easier.

Thanks for your help with it.

[Your name]

9. Thank-you and next steps after approval

Subject: Thank you — next steps on the transfer

Hi [Name],

Thank you for approving this. To close it out cleanly: I'll get the transfer form and buyer's signatures sorted — could you confirm who updates the register / cap table and issues the new certificate, and whether you need anything else from me?

Appreciate your help getting it done properly.

[Your name]

Demystifying AI in private share sales

What you should know — and how to make AI work for your sale, safely.

You don't need us to tell you that everyone now asks AI first. That's fine — used well, ChatGPT or Claude will get you to a first draft in seconds. Used blindly, it will hand you a confidently wrong answer about a five- or six-figure decision. This short section is the part AI can't give you: how to point it at your sale safely, and where to stop and use the templates and judgment in the rest of this toolkit instead.

Think of AI as a fast, tireless junior assistant — great for explaining jargon, drafting and spotting what to ask about, and never the one who signs off. The prompts below are written to get useful output; the guardrails keep you out of trouble.

Three rules before you paste anything into ChatGPT or Claude

- **Redact before you paste.** Never put your real name, the company name, account numbers or anything private into a public AI tool. Use placeholders like [COMPANY], [MY NAME], [BUYER] — you'll get the same quality answer without handing your deal to a third party.
- **Verify against this toolkit.** Every AI output here has a matching template, checklist or explainer. Ours is the source of truth; AI just gets you to a draft faster.
- **The big calls need a human.** Tax treatment, whether a clause binds, the final number — confirm with an accountant or lawyer. AI gets you ~80% of the way; the last 20% is where the money and the risk live.

Expert prompts for your sale

Copy, swap in your (redacted) details, and use the result as a draft — not a decision.

Understand your own paperwork

Use when: you're staring at an option or shareholder agreement and half of it is jargon.

> You are helping me understand a startup equity document in plain English. I will paste sections of it. For each: (1) what it means in one sentence, (2) whether it affects my ability to sell my shares, and (3) any deadline or action it implies. Flag anything unusual. Do not guess about my specific tax or legal position — tell me where to get professional advice. Text: [PASTE, names redacted]

Then: Check whatever it flags against this toolkit's explainers on restrictions and what can be sold.

Get to a realistic value fast

Use when: you want a sanity range before talking to a buyer.

> Help me estimate a realistic sale price for shares in a private company. Last round price per share = [X]; shares I hold = [Y]; type = [common / preferred / unexercised options]; last round date = [DATE]. Walk me through (1) my rough paper value, (2) why a private secondary sells at a discount to that, and (3) a sensible discount range for a small, minority, all-cash sale. Show your reasoning and remind me it's an estimate.

Then: Cross-check the number against the pricing explainer and the estimator on the website.

Find the restrictions before they surprise you

Use when: you want to know what stands between you and a sale.

> Based on typical startup shareholder agreements, give me a checklist of restrictions that commonly control or block a share sale (rights of first refusal, board approval, permitted-transferee rules, lock-ups). For each: what it is, how a seller normally clears it, and the question I should ask the company to confirm it applies. Keep it general.

Then: Match against this toolkit's readiness audit, then use our email templates to ask the company.

Draft the notice / ROFR letter

Use when: you need to formally offer your shares or start the process.

> Draft a short, professional letter from a shareholder to a private company's board, notifying them of an intended share sale and inviting them to exercise any right of first refusal. Neutral and factual. Use clear placeholders for [MY NAME], [COMPANY], [NUMBER OF SHARES], [PRICE PER SHARE], [BUYER DESCRIPTION], [DATE]. Do not invent terms I haven't given you.

Then: Compare line by line against this toolkit's ready-made ROFR / notice draft — ours is the one to send.

Pressure-test a buyer's offer

Use when: you've received a number and don't know if it's fair.

> I've been offered [OFFER] per share; last round price was [X] ([common/preferred], [DATE]). Act as a sceptical but fair adviser: is this reasonable for a private secondary? What would justify a bigger or smaller discount? What should I ask the buyer before deciding? Give me a short list of negotiation points, and note you don't know my full situation.

Then: Set your walk-away number with this toolkit's pricing section before you reply.

Prepare questions for your accountant

Use when: you may exercise options or face a tax event — AI is NOT your tax adviser.

> I may exercise vested startup options and later sell the shares, in [STATE], US. I am NOT asking for tax advice — give me a checklist of the right questions to bring to a qualified local accountant so I don't miss anything: cost to exercise, tax at exercise vs at sale, timing, and post-leaving deadlines.

Then: Take that list to a real accountant; this toolkit's tax explainer tells you what to watch for.

> **The point:** AI will keep getting better, and that's good for you — the better it gets, the faster you reach a first draft. What it can't do is know your paperwork, carry the judgment, or stand behind the result. That's what this toolkit is for. Use both.

Plain-English glossary

The words you'll meet when selling equity — what each means, and why it matters to you as a seller.

Equity

Ownership in a company, held as shares (or as options that can become shares).

Why it matters: It is the thing you may be selling. Knowing exactly what you own — shares, or options that still need exercising — is the first step.

Shares (stock)

Units of real ownership in the company. If you hold shares, you already own part of the company today.

Why it matters: Shares can usually be sold in a secondary, subject to company approval. Options generally cannot be sold until they are exercised into shares.

Share options (ESOP)

A right to buy shares later at a fixed price (the strike/exercise price), usually earned over time. Common for employees.

Why it matters: Options are not shares yet. To sell, you normally have to exercise them (pay the strike price) so they turn into real shares first.

ESOP / option pool

The Employee Stock Option Plan — the pool of options a company sets aside for its team.

Why it matters: Your grant letter and the plan rules define your rights: how much you have, your strike price, and your deadlines.

Vesting

The schedule by which your equity is earned over time — typically over four years.

Why it matters: Only vested equity is yours. Unvested equity is not something you can sell (or usually keep if you leave).

Cliff

An initial period (often one year) you must complete before any equity vests at all.

Why it matters: Leave before the cliff and you typically walk away with nothing. After it, a first chunk vests at once, then the rest vests gradually.

Strike / exercise price

The fixed price you pay per share to turn an option into a share.

Why it matters: Your profit is roughly (sale price – strike price) per share, before tax and costs. A low strike from an early grant is valuable.

Exercise window

The limited time after you leave a company to exercise vested options — often around 90 days.

Why it matters: Miss it and vested options can simply expire. If you have left or are leaving, this deadline is often the most urgent thing on the page.

Cap table (capitalisation table)

The company's ownership register — who owns what: founders, investors, employees.

Why it matters: Also called the shareholder register or ownership ledger. It is the source of truth for how many shares you hold and what class they are.

Share class

The category of your shares — commonly Ordinary/Common (usually employees and founders) or Preferred (usually investors).

Why it matters: Class affects price and rights. Preferred shares often carry a liquidation preference, so ordinary shares can be worth less per share.

Secondary sale

Selling existing shares from one shareholder to a buyer — no new shares are created and the company raises no money.

Why it matters: This is what this whole toolkit is about: turning existing equity into cash without waiting for an exit or IPO.

Primary vs secondary

Primary = the company issues new shares to raise money. Secondary = an existing holder sells their shares to a buyer.

Why it matters: You are doing a secondary. It is a private transfer between you and a buyer; the company's role is mainly to approve it.

Liquidity

The ability to turn equity into cash.

Why it matters: Startups are famously illiquid — value on paper you cannot spend. A secondary is one of the few ways to get partial liquidity early.

Right of First Refusal (ROFR)

A common contract right letting the company (and sometimes existing investors) buy your shares first, on the same terms, before an outside buyer can.

Why it matters: It does not block a sale — it means you usually must formally offer the shares internally first, or get that right waived, before you sell to your buyer.

Co-sale / tag-along

A right that lets certain investors sell some of their shares alongside yours, on the same terms.

Why it matters: It can reduce how much of your own stake actually gets sold in a given deal. Check whether it applies to your share class.

Board / company approval

Most share transfers need the company's board (or shareholders) to formally approve the new owner.

Why it matters: This is normal and expected. A clean, well-prepared request makes approval faster and less awkward — a big part of what this toolkit helps with.

Shareholders' Agreement (SHA)

The master contract among shareholders setting the rules: transfer restrictions, ROFR, approvals, drag/tag rights.

Why it matters: Founders and key people sometimes have different terms from ordinary employees. Your rights and restrictions live here — read it before you sell.

Articles of Association / Bylaws

The company's constitutional document, which can also restrict share transfers.

Why it matters: Along with the SHA, it can require approvals or set who may hold shares. Worth checking alongside your grant documents.

Drag-along

A right allowing a majority to force minority holders to join a sale of the whole company.

Why it matters: Not usually relevant to a small secondary, but good to know it exists and to check it is not triggered by your transaction.

Valuation / last round price

The price per share set at the company's most recent funding round.

Why it matters: Secondaries are usually priced off this, often at a discount for a quick, private, all-cash deal. It is your main reference point.

Discount

The reduction from the last-round price a buyer expects for taking on a private, minority, illiquid stake.

Why it matters: Common in small secondaries. Knowing a typical range keeps your expectations — and your ask — realistic.

Transfer / share transfer

The legal act of moving shares from your name to the buyer's, recorded on the cap table.

Why it matters: The deal is only truly done when the transfer is recorded. Everything before that (price, NDA, approval) leads up to this step.

Founder vs employee treatment

Founders and senior people sometimes negotiate different transfer rights, information rights, or approvals than ordinary option holders.

Why it matters: Do not assume your terms match a colleague's. Your own grant letter and the SHA govern what you specifically can do.

Sources & further reading

Authoritative references for the specific tax figures in this toolkit. Tax rules change every year — confirm the current position with the source or a qualified local adviser before you rely on a number. As of 2026.

- Capital gains — rates and holding periods — IRS Topic No. 409
- Alternative Minimum Tax (ISO exercise) — IRS — About Form 6251
- Incentive Stock Options — IRS Topic No. 427
- Qualified Small Business Stock exclusion — 26 U.S. Code §1202

Important — please read

This toolkit is general educational information, not legal, tax or financial advice, and does not create any professional relationship. It is not specific to your company, your contracts or your jurisdiction. Templates and drafts are starting points to adapt and to have reviewed by a qualified lawyer before anyone relies on or signs them. PrivateTechShares is an education and tools service; it is not a broker or marketplace, does not introduce buyers and sellers, does not hold money or securities, and gives no advice. Laws and tax rules change and vary by country — always confirm your own position with a qualified local professional.