UNDERSTANDING THE TTW PHASE

Understanding the TTW (Testing the Waters) Phase

The TTW (Testing the Waters) phase is an optional preliminary stage in a funding round, designed to help us budget before formally launching an offering. In return, you get a bonus. Here's an overview:

Purpose
The main objective of the TTW phase is to assess potential investor interest.

Legal Framework
Governed by specific regulations, the TTW phase allows companies to communicate with prospective investors before filing with the Securities and Exchange Commission (SEC). This phase was made more accessible with the JOBS Act, which eased restrictions on pre-offering communications.

Benefits

- **Market Feedback:** Companies receive valuable insights from investors, aiding in refining their pitch and offering structure.
- **Investor Engagement:** Early engagement with potential investors builds interest and momentum, making the subsequent formal offering phase smoother.
- **Risk Mitigation:** By testing the waters, companies can identify potential challenges and address them before committing to the full offering process.

Restrictions
While discussing the offering with potential investors, companies must ensure all communications are compliant with regulatory requirements. Misleading statements or promises are strictly prohibited, and all shared information must be accurate and fair.

Conclusion
The TTW phase is a strategic step in the funding process that helps companies prepare for a successful capital raise by engaging with investors early and gathering essential feedback.