

The Programmatic Tender Offer: Liquidity as a Talent-Retention Tool in Tech

Liquidity as Leverage.

Key takeaways

- Carta administered 71 tender offers worth about US\$3bn in H1 2026, the highest first-half figures in at least six years.
- Tender pricing is anchored to primary rounds, not algorithms: most price at or above the last round's valuation.
- OpenAI's roughly US\$7bn employee buyback in August 2026 shows the largest AI companies using tenders to manage liquidity ahead of potential listings.

As late-stage companies stay private for longer, equity compensation has become harder to value and harder to use. Employees at companies worth hundreds of billions of dollars can hold substantial paper wealth with no route to cash. Company-sponsored tender offers have become the main answer.

Tender activity at a multi-year high

Carta, which administers tender offers for private companies, reported 71 tenders in H1 2026 with combined transaction volume of about US\$3 billion, the highest first-half figures in at least six years [1]. Transaction count rose 34% year on year and total value rose 200% [1]. Nearly 70% of the tenders were run by companies at Series C or later, and the median offering size for those companies reached US\$28.5 million, against US\$8.5 million for companies from seed to Series B [1].

Table 1: Tender offers administered on Carta, H1 2026

Metric	Value
Number of tender offers	71 (+34% year on year)
Combined transaction volume	~US\$3bn (+200% year on year)
Share run by Series C+ companies	Nearly 70%
Median offering size, Series C+	US\$28.5m
Median offering size, seed to Series B	US\$8.5m
Median subscription rate (Q2 2026)	93.1%
Median seller participation rate (Q2 2026)	57.9%
Median discount, tenders 12+ months after a primary round	0% (fifth consecutive half-year)

Source: Carta, "Tender-offer activity reaches a four-year high as startup liquidity needs continue to mount" (20 Aug 2026) [1].

Participation has also become routine. The median subscription rate in Q2 2026 was 93.1% and the median seller participation rate 57.9%, with participation up more than 20 percentage points since Q1 2021 [1].

The mega-cap version

At the top of the market, tenders have become very large. OpenAI completed a transaction of roughly US\$7 billion in August 2026, buying back shares from current and former employees at an US\$852 billion valuation, unchanged from its March funding round, rather than bringing in outside buyers, according to Bloomberg and CNBC [2][3]. It followed a US\$6.6 billion employee share sale at a US\$500 billion valuation in October 2025 [4]. TechCrunch noted that such transactions let employees realise the value of their equity without the burdens of a public listing [5].

How tenders are actually priced

Despite the language sometimes used to describe them, tender offers are not typically priced by algorithm. Carta's data show that most tenders are priced at or above the company's most recent primary-round valuation, often because they are run shortly after a financing so that a market transaction sets the price [1]. For tenders held at least a year after a primary round, the median discount has been 0% for five consecutive half-years, although at least a quarter of such tenders in H1 2026 carried a double-digit discount [1]. Law firm Gunderson Dettmer similarly found that tender prices matched the most recent preferred-stock financing in 60% of the deals it reviewed, and that where a discount applied it was usually more than 10% [6].

Secondary-market pricing does serve as a reference point, both for boards setting terms and for employees deciding whether to sell. The tender price itself, however, is a company decision informed by recent rounds, investor demand and valuation advice. It is also distinct from the independent 409A valuations that US companies obtain for tax purposes when granting options; the two serve different functions.

Retention, with trade-offs

Tenders serve several purposes. They help employees diversify, reduce pressure for a premature exit, and give companies more control over their capitalisation tables. Investors quoted by Carta describe tenders as a tool for retaining and attracting talent as companies stay private longer [1]. Limits are typical: Gunderson Dettmer found that the median share of vested holdings current employees may sell is 20% [6].

The trade-offs are real. Company-funded buybacks use cash that could otherwise fund growth. Frequent tenders can create expectations that are hard to withdraw. And participation limits mean tenders complement an eventual exit rather than replace it. One investor quoted by Carta argues that the best programmes treat tenders as a strategic tool rather than a standing commitment [1].

Tax is the quiet determinant of participation

Participation rates are usually explained by price. In practice the tax characterisation of the proceeds often matters more, and it turns on structure rather than on who writes the cheque. The common assumption — that a company buyback is taxed as income while a sale to an outside buyer is a capital gain — is not how the analysis works. What drives the outcome is whether the price paid exceeds the fair market value established by the company's most recent 409A valuation, and whether the transaction looks like an arm's-length purchase of a capital asset or a payment made in respect of employment.

Gunderson Dettmer frames the question directly: where the per-share price paid to an employee is above the most recent 409A appraisal, which is almost always the case, the portion above that appraisal may be treated either as compensation or as proceeds of a share sale. If it is compensation, the company withholds employment taxes and the employee is taxed at ordinary income rates; if it is treated as payment for the shares, an employee meeting the relevant holding periods may qualify for lower rates [7]. Analysis in *The Tax Adviser* reaches the same point from the seller's side: the premium over 409A fair market value may attract capital gain treatment where the seller is genuinely transferring a capital asset and the sale reflects a bona fide valuation rather than disguised remuneration [8].

Several other facts bear on the outcome, none of which is visible in a headline participation rate: whether the seller is tendering shares already held or exercising options in connection with the sale; how long the shares have been held and, for incentive stock options, whether the disposition is qualifying; who else is eligible to participate, since an offer open to all shareholder classes looks less like remuneration than one confined to employees; and the treatment in each seller's own jurisdiction, which may follow none of the above. Companies also weigh a second-order effect, because a characterisation that favours sellers can influence the appraised value of common stock in the next 409A valuation [7].

The practical implication for anyone reading participation data is that a low take-up rate is not necessarily a verdict on price. It may reflect sellers concluding that the after-tax outcome does not justify parting with the shares. Treatment is specific to the facts and to the seller's jurisdiction, and nothing here is tax advice; the point is simply that the tax question belongs in the analysis of why tenders clear where they do.

Implications for the secondary market

Tenders and open secondary trading are increasingly connected. According to Carta, buyers in tenders overlap heavily with investors in primary rounds, including growth funds, asset managers and hedge funds, and increasingly family offices and high-net-worth individuals [1]. For those investors, company-sponsored tenders offer something that open-market trades often cannot: issuer approval, standardised documentation and a defined information set.

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