

Q3 2025 Venture Financing Report – Pay-to-Play Remains High at 10.1%; Invested Capital Increased for Late-Stage Rounds and Tech Venture Financings

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Cooley handled 217 reported venture capital financings in Q3 2025, representing \$23 billion of invested capital. Deal volume decreased slightly since last quarter. In Q3, deal volume decreased across Series Seed, A and C financings, with Series C showing a significant drop, from 22 deals in Q2 to eight in Q3. Invested capital also decreased for Series Seed and C deals, but increased for Series A, B, D and higher. Series D and higher showed the largest increase, from \$1.4 billion in invested capital in Q2 to nearly \$18 billion in Q3. This is the highest invested capital seen in Series D and higher rounds in the history of this report (since 2014), driven in part by one large late-stage tech deal that closed this quarter.

Median pre-money valuations increased for Series Seed and B rounds, but decreased for Series A, C, D and higher rounds. Series C showed the most significant decrease, with the median pre-money valuation dropping from \$357 million in Q2 to \$175 million in Q3. Series A, D and higher rounds saw a slight decrease in median pre-money valuations, and Series Seed and B rounds saw an increase in Q3. The percentage of deals with pre-money valuations greater than \$100 million (at all stages) remained high but decreased slightly, from 37% of deals in Q2 to 36% of deals in Q3.

The percentage of deals representing flat rounds decreased, while the percentage of deals representing up rounds increased. Down rounds represented 19.9% of deals, up rounds represented 76.6% of deals and flat rounds represented 3.5% of deals for Q3. This compares to 19.8%, 73.5% and 6.8% for down, up and flat rounds, respectively, in Q2.

The percentage of deals involving recapitalization increased from 1.6% of deals in Q2 to 3.2% of deals in Q3. The percentage of deals with pay-to-play provisions increased from 9.7% of deals in Q2 to 10.1% of deals in Q3.

Liquidation preference structures continued to remain favorable to companies, with 95% of deals having a “1x” liquidation preference, and 97% of deals having nonparticipating preferred stock. The percentage of deals with redemption provisions and deals with accruing dividends increased during Q3. Deals with accruing dividends represented 3.2% of deals this quarter, up from 2.4% in Q2.

In [PitchBook's Annual Global League Tables from Q2 2025](#), Cooley was named the #1 law firm in the US and globally for representation of companies raising venture capital. PitchBook also ranked Cooley #1 in the US for the representation of all clients in the combination of venture capital financings, initial public offerings (IPOs), M&A and private equity transactions. In addition, Cooley received a #1 ranking for overall representation in venture capital financings in several industries and sectors, securing leading rankings in pharmaceuticals and biotech, healthcare devices and supplies, IT hardware, consumer goods and services, and media.

Additionally, LSEG's Global Venture Capital Review for the first half of 2025 named Cooley the #1 law firm for representing companies raising venture capital based on deal count, as well as the #1 law firm for venture capital firm representations based on overall deal value. LSEG also named Cooley the #1 law firm for representing companies in private equity transactions.

Spotlight on technology

The deal volume for tech company venture financings saw a slight decrease to 118 reported deals in Q3 compared to 120 reported deals in Q2. Conversely, the amount of invested capital for tech company venture financings increased significantly this quarter, from \$3.6 billion in invested capital for Q2 to \$20 billion in invested capital for Q3. This is the highest invested capital for tech company financings seen in the history of the report. Similarly, the average reported deal size of venture financings for tech companies increased significantly,

from \$30 million in Q2 to \$169 million in Q3. Notably, the median reported deal size also rose, from \$13 million in Q2 to \$15.9 million in Q3.

Spotlight on life sciences

In Q3, both deal count and invested capital decreased for life sciences company financings, from 60 reported deals representing \$2.2 billion in invested capital in Q2 to 46 reported deals representing \$2.1 billion in invested capital in Q3. Conversely, reported average deal sizes for venture financings of life sciences companies increased in Q3 to an average size of \$45 million, compared to \$37 million in Q2. However, the median reported deal size declined, from \$24.6 million in Q2 to \$21.6 million in Q3. The percentage of life sciences company venture financings structured in tranches decreased to 28.3% of reported deals in Q3, down from 31.7% in Q2.

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