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How to make IPOs great again

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In May, the SEC made its most ambitious proposals in a generation to bring companies back to the public markets. That is the right goal and a strong start. We endorse it, but more is needed.

The argument in brief

1. **The public market has been shrinking for thirty years**. The number of U.S.-listed companies has fallen by roughly half since the mid-1990s, while trillions in growth capital now stays private, out of public view and inaccessible to retail investors.
2. **The SEC's May 2026 proposals are the right response**. The four rulemaking proceedings promise to lower the cost of being public and return disclosure to what matters to investors.
3. **More is needed**. To bring companies back into the public markets, the SEC must also fix the rules that keep them out: the gun-jumping regime, the research and trading deserts for smaller companies, and a litigation system that punishes newly-public companies.

For most of the last century, "going public" was the goal. A company that reached a certain size raised capital from the public, and ordinary investors shared in its growth. That bargain is breaking down. The number of U.S.-listed public companies has fallen from roughly 8,000 in the mid-1990s to about 4,000 today, a decline of around 40 percent.[1]

The capital did not disappear. It moved to the private markets, which now hold roughly $8.5 trillion in assets under management and ask for almost none of the disclosure, accountability, or investor protection that the public markets require.[2] A generation of growth has happened while most Americans cannot invest in it.

This is not only a problem for companies and their bankers. It is a problem for ordinary Americans.

When a company stays private through its highest-growth years and lists only after the best gains are behind it, those gains accrue to a narrow group of venture funds, private-equity sponsors, and institutional insiders. The teacher, the firefighter, and the small-business owner saving for retirement through a 401(k) or an IRA are left to buy in late, if at all.

Public markets are supposed to be the one place where anyone can own a piece of the country's growth, and where the discipline of transparency, audited financials, independent boards, and real accountability protects the people who invest.

Every company that chooses to stay private is, in effect, a door closed to the public investor. Reversing that is not just sound capital-markets policy; it is a matter of who gets to participate in American prosperity.

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SEC Chairman Paul Atkins has made reversing this trend the center of his agenda, under the banner "Make IPOs Great Again."

We have spent a combined seventy years advising the technology, life sciences, and clean-energy companies that the public markets were built to finance, and we think he has the diagnosis right. In a single month this spring, the Commission turned that diagnosis into action.

We support what it proposed. We filed a comment letter in April urging exactly this kind of move from speech to rulemaking.[3] But lowering the cost of being public, which is most of what the May proposals do, is only half the job. The other half is removing the barriers that keep companies from going public in the first place. On that, the work has barely begun.

What the SEC proposed in May

Across four rulemaking proceedings and one invitation, the Commission addressed nearly every stage of public-company life.[4]

It proposed to let companies report twice a year instead of four times, on the theory that the cadence of disclosure should be a business judgment rather than a federal mandate.

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It proposed to open the fast, flexible "shelf" registration system, long reserved for the biggest companies, to nearly all public companies, including the newest and smallest.

It proposed to collapse a tangle of overlapping "filer" categories into a simpler framework, to exempt roughly four-fifths of public companies from the most expensive recurring audit requirement of public life, and to guarantee newly public companies a multi-year on-ramp before the heaviest obligations apply.

Until honest forecasting is something a newly public company can do without inviting a strike suit, the litigation calculus will keep pushing companies toward the private markets, where no such exposure exists.

And it proposed to withdraw the 2024 climate-disclosure rules, which a federal court had paused, on the ground that they compelled vast disclosure untethered to what a reasonable investor needs to know.

Then the Chairman went to Stanford and opened a public comment file inviting other "bold and creative" ideas to modernize the way companies go public.[5] That invitation matters as much as the proposed rules because it acknowledges that more work needs to be done.

Why this is the right direction

Each May proposal points the same way: toward a public market that is cheaper to join, less burdensome to occupy, focusing on information that actually informs an investment decision.

For a mid-sized company weighing an IPO, relief from a single multi-million-dollar annual compliance ritual can be the difference between listing and staying private. Returning disclosure to the standard of economic materiality, the touchstone the Supreme Court set decades ago, would spare companies from providing information that few investors read while ensuring they still provide the information that investors need.

None of this weakens investor protection. The antifraud laws remain in force. What changes is that the cost of being public stops being a tax that only the largest companies can comfortably pay.

Why it is not yet enough

Here is the uncomfortable truth the May package does not reach: companies do not avoid the public markets mainly because reporting is expensive. They avoid them because the private markets now offer everything that a growing company needs, with no friction.

You cannot draw companies into the public market simply by discounting the rent charged to public companies when the alternative is unlimited and unregulated. Three barriers, in particular, do more to keep companies private than any periodic report.

The first is the set of "gun-jumping" rules that govern what a company can say while going public.

Written in 1933 and last meaningfully updated in 2005, they effectively silence a company when investors most want to hear from it and turn ordinary communication into a minefield that only expensive legal counsel can navigate. The Chairman has rightly identified this regime as a priority. It should be rebuilt around a simple principle: police fraud, not the act of speaking.

The second is the collapse of research and trading support for smaller public companies. After two decades of market-structure changes, Wall Street has little economic reason to publish research on, or make markets in, companies outside the largest names.

The consequence is visible in the extraordinary concentration of today's market: at the end of 2025, just seven companies made up roughly 34 percent of the S&P 500 and produced about 42 percent of its total return for the year, up from around 12 percent a decade earlier.[6]

A company that goes public only to find no analyst covering it and no ready market for its shares has little reason to be public at all. Reviving research coverage and market-making for smaller issuers is essential, and it will require steps the May rulemakings do not take.

The third is litigation. A company conducting an IPO is exposed to a class of securities lawsuits from which seasoned public companies are largely shielded. The protections that let mature companies make projections in good faith do not extend to the companies that need them most.

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What we would add

In response to the Chairman's invitation, we would urge the Commission to go further in several ways. Rewrite the communication rules so that a company can introduce itself to investors without fear of a technical violation.

Restore research and trading economics for smaller companies, including by letting them choose wider trading increments and by supporting the firms that commit capital to make markets in their shares.

Modernize the path to listing: in the wake of the Supreme Court's 2023 decision in *Slack Technologies v. Pirani*, the thick registration statement once required for a direct listing now adds cost without adding much protection, and it should be streamlined.[7]

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Rehabilitate, rather than bury, the SPAC and the "alternative public offering," through which a private company combines with a public shell and lists on a national exchange. Both are legitimate routes to the public markets that current rules treat as second-class.

We would also address the other side of the ledger. There is no good reason why a company that has raised a billion dollars or more in private capital should remain outside the public reporting system.

The money that funds those companies comes overwhelmingly from pension funds, endowments, insurers, and the funds that manage the retirement savings of ordinary Americans — the very investors the securities laws exist to protect. A company that big is public in substance, and it should disclose like one, on terms calibrated to its circumstances rather than copied wholesale from the rules that govern a Fortune 100 issuer.

Finally, the United States should welcome the world's growing companies to list here rather than narrow the door. America's share of global IPOs has fallen sharply over the past two decades. Foreign issuers should not be neglected or shunned.[8]

The bottom line

The Commission's May agenda is the most serious attempt in a generation to reopen the U.S. public markets, and it deserves broad support. We will file comments backing each of the proposals, and we will press for the rest of the agenda the Chairman invited.

"Make IPOs Great Again" is a worthy goal for the country's capital markets and is within reach if the Commission finishes the job that it has started. Companies, boards, and investors that want a deeper, more open, public market should say so before the comment windows close this summer.

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Notes:

[1] U.S.-listed domestic companies peaked above 8,000 in 1996 (World Bank data compiled in Harvard Law School Forum on Corporate Governance, "Looking Behind the Declining Number of Public Companies," May 18, 2017) and number roughly 4,000 today (Center for Research in Security Prices, as reported by CNN Business, June 9, 2023). SEC Chairman Atkins put the decline at roughly 40 percent since the mid-1990s (testimony before the House Financial Services Committee, February 11, 2026).

[2] McKinsey & Company, Global Private Markets Report 2026 (private-capital assets under management of roughly $8.5 trillion in 2025); McKinsey & Company, Global Private Markets Report 2025 (private vehicles representing approximately 35 percent of global assets under management).

[3] Louis Lehot and Patrick Daugherty, "The IPO Market Has Become a Last Resort. SEC Chairman Atkins Can Make IPOs Great Again," Comment letter, SEC File CLL-15 (Apr. 21, 2026), available at https://bit.ly/49HfzXe.

[4] The four proceedings are Semiannual Reporting, Release No. 33-11414 (May 5, 2026); Registered Offering Reform, Release No. 33-11418 (May 19, 2026); Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies, Release No. 33-11419 (May 19, 2026); and Rescission of Climate-Related Disclosure Rules, Release No. 33-11421 (May 29, 2026). Comment deadlines are July 6, July 27, and July 20, 2026 respectively for the first three, and 60 days after Federal Register publication for the fourth.

[5] Chairman Atkins, Remarks at the Stanford Rock Center for Corporate Governance (May 26, 2026), opening Comment File CLL-16 on IPO modernization, with a preferred submission deadline of July 27, 2026, available at https://bit.ly/43GI6ZD.

[6] S&P Dow Jones Indices and Slickcharts data as of December 31, 2025: the "Magnificent Seven" (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla) represented approximately 34.3 percent of the S&P 500 by market capitalization, up from approximately 12.3 percent in December 2015, and contributed approximately 42 percent of the index's total return in 2025 (WWM Investments analysis, as reported by InvestmentNews, January 2026).

[7] *Slack Technologies, LLC v. Pirani*, 598 U.S. 759 (2023) (a Section 11 plaintiff must trace the shares purchased to the registration statement on which suit is brought, a tracing that is generally impractical following a direct listing).

[8] Craig Doidge, G. Andrew Karolyi & René M. Stulz, "The U.S. Left Behind? Financial Globalization and the Rise of IPOs Outside the U.S.," Journal of Financial Economics 110(3) (2013) (U.S. share of worldwide IPOs by number falling from roughly 27 percent in the 1990s to 12 percent in the 2000s), and "The U.S. Listing Gap," Journal of Financial Economics 123(3) (2017) (by 2012 the United States had more than 5,000 fewer listed firms than its size and institutions would predict).

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