SEC Chair Charts Disclosure Overhaul to Revive IPOs: Materiality and Scale Over ‘Regulatory Creep’

Posted in: Disclosure Requirements, IPOs, SEC
Posted on: December 3, 2025

> “While there are many SEC rules and practices that have amassed over the decades and are ripe for reform, perhaps none epitomize regulatory creep more so than the voluminous disclosure requirements contained in the Commission’s rulebook today…. One of my priorities as Chairman is to reform the SEC’s disclosure rules with two goals in mind. First, the SEC must root its disclosure requirements in the concept of financial materiality. Second, these requirements must scale with a company’s size and maturity…. If we want the next generation of innovators to choose our public markets, we need disclosure that is calibrated for a company’s size and maturity; that is driven by market demands; and to the extent mandated by the SEC, that is rooted in materiality and not whimsical social or political agendas.”
>
> *—SEC Chair Paul Atkins*

On December 2, 2025, SEC Chair Paul Atkins rang the opening bell at the New York Stock Exchange ahead of delivering a keynote address titled *Revitalizing America’s Markets at 250*. In his remarks, Atkins outlined several key reforms the SEC under his leadership plans to pursue as the country’s 250th anniversary approaches to strengthen U.S. capital markets for the next century.

Disclosure reform was the focal point of Atkins’s talk, one of three pillars of his stated mission to reinvigorate the nation’s public capital markets and “make IPOs great again.” (His broader policy agenda includes “depoliticizing” shareholder meetings and securities litigation reform; see our earlier discussion for details on those initiatives.)

The SEC's regulatory agenda targets rulemaking proposals on disclosure by spring 2026, with Atkins signaling in a CNBC interview that same day that the rollout will begin early next year.

In the mid-1990s, more than 7,000 companies were listed on U.S. exchanges. Since then, the number has declined roughly 40%, a trend Atkins characterized as "a cautionary tale of regulatory creep" that has eroded American competitiveness and "tells us that the path to public ownership has become narrower, costlier, and overly burdened with rules that often create more friction than benefit." Over recent decades, he lamented, "accretive rulemakings have produced reams of paperwork that can do more to obscure than to illuminate. Today's lengthy annual reports and proxy statements impose substantial costs on companies because they consume significant time from boards and management, and require armies of specialized lawyers, accountants, and consultants to prepare. Despite these costs, investors sometimes do not benefit from the information because they struggle to parse and understand it—or find it so intimidating because of the volume and density that they ignore it."

But Atkins views the long-term decline in publicly traded companies as neither inevitable nor irreversible. The solution, he argued, lies in "rationalizing" disclosure practices through two core principles: rooting disclosure requirements in financial materiality and scaling them to company size and maturity.

Materiality as the North Star

Atkins emphasized that financial materiality should be "the north star" of the SEC's disclosure framework. "When the SEC's disclosure regime has been hijacked to require information unmoored from materiality," he cautioned, "investors do not benefit."

To ground this vision, Atkins invoked the Supreme Court's objective standard for materiality — "information is material if there is a substantial likelihood that a reasonable shareholder would consider it important in making an investment decision" — and warned against "information overload." The key metric, he contended, is not the volume of disclosures but their clarity and relevance to investors.

Atkins defined an effective disclosure regime as one where "the SEC provides…the minimum effective dose of regulation needed to elicit the information that is material to investors, and we allow market forces to drive the disclosure of any additional aspects of their operations that may be beneficial to investors." The inverse — an ineffective regime — "would be one where the SEC requires that all companies provide the same information without the ability to tailor the disclosure to their specific circumstances, with the only view that such information should be ‘consistent and comparable’ across companies.”

Atkins pointed to the SEC’s June 2025 roundtable on executive compensation disclosure as one of the first steps to execute his goal of implementing an effective disclosure regime with materiality as its north star. To his surprise, panelists unanimously agreed that the current pay rules’ length and complexity have undermined their usefulness to investors — a consensus that buttresses his case for a “reset” of these and other disclosure standards.

Right-Sizing Disclosure Obligations

Atkins identified scaling disclosure requirements to company size and maturity as his second reform priority. As he noted, “Balancing disclosure obligations with a company’s ability to bear the burdens of compliance is particularly important where Congress has directed the SEC to promulgate a disclosure rule whose costs may have a disproportionate impact on some companies.”

He highlighted two concrete targets for reform. First, the SEC should revisit filer thresholds that currently distinguish between large companies (subject to all disclosure rules) and small companies (subject to only some). The last comprehensive update to these thresholds occurred in 2005 — a gap Atkins denounced as a “dereliction of regulatory upkeep.” Under current rules, companies with a $250 million public float face identical disclosure requirements as those 100 times their size.

Second, Atkins recommended expanding the “IPO on-ramp” established by the 2012 JOBS Act, which gives newly public companies a temporary grace period to operate with reduced regulatory burdens while adjusting to public markets. He argued that allowing companies to remain on the ramp for a minimum number of years, rather than forcing them off as soon as the first year after their IPO, “could provide companies with greater certainty and incentivize more IPOs, especially among smaller companies.”

A Call to Regulatory Will

Atkins characterized the above-described reforms as “only the first steps in a broader effort to realign our markets with their most fundamental purpose, which is to place the full measure of American might where it belongs: in the hands of our citizens instead of the regulatory state.”

“In the coming months,” he continued, “we will pursue the reforms that I have discussed today, and several others, with the urgency and care that they command. We will work closely with Congress and the Administration. We will listen carefully to market participants and to investors… [A]s America’s 250th anniversary approaches, the question before us is not whether our entrepreneurs have the capacity to reinvigorate our capital markets, but whether we, as regulators, have the will. In this new day at the SEC, and under President Trump’s leadership, I am pleased to report that we do.”

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