



SEC Chair Announces IPO Modernization Initiative

Posted in: Direct Listings, IPOs, SEC

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Public input invited through July 27, 2026 on ways to improve the process and method of becoming a public company

In [prepared remarks](#) delivered May 26 at the Stanford Rock Center for Corporate Governance, SEC Chair Paul Atkins announced an initiative to modernize the initial public offering (IPO) process, tasking staff with preparing recommendations to that end. This latest initiative represents another installment of his “Make IPOs Great Again” agenda, a sweeping effort aimed at incentivizing more companies to go and remain public by expanding access to the public capital markets and removing regulatory frictions.

Atkins invited comment on two specific topics, while welcoming all “bold and creative” ideas for modernizing IPOs more broadly: (1) how the SEC can improve its communication and other IPO-related rules and (2) how the SEC can remove roadblocks to non-traditional paths to going public. The initiative reflects Atkins’s view that “the incentives for going public are only as effective as the process that companies must navigate to capitalize on them”—a recognition that many of his prior efforts have focused on the incentives side of the equation, and that the IPO process itself is now squarely in view.

Communication (Gun-Jumping) Rules

Atkins noted that navigating the communication—or gun-jumping—rules under the Securities Act of 1933 (Securities Act) is one of the most commonly cited challenges of the IPO process, and called for “considerable reforms” with a view toward

“constructing a more harmonized set of rules that offer clarity, simplicity, and congruity with today’s technology.” The SEC’s current “spider web of gun-jumping prohibitions and exceptions remains difficult to maneuver,” he explained, and the last significant reform in this area was more than 20 years ago, as part of the SEC’s 2005 securities offering reform—before modern communications technology reshaped how businesses interact with employees, customers and investors.

Non-Traditional Methods of Going Public

Atkins noted that modernizing the IPO process also invites a broader reassessment of the *method* by which companies become public. He emphasized that while the traditional firm commitment IPO offers many benefits and will likely remain the dominant path to going public, it is by no means the only one. He briefly addressed SPACs in this context, noting that in recent years, combining with a SPAC has become a popular workaround to the process of becoming a public company (citing 514 de-SPACs between 2021 and 2025). However, “instead of standing idly by while companies pursue indirect paths to going public, regulators and market participants should move decisively to remedy the root causes and remove the barriers to more direct approaches.”

Atkins suggested that “[f]or the public market debut of companies offering the next generation of products and services, the ‘traditional’ IPO process may, in some respects, still be stuck in the prior generation.” He called on market participants—founders, executives, investors, bankers, lawyers and others—to innovate and remain open to alternative methods of taking a company public, noting they can offer faster and cheaper execution, less susceptibility to unfavorable market conditions and greater valuation certainty—and that the SEC and other regulators should not introduce or maintain regulatory frictions that stand in the way.

Direct Listings

Direct listings represent one such alternative, and Atkins specifically urged market participants and regulators to reconsider how they are conducted and the associated legal requirements, citing the example of Spotify’s 2018 direct listing on the New York Stock Exchange (NYSE). He noted that in anticipation of that listing, NYSE proposed amendments to its listing standards that would have required only a Securities Exchange Act of 1934 (Exchange Act) registration statement, without a concurrent Securities Act registration statement. However, NYSE ultimately withdrew this aspect of the proposal, and both NYSE’s approved standards and Nasdaq’s standards for direct listings retain the Securities Act registration requirement.

While initial registration statements filed under the Exchange Act and the Securities Act contain largely the same company disclosure and generally undergo the same SEC staff review process, Atkins explained, a Securities Act registration statement subjects the company—and any person deemed to be an underwriter—to more stringent liability standards for material misstatements or omissions under Section 11 of the Securities Act. Yet following the unanimous 2023 *Slack Technologies v. Pirani* Supreme Court decision, investors who purchase shares following a direct listing may find it difficult to establish a Section 11 claim, though recourse through other liability provisions under the federal securities laws remains possible.

Atkins specifically invited feedback on the following questions:

- Following the 2023 Supreme Court decision, does the market really believe that a Securities Act registration statement continues to offer meaningful investor protections in the direct listing context?
- Is the requirement to prepare a Securities Act registration statement—as opposed to an Exchange Act one—a hindrance for companies contemplating a direct listing?
- Beyond the form of the registration statement, are there other regulatory frictions in the direct listing process that the SEC or its staff can reduce through rulemaking or guidance, respectively, while preserving investor protections?

How to Comment

The SEC invites public comment on ways to modernize both the IPO process and the methods by which companies go public. Comments received will inform the SEC's deliberations regarding whether and how to proceed with rulemaking or guidance in the area of IPO modernization.

Comments should be submitted by **July 27, 2026** (though comments received after that date will still be considered). For electronic submissions, commenters may use the SEC's [online comment portal](#) or send an email to rule-comments@sec.gov with the file number "CLL-16" in the subject line. Comments received will be posted on the SEC's website. The comment file is available [here](#).

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