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July 27, 2026

***VIA ELECTRONIC SUBMISSION**; Email: Secretarys-Office@SEC.GOV*

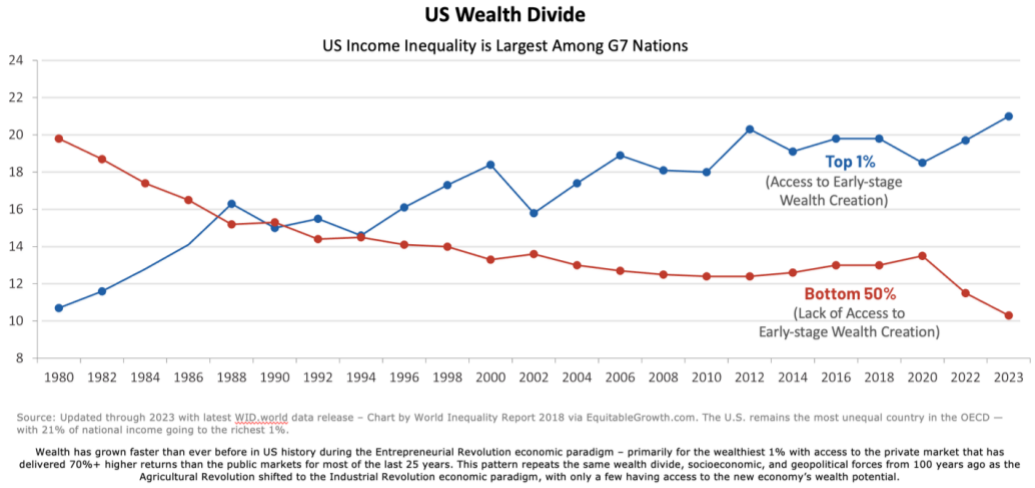
The Honorable Paul S. Atkins
Chairman, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Ms. Vanessa A. Countryman
Secretary, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. CLL-16 – Comment Letter on IPO Modernization (Building on File No. 4-892, March 31, 2026)

Dear Chairman Atkins and Secretary Countryman,

Thank you for the Chairman's remarks on May 26 at the Stanford Rock Center for Governance. I am responding to the invitation to submit bold and innovative solutions for reversing the decline of IPOs. Building directly on my Petition for Rulemaking File No. 4-892, this letter demonstrates that the stagnation in IPOs is driven not merely by compliance costs, but by structural shifts in capital markets infrastructure that can be directly remedied by Commission rulemaking. I will provide my diagnosis of the issues at hand and then recommend 15 steps to evolve today's markets' infrastructure for greater IPO success. Over the last 25 years, the IPO crisis has contributed to the loss of half the number of public companies,[1] concentrated 34% of the entire US stock market and a record 43% of the S&P 500 in just 10 public companies[2], while the top 10% of households now hold roughly 90% of directly and indirectly held stocks[3], distinguishing the United States with the greatest income inequality of the G7 nations.[4]



[1] Doidge, Karolyi & Stulz, The U.S. Listing Gap, J. Fin. Econ. (2017); update, Fin. Rev. (2025).
[2] S&P Dow Jones Indices; PWL Capital (June 2026); J.P. Morgan, Market Concentration.
[3] Federal Reserve, Distributional Financial Accounts (Q1 2026), FRED WFRBST01122, WFRBST01134.
[4] World Inequality Database; OECD Income Distribution Database.

These trends exist today because we have thousands of underfunded private startups unable to IPO, a massive LP and GP illiquidity overhang, highly-concentrated public markets, and great demand from the next generations for innovation economy careers. 70 percent of college graduates and 50 percent of high school students are seeking entrepreneurial careers,[5] but face significant headwinds in reaching their goals. The obstructions are not from a lack of talent or innovation, but from outdated commercialization structures that serve a fraction of the economic opportunity waiting at a blocked gate. Twenty-five years of reform have applied the same thinking that built the problem – cost relief and access adjustments inside an unchanged structure. Different results require different thinking, and that is what this letter offers. This Commission's dedication to restoring a functional transition from private to public ownership – and willingness to hear bold solutions – will unleash considerable economic and societal value.

My thirty-five years of experience supporting the startup ecosystem's capital formation, technology commercialization, and economic development leads me to the conviction that IPO reforms will incentivize more companies to go public and are a powerful way to invigorate the US economy. The backlog of roughly 860 unicorns alone ($1B+ valued private companies)[6] represents $4.4 trillion in trapped value – enough, once public and compounding, to add roughly 10–15% to US public market capitalization over a decade and up to one percentage point in annual GDP growth, in an economy currently growing at about two percent[7]. Having actively participated in nearly four decades of venture and finance industry evolution, it is clear that we have a market structure, not a market cycle, problem.

For background: beginning in 1990, I led investor relations, communications, and corporate development for four venture-backed, Nasdaq-listed technology companies over more than a decade – executing their private placements, IPOs, follow-on financings, M&A integration, and a post-IPO turnaround. In that era, startups went public in an average of four years and transitioned to a broad retail shareholder base shortly after listing – founders, employees, VCs, institutions, retail investors, bankers, brokers, exchanges, and the US economy all sharing the gains. IPOs never sold themselves. We leveraged infrastructure that helped sell them: the Four Horsemen boutique investment banks underwriting most tech IPOs, thousands of retail brokers placing it with clients they knew, market makers supporting the aftermarket, and research coverage that did not end on the first day of trading.

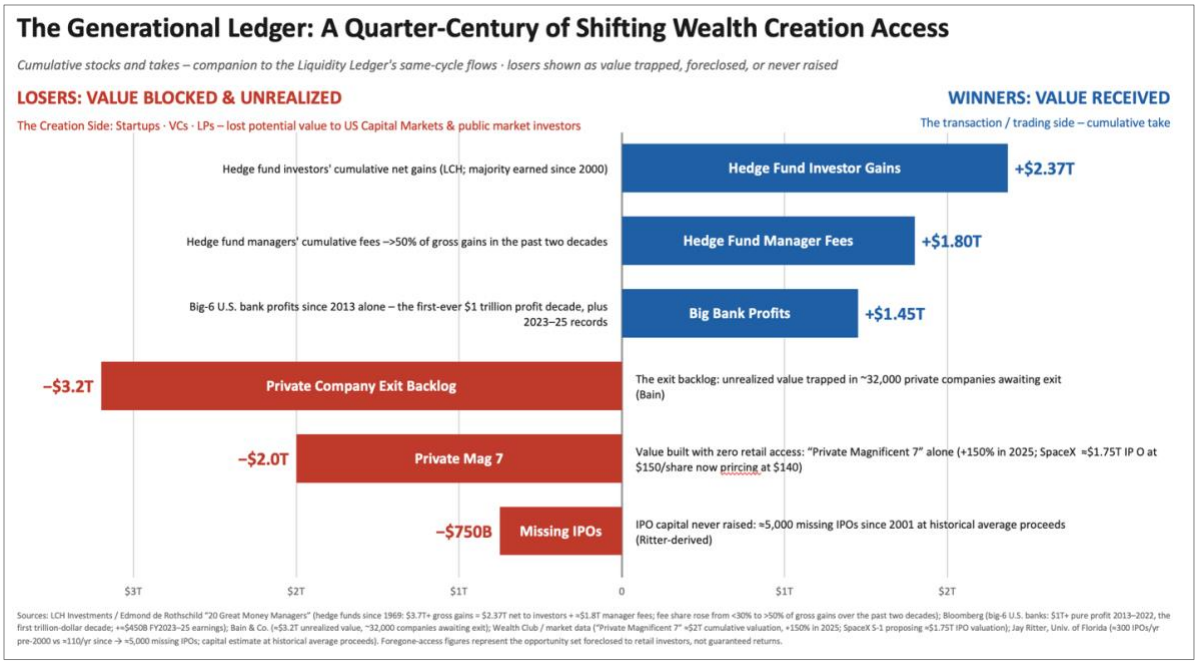
I spent nearly two decades building technology and communications-based market solutions to support the structural shifts this letter describes, including InsideVenture's bold private market IPO on-ramp and HPPO model[8] – developed with the support of a broad industry consortium including the NYSE, NVCA, Silicon Valley Bank, 12 venture firms, T. Rowe Price, Wasatch Advisors, Alexandria Real Estate Equities, and others (founded 2007; now part of Nasdaq Private Market). These recommendations will likely spark resistance from today's IPO winners at first glance, as did InsideVenture's and W.R. Hambrecht + Co.'s (founded 1998) Dutch Auction IPOs. That resistance should be read as confirmation of the structure this letter describes, not as an argument against reform – because these recommendations are not zero-sum. They are designed for everyone to win including today's few winners, now with more opportunities in a larger market. Successful markets are built on access, circulation compounds wealth creation, and concentration diminishes it – as the last twenty-five years have proven.

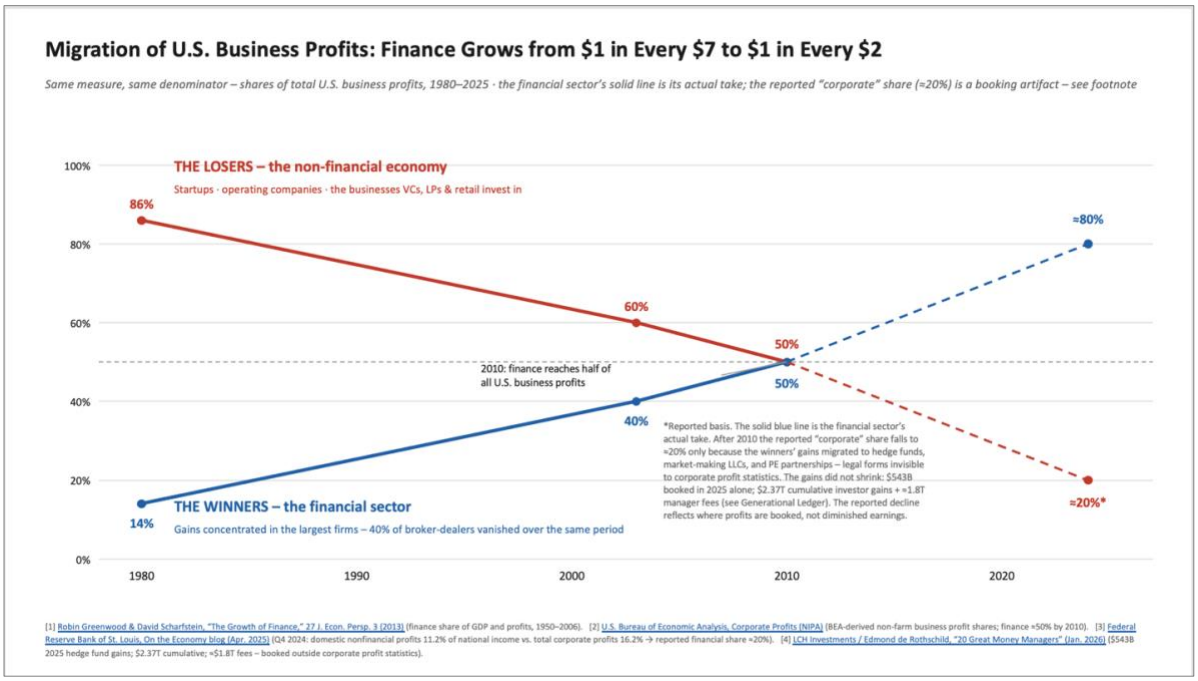
[5] America's SBDC & CGK (2019); Intelligent.com (2022); Junior Achievement USA (2022); Gallup-HOPE Index.
[6] PitchBook, 2025 Annual US VC Valuations Report (857 unicorns; $4.4T est. value, Feb. 2026); NVCA (859). Venture Monitor.
[7] Projection: author's estimate from historical post-IPO appreciation (1.5–2.5×) and Fed equity-wealth MPC (≈3%), vs. ≈$67T US market cap and ≈2% real GDP growth (BEA, Q1 2026).
[8] Hybrid Private-Public Offering (HPPO^{SM}), introduced by InsideVenture at the NYSE on June 1, 2009, InsideVenture press release (June 1, 2009) (archived); Bloomberg (June 1, 2009).

The 30-year venture capital/IPO "Golden Era" of the last century ended with the Internet Bubble masking profound shifts in capital markets' infrastructure – with sizeable, new market leaders realigning terms and client focus to fit their priorities – in effect, restructuring the IPO process. After the Internet Bubble burst around 2000, everyone assumed this was just another market cycle that would self-correct over time. Its failure to do so over a quarter of a century, despite massive innovation and income growth, confirms significant underlying market structure barriers.

The Capital Markets Structural Shifts Underlying the IPO and Capital Formation Dysfunctions

Many see today's innovation capital markets as broken, with so much unrealized US innovation trapped or shut down behind funding, liquidity, and exit blocks. However, the markets are not broken for everyone; they have been functioning extremely well for a narrow set of participants who have been capturing the value that a functioning public market once distributed broadly, as illustrated in the data and charts below.





Between 1997 and 2003 that infrastructure quietly fell away – not by anyone's design, but through rational decisions which had a combined effect no one was assigned to measure, and masked by the roaring Internet Bubble and its burst. Summarized below are the **four key capital market Structural Shifts** that have been compounding over the last 25+ years:

A. **Shift to Large Deals/Banks/Clients:** During the late 1990s, the "Four Horsemen" boutique banks that previously conducted most of the tech IPOs (i.e., Alex. Brown & Sons, Hambrecht & Quist, Montgomery Securities, and Robertson Stephens) were acquired by large investment banks, which came to dominate and restructure IPOs. The IPO market focus shifted from long-term value creation investors as the primary clients (e.g., founders/teams, venture firms, and mutual funds) to high-volume, high-velocity, short-term-trading hedge fund buyers – value extraction vs. value creation focus. As the appetite moved to larger deals, offerings had to grow bigger to matter, keeping companies private longer to reach a desirable size, growing in scale over the decades. Smaller deals were abandoned in the process, regardless of ROI or societal potential due to lack of scale needed to interest the larger buyers and transactors.

B. **Extinction of Built-in Sales, Marketing, and Market Making Infrastructure:** Boutique-bank research coverage was dramatically reduced after Sarbanes-Oxley (2002) and retail stockbroker support and market making were rendered uneconomic after Decimalization (April 2001).[9] Stockbrokers migrated to wealth management for survival, market makers to larger transactions, and the mechanism that once included retail in newly public companies became extinct, disenfranchising Main Street investors in the process. Market infrastructure disappeared. Nearly all of the short-term focused IPO transactions of the last 25 years follow a "pop and drop" pattern whereby a majority of the new institutional buyers sell in the first days, capturing the pop value without the previous built-in infrastructure present to generate demand above supply.

   Going public isn't the biggest challenge; trading well in the aftermarket is. Without robust support for public investor demand generation, trading, and right valuation, IPOs have become a high-risk option that often damages companies after the transaction value extraction has occurred.

C. **Shift to New Digital Communications Not Accessible to Issuers:** The natural successor to broker phone calls and printed research was digital – the channels where every buyer now lives – but the communications rules written for the channels of 1933 (the Section 5 gun-jumping prohibition, the quiet period, and Rule 163B's institutional-only limit) made those channels legally unusable for issuers. For twenty-five years, nothing could replace what had been lost. This is why the market never fixed it – the fix was never the market's to make, but it is the Commission's.

D. **Increased Cost and Regulatory Barriers:** The direct costs of going and staying public rose steeply over the same period. Audit, legal, compliance, and disclosure obligations are a fixed burden regardless of company size, and weigh hardest on the smaller issuers who most need the public on-ramp. Sarbanes-Oxley, later reforms, and the accumulated reporting regime intended to protect retail investors raised the threshold size a company must reach before a public listing becomes viable, reinforcing the same delay and consolidation the first two shifts had already set in motion. Additionally, with public capital being the cheapest and simplest structured capital source for startups, companies kept private longer have absorbed the higher costs, limitations, and control of private capital.

The fourth shift (D) is the one most recognized and addressed: the Commission's own reform agenda, the Chairman's remarks, and a substantial body of comment have already examined the cost and regulatory burden in depth. I therefore concentrate my recommendations on the other three shifts, which have received far less attention yet did the greatest structural damage.

[9] SEC, Report to Congress on Decimalization (July 2012); Weild & Kim, Market Structure Is Causing the IPO Crisis (Grant Thornton, 2010).

Worthy of note is that the same concentration, capital formation, liquidity, exit, and wealth access crisis seen in the public markets are now mirrored in the private markets. InsideVenture's first private market was structured as an IR platform – a temporary IPO on-ramp and market branding – that introduced public, late-stage, and private equity investors to pre-IPO investment opportunities. However, market leaders steered VCs to focus only on short-term secondary liquidity, ignoring the inevitable dependency on functional public market exits that led to the natural endpoint of the 2022/23 liquidity and valuation crises. These crises are currently obscured by the new AI-bubble froth, yet the data below indicates a dangerously skewed, dysfunctional capital market structure:

- Only 1% of VC-funded companies will IPO approximately 14–17 years after founding[10] – restricting the highest value-creation years to QIBs and accredited investors.
- Only 0.05% of startups are able to raise venture funding[11] – leaving 99.95% of startups unserved by the venture capital model entirely (another opportunity to unleash blocked and backlogged value)
- Current VC, PE, and LP liquidity crises and concurrent private devaluation (2022+):
    - IPOs at 25–33% of the last private market valuation[12]
    - An estimated 13,000 startups that received approximately $120B in venture funding were shut down by VCs since 2022[13]
- AI Bubble: concentrated 86% of US venture dollars in the first half of 2026 and roughly half of global venture funding in 2025[14]
- Negligible, if any, retail investor participation in the greatest wealth creation mechanism of the US economy for 25+ years fueled the US Wealth Divide

Recommendations

Today's IPO markets work well for the largest deals, banks, and buyers. What is missing for the rest of the market is infrastructure to support small- and mid-sized offerings to go public, and for all issues to trade well post-IPO. My recommendations below are organized in three sections:

I. **Evolve the Accredited Investor Definition to Empower IPO and Early-Stage Investing.** Evolve the accredited investor definition via a credential-based exam pathway that qualifies retail investors by demonstrated competence rather than net worth alone – the gateway to every access reform that follows (H.R. 3339, incorporated as § 203 of the INVEST Act, H.R. 3383, awaiting Senate action).

II. **Rebuild the markets' sales and marketing infrastructure (for all deal sizes)**. Communications rules must be modernized so issuers can reach potential buyers where they are today – on social media and modern digital channels – to build transparent, informed aftermarket support that begins early in companies' life-cycles while they are private. Early, clear, and consistent communications over a company's lifecycle deliver transparency, establish communications history, and educate potential investors, encouraging investing – especially long-term investing that comes from understanding companies' true value and potential.

III. **Deliver retail investor access to innovation economy/earlier-stage investing wealth potential while activating and protecting some of their $98T of US AUM for sustainable US capital formation.** Many worthy small- and mid-sized deals and many smaller broker-dealers and 71 licensed retail-focused Reg A

[10] PitchBook-NVCA Venture Monitor; Ritter, IPO Data (Univ. Fla.).
[11] U.S. Census Bureau, Business Formation Statistics; PitchBook-NVCA Venture Monitor.
[12] 2021-vintage IPO cohort vs. peak private marks (Klarna, Instacart, WeWork, Chime, Reddit); median ≈ 31%.
[13] Author's estimate from PitchBook and Carta data (2023 reported: ≈3,200 shutdowns, $27.2B; other years scaled). Range: 12,200–14,200 companies, $107–137B – roughly 4x the prior decade's ~1,000/year.
[14] PitchBook-NVCA Venture Monitor Q2 2026 (H1 2026: AI captured $355.9B of $412.7B in US venture deal value – 86%); Crunchbase (2025: AI ≈ half of global venture funding).

and CF platforms stand ready to facilitate the realization of trapped economic and societal value. And disenfranchised retail investors deserve to participate in the 70%+ higher returns that moved outside of their public market access into private markets for most of the last 25 years.

The fifteen recommendations below rebuild the IPO process in the order the diagnosis demands: first qualify the investor (Section I), then modernize the communications rules that blocked the infrastructure's replacement (Section II), then open retail access with protections built in (Section III). This table summarizes each recommendation and its governing authority, with detailed explanations following.

	Recommendation	Rule / Authority
I. Evolve the Accredited Investor Definition to Empower IPO and Early-Stage Investing		
1	Establish a Credential-based Accredited Investor Exam Pathway	Rule 501(a); INVEST Act HR3383 § 203; HR 3339
II. Modernize Offering Communications to Replace Lost Sales and Marketing Infrastructure at Scale		
2	Extend IPO testing-the-waters communications for retail investors	Rule 163B (also see File No. 4-892)
3	Modernize factual business information communications via digital/social channels	Rule 169 (also see File No. 4-892))
4	Right-size gun-jumping / market-conditioning rules	§ 5(c); Rules 163A, 168, 169, 134, 164, 433
5	Modernize the Quiet Period	§ 5(b)(1); Rule 433
6	Post-IPO support – IR evolved to today's communications channels	Reg FD; Rules 168–169
III. Increase Retail Investor Access and Protections for IPO and Private Market Investing		
7	Retail IPO allocations at the offer price (20–30%)	FINRA Rules 5130, 5131
8	Adopt discount-for-lock-up – 20% + graduated release for all investors	Securities Act § 5 / Form S-1
9	Transparency: offering document + continued quarterly reporting	§ 5 / Form S-1; Exchange Act reporting
10	Direct-offering parity with IPO / Reg A / Reg CF standards	Reg A §§ 230.251–263; Reg CF Part 227
11	Preserve Dutch auctions & Direct Listings	NYSE § 102.01B; Rel. 34-90768
12	Tech-supported RIA & broker-managed SPVs for Retail Participation	ICA §§ 3(c)(1), 3(c)(7)
13	Reg A/CF portals & broker-dealers as retail IPO Aggregators/Facilitators	Reg CF Part 227; §§ 4(a)(6), 4A
14	Expand Retail SPV-LP access into IPOs	ICA §§ 3(c)(1), 3(c)(7); § 15(a)
15	Expand Retail SPV-LP access into VC / PE funds	ICA §§ 3(c)(1), 3(c)(7); EO 14330

I. Evolve the Accredited Investor Definition to Empower IPO and Early-Stage Investing

1. Establish a credential-based accredited investor pathway – a new Accredited Investor Exam. Education is one of the strongest forms of protection for all investors, especially more vulnerable retail investors, delivering the knowledge and sophistication needed to navigate the greater risk potential of earlier-stage investments. Retail participation and success will be supported by the deeper knowledge conferred by the examination process. The Commission should implement an examination pathway on its own initiative under its existing authority to define "accredited investor", and should treat passage of the exam as qualifying an accredited investor both for private offerings and for the IPO priority-allocation retail mechanism described in Recommendations 7 and 13–15. The Commission has done this before: in August 2020 it amended Rule 501(a) to admit holders of certain professional licenses. The exam extends that same logic from licensure to demonstrated competence[15].

A. Currently, the accredited-investor definition in Rule 501(a) of Regulation D (17 CFR § 230.501(a)) gates access by wealth and income, intended to protect smaller retail investors from potential IPO or private market investment risks.[16] Now, for the first time in nearly a hundred

[15] Accredited Investor Definition amendments, Rel. No. 33-10824 (Aug. 26, 2020) (adding Series 7, 65, and 82 license holders to Rule 501(a)).

[16] Rule 506(b)(2)(i), 17 CFR § 230.506(b)(2)(i), permits up to 35 non-accredited purchasers per 90-day period, and Rule 502(b) requires Regulation A-level information whenever any non-accredited purchaser participates. Accredited purchasers are unlimited and trigger no such obligation. Most issuers therefore accept none. The wealth test is the gate; the purchaser cap and disclosure trigger are the lock.

years, the definition can change to protect investors through financial education to make better informed decisions about investments.

B. As the earlier charts show, with too few IPOs now averaging 14+ years after founding[17], often after the highest investment return years have passed, historical protections for retail investors have instead become barriers for retail wealth access. A credential-based pathway – to help educate retail investors, and to certify through demonstrated competence rather than by net worth – would replace a crude wealth proxy with a genuine measure of investor protection and sophistication. Congress has already embraced this approach:

i. Section 203 of the INVEST Act (H.R. 3383), incorporating H.R. 3339, the Equal Opportunity for All Investors Act of 2025, directs the Commission to establish an examination through which an individual may be certified as an accredited investor. The House passed H.R. 3383 by a bipartisan vote of 302–123 on December 11, 2025[18]; it is now before the Senate Committee on Banking, Housing, and Urban Affairs.

ii. A credential-based accredited pathway isn't primarily a private-markets tool. It is the mechanism that lets retail participate in public offerings at the point of issuance rather than after the value has already accrued to insiders. That aligns directly with the on-ramp thesis and with modernization as the Chairman has framed it – not merely with expanding the private-market buyer pool.

iii. Additional protective limits can be authorized for retail or accredited investors (e.g., no more than 20% of retirement investments; or required RIA percentage determination, etc.; or, classes of protection matching other defined assets or categories), especially in light of the anticipated activation of White House Executive Order 14330 "Democratizing Access to Alternative Assets for 401(k) Investors."

iv. EO 14330 will open RIAs managing US retail investors' AUM to invest in private investments on their behalf through their 401(k)s and IRAs. However, retail investors still won't have the same rights to consider investments for their savings. Retail investor education and certification will support their RIAs' chosen investments and provide them the knowledge to move their funds to where they see the best fit. The certification offers protection from repeating 2008, when invisible B2B deal-making impacted consumers without their knowledge or approval.

II. Modernize Offering Communications to Replace Lost Sales and Marketing Infrastructure at Scale

The communication policy built around Section 5 of the Securities Act determines who may be reached, and when, regarding a registered offering. With the exception of Rule 163B, these rules apply to all offering communications. However, because institutional investors already have sanctioned channels through them, the residual effect is to exclude retail from the offerings. The five reforms below reopen the channels required by a modern sales and marketing infrastructure, beginning with the record already before the Commission.

Please note my prior submission – SEC File No. 4-892, Petition for Rulemaking,[19] published by the Commission under "Petitions for Rulemaking" on March 31, 2026 (File No. 4-892) summarized here in Recommendations 2 and 3 below.

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[17] PitchBook-NVCA Venture Monitor; Ritter, IPO Data (Univ. Fla.).
[18] H.R. 3383 (INVEST Act) § 203, incorporating H.R. 3339; passed House 302–123 (Dec. 11, 2025).
[19] The petition is part of my coordinated record before the Commission and Congress with accompanying Senate Banking Committee letter, Restoring Capital Formation (infographic), and DOL comment re E.O. 14330. Independent legal analyses: Pinedo (Mayer Brown) (Apr. 2026), on the Rule 163B and 169 safe harbors; Goodwin (Apr. 9, 2026); VitalLaw (2026).

2. Extend IPO "testing-the-waters" communications to retail investors – Rule 163B

TTW. Rule 163B (17 CFR § 230.163B) permits an issuer to "test the waters" (i.e., to gauge interest before or after filing a registration statement) but only in communications with qualified institutional buyers (QIBs) and institutional accredited investors. Retail investors are excluded from the price-discovery conversation. The Commission should amend Rule 163B to permit test-the-waters communications with retail investors, subject to the same anti-fraud provisions that already govern such communications. Amending the rule will harmonize registered IPOs with the retail solicitations of interest the Commission already permits under Regulations A and Crowdfunding. Registered offerings should enjoy the same communications rights as these smaller offerings. This narrowly targeted change directly advances the IPO on-ramp thesis.

3. Modernize Rule 169 – factual business information through today's digital and social channels

Rule 169's factual-business-information safe harbor was written for press releases and print. Clarifying that regularly released factual business information may reach retail through today's digital and social-media channels and harmonizing IPO communications with the treatment already afforded in Regulation A and Regulation Crowdfunding lets issuers communicate in the channels where buyers actually are, subject to the same anti-fraud provisions that govern all issuer speech.

4. Right-size the gun-jumping and market-conditioning rules for the modern communication environment. The prohibition on "conditioning the market" – offers made before a registration statement is on file – flows from **Section 5(c) of the Securities Act**, softened by a series of safe harbors: **Rule 163A** (a 30-day bright-line before filing), **Rules 168 and 169** (regularly released factual business information), **Rule 134** (permitted communications not deemed a prospectus), and **Rules 164 and 433** (free writing prospectuses). The problem is that **Rule 169**, the safe harbor available to non-reporting issuers, protects factual communications only where they are ***not directed to investors in their capacity as investors*** – precisely the communications that would inform a retail audience about an offering. The result is an asymmetry: institutions receive offering-relevant information through channels that retail cannot access. The Commission should modernize Rules 168 and 169 to accommodate ordinary digital and social media communication and to permit factual, balanced issuer communications to reach retail without those communications being recharacterized as an improper offer.

5. Modernize the quiet period consistent with today's information environment. The post-filing "waiting period" and the constraints of **Section 5(b)(1)** – under which written offers must move through a statutory prospectus or a permitted free writing prospectus under **Rule 433** – were designed for an era of paper prospectuses and broker distribution. In today's environment the practical effect is to silence issuer-to-retail communication during the very window when retail forms its impressions from secondary sources. The Commission should clarify that balanced, factual issuer communications delivered through modern channels during this period are permissible, paired with the transparency requirements in Recommendation 9.

6. Support post-IPO IR sales and marketing infrastructure with communications that fit how people communicate today. The extinction of research coverage and retail broker support (Structural Shift #2) removed the demand-generation engine that once sustained newly public small-caps. Rebuilding it means recognizing modern investor communication – digital, social, AI-assisted – as legitimate investor relations and communications rather than suspect promotion. This action depends directly on the Rule 168/169 modernization.

Please note that the CLL-16 July 22 comment of Hamilton & Associates Law Group reaches complementary conclusions from the practitioner's perspective on retail testing-the-waters and the offering-communications framework – the same reforms my petition placed before the Commission in March (File No. 4-892).[20]

[20] Hamilton & Associates Law Group, Comment on File No. CLL-16 (July 22, 2026).

III. Increase Retail Investor Access and Protections for IPO and Private Market Investing

Integrate retail investor participation in IPOs, with appropriate guardrails for long-term functionality and success. The "P" in IPO is for the Public – the retail investor. Nothing in the federal securities laws requires that IPO shares be allocated overwhelmingly to institutional accounts; allocation is a matter of underwriter discretion, disciplined only by FINRA Rule 5130 (new-issue allocation restrictions) and FINRA Rule 5131 (spinning and related abuses). Those rules police the worst conflicts and leave the underlying institutional preference intact. The Commission can encourage – through guidance, and in coordination with FINRA – a minimum retail-allocation channel in registered IPOs.

7. Require or encourage retail investor IPO allocations for both retail wealth access and a smoother issuer transition from private to public ownership.

A. **At the offer price** – not only after the ~19–29% first day "pop,"[21] where retail pays higher prices and absorbs greater losses in the pop-and-drop price curves of the past 25 years. This is the entry-access reform. Retail entering at the offer price, at the formation moment, is what moves the public from value extraction to value formation.

B. **With minimum and maximum retail allocations** – to phase in and market-test this initiative, such as a minimum of 20% and maximum of 30% allocated to retail. Continued majority participation by sophisticated QIB institutions remains protective for retail investors for many reasons, and especially in price-setting.

8. Adopt a new discount-for-lock-up structure that treats all investors equally (e.g., 20% offer-price discount) in exchange for a graduated release. Under current practice, institutional allocators who capture the initial underpricing spread carry no holding obligation, enabling immediate flip activity. Attaching a 6-month or similar lock-up to an explicit 20% offer price discount realigns incentives toward long-term value creation without imposing net-new dilution on issuers.

Historically, IPOs have been systematically underpriced. Using Jay Ritter's dataset (University of Florida)[22] restricted to operating-company IPOs with an offer price of at least $5.00, average first-day returns were 19.0% across 1980–2025, 15.3% in 2024, and 29.3% in 2025, with roughly $13.1 billion left on the table in 2025 alone. That first day "pop" currently accrues to allocation recipients, predominantly flip-capable institutions; retail buys afterward and then underperforms a matched control by roughly 29% over three years.

The inversion is the point: underpricing has long been justified as compensation for investors who bear pricing risk and anchor the aftermarket – yet the discount with no holding obligation systematically rewards the least committed capital. Today the only investors subject to lock-ups are the ones who received no discount, while the investors who received the discount are subject to no lock-up. This recommendation does not create a new discount; it attaches the missing lock-up to the discount that already exists – finally collecting, in aftermarket stability, the consideration the discount was always said to buy: a smoother transition from private to public ownership.[23]

9. Require greater transparency and hold all public offerings to SEC investor protection standards.

A. **Offering document.** Every offering reaching retail – whether a traditional IPO, a direct listing, or a Regulation A / Regulation Crowdfunding offering – should deliver a clear, standardized offering document adequate to educate the audience receiving it.

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[21] Ritter, IPO Data (Univ. Fla.): 19.0% avg. first-day return, 1980–2025; 29.3% (2025).
[22] Ritter, IPO Data (Univ. Fla.), operating-company IPOs, offer price ≥ $5.00.
[23] Loughran & Ritter, Why Don't Issuers Get Upset About Leaving Money on the Table in IPOs?, Rev. Fin. Stud. (2002); Aggarwal, Allocation of Initial Public Offerings and Flipping Activity, J. Fin. Econ. (2003).

B. **Quarterly reporting.** Reliable, current financial information is the bedrock of retail participation – the standardized offering document opens the window, and quarterly reporting keeps it open. I note the Commission's pending proposal regarding semiannual reporting (Release No. 33-11414); this recommendation states my view in that proceeding as well. Reliable quarterly information is a precondition for the retail participation these reforms open, and the two dockets should be decided consistently.

10. Direct offerings held to the same standard as IPOs and Reg A/CF. Direct listings under exchange rules, and offerings under Regulation A (17 CFR § 230.251–263) and Regulation Crowdfunding (17 CFR § 227), are public offerings and currently carry disclosure obligations. Current regulations for IPOs are more restrictive, but carry fewer risks than Reg A and CF. Parity of protection across on-ramps prevents regulatory arbitrage and protects the investor and issuers regardless of the path chosen.

11. Preserve and promote price-discovery mechanisms: Dutch auctions and direct listings

A. **Dutch Auction.** An auction-based offering (in which the clearing price is set by aggregated demand rather than by underwriter discretion) narrows the underpricing gap and reduces the allocation favoritism that channels the pop to insiders. The Commission should affirmatively facilitate auction IPOs and remove practical impediments to their use.

B. **Direct Listings.** Direct listings let a company go public without a traditional underwritten allocation, and, with the primary-capital direct listing the Commission approved in 2020, without leaving the first day pop on the table. They should be encouraged as a competing on-ramp, subject to the disclosure parity described in Recommendation 10.[24]

12. Support retail participation management through efficient tech-supported RIA or broker-managed SPVs to present single collective buyer ease for participation in larger deal sizes. Technology now can add efficiencies and cost savings for new support, making small and mid-sized deals feasible and successful for multiple levels of capital market success – not just the largest players. New technologies can enable aggregation to scale the economics lost by Decimalization and empower a new infrastructure layer similar to what stockbrokers used to provide. There are many participants willing and able to facilitate smaller deals that are currently blocked by scale and communication regulation limitations. This new infrastructure level is a critical missing piece that will allow greater retail participation with protection, while supporting new income pathways for the industry. These vehicles are capped rather than enabled by current law – Section 3(c)(1) of the Investment Company Act excepts an issuer only where its beneficial owners number no more than 100, and Section 3(c)(7) requires every investor to be a qualified purchaser – and the Commission should clarify how supervised, disclosed retail-aggregation vehicles operate within those limits and support raising them.[25]

13. Leverage crowdfunding portals and broker-dealers to facilitate retail participation as retail aggregators/facilitators. FINRA-registered funding portals and broker-dealers operating under Regulation Crowdfunding already provide a compliant, KYC-equipped channel to reach retail investors at scale. The same infrastructure can be authorized to facilitate retail participation in registered IPO allocations to all retail investors (Recommendation 12). Per FINRA's roster (June 18, 2026) there are 74 registered funding portals, 71 of which are active Reg A and Reg CF platforms – with many more broker dealers in this market segment – for efficient, compliant, and underutilized infrastructure for qualifying and aggregating retail investors into SPVs for such allocations. Despite 15 years of effort and 10 years of approved regulations, the crowdfunding industry is barely scratching the surface of its potential. Aggregating retail investors into IPOs and the other recommended SPVs here offers an excellent opportunity to utilize the potential to deliver opportunities to all

[24] Primary direct listings: NYSE Listed Company Manual § 102.01B and parallel Nasdaq rule, approved by SEC order, Rel. No. 34-90768 (Dec. 22, 2020); underwritten and auction IPOs proceed under Securities Act § 5 / Form S-1.
[25] Aggregation vehicles: Investment Company Act §§ 3(c)(1), 3(c)(7) (15 U.S.C. § 80a-3(c)); RIA managers under the Investment Advisers Act of 1940; brokers under Exchange Act § 15(a).

ecosystem participants. There is willing and active infrastructure ready to serve this market segment and grow new business opportunities supported by technology that can efficiently and cost-effectively scale large numbers of small participants, post-Decimalization.

14. Expand retail SPV access into IPOs, led by broker-dealers or angel syndicates; **Activate MicroVCs.** A special-purpose vehicle that aggregates retail investors into a single allocation participant led by a registered broker-dealer or an established angel syndicate would let retail reach IPO allocations collectively while preserving a single, supervised point of compliance. The Commission should clarify the treatment of such retail-aggregation vehicles so they are not inadvertently caught by investment-company or broker-dealer registration barriers that would defeat the purpose. The same exclusion caps MicroVCs. Section 3(c)(1)(C) permits a qualifying venture capital fund up to 250 beneficial owners at no more than $12 million in aggregate capital contributions; the ordinary limit is 100. The INVEST Act (H.R. 3383) – the same legislation carrying the accredited investor examination at § 203 – would raise that to 500 beneficial owners and $50 million, indexed to inflation. I support that provision. Paired with certification under Recommendation 1, it converts retail aggregation from a capped curiosity into working infrastructure.[26]

15. Expand retail SPV access into VC/PE funds as a collective limited partner. The same collective-vehicle logic applies to the private funds themselves. Aggregating certified retail investors into a single limited-partner minority vehicle, following large, sophisticated majority-negotiated institutional terms, would give retail investors exposure to diversified private markets while respecting the fund's investor count and accreditation constraints. This aggregation dovetails with Executive Order 14330 ("Democratizing Access to Alternative Assets for 401(k) Investors," signed August 7, 2025)[27], which directs the Department of Labor to reexamine fiduciary guidance and the Commission to consider ways to facilitate defined-contribution access to alternative assets.

Executive Order 14330 built the intermediated channel – alternative assets held inside professionally managed retirement-plan funds – and, in Section 3(e), directed the Commission to consider revising accredited investor and qualified purchaser status to facilitate direct access. Recommendation 1 (the certification exam) and this recommendation are, together, the answer to that open question – the only direct-channel architecture before the Commission with a protection mechanism attached. Certification establishes eligibility, not entitlement; fund managers retain complete discretion to accept only accredited or certified investors.

A. Note: US Retail Investor AUM totaled $98T in Q1 2025[28]; 12.5% (midpoint of a 5–20% allocation to alternative assets and IPOs) provides $12T of capital formation potential for IPO and private market investing – compared to only around $1.4T of VC AUM to date – a massive opportunity to transform our capital markets if done judiciously with transparency, education, and other retail investor guardrails.

B. Additional capital formation benefits for all participants will arise from unique, natural retail investment behaviors as witnessed over the past decade, including long-term investing that decreases volatility, supports valuation stability in overly liquid IPO issues, and consumer brand promotion and loyalty. Uniquely successful IPO and aftermarket performance by Reddit and Airbnb – both of which integrated retail investors who were loyal customers into their IPO allocations – was likely due to these consumer behaviors.

C. Rather than leave retail investors with few non-public market options (e.g., sports betting, gambling, crypto, predictive markets, or the GameStop-like public-market investing phenomenon initiated in

[26] ICA § 3(c)(1)(C) (qualifying venture capital fund; 250 beneficial owners, $12M threshold as adjusted, Rel. No. IC-35305 (Aug. 21, 2024)); INVEST Act, H.R. 3383 (proposing 500 beneficial owners and $50M, indexed).
[27] E.O. 14330 (Aug. 7, 2025); DOL proposed rule, 91 Fed. Reg. (Mar. 31, 2026).
[28] Cerulli Associates, U.S. Retail Investor Solutions (2025, 2026).

January 2021 – none of which create real value), now retail can invest in innovative companies creating valuable businesses and products, delivering long-term value for the US economy and for those needing the solutions being commercialized by the startups currently blocked from funding.

Additional Considerations for the Commission: Incentivize Private Holders to Bring Companies Public. Much of the "staying private longer" dynamic is driven by private holders' preference to avoid down-rounds or a public markdown below the last private valuation, and to access higher valued private liquidity opportunities as long as possible. Most IPOs since the 2022 correction have priced at a fraction of their peak private valuations; all have exhibited the pop and drop pattern. Targeted temporary incentives to encourage IPOs for the current backlog where they can deliver more value (for example, extending favorable treatment of Qualified Small-Business Stock (QSBS) under Section 1202 of the Internal Revenue Code to more investors, or a graduated capital-gains treatment tied to bringing a company public within a defined window) would reduce the penalty for accepting likely lower public valuation and accelerate exits. This lever sits with Congress and Treasury rather than the Commission, but the Commission's reform record can name it as a complementary measure. [29]

I welcome the opportunity to discuss any of these recommendations with the Commission and its staff, and to provide the supporting data exhibits referenced.

Respectfully submitted,

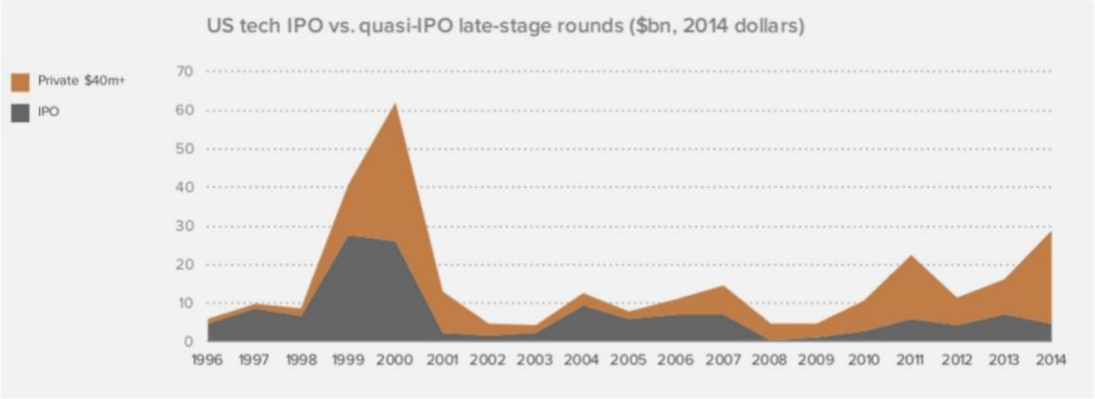
Mona DeFrawi
Chief Executive Officer & Founder
Radivision, Inc.

Appendix A – Background: The Private Market Movement of 2007–2009, and Charts Tracking Tech IPO vs. VC Funding Dynamics, 1996–2024

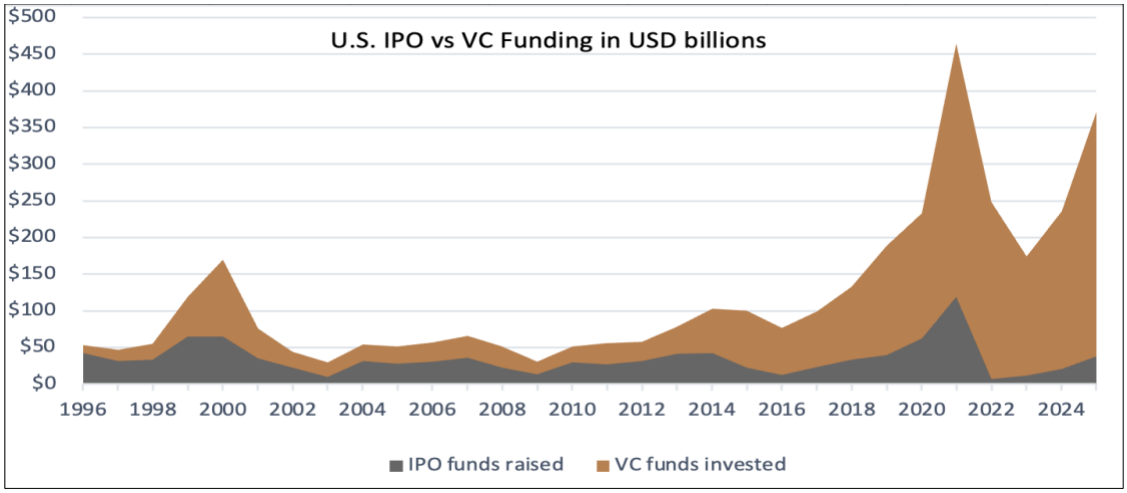
In 2007, VC leaders asked me to come to Silicon Valley to help "Fix the IPO Crisis" (also the title of then NVCA Chairman Dixon Doll's two-year campaign to restore liquidity to the venture industry). The market-structure problem identified above would not resolve without intervention. I responded by founding InsideVenture, Inc., helping brand the "private markets," and launching the first platform in 2009, designed as an IR platform and IPO on-ramp to connect public, late-stage, and PE institutional investors to IPO-track startups that had value but were unable to IPO. VCs were pressured by the banking community to drop our "HPPO" IPO on-ramp solution to focus only on secondary private trading, which launched the unicorn investing movement. (InsideVenture was acquired by SecondMarket, which later was acquired by Nasdaq, and in 2021 was spun out as the standalone Nasdaq Private Market.)

The Andreessen Horowitz chart[30] below illustrates how private market liquidity solutions helped Silicon Valley recover ahead of the greater US economy after the 2008 Great Recession – despite the higher-risk, less liquid private investments which normally follow lower-risk, liquid, public market recovery.

[29] IRC § 1202 (26 U.S.C. § 1202), QSBS, as expanded by the One Big Beautiful Bill Act (July 4, 2025) – $15M gain-exclusion cap, $75M gross-asset limit, tiered 3/4/5-year holding – with the companion § 1045 rollover.
[30] Morgan Bender, Scott Kupor & Benedict Evans, *U.S. Technology Funding – What's Going On?*, Andreessen Horowitz, slide 25 (June 15, 2015) (a16z analysis of S&P Capital IQ data).



Additional data through 2024 makes the distinction clearer. It is important to note that private market valuations are validated through public market pricing, with most IPOs since the 2022 "Tech Apocalypse" priced at 25–33% of their private market valuations[31]. The valuation delta currently between markets is a fundamental risk posed by private market activity that has not yet been addressed.



[31] 2021-vintage IPO cohort vs. peak private marks (Klarna, Instacart, WeWork, Chime, Reddit); median ≈ 31%.