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Vanessa Countryman
Secretary
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: CLL-16; IPO Modernization – Comments in Response to Remarks of Chairman Paul S. Atkins at the Stanford Rock Center for Corporate Governance (May 26, 2026)

Dear Ms. Countryman:

We are writing in response to Chairman Paul S. Atkins's invitation for public comment on IPO modernization, issued in connection with his remarks at the Stanford Rock Center for Corporate Governance on May 26, 2026 (File No. CLL-16). We commend the Commission for initiating this review and share the Chairman's view that revitalizing the U.S. public markets is among the most consequential policy objectives the Commission can pursue.

As capital markets practitioners who regularly advise companies, underwriters, and investors through the IPO process, we have seen firsthand how certain of the Securities Act's communications framework and disclosure requirements combine to impose costs on issuers and their advisors that outstrip the benefits for investor protection. We write to offer specific, targeted recommendations in each of these areas to better streamline the offering process and eliminate unnecessary and burdensome disclosure.

Our comments address six topics related to IPO modernization: (1) the Rule 163A pre-filing safe harbor; (2) IPO company access to Rule 168 and social media communications; (3) financial projections disclosure; (4) compensation disclosure timing for recently completed fiscal years; (5) risk factor length and generic risk liability; and (6) dilution disclosure. Additionally, we recommend additional changes to address common criticisms of the IPO process and to hasten the offering process.

Background: The Case for IPO Reform

Going public remains one of the most consequential decisions a company will make. The IPO process is the primary mechanism by which private companies access the broad base of American investors, and a functioning IPO market is essential to the health of U.S. capital formation. Furthermore, enabling individual investors to invest in the public markets along with institutional investors is essential as more investors look to enhance their retirement savings. Yet the regulatory framework governing that process has in many respects not kept pace with changes in business practice, technology, or investor behavior.

The Securities Act's prohibition on offers before the filing of a registration statement was enacted in a world of paper prospectuses and limited media channels. Today, companies communicate constantly with employees, customers, partners, and potential investors through multiple digital channels that did not exist when the Commission last substantially reformed offering communications rules more than twenty years ago. The rules that govern what a company may say, to whom and when, are complex, difficult to navigate, and in some cases produce outcomes that Congress and the Commission cannot have intended.

We support the Commission's effort to construct, as the Chairman described, "a more harmonized set of rules that offer clarity, simplicity, and congruity with today's technology." The following recommendations are offered in that spirit.

I. Extend the Rule 163A Safe Harbor to the Public Filing Date and Relax the Pre-Filing Offer Restrictions

Rule 163A of the Securities Act provides a safe harbor from the prohibition on pre-filing offers for communications made more than 30 days before the filing of a registration statement, subject to certain conditions. While the rule was a meaningful step forward when adopted, and permitted important communications from companies to its partners, investors and the public about its business, its practical utility is limited in a way that the Commission should address.

The core problem is that the 30-day window runs backward from the filing date, a date that companies frequently do not know with precision at the time they are conducting normal investor-facing activities. Companies and their advisors must therefore estimate when the 30-day period begins, which creates legal uncertainty and chilling effects on legitimate communications. Companies approaching an IPO often restrict their communications well beyond what is legally required, simply to avoid the risk of having miscounted the days.

We recommend that the Commission amend Rule 163A to eliminate the 30-day window so that the safe harbor runs from the date of any covered communication until the public filing date of the registration statement, rather than terminating 30 days before filing. Eliminating the 30-day window would provide companies with a known, objective date on which to rely, rather than requiring backward-looking estimation from an uncertain future event.

This change would not meaningfully alter investor protection. The registration statement itself, and all required prospectus disclosure, remains the central document on which investors rely. Communications falling within an extended Rule 163A safe harbor would still be subject to the anti-fraud provisions of the federal securities laws. The benefit would be a simpler, more predictable safe harbor that allows companies to communicate normally with investors in the period leading up to their IPO without fear that a routine communication will later be characterized as an improper pre-filing offer.

Additionally, we encourage the Commission to reconsider the pre-filing offer prohibition itself. For an issuer that has publicly announced its intention to conduct a registered offering, the bar on offers before a registration statement is filed does little to protect investors and much to chill ordinary communication at the moment a company most needs to introduce itself. We recommend that, for such issuers, the Commission expand the availability of safe harbors to liberalize pre-filing communications for issuers wishing to enter the public markets. The Commission could consider a regime that polices the accuracy of such communications rather than their existence, relying on the antifraud provisions that already govern every issuer communication. This approach would preserve the protection investors actually depend upon (i.e. liability for materially false or misleading statements), while removing a restriction that today operates principally as a trap for the unwary.

II. <u>Extend Rule 168 to IPO Companies and Modernize the Communications Safe Harbors</u>

Rule 168 permits reporting companies to continue to publish regularly released factual business and forward-looking information without that publication constituting an "offer" for purposes of the Securities Act, even during the offering process. The rule reflects the sensible judgment that information a company routinely publishes should not become legally problematic simply because the company happens to be conducting an offering.

IPO companies, however, cannot avail themselves of Rule 168 precisely because they are not yet reporting companies. This creates an asymmetry: a company that has been public for one day may continue to publish its customary communications, while a company that is about to go public arguably must restrict communications that it has published for years. We recommend that the Commission extend Rule 168, or an equivalent safe harbor, to IPO companies, so that pre-IPO communications consistent with a company's established prior practice are not treated as offers.

We also recommend that the Commission revisit the "regularly released" and "past practice" requirements in Rule 168 in light of how companies actually communicate today. Social media platforms, including those focused on professional and business audiences, are now primary channels of corporate communication. A company that routinely posts business updates on LinkedIn, X (formerly Twitter), or a company blog should not forfeit the protection of a safe harbor simply because those posts do not fit neatly into the category of "regularly released" information as conceived when the rule was adopted.

Specifically, we recommend that the Commission amend Rule 168 to:

a. Extend the safe harbor to companies filing their initial registration statements on Form S-1, provided that the communications at issue are consistent with communications the company made prior to commencement of the offering process;

b. Clarify that social media posts, company blog entries, and other digital communications qualify as "regularly released" information for purposes of the safe harbor, provided that such communications are consistent in form and subject matter with the company's historical practice and originate from authorized company representatives; and

c. Eliminate or substantially relax the requirement that the communications be "past practice," at least with respect to the form and channel of communication, so that a company that has historically communicated via press release may continue to do so in digital formats without losing the benefit of the safe harbor.

The Commission should also take this opportunity to modernize several related features of the communication rules that bear directly on the IPO process:

Confirm that ordinary-course communications are not offers. The Commission should confirm that an issuer's ordinary-course business communications, including routine factual product and business announcements, customary financial-results releases, and regularly scheduled earnings communications, do not constitute offers for purposes of Section 5, without regard to their proximity to a contemplated registered offering. While the Commission's guidance in Securities Act Release No. 5180 from 1971 is instructive on this point, such guidance warrants updating in accordance with today's market realities and conditions.

Broaden the permitted content of Rules 134 and 135. The Commission should expand the categories of information that may be communicated under Rules 134 and 135. A notice under Rule 134 should be permitted to include a plain-English description of the issuer's business and the offering, and a Rule 135 notice should be permitted to include a brief statement of the issuer's reasons for the offering, in each case provided the communication is consistent with the disclosure in the registration statement.

Refocus the Rule 169 safe harbor on channel rather than audience. The Commission should modernize the conditions of the Rule 169 safe harbor so that it turns on whether information was released through a channel the issuer uses in the ordinary course of its business, rather than on the audience to which the information is notionally directed, and should broaden the definition of "factual business information" to include the operational and strategic updates that companies routinely publish today.

These changes would bring the communications safe harbors into alignment with the realities of modern corporate communication while preserving the core investor protection rationale of the rules.

III. <u>Affirmatively Permit Financial Projections in IPO Registration Statements, as Permitted in the Form S-4 and Proxy Statement Context</u>

Financial projections are among the most useful information a company prepares, yet in the IPO context they are rarely made available to investors. In current practice, issuers and their underwriters generally scrub forward-looking financial information from roadshow materials, and projections are typically not included in the roadshow presentation or the prospectus except in limited cases, such as the estimated cash-available-for-distribution disclosure in certain REIT offerings. The principal reason is liability: the safe harbor for forward-looking statements under the Private Securities Litigation Reform Act of 1995 arguably does not apply to IPOs, and Section 11 of the Securities Act imposes a strict liability standard, so companies and their counsel are reluctant to include projections in a registered offering document. As a result, forward-looking information that management prepares and relies upon internally is generally withheld from investors in the IPO context, even though comparable information is routinely disclosed in other registered contexts.

We recommend that the Commission affirmatively permit the inclusion of financial projections in the IPO registration statement itself. This approach would extend to the IPO context the well-established treatment of projections in registration statements on Form S-4 and in proxy statements, where management projections are routinely disclosed.

In the M&A and proxy context, management financial projections are frequently included in the disclosure document, and Item 10(b) of Regulation S-K sets out the Commission’s framework for the presentation of projections, encouraging their disclosure where prepared in good faith and on a reasonable basis. Disclosure of projections in that context has not proven problematic, in part because of the qualified nature of the disclosure and the protections afforded to good-faith, reasonably based forward-looking statements. We recommend that the Commission apply a comparable framework to IPO registration statements, so that an issuer that elects to include financial projections, prepared in good faith and on a reasonable basis and accompanied by appropriate cautionary language, is not deterred from doing so by the strict liability standard of Section 11.

To that end, we recommend that the Commission clarify that financial projections and other forward-looking statements to be voluntarily included in an IPO registration statement are subject to a liability standard comparable to that available under the PSLRA safe harbor and Item 10(b) of Regulation S-K, rather than the strict liability standard of Section 11. Clarifying that projections are permitted on this basis would give all investors access to the forward-looking information most useful to their investment decisions, while protecting issuers that provide it responsibly, and would achieve broader investor access.

Two related measures would reinforce this reform by addressing the liability concern that deters projections in the first place. First, the Commission should codify, in a rule, the judicially developed principle that a forward-looking statement accompanied by meaningful, specific cautionary language is not actionable as a misstatement. A uniform, codified formulation would replace the case-by-case application that varies across jurisdictions and that today leaves issuers uncertain whether their cautionary language will be honored.

Second, the Commission should adopt a rule providing that a forward-looking statement included in an IPO registration statement satisfies the standard of reasonable investigation and reasonable ground for belief that supports the due-diligence defense to Section 11 liability, where the statement had a reasonable basis when made, was prepared in good faith, and was accompanied by appropriate cautionary disclosure. Together with a legislative extension of the Private Securities Litigation Reform Act safe harbor to IPO issuers, which we support in our additional recommendations below, these steps would allow issuers to share the forward-looking information that investors value without exposing responsible disclosure to strict liability.

IV. <u>Phase In Compensation Disclosure Requirements to Align with Financial Statement Timelines</u>

Item 402 of Regulation S-K requires companies to disclose executive compensation for the most recently completed fiscal year in registration statements filed on Form S-1, as well as in annual reports on Form 10-K. For many companies, the timing of this requirement creates a practical problem: compensation decisions for a recently completed fiscal year are often not finalized, or cannot be quantified with certainty, at the time the registration statement is filed.

The problem is particularly acute for companies with a fiscal year that does not align with the calendar year, for companies filing registration statements shortly after fiscal year-end, and, most significantly, for dual-listed companies who are not foreign private issuers. A dual-listed company may be subject to disclosure requirements in its home jurisdiction that do not require compensation disclosure until a date later than the date on which the SEC requires such disclosure in the United States. As a result, a dual-listed company can find itself compelled to disclose compensation information publicly in the United States before it is required to do so under the laws and regulations of its home jurisdiction, creating an inconsistency that serves neither U.S. investors nor the company's home-jurisdiction shareholders.

We recommend that the Commission amend Item 402 and the applicable form requirements to phase in the obligation to include compensation disclosure for the most recently completed fiscal year in a manner that is tied to financial statement timelines. Specifically, we recommend that:

a. A company filing a registration statement within 120 days of the end of its most recently completed fiscal year be permitted to include executive compensation disclosure for the preceding fiscal year in lieu of the most recently completed fiscal year, provided that compensation for the most recently completed fiscal year is disclosed in the company's first annual report on Form 10-K (e.g., a calendar-year company filing a Form S-1 on April 15, 2026 could present fiscal 2024 compensation, with fiscal 2025 to follow in its first Form 10-K); and

b. For dual-listed companies, the Commission provide an accommodation permitting the company to delay the inclusion of most recently completed fiscal year compensation disclosure until the date on which such disclosure is first required under applicable home jurisdiction law, provided that this date falls within the timeline prescribed in subparagraph (a) above.

These accommodations would reduce a friction point that is particularly burdensome for foreign private issuers and dual-listed companies considering a U.S. IPO, and would better calibrate compensation disclosure obligations to the practical realities of how compensation decisions are made and finalized.

V. Streamline Risk Factor Disclosure by Limiting Liability for Generic Risks and Considering a Page Cap

Item 105 of Regulation S-K requires disclosure of the material factors that make an investment in the registrant or offering risky. The intent of the rule is admirable, but its operation has produced an outcome that is the opposite of what was intended: registration statements regularly contain dozens of pages of risk factors, many of which have been characterized by the plaintiffs' bar or others as generic descriptions of risks that apply to virtually all companies and provide no meaningful information about the particular risks facing the registrant.

The inflation of risk factor disclosures is driven primarily by litigation risk. Companies and their counsel are reluctant to omit any risk, however generic, for fear that a failure to disclose will later be characterized as a material omission if the risk materializes. The result is that the plaintiffs' bar and others have complained that investors must wade through pages of boilerplate before reaching the risk factors that are specific to the company and its business. This outcome also imposes unnecessary costs on companies and their advisors.

The Commission proposed in 2020 to address this problem in part by requiring companies with more than 15 pages of risk factors to include a summary section. In our experience, this requirement has not reduced the overall length of risk factor disclosures; it has, in many cases, added length by requiring a summary section that duplicates material already in the body of the risk factors.

We recommend that the Commission address concerns around risk factor inflation through two complementary mechanisms:

a. *Safe harbor for generic risks.* Adopt a rule providing that omitting a risk factor that is generic in nature (that is, a risk that is not specific to the registrant's business, industry, operations, or financial condition) is not actionable for strict liability purposes under Sections 11 and 12 of the Securities Act. This safe harbor would give companies and their counsel the legal comfort necessary to reduce risk factor disclosures to those risks that are actually specific and material to the particular company. Companies that wish to retain generic risk factors may do so, but would not be penalized for omitting them. Consider encouraging companies to list in bullet-form a list of what it may think of as a generic risk rather than requiring full-blown risk disclosure over generic risk factors. Furthermore, to reduce uncertainty about the boundary between generic and company-specific risks, the Commission could provide non-exclusive examples of the types of risks that would qualify as generic for purposes of the safe harbor.

b. *Page limits on risk factors.* Imposing a page limit on risk factor disclosures (perhaps 20 to 25 pages) applicable to all registration statements and annual reports. A hard page cap would provide a structural incentive to focus risk factor disclosure on the most material risks, and would give companies a clear standard against which to measure their compliance. To preserve flexibility, the

Commission could allow companies to exceed the cap with a specific written explanation of why additional disclosure is required in the particular case, though we believe this exception should be narrow.

In connection with these changes, we recommend that the Commission eliminate the risk factor summary requirement currently in Item 105(b), which has not meaningfully reduced risk factor length and imposes an additional compliance burden. Topic sentences in bold type and logical grouping of risk factors by category, as the Commission already permits, are more effective and less burdensome tools for directing investors to the most important risks.

Together, these reforms would allow investors to identify, more quickly and reliably, the risks that are actually material to a particular investment decision, which is the stated purpose of Item 105.

VI. Remove the Dilution Disclosure Requirement Under Item 506

Item 506 of Regulation S-K requires companies conducting certain Securities Act offerings to include a table disclosing the dilution of purchasers' equity interest, calculated by reference to historical net tangible book value per share as compared to the public offering price. For a large and growing category of companies, this disclosure is neither meaningful nor material to investor decision-making.

Net tangible book value is not how the market generally thinks about or measures dilution. For many companies, particularly those in technology, life sciences, software, and other asset-light industries, net tangible book value is not a relevant measure of value, and the "dilution" figure produced by Item 506 is correspondingly uninformative. A company whose value resides primarily in its intellectual property, customer relationships, or growth prospects will routinely show an offering price that is a large multiple of its net tangible book value, producing an Item 506 disclosure that is mathematically striking but economically meaningless.

Moreover, the information that Item 506 is intended to convey is available to investors through other disclosures. The capitalization table included in the prospectus discloses the pre- and post-offering ownership structure of the company. The balance sheet and financial statements provide the underlying data from which a sophisticated investor can calculate any metric of dilution they consider relevant. The MD&A discusses the company's use of proceeds and its financial position. Against this backdrop, a mandatory Item 506 table calculated on a net tangible book value basis adds a disclosure that is frequently misleading in its suggestion of economic significance where little exists.

We recommend that the Commission eliminate Item 506 in its entirety. To the extent that dilution is material to an investment decision in a particular offering, companies would remain obligated under the general anti-fraud provisions and the principles-based requirements of the securities laws to disclose that information, and could do so in a manner that reflects how management and investors actually think about the concept. Elimination of Item 506 would reduce compliance costs, eliminate a source of disclosure that can be more confusing than informative, and align the offering document with the principle, which the Commission has articulated in the Regulation S-K reform context, that disclosures should elicit material information without requiring information that is not material.

VII. Extend the Two-Year Audited Financial Statement Accommodation to All First-Time Registrants

The Jumpstart Our Business Startups Act of 2012 permits emerging growth companies to include two years of audited financial statements in their IPO registration statements, in lieu of the three years otherwise required by Regulation S-X. This accommodation has proven successful in reducing preparation costs and time for EGC IPO candidates, without evident harm to investor protection. Companies that do not qualify as emerging growth companies, however, remain subject to the three-year audit requirement, including many later-stage growth companies with revenues that exceed the EGC threshold but for which the third year of audited financials adds substantial cost without proportionate informational benefit.

Auditing the earliest of the three years often adds material cost and time. The audit firm must examine internal controls and transactions from a period when the company's business, systems, and personnel may have differed materially from its current state. Adjustments to reflect subsequent changes in accounting standards must be identified and made. Restatements are more likely as the auditor works through historical records that may be less accessible or complete. The marginal informational value of the third year to a public investor, who receives MD&A commentary, interim data, and two full years of audited financials, is often modest, particularly for companies whose business has evolved rapidly.

We support the Commission's recent rule proposal, Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies (Release No. 33-11419) which would require only two years of audited financial statements in the registration statements of all first-time registrants in the proposed new category of Non-Accelerated Filer. We also recommend that the Commission examine whether analogous reductions are appropriate for the financial statement requirements of businesses acquired under Rule 3-05 and Rule 3-14, which impose parallel burdens on IPO issuers with recent M&A activity.

VIII. Adopt the Semi-Annual Reporting Framework

We support the Commission's recently proposed rulemaking on Semiannual Reporting (Release No. 33-11414) as it would permit semi-annual reporting for private companies conducting initial public offerings. This reform would reduce cost and complexity by relieving IPO candidates of the need to maintain quarterly close capabilities before they are public; widen the IPO market windows by eliminating the current quarterly stale-date cliffs that force issuers to rush their filings before Q1 or Q3 numbers age out; and ensure consistency between the disclosure regime that applies to an IPO issuer immediately before and immediately after its offering.

IX. Create a Short-Form Registration Path for Well-Capitalized Pre-IPO Issuers

The Commission's current IPO registration framework is calibrated for the traditional model of a growth-stage company introducing itself to public investors for the first time. That model no longer describes many contemporary IPO candidates. Today, a substantial portion of IPO issuers arrive at the Commission having already been valued in the billions of dollars based on multiple priced funding rounds subject to sophisticated institutional due diligence; accumulated a substantial base of institutional shareholders including venture capital firms, sovereign wealth funds, and crossover mutual funds; developed a secondary market trading history through platforms such as Forge Global and EquityZen that provides meaningful price discovery; and built internal reporting systems that generate information comparable in scope to that produced by public companies.

For these companies, the traditional Form S-1 process imposes cost and delay without a corresponding increase in investor protection. Sophisticated investors have already conducted the substantive due diligence that S-1 disclosure is intended to enable, and the marginal information gained by requiring the full Form S-1 disclosure package for a company that has already been extensively vetted in the private markets is limited. The current one-size-fits-all approach also fails to recognize that the line between private and public issuers has meaningfully blurred for larger companies.

We recommend that the Commission create a short-form IPO registration path, either through amendments to Form S-3 or through a new form specifically designed for this purpose (which we tentatively refer to as Form S-3 IPO), available to issuers meeting objective eligibility criteria. Possible criteria include:

a. An implied public equity value of at least $5 billion, based on the most recent priced funding round conducted within the preceding 18 months, subject to appropriate adjustments for subsequent issuances and repurchases;

b. A minimum aggregate secondary market trading volume through recognized private-company trading platforms over a defined trailing period, together with public disclosure by the issuer of applicable transfer restrictions and trading activity;

c. A confidential submission history with the Commission staff of at least 45 days prior to the initial public filing, so that the staff has an opportunity to review the issuer's disclosures on a non-public basis prior to public filing; and

d. An institutional shareholder base of a defined size and composition, evidencing that sophisticated market participants have conducted substantive due diligence on the issuer.

The short-form IPO registration would preserve investor protection by requiring current-period disclosure meeting the substantive standards of Regulation S-K, including MD&A, business description, risk factors, and audited financial statements; incorporation by reference of prior confidential submissions to the Commission staff, so that the complete registration file remains available to the staff and, upon unsealing, to investors; and material updates since the last comprehensive disclosure. The full application of Section 10(b), Rule 10b-5, and the anti-fraud provisions of the federal securities laws would continue to apply, as would Section 11 liability for material misstatements or omissions in the short-form registration statement itself.

The short form would differ from a full Form S-1 in the extent of the disclosure required, not in the standards that govern it. A traditional Form S-1 requires a first-time registrant to prepare a comprehensive, standalone disclosure document that spans hundreds of pages, with a full business section, multiple years of management's discussion and analysis, and extensive risk-factor and related disclosure, because the issuer is presenting itself to public investors for the first time and no other public record exists. A well-capitalized pre-IPO issuer of the kind described above has already been examined in detail by sophisticated investors across successive financing rounds and produces financial and operating information comparable to that of a public company, so the incremental value of the full S-1 package is limited. The short form would instead call for a focused disclosure document containing the information such an issuer actually needs to give investors to make an informed decision: a summary description of the business, audited financial statements, risk factors, management's discussion and analysis and the terms of the offering, presented in a prospectus supplement format rather than in the exhaustive form prospectus that a first-time Form S-1 demands.

This reform would recognize a structural change in U.S. capital markets: the line between "private" and "public" issuers has blurred for larger companies, and the current one-size-fits-all Form S-1 requirement no longer reflects that reality. A tiered registration approach would preserve investor protection where it is most needed and remove friction where it produces little marginal benefit. Cross-jurisdictional research is warranted here as well: several other markets, including the United Kingdom and Singapore, have introduced tiered listing regimes that recognize similar distinctions among issuers based on size, scrutiny, and institutional ownership, and their experience may inform the Commission's calibration.

X. <u>Additional Reforms to Address Common Criticisms of the IPO Process</u>

Beyond the topics addressed in the preceding sections, we identify several additional reforms that would meaningfully respond to persistent criticisms of the IPO process related to cost, time, disclosure burden, litigation exposure, and unpredictability of regulatory review. The Chairman invited bold thinking, and we offer these recommendations in that spirit.

Expand testing-the-waters communications to all investors. Rule 163B currently permits an issuer or its authorized representative to engage in testing-the-waters communications with qualified institutional buyers and institutional accredited investors before or after the filing of a registration statement. The rule reflects a sensible judgment that pre-filing communications with sophisticated investors serve a useful market-testing function without meaningful risk of investor harm. We recommend that the Commission expand testing-the-waters to permit communications with all investors, subject to appropriate content restrictions, legending requirements, and the continued application of the anti-fraud provisions. Modern communications platforms and disclosure practices make it feasible to engage with a broader universe of potential investors before an IPO without the coercive risks that motivated the historical restrictions on pre-filing communications.

Rationalize XBRL and iXBRL requirements. XBRL tagging requirements impose meaningful compliance costs on issuers of all sizes, but the costs are disproportionately burdensome for smaller reporting companies. Empirical evidence suggests that analyst and investor use of XBRL data is heavily concentrated in larger, more heavily analyzed issuers. We recommend that the Commission examine whether XBRL requirements should be scaled back or eliminated for smaller reporting companies, and whether the current tagging depth generates analytical value commensurate with its cost across the filer population as a whole.

Support Congressional extension of the PSLRA safe harbor to IPO issuers. The Private Securities Litigation Reform Act's safe harbor for forward-looking statements does not apply to IPO issuers by statute. This exclusion, which dates to 1995, discourages IPO candidates from including forward-looking guidance and projections in their prospectuses, depriving investors of information that would frequently benefit their decision-making. While amendment of the statute is a matter for Congress, we encourage the Commission to actively support Congressional action to extend the safe harbor to IPO issuers, and in the interim to provide administrative safe harbors and guidance that reduce the litigation risk of forward-looking statements in the IPO context to the maximum extent permitted by existing law.

Together, these reforms would address many of the criticisms commonly directed at the IPO process. We recognize that not every criticism can be resolved through regulatory reform. But the accumulation over time of regulatory frictions has meaningfully increased the cost of being public in the United States, and the Commission has both the authority and the opportunity to remove those frictions that no longer serve their original purposes.

Conclusion

The recommendations set forth in this letter reflect our collective experience advising companies and their underwriters through a process that has become more complex, costly, and uncertain over time without a corresponding increase in investor protection. We believe that each of the reforms described above is consistent with the Commission's core mission of protecting investors, facilitating capital formation, and maintaining fair, orderly, and efficient markets.

We appreciate the Chairman's commitment to bold and creative thinking in this area and the Commission's willingness to hear from market participants. We would welcome the opportunity to discuss any of these recommendations further. Please do not hesitate to contact me at 212-839-5684 or sgandhi@sidley.com or Sonia Barros at 202-736-8387 or sbarros@sidley.com.

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Respectfully submitted,

/s/ Samir A. Gandhi

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/s/ Sonia Barros

Sonia Barros

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