U.S. SECURITIES AND EXCHANGE COMMISSION

RETHINKING THE RULEBOOK: MODERNIZING THE IPO PROCESS AND ACCESS TO PUBLIC CAPITAL

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U.S. Securities and Exchange Commission
100 F Street, N.E., Washington, D.C.

APPEARANCES:

SEC Staff

Courtney Haseley, Office of the Advocate for Small Business Capital Formation

Ted Yu, Division of Corporation Finance

Panelists

Beau Bohm, Managing Director, Global Co-Head of Equity Capital Markets, Cantor Fitzgerald

Joshua Ford Bonnie, Partner, Simpson Thacher & Bartlett LLP

Jaime Klima, General Counsel, NYSE

Ryan Mitteness, Partner, Fenwick & West LLP

Daniel Zinn, General Counsel & Chief of Staff, OTC Markets Group Inc.

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P R O C E E D I N G S

MS. HASELEY: Good afternoon. I'm Courtney Haseley with the SEC's Small Business Advocacy Office, and it is my pleasure to be co-moderating today's discussion Rethinking the Rulebook: Ways to Modernize the IPO Process and Reassessing the Framework For How Companies of All Sizes Access the Public Markets.

Joining me as co-moderator is Ted Yu, Associate Director in the Division of Corporation Finance.

One part of the SEC's three-part mission is facilitating capital formation, and, historically, much of that capital has been raised in the public markets. And to paraphrase Chairman Atkins, these public markets remain the anchor of American capital formation, but trends have shifted over time in terms of where and how capital is being raised.

Public company obligations have also evolved over time, and we've heard some stakeholders raise concerns about whether or not the public company framework is perhaps burdensome or outdated.

We've also heard stakeholders share their feedback that a robust disclosure framework is really essential to ensure that investors have the kind of information they need to make informed investment decisions.

I think suffice it to say there's room for improvement, which is why I'm really thrilled that we're having this discussion, and happy to be joined on the stage by these innovative and experienced professionals, and looking forward to picking your brains about exploring potential regulatory solutions to modernizing the IPO process and reassessing the public company framework and challenging conventional approaches.

Ted and I are also gonna be looking to get some of your feedback on some recent SEC proposed rule changes and interested in hearing particular pain points that you've been experiencing, so thank you so much for being here.

Before we dive into the substance of our discussion, I think we should all have the panelists introduce themselves.

So, Dan, I'll start with you. If you could, tell us who you are and how your work relates to IPOs and the public company framework.

MR. ZINN: Sure. Well, first of all, thank you for having me. This is great.

My name is Dan Zinn. I'm the General Counsel and Chief of Staff at OTC Markets. We operate public-trading markets for about 12,000 equity securities that are not otherwise listed on the New York Stock Exchange or National -- National Securities Exchange, including many of the small companies that, I think, a lot of this discussion will center around and that will benefit, in large part, from the some of the changes you were alluding to in the introduction. I'm very excited to get this underway.

MS. HASELEY: Happy to have you.

MR. MITTENESS: Ryan Mitteness, a partner at Fenwick & West, in the public and capital markets group. We represent public and NYSE private companies who are exploring going public in a broad range but really focused on the biotech industry, which is a lot of relatively smaller going-public companies that have kind of, I'd say, some different needs and different obligations for what moves the needle for them versus, I think, what the regulation is set up for. And we're looking forward to this discussion to see things we can do to further improve them moving forward.

MS. HASELEY: Sure.

MS. KLIMA: I'm Jamie Klima, General Counsel of the New York Stock Exchange; also provide leadership for our NYSE Institute, which advocates on behalf of our 2,400 listed companies as well as promotes the long-term benefits of the capital markets and the strength of those capital markets.

MR. BONNIE: My name is Josh Bonnie. I am a co-head of the capital markets practice at Simpson Thatcher, which is a big Wall Street law firm. I've been at it for sort of 30 years, helping companies go public and be public. And I'm excited to be here.

It's a -- a fun fact that my wife is an SEC alum, so she's also very excited that I'm here too, so thank you for giving me the opportunity.

MR. BOHM: And Beau Bohm, global cohead of equity capital markets for Cantor, which is the investment banking broker-dealer within the Cantor Fitzgerald companies. I've been on Wall Street in investment banking for over 25 years. The last 21 of which, I've been focused on equity capital markets. So we do everything from late-stage private capital raising through IPOs, equity follow-ons, public market transactions, et cetera.

MR. YU: Great. Well, thank you. Let me echo what Courtney said, thank you for participating in this, and maybe we'll just get right into it.

I did watch last year's roundtable, and I was just talking to Dan, and I'm so glad to be able to participate in this one, because the SEC has been busy since last year, preproposing releases, among other things, registered offering form, filer status, as well as semiannual reporting.

We'll just start with registered offering form, which is ultimately about accessing capital, and one of the things that the proposal is aimed at is to encourage public companies to stay public by offering them easier access to what is effectively cheaper capital in the public market.

I'm going to turn to Ryan first, but I'd like to know from everybody, what other things that affect the public company's ability to use the shelf registration process and doing shelf takedowns? What are the factors? What are the regulatory rules that you have to consider? And also, what your thoughts are on the proposing release in addressing some of those concerns?

So I'm going to turn to Ryan first to kick it off.

MR. MITTENESS: Sure. Thank you. And first of all, I want to thank the staff so much for these proposed rules, and they are amazing starts and where we want to get going.

Because I'm just -- like, the registering -- the registered offering reform, just a few thoughts I had initially in sort of where we are now before we get to there. If you're a small company and you go public and you're going public because you want to access the capital markets and you want to do more follow-ons, you have several issues that arise right away.

Okay. You can get the IPO when you're public, but now it's 12 months until you can do the S-3, so what can you do? You can do a follow-on S-1, but that has this obligation where you're public for two days before you can price, so that takes a lot of use of it off the table because there's a lot -- issuers just can't take that risk. So it almost becomes you're basically doing a PIPE, the Private Investment in Public Entity, which works, and we do it all the time on it, but it also kind of defeats a little bit of the point in why you want to access the public markets.

We also then have to deal with the 20 percent rule that the exchange is on if we're doing a private offering.

And then the other kind of big -- another big benefit with the rule change of sort of moving the S-3 forward and getting rid of the -- the baby shelf limitations. Because right now, we have these rules where if your public float, which can be a lot smaller than the actual market cap for a lot of these companies, if your public float's less than 75 million, you're severely restricted when you can do for financing, which effectively makes you back in the pipeline because you're not going to be able to raise 50-60 million on it that you may need.

So those two, making the S-3 upfront and taking away the baby shelf rules, I think, is going to have huge benefits to a lot of our companies in, frankly, being able to do a registered offering that they just couldn't do before. They were stuck in the pipeline basically. I think that's sort of a great benefit to a lot of these again.

And then, you know, the -- the -- the sort of the WKSI eligibility after 12 months, I think, is very useful. I don't -- I'm kind of comfortable with that. I don't know if you need to have it right away up front because I can see the point for seasoning a little bit there. But just being able to have the -- the short-form registration statement that you can then incorporate everything into if you're ready to go quickly, is going to be very significant for a lot of our clients going forward.

MR. YU: Do you think -- how do you think a -- a company that's looking to go public, how -- do you think their market practice will be that once they go effective on their IPO, that they immediately throw up an S-3 the way you throw up an S-8, just because you can do it right away?

MR. MITTENESS: I suspect it'll be upon the expiration of lockup; that would be my assumption on market practices.

MR. BOHM: Yeah, I mean, I can see as this, you know, as -- as things evolve going forward, you know. And, again, it's going to depend on the -- the underwriters and parties that are -- that are -- that are part of the lockup. I can certainly see a situation where you have carve-outs for, you know, filing of an S-3 just to be able to get a shelf in place. You know, you -- you've also -- you've got confidentials, submissions that allow you to at least get the bones of -- of the -- of the shell filing and registration process in place to, you know, to allow for, you know, more -- more seamless capital raising post-IPO.

It's definitely -- you know, the point you made around not having to go the PIPE route from -- just from a practical standpoint, that is -- I personally think this is one of the things that's, you know, one of the most game-changing aspects of this reform, you know, since the JOBS Act in terms of just the practical implications to the -- the equity capital markets.

It's -- you know, when you're -- when you're -- when you're -- when you're dealing off of a, you know, for an S-1 filer, a, you know, a PIPE in those first 12 months of -- of being public, the discounts that you're getting back from investors, you know, are often incredibly onerous, and, you know, part of that is they have to take 30 to 60 days to fill liquidity risk. And, you know, post-IPO issuers are often -- you know, these aren't the most seasoned issuers in the markets. You know, you don't necessarily have normalized liquidity and technicals to really support, you know, a tighter discount. Sometimes, you know, for some of these companies, you know, you're looking at discounts in excess of 30 percent, you know, PIPE, where if you had freely tradable registered shares to offer investors, you might be looking at discounts that are closer to 10-12 percent. So it's -- it's, I think, from that standpoint, you know, incredibly game changing and very helpful for companies to -- to be able to take advantage of this.

And -- and be it to your point, you know, probably from a practical standpoint, you know, after the IPO lockup, what we see, a lot of early lockup releases and see, you know, companies be able to navigate that, depending on how the IPOs perform in the aftermarket, be able to take advantage of those, you know, S-3 registrations much sooner than 180 days.

MR. BONNIE: I think people will throw up the S-3 because -- well, certainly in sort of sponsor-backed IPOs, the IPOs are just sort of the starting point. You know, they want to sort of, you know, monetize their investment in the company, and sort of increase their load. And I think the idea of sort of separating -- getting the sort of mechanism to access the market separated, you know, from a signaling standpoint to when you're actually accessing the market, I think will be appealing to people. And I don't think that -- you know, once the data doesn't have a signaling impact, I don't think there'll be kind of concerns from sort of accepting it out from the underwriters' lockups in the same way that S-8s are. So I actually am optimistic.

I think the whole idea of sort of, like, broadening S-3, making it, you know, available to everyone right away and sort of, you know, ASR sort of more broadly available to everyone after the seasoning period, I think, is, like, you know, a fantastic idea.

One thing, though, that I want to just sort of, like, toss out there is a different idea, if you want to sort of, like, take that one to 11, is, you know, every registered offering carries friction no matter what we do. You know, we can kind of, like, remove sort of the -- the -- the fulcrum of sort of SEC review. I mean, it kind of -- if you think about it, kind of what we're doing here, it's sort of, like, you'll have sort of full SEC review on the entry into the system at the time of the IPO, and then on an ongoing basis, but if everybody has an S-3, you won't necessarily have sort of transactional-based reviews, so it's a huge -- you know, it's kind of like crabbing a little sideways towards, like, company registration a little bit.

But, you know, another thing that, you know, it's kinda the way it works, you know, in almost every other country that I think, you know, the SEC could do, if they wanted to, is sort of explore whether we could sort of create an exemption for aftermarket offerings, you know, under sort of 4(a)(2) under the home basis on the basis of nonpublic offering.

And so to the extent that -- you know, and I think there's ideas about how you would do that. We can impose seasoning. We can impose absolute volume limits. We can impose sort of, like, you know, transactional requirements that are maybe the reverse of 10A-18 or looked at 144 or in terms of the manner of sale and volume. But just think about how transformative it would be for the treasurer at a company to be able to sort of, like, you know, call up, you know, a broker and say, sell $5 million of shares because I -- you know, they'll help me make payroll without having to have all of the friction of, you know, the lawyers and the underwriters and the -- I mean, it's -- it's a lot even with the S-3.

And so, you know -- and if you think about it from a policy standpoint, you know, if -- if -- if you constructed the exemption, you know, the right way, the buyer, you know, they don't even know who they're buying from. There's no marketing. There's no special selling efforts, you know. It's -- it's a little unclear actually, you know, what -- what benefits sort of the application of registration under 33X is, like, actually providing other than, you know creating a friction. So it's, you know, it's an idea.

MR. YU: No, it's interesting idea. And aftermarket offering is going to be a huge -- quite a bit of change.

And I could just see Dan, and he -- many of your constituents will --

MR. ZINN: Yes.

MR. YU: -- will have views on this, so what are your thoughts on it?

MR. ZINN: I was thinking about diving into the middle --

MR. YU: Yeah, yeah. I was seeing --

(Simultaneous conversation.)

MR. ZINN: But yes. And -- and, first, I want to echo the sentiment of what I think everybody else said, at least in terms of the impact of what these rules can do.

The expansion in -- in our market, in particular, where for the first time you have access to these kinds of S-3 offerings. You have access to an aftermarket offering specific to our top two markets, OTCQX and OTCQB, that is a game changer for exactly the reasons that Josh was talking about. The -- the friction that exists, and -- and you guys were talking about, you know, PIPE world and the kinds of discounts you see there. We talk about it in our world as debt spiral financing -- right? -- where it's an entrepreneur, it's a founder who just needs to get that next round of financing in to make their idea work and they'll take a deal that is convertible financing that's going to convert at some significant discount to the then-existing market price. And as soon as that converts, you're going to see everybody selling into the market. You're going to see the stock price go down, existing investors get harmed, et cetera. Sometimes, that was the best sort of or the only option.

Now you're gonna have easy, relatively frictionless access still on markets that promote the same kind of concerns that, I think, people raise around information availability and availability of market data and liquidity -- right? -- doing it on our OTCQX and OTCQB markets to do -- to support the small companies that all of these rules are designed to support. That is a game changer in a big way.

And I -- I have nothing but positive remarks to say about the -- the S-3 changes themselves in terms of the $75 million cap going away, the baby shelf rules going away, and even the timing of the 12-month waiting period. It impacts companies on our market who are really working as hard as they can to get that idea to take hold and have that financing concern alleviated even a little bit is -- is a big move for them.

MR. YU: And then, Jamie, one thing that I want to throw out for you to comment on is you'll see that the Commission is proposing essentially moving away from the WKSI definition for domestic companies and really kind of leaning heavily on whether you're on an exchange or not. So what -- how does this proposal look from your perspective?

MS. KLIM: I think it certainly makes sense; right? And we have a lot of initial listing standards, we have a lot of continued listing standards that maintain the status of the companies and their compliance therefrom. So I think it does -- I think we have an expectation that there would be more shelf offerings. I think anything you can do in the space of making these sorts of accommodations available sooner and making them available for longer periods of time is certainly a real opportunity.

MR. YU: It's -- I'm kind of curious what this crowd thinks. The ELIs are the ones that are on exchange listing on an exchange, and then I think we have the CLI. By the way, if you have a different view of how to pronounce it, please let me know. Endless debates inside the building.

And the CLIs essentially are ELI'd, but

after a year, you get to go automatic registration. Can I get a sense from the group what they -- how much that distinction is making? Or is -- is the automatic shelf registration statement so important that we need to sort of hold it and check until you record it for a year or do you think really isn't a distinction?

MR. BONNIE: I think it goes a little bit to your question about whether people are going to talk a lot. I mean, if you just sort of think about if -- if a company has just gone through a full review in connection with its IPO, I can't imagine it's going to be, like, a, you know, a good use of staff resources to review the S-3 that they just filed. And so if everybody does that, they're going to have a shelf that will carry them certainly, you know, for the first year anyway. So I guess the real question is, is, you know, what -- what are we getting by sort of, like, withholding the automatic effectiveness, you know?

I mean, I -- I see the logic of it, just because, you know, we -- we have this seasoning, you know, concept and we're going to end up abandoning it, but it's not entirely clear to me, you know, how likely this is, and you guys are going to be reviewing those S-3s anyway.

MR. ZINN: I don't want to derail it, but I -- I will push back on it a little bit. To the same -- kind of in the same vein, what is the purpose of making this distinction of exchange-listed versus non-exchange-listed in this context?

The -- the point around disclosure and really a lot of what these rules are doing is broadening the look to say if you are an SEC-reporting company, you're making this impactful information available to the market; that's what we're concerned about. That's what we want investors to have more access to.

So once you've hit that mark, it absolute -- this is why they didn't sit Jamie and I right next to each other -- absolutely have listing standards and -- and rules that kind of help investors and others understand the type of company that's on each level of market, et cetera. But the baseline disclosure for the New York Stock Exchange or NASDAQ or an SEC registered company on the OTC market is really the same.

And so -- well, I would -- I would push a little bit more to see access even to just the ELI, or what I was calling ELI. But the ELI, you know, alleviation of some of the -- the restrictions applies to any of the products --

MR. YU: So shifting gears just a little bit, one of the other parts of the proposal is really kind of an expansion of the ability of research analytics to cover companies that just went to the market, because, you know, when you start fiddling with S-3 primary eligibility standards, it sort of nicely flows into existing rules. So maybe I'll turn to both.

What -- what do you think in terms of the proposal and its impact on recent analyst coverage? How -- how meaningful do you think it'll be?

MR. BOHM: So I don't know that what's in the, you know, the proposal today necessarily, you know, impacts one way or another, you know, how the research analysts will, you know, will -- will do their, you know, jobs and the impact of -- of research.

I mean, I would like to see -- and I know there's -- you know, we've -- we've had some conversations around, you know, what are other ways to, you know, potentially change how, you know, the IPO process, you know, to allow for better utilization of the research analysts.

You know, we -- we have -- you know,

obviously there was a period of time where the -- the research analysts had a much more direct impact on IPO execution, investor education. You know, we see this, you know, with -- you know -- in -- in -- you know, when we're -- when we're doing European-listed IPOs, we see a much more significant impact of the research analysts in terms of their role in pre-deal investor education, you know, pre-deal research, and really utilizing the -- the knowledge base they have about a particular sector, a particular company, you know, the comparables that are out there. And, you know, to be effectively, you know, the smartest person in the room as it relates to the underwriting syndicate.

And to be able to use that -- you know, that -- that person to get out and -- and educate the -- the investors. You know, we're talking about, you know, a little beforehand around, you know, for smaller companies, the ability to, you know, put out forecasts.

And, you know, if you don't want to go to that extreme, you know, the other way to effectively achieve that is to allow the research analysts as part of the testing waters process, not waiting until, you know, the IPO roadshow, when they can actually be doing, you know, investor education, but much earlier in the process to take a more significant role in valuation discovery.

For me, I think that is the biggest pain point for smaller companies that are contemplating doing a traditional IPO. And I think this was a big part of the reason we saw so many companies in 2020-21 pivot to doing SPAC offerings because of the ability to have that forecast model out there and to be able to raise capital and get commitments from institutional investors at the beginning of their process before they go through this exhaustive SEC process and to get on file. And the -- you know, the traditional IPO process is effectively an inverse of the -- the de-SPAC process. And the biggest pain point for a lot of these smaller companies -- you know, I took a -- a company public earlier this year that on a trailing basis they do, like, 25 million of EBITDA. You know, it was about a half billion dollar market cap at the -- at the IPO. For that company, you know, with, you know, with -- with that type of cash flow profile to commit to a six-, eight-, ten-month process of going public and five, seven million dollars of -- of -- of -- you know, of cost and to not know until they get to the point of their IPO roadshow what an investor truly thinks about valuation, That's taking a significant leap of faith.

And it's only -- you know, we've only -- we can only get so much from the current testing the waters process. You know, most investors, you know, you take them, and you do a couple of waves of TTW meetings with those investors, they're playing option value at that point. You know, nine times out of ten, they're going to come back and say, oh, my God, I love it. Great story. You know, love the management team, definitely interested. You know, make sure I get a look when you launch the roadshow. And then you launch the roadshow, and they can be scratching their heads and saying, well, yeah, I don't know about the valuation and --

You know, so I would just -- I would love to see some expansion of what's being put in place to allow for -- and, again, I'm not advocating that we put research analysts back in the room with management teams to go on the road and go back to the 1999 way of -- of taking companies public, but to really, you know, to allow them to have a much greater, more central role in that pre-deal TTW investor education, whatever you want to call it, process that would allow us to then be able to go to those companies much earlier in the process and say, this is what the valuation framework is looking like, not just because we, the investment bankers, are telling you that we think that it's this, but this is what all of the investors are coming back with in terms of their feedback.

MR. YU: And, Dan, I know --

(Simultaneous conversation.)

MR. YU: Oh, sorry, Ryan.

Dan --

MR. ZINN: Oh, go ahead, Ryan.

MR. MITTENESS: I was going to say, I -- I'm -- I'm leaning on that. I mean, it is interesting to see the process on the legal side, watching the banker process play out to see.

We have Analyst Day. We present -- the company presents to the analysts and all that.

Completely separate, they're doing all the investor, all the TTW operations. There's got to be a way to connect that because -- yeah, because the gain -- you know, the investors, yeah, it's fine. Oh, yeah, we love it. We love it. And then, well, actually, Marcus Lusoff [phonetic] is like, we were six months ago when he talked. And so you get a lot of that, right? And then you have the analysts, very comprehensive analyst day presentation and the analysts get a lot of information to go ahead and build their models that nobody can see until a month after we -- we've priced the IPO. There's definitely a disconnect there. I do think there's some way we can integrate that a little bit more without going back to some of the problems that occurred in the past.

MR. ZINN: I was going to say in our markets -- sorry. In -- in our markets -- and, again, I don't want to derail it too much, but, you know, the concept of a research for these small companies is a huge part of the discussion, has been for a very long time.

One of the things that this proposed rule does is dip its toe into the pre-exemption at the offering stage, which is great, and I think very helpful. We can get into that as this session goes along.

Another aspect of that as it relates to research, particularly in OTC-traded companies, is these state laws -- excuse me -- impact what a broker -- what a broker can recommend and when they can distribute research. So if you are a national research provider, like Raymond James, and even though we've done a great job of getting 41 states and jurisdictions to give exemptions to our OTCQX market -- right? -- getting a national agreement is nearly impossible. We've been at this for about a decade.

Having -- seeing pre-exemption extend to secondary trading so that it would allow brokers to do things, like distribute research nationally, would provide some of that back-end coverage that these small companies really struggle with the game. So that's -- Josh talked before about turning it to an 11 -- that's a way to turn this to an 11.

MR. BOHM: Well, I think just in -- in -- and maybe just another kind of somewhat extension of that. I mean, I think the other thing that could be very helpful, you know, and -- and there have been some changes, you know, around post-IPO, you know, quiet periods, and when the analysts can initiate. You know, in practice, it -- this is still, we're dealing with 25 days post-IPO until analysts can initiate research coverage.

And, again, you know, these are the -- the -- the -- the folks who are supposed to be the foremost experts out there in terms of educating the broader market, not just the IPO investors, not just the institutions that got, you know, one-on-ones and were able to do investor education calls, you know, during the roadshow, but all investors. And I think when we have 25 days before they can actually initiate in the aftermarket, it's -- it's hurting a lot of retail investors that don't get access to the IPO. They're buying it in the days post-IPO. You know, you've got a very finite period post-IPO where you have a reasonable amount of trading liquidity before these things -- you know, volumes tend to dry up a little bit. You know, training can get a little bit more erratic. I think it would be helpful to have, you know, the ability to have the analysts initiate and get their, you know, their models, their reports, and their -- their valuation views out more broadly into the market post-IPO.

MR. YU: And, Josh, you -- you had a -- you had a comment, as well.

MR. BONNIE: Yeah, I mean, my sort of in -- in some ways, I -- I think we should clearly like, you know, sweep aside any sort of regulatory impediments. I think that the Commission is actually already trying to do that, and so a little bit you're kind of, like, pushing on a string -- right? -- because there actually, I think, is more flexibility, you know, in -- in an IPO context for people to sort of put research out, you know, right away, and they're just not availing themselves of it because sort of, you know, liability management concerns.

But I do think that, like, focusing in -- I mean if you think about how the companies are valued; right? I mean, the -- the -- the most important of information is sort of, like, the forward-looking sort of, like, earnings; right? And that is the most important thing. And if you look at sort of, like, the package of information that's actually formally communicated in our process, that's not there, right? And it's -- it doesn't work that way in other countries. Other countries actually require them to potentially have forecast.

And so, you know, you might say, well, how does our IPO market even work then? We have kind of, like, a Rube Goldberg contraption that, you know, nobody would design from scratch, you know. The only real benefit of it is that it works, you know. And -- and the way it works is that, you know, the -- the company educates the analysts and the underwriting syndicate. They get smart on the company. They have the company's forecast. They form their own views, and even though they don't put the research out until 25 days after, they do communicate it to the big institutional accounts. And so the retail investor doesn't get it, but they're sort of, like, price takers from the, you know, the pricing that the institutional investors sort of, like, you know, negotiate with the company, and so it kind of works.

But, you know, if you sort of think about it, you know, it works for companies that kind of can attract underwriting syndicates of the big banks and the analysts that are kind of willing to focus on it, investors that are willing to do -- the institutional investors that are willing to do their work. And so I do think that it is sort of, like, an impediment for the smaller companies to sort of, like, get the investor education that's needed, you know? And so I do wonder whether there are things that we can do, you know, in addition to sort of sweeping away and encouraging sort of more involvement, you know, and earlier involvement of the analyst community, if we just sort of, like, again, you know, sort of, like, look -- you know, think outside the box and figure out if there's a way for sort of, you know, these -- these companies to communicate directly with investors. You know, the reason they don't do it is because of liability concerns; right? I mean, that's the -- the reality. I mean, there's nothing in the SEC rules that actually stops people from putting, you know, forecasts into their registration statement. You know, nobody's gonna stick it in a Section 11 document and I doubt that anybody is going to put it in a 22 document.

But I wonder whether the SEC could promulgate a regulation that basically says, you know, in connection with, you know, whatever, if a company, you know, puts out a forecast, you know, prepared in -- in and accompanied by appropriate health legends, maybe borrowed -- borrowing from the private securities litigation format concepts, you know, that it wouldn't constitute, you know, a -- a prospectus and, you know, maybe we could even sort of when we're thinking about, you know, defining sort of materiality for purposes of some of the other things that we're going to talk about, maybe there's things there that could sort of get people sort of comfortable that effectively if they put good faith forecasts out there, that it isn't something that's going to sort of, like, you know, hang them by the neck if, for some reason, they're unfortunate in terms of meeting those expectations.

MR. YU: And -- and we're going to talk about forward-looking issue in a little bit later, but

I definitely want to make sure we cover the other two SEC proposals, so I'm going to turn it back to Courtney.

MS. HASELEY: Perfect.

So pivoting a little bit, public company filer categories, like, filer status definitions, these can have a significant impact on a company's compliance obligations and their cost structure. And we've -- we've heard calls over the years to recalibrate or re-examine those filer status definitions and categories.

We've also heard interest or concerns or questions over the current Exchange Act reporting cadence and whether that cadence for interim reporting hits the right balance between transparency and operational burden.

And so, as you all know, and as Ted alluded to earlier -- right? -- the SEC recently proposed to simplify filer status definitions, and if that proposal were to be adopted as proposed, you'd have about 80 percent of current public companies who'd fall into this category of non-accelerated filers and who would benefit from enhanced accommodations.

And the SEC's also proposed to permit companies to opt into a semi-annual reporting scheme rather than quarterly reporting.

So with that in mind, I've got a pretty heavy two-part question for you all to consider. So to what extent do you think the filer status definitions themselves influence a company's appetite for going public or staying public? Do you think those categories are right sized? And you can talk about right-sizing either as, like, they're currently in play or as proposed.

And then I guess the second part here is from your vantage point, to what extent does a company considering inter- -- interim reporting or the reporting cadence when it determines do I want to be a public company? Do I want to stay public? How is it impacting my ability to raise capital or communicate with investors? That sort of thing.

Dan is nodding.

MR. ZINN: All right.

MS. HASELEY: Kick it off, Dan.

MR. ZINN: We're on a roll.

I think the -- the kind of connective tissue between those ideas is a lot of what we've been getting at in other contexts. It's a very commercial decision, at least in the -- the smaller company context. So the determination as to whether to spend that money to go public and whether that's going to provide the appropriate return over time is a big piece of what makes this decision. So every opportunity to cut down on some of the friction, cut down on some of the cost, which these proposals would do, is an incentive to go public and incentive to potentially stay public for longer, not have to get involved in some of the financings we were talking about earlier. So there's a lot that brings these things together in a positive way.

I think -- without getting into the -- the specific changes as proposed -- the idea of lowering these thresholds is the right idea.

When it comes to the interim reporting cycles, we -- we actually have a lot of context on this because of all of the 12,000 companies that trade on our market, a vast number are non-US companies. They are listed on an -- on an exchange in their home country. They make their information available in English to US investors, and under 12g3-2(b), they -- they trade here. Many of those non-US exchanges are already on the semiannual cadence, and so there's a degree of what do we expect versus what is actually necessary that I think you need to consider.

I also think that that piece will be driven by commercial considerations.

If you think that your investors or your ability to raise capital over time is going to be adversely impacted by pulling back and only reporting on a semiannual basis, then you'll put out more information. You'll either keep the quarterly cadence or you'll elect a semiannual cadence and provide additional quarterly information as you go. If, however, the cost benefit analysis comes out that we're spending so much time and so many resources on this quarterly cycle, we have, you know, an internal team that focuses only on that, and eliminating that is going to open up the ability to run our business, to actually achieve what we want to achieve, then that's going to be a compelling alternative, I think. The way it's been proposed that gives these options, that gives some certainty to investors as to what that cycle will be over time, you know, being able to elect and then living by that for a little while, that's going to be the right way.

And then when we do this again -- Ted, you mentioned looking at last year's roundtable.

Every year when we come back together, we can kind of review it. I really do think in two or three, really not that far out, we'll have a really good sense of how the investment community is reacting and that will, I think, make those commercial considerations kind of rote and -- and easy to understand.

MS. HASELEY: No problem. I'd love to keep on the topic of the interim reporting, Ryan, and ask you, I know Fenwick is conducting a survey on semiannual reporting. I thought maybe you could tell us a little bit more about what that survey covers, what you're hearing from respondents, and also just what you're hearing from your own clients, because you have a pretty diverse client base operating in different industries, and I'm sure that they have different perspectives on the matter.

MR. MITTENESS: Yeah. And we got -- so as of today, we have a little bit over 100 results so far, either currently public or looking to go public pretty soon companies, and it's an interesting mixed result that really goes to the commercial point. I would say most are not deciding to go public or deciding to stay public based on quarterly reporting or semi-annual reporting; that's not really driving that decision. And whether or not they will adopt it -- actually, right now, a majority of our respondents have said they wouldn't. But the reason is investor expectation, analyst expectation, competitor optics.

So it's definitely a clear situation. Nobody's going to want to jump in and be first to be the only one doing semi-annual. It needs to be sort of -- and we've seen some of the Big Pharma companies have kind of put up statements saying they're going to. Like, if that accepts up, I do think you'll see a lot more then take advantage of it.

It's just -- it's not, from what we've seen so far in the response, the cost isn't as intensive to -- to take away two 10-Qs isn't worth it if the investors are upset that it impacts their ability to raise capital. That's definitely going to drive it over everything else.

There's going to be things sorted out, blackout periods and when we have month plans, how they're going to work in there without having to always start out with that. But it is clearly -- I think the optionality is great, it's going to be clearly a market-driven answer as to if this gets adopted.

MS. HASELEY: That's Interesting.

Josh, what are you hearing from your clients?

MR. BONNIE: Yeah, I think there -- it's a lot of wait and see. I mean, my only sort of personal expectation just from having looked at London, you know, and how that they kind of switched actually from quarterly back to semiannual is that, you know, most companies will probably continue to communicate to the market after the first and third quarters. Whether, you know, the market actually really cares about getting a full, you know, periodic report, You know, after those quarters, I don't know, probably not, but it -- different companies, I think -- I actually think the idea of just sort of, like, you know, letting, you know, the market decide and having different companies do different things is -- is -- is a good idea.

And, you know, over time, you know, not every company does sort of, like, constantly raise equity capital in the public markets, and, you know, maybe they'll get sort of comfortable saying, look, you know, why don't we save a few bucks and not do the -- the Qs. But I think we'll see. I think a lot of it is going to be people looking sideways and seeing what everyone else is doing, you know.

MR. BOHM: I think it also, you know, depends on the -- the sectors we're talking about, and the types of companies.

MR. BONNIE: Right.

MR. BOHM: You know, if you're a pre-owned biotech company, if you're a, you know, mining exploration business, if you don't -- if there's nothing really to say on a quarter-to-quarter basis and you can minimize, you know, your -- your -- your blackout windows, and you can actually take advantage of, you know, ATMs, you know, in that interim period, then if -- you know, I think it would make a lot of sense for more mature companies that use those quarterly announcements as -- as catalysts for their own, you know, earnings and communications with the market, you know, they'll probably look to continue on their quarterly disclosure and, you know, the way that it's been done before and how everybody else around them is doing it. But certainly makes a lot of sense and it's very helpful for certain types of companies.

MS. KLIM: I agree with Beau. I think it will be sector by sector, and biotech is sort of the classic one we are hearing this with respect to.

But I think there are also some practical hindrances here that may make it challenging. It's going to take some time to work out. For instance, companies -- many companies have debt covenants or other contractual arrangements that may make it challenging for them to avail themselves until agreements can be -- can be renegotiated or otherwise.

We've got certain sectors that themselves have different regulators on top of the SEC who have requirements that are embedded as quarterly; banking, public utilities, for example. So I think that's an opportunity for the Commission to work alongside other regulators on -- on these things to try and resolve.

And, again, to the extent that you've got, again, these debt covenants or otherwise that -- that need to be amended. My understanding is, you know, some firms, some law firms have been sort of getting it -- getting in advance of this by building in some optionality that the -- the covenants track what the reporting requirements are as opposed to building in the word quarterly. But that seems to be quite diverse across the board.

MR. ZINN: I would echo that with -- with banking, in particular. We have 600-plus community banks that trade with us and we're starting to hear from them too. How is this going to play with my -- my regular cadence of reporting anyway? I think that's probably true of even 8-K style reporting, how many people want to put out information in a quarterly context versus more 8-Ks and more of that current reporting scheme.

MS. KLIM: And I think, look, if there is under disclosure here, I think the market will work that out, to Josh's point. You will see the adjustment and -- will begin the optionality for one year to do one, and then sort of change the flag to adjust in coming years. They also have real practical -- here.

MS. HASELEY: What about the other release that -- that was part of this in terms of the filer status, recalibration of definitions, and really, the opening up of some not insignificant accommodations to 80 percent public companies? Are there any thoughts on, you know, the -- the attractiveness of those changes? Whether that's going to move the needle for -- for a company that was considering going public but wasn't sure? And if that changes sort of what -- what they're looking at in terms of the kinds of Exchange Act obligations they previously would have had to comply with and now might be off the table for a bit?

MS. KLIM: I'm happy to jump in there.

I think one of the real heartening things that we saw there and, hopefully, will portend for other Commission rulemakings that are to come is the executive compensation disclosure piece. So disclosure, you know, isn't what we -- we are not told that it is the driver of whether companies go public, but it's certainly meaningful, and also with respect to staying public over time. And so the loosening up of those executive compensation disclosures is really meaningful. And, again, what -- what our hope is that as time goes on and the Commission considers the -- the broader exec comp piece, some of these things will be opened up even more broadly to the 20 percent of companies that aren't going to -- to be accommodated here.

I will say, as I look at overlap between what is in this proposal, pay versus performance, executive comp and CEO pay ratio, those sort of being sum of components here, that all makes sense, again, I think for the broader community.

The one thing that I will say is not reflected in that list and we hear about a lot from our issuers is prerequisites and the idea that security disclosures here are tremendously meaningful in this threat environment that we have and the scenario of continuing to disclose those things, again, for companies of any size really can ramp up their threats further. The -- the more you disclose, the more it becomes sort of a -- a vicious cycle, if you will. So, again, that -- that is one component of this rulemaking that isn't -- isn't there, but again, hopefully, the Commission is considering in the broader exec comp perspective.

MR. BONNIE: I certainly think that the -- in particular, the auditor attestation of the ICFR is, like, kind of basically taking that off the table for all new IPO companies for at least five years, and sort of taking it off the table for sort of 80 percent of the companies, like, forever, is meaningful, because it's a big ticket item. It takes a lot of, you know, not only a lot of money but also a lot of mind share of the CFO and the audit committee. And so anything that we can do to sort of, like, reduce, you know, the -- that burden on companies in order -- you know, at least focusing it on only the, you know -- you know, the way that you guys have thought about it or we get this much of the market capital, they get this much of the companies. You know, I actually think that, you know, makes sense.

And I will endorse what you said about the comp, just because, you know, to the extent that we have for sort of, like, 80 percent of the companies now essentially, you know, given them sort of SRC ECG, you know, comp requirements, it's not obvious to me, like, why we need to burden the other 20 percent in -- you know, in my sort of lived experience. You know, nobody cares about PEOs numbers four and five and sometimes six and seven, you know, and nobody cares about any of the tables other than the SCD. You know what I mean?

And so, like, all this additional stuff, I just don't know that the game is worth the candle from a cost-benefit analysis in terms of actually providing information to investors that they actually consider to be material, and it's a tremendous amount of work. So I -- I would encourage you, in addition sort of fixing the things, like, the -- you know, the -- you know, treating the, you know, personal security expenses as a perquisite, you know, just sort of looking about whether we could just sort of, like, cut the cord on sort of, like, holding on to the current regime for even the largest companies. It just -- you know, I just don't think it's worth it.

MR. MITTENESS: I would just echo right on there, yeah. The -- the PVP disclosure, I would say, like, it's the trendiest type of work, you have to hire outside to even do it, and because the stocks fall until, like, these things look crazy. Like, you can't make sense of it. It's fairly unclear as to what is and what the value of it is and it's pretty burdensome for a lack of value.

The other things that are -- I agree with him, the auditor attestation piece, by far, is the biggest cost for companies in the A-1 filer status, and can I come to the center, staring at the stock on June 30th, are they going to go over 700 million and now you've got paid another million for attestation fees, the rest of the year is a problematic way to have to do it because they're doing -- it's, like, okay. Oh, crap. We went over by one million. Now we're -- now we're incurring this. Perhaps this is going in real time right now, where they're literally staring at their stock if they're going over it.

And so, one, just being a one-day stock price is problematic for lots of reasons on that, so that's a big improvement alone.

And then just generally, the complicated filer status has company bumps around on it. I've also had a company that in course of five years, they went to WKSI, then they were a smaller reporting, non-accelerated filer, then because of revenue recognition issues, they became an accelerated filer, a small reporting company subject to 404(b) again. Now, they're back to being a smaller reporting company. Like, that is a difficult way to run a business when, like, these are significant expenses that are coming in and out. So simplifying that, making broader gaps and a more phase period for when it can be borne, you can time it and budget those fees a year in advance more clearly, it's very beneficial to --

MR. ZINN: I would just pull that throughout all the way through to our market as well in terms of the cost structure of particularly auditor attestation, and that's what I was talking about commercial concerns. It's what is the actual out-of-pocket cost that I'm going to incur here, and then the clarity piece of that too. What -- what is my experience going to be as a public company that, you know, the story you tell is really informative into what some of these companies, even if that's not their actual experience, the fact that they have to track it and understand that that might be what they have to deal with and budget for it, plan for it, that's -- it's a deterrent to everything that I think the Commission is trying to achieve at this point in time.

MS. HASELEY: So thoughtful. Thank you guys for all that.

MR. YU: So that's what the Commission has been doing the last year, but we're not -- the Commission is not done yet. The Chairman made it very clear the IPO process itself is now a focus of the staff and the Commission as well. There has been some comments coming in, but, frankly, not as many as we would have expected from it. Sorry, let me rephrase that. It's early days, so we will get more. I'm sorry. That sounded -- came out wrong.

So returning to the IPO process, I'm interested in hearing from everybody. What about the IPO process today works well and what doesn't work well?

And Maybe I'll just start with Beau, and then just go down the row.

MR. BOHM: Yeah, I think, you know, maybe I'll start on the, you know, what I think where -- where there could be tweaks. It talks about the research analyst, you know, piece. I do think that that is an important aspect of making sure that we have greater clarity around valuation much sooner in the process.

I think the overall timetable is -- is still a -- you know, it's still a pain point for most -- for most issuers.

I don't know that I -- you know, I -- I

mean, candidly, I don't think the -- the SEC response period is the -- the -- the -- the issue. You know, I think 30 days for first round comments, I think there's plenty enough that we, as underwriters and with the issuer and all the other, you know, work streams as part of the IPO process, that we can be doing over that period of time. I don't think that's the issue.

I do think that there are some unnecessary, you know, delays embedded in the process. You know, one of the things that I think it's a very easy fix is the 15-day waiting period between public flip and launching an IPO. I don't know that you necessarily gain as, you know, an investor, whether you're institutional, retail, I don't know that you necessarily gain very much over the course of those two weeks or 15 days. I think you're subjecting a lot of companies who, keep in mind, have already, you know, put forth the expense of preparing for an IPO. You know, they've spent months getting on file, iterating with the SEC examiner, going through, you know, multiple amendments, going through their testing of the waters; you're doing all this, and then you're basically saying, okay, you're ready to go, no more comments, flip your document public, and now sit around and wait two weeks. And a lot -- and we've seen, these markets are very turbulent. A lot can happen over a two-week period of time. You know, I think that is -- you know, I think that can be shortened or even just outright eliminated.

You know, I -- but I think in terms of, you know, the overall process, I mean, again, it -- like, whatever we can do. We've talked a lot about how to reduce costs. I think everything that's been put forth, you know, within the spirit of reducing cost for issuers is a massive step in the right direction.

I think it's really just, you know, what else can we do to just get to greater execution certainty for these companies? It's not that big of a deal if you're SpaceX or if you're OpenAI and, you know, your deal's going to get done. But if you're, you know, a -- a small cap company that has, you know, that has 5, 10 million of EBITDA and you want to go public with $50, 75 million IDO, the idea that you might not get there after eight, ten months of work is really, really daunting.

MR. BONNIE: I think, in that vein, one of the things that I -- I think it's sort of, like, to me, it's, like, the -- the 40- -- 404(b) of the pre-IPO things, the PCAOB uplift. Without any exception, in my lived experience, the longest and most burdensome hole in the tent is sort of getting your SEC-compliant financial statements together. And this is frequently for companies that have raised a lot of capital, borrowed a lot of money with the ICPA financial statements. Does it have to be that way? I mean, do -- do -- if you sort of, like, think about it, you know, the audit standards that are now applying when you get the PCAOB standards involved, it's already basically like a re-audit. It's, like, different materiality thresholds, different documentation requirements. It's just, you know, it's -- it's a lot, and it takes a long time, and it costs a lot of money.

Do all of the incremental sort of, like, public company, you know, accounting standards, do -- does it have to be so different? Because it's -- it's, you know, it's problematic for companies that are sort of adopted by the company accounting as they were permitted to do, raised a lot of money. You know, obviously it was good enough for investors to, you know, provide them the information that they needed. And now all of a sudden, it's just months and months and months of -- of work there, you know.

And then on top of that, occasionally, you have problems where, you know, you have a, you know, a reputable accounting firm that's performing an audit that -- under AICPA standards, all of a sudden, has independence issues. I mean, that's, like, incredibly expensive and disruptive for a company to have to, you know, switch auditors.

And so I -- I wonder whether there are things that we can do to sort of sig- -- to just look at that process and figure out whether we need all of it. Because I actually suspect that there's quite a lot of the PCAOB sort of transformation that has to occur that is probably, you know, not necessary, and that way, if you think about sort of, like, the six to eight months of work, you know? I mean, if you could shorten that and reduce the cost of it significantly, I think it would be really appealing to sort of attract, you know, companies into the -- into the IPO system.

Other things from an IPO process standpoint, I don't think it probably causes companies to shy away from pursuing an IPO, but it is a constant source, I think, of annoyance, the -- the publicity rules. I don't know if you wanted to cover those later.

MR. YU: Everything's fair.

MR. BONNIE: Yeah, so -- so the -- the --

I -- I think that we have, as you guys -- as you know, but maybe the audience doesn't all know, a safe harbor today that essentially says communications that don't refer to an IPO that are made more than 30 days before the public filing, they're, you know, they don't constitute, you know, impermissible launch of it.

And I wonder whether, you know, that 30 day before the public filing thing is really even needed. You know, could we just have, like, general exemption that basically says, you know -- you know, communications that don't refer to the IPO aren't an offer?

I mean, I know it be -- that would be kind of, like, fairly transformational into the extended sort of, like, views of moving away from the idea that sort of communications that condition the public mind are offers. But the -- the reality is -- is, you know, given the environment that we live in today with all the communication, all the ways that we communicate with investors, including ways that, you know, the SEC has sort of, you know, encouraged.

You know, I just wonder whether it's sort of, like, you know, cutting the cord on the idea that, you know, the widow or the orphan takes the prospectus and comes into the quiet room and reads it without being bombarded with other things is really needed. And is the more important thing that they get the access to the registration statement? You know, what that is, the comprehensive disclosure document and that we sort of just make sure that otherwise they're not getting, you know, selling documents that are sort of, you know -- you know, not -- not subject to liability. If that, you know, kind of thing, you know, is appealing.

The other things that I kind of wonder about are, you know, we have sort of -- today sort of filing requirements that allow, you know, written communication to custom roadshows don't have to be filed, you know, subject to the condition that, you know, a bona fide electronic roadshow is made available to investors. I mean, I wonder whether that could be extended really to sort of all other communications? I mean, why do we really have to file these things? You know what I mean?

Isn't, again, the most important thing that they sort of, like, you know, were given to people also with the registration statement? And, you know, in that spirit, I wonder whether the legends that are required to go on these rewriting prospectuses could be just significantly shortened and just sort of cross-fermented the registration statement. That would sort of facilitate the use of social media and other kinds of ways that people like to communicate, and I really just don't think with any meaningful, you know, downgrade in investor protection, because the ultimate guarantor there is the quality of the registration statement.

MS. KLIM: So I agree with what the gentlemen have said now, but what we've been talking about through the conversation thus far about possible ways to improve the IPO process, testing the waters, letting companies go more quickly after confidential filings and, you know, gaining research coverage, again, in a very short period of time after the IPO and the company needs liquidity the most.

So those are all really important things, but I -- I don't want to lose the perspective here that a lot of what drives these decisions is not the cost of going public, but, really, it's the cost of continuing to be public. And so that's where, you know, I really appreciate all of the Commission is doing right now to look at the longer term, you know, disclosure obligations, litigation reform, all of these various pieces that -- that fit together in terms of longer-term burdens.

MR. MITTENESS: I mean, I was going to jump on kind of a couple points you guys are putting together there. Not only is it like that 30-day period before you can talk about it, but perspectively, okay, we need to stop talking about this when we're 40 -- at least, we think we might price it in 45 days, kind of 30 plus 15, which is impossible to figure out in this market, because you end up -- it ends up being three or four months that now you're in quite a period and not able to talk. It just becomes extremely awkward for them. That's why -- again, a couple ways to think about it, besides just removing the 30 day and sort of have it, if you're not talking about the IPO and it comes to the public, it'll be okay.

But also, if whatever you're putting out is material coverage in the registration statement and you're not talking about the IPO, that does seems like ordinary course. And you have companies that are putting out -- they might have significant news because significant news is happening, right? We're entering into a major agreement. We have to put that out. But then it's always a dance with the lawyers, like, what can we say in here, what's a -- with an ordinary coerce, what have we done before on it, and it's frustrating for clients every time because it's just sort of, like, this black box for the lawyers to bless or not if we're going to want to put it in this press release, and so a much more clearer way. We're -- we're talking about something that's going to be in registration statements. We're talking about something that's clearly ordinary. We're not talking about the IPO at all. It needs to be sort of a cleaner way to do it and more. So like, social media posts, when all of a sudden, the companies now stop doing social media, if they've been doing it for a long time. That's kind of saying something already, even if you haven't said anything publicly. So just a few ways to sort of think about what we could do to fix those moving forward.

MR. ZINN: I mostly just want to clap for my fellow panelists, because they -- they covered so much ground there.

But, in particular, to pick up on -- on the point that Jamie was making, because I really think about this mostly in the context of ongoing secondary markets. So, yes, there -- all of the ideas expressed around IPOs have the same theme, right? How -- how do you make this more clearly understood? How do you make this more consumable for a small company? But there's so much in it for what happens after that IPO. I -- I was going to say, I would just remove the focus from the IPO. That that is -- it's an important process and it's something that there's kind of a, you know, a legal banking, industrial complex that has that down to a science with all of these potential improvements involved. But things like a direct listing or what would just typically be, you know, a Form 10, joining -- joining our market otherwise going through the process of having your shares a legend from either offering removed and then having your shares available for public trading; all of those are ways to access the public market, and then reap the benefits of being a public company, a lot of which is what we're talking about here when it comes to secondary capital raising, investor interaction -- right? -- building -- building your business, all of those things.

I think the IPO was great. I think most of what the Commission has done in these rule proposals that's focused on ongoing public trading is going to be what impacts this or impacts the smaller companies, at least most of all.

MR. BOHM: Yeah, I do think -- and I know we're going to get into alternative listing options.

Just on the point of at least one of the things and we're talking about, all of the -- the amazing things that, you know, that -- that impacts that this is going to have on spurring more issuance, more small cap issuers. And, you know, I -- I do think we need to be a little bit careful about applying the same treatment post-public listing across the board for, you know, whether it's for IPOs, direct listings.

You know, I do think there's -- there's a little bit of -- you know, because if you -- if you play out, you know, what could go wrong? With an IPO, you do have, you know, you have a bona fide offering. There's, you know, there's a process. You're going to institutional investors. You're getting some degree of investors, you know, giving credit to, you know, here, this is what we think is a fair valuation, this is going to trade in the public markets. If you're a retail investor, you're coming in, you know, in many cases, behind those institutional investors and to have that layer of support and, you know -- you know, accreditation of the -- of the offering is, I think, is important.

You know, with applying this just uniformly across the board for any company that, you know, okay, well, I don't have to go necessarily go raise capital from the institutional community. I can just do a direct listing. I don't have to worry about, you know, baby shelf restrictions. I'll put an S-3 up right away. I'll put an ATM up right away. And my fear is that, you know, how this plays out in the market. You know, you get back into, like, 30 years ago, you know, a lot of the pump and dump, you know, type of, you know, issues that, you know, that we had seen, and you have that issue where, you know, any company can effectively just list out the market, throw up an ATM, you know, unlimited capacity, and if they catch a big retail bid, you know, they issue a billion dollars into the capital markets, and then the stock declines 50 percent, and it's the retail investors that end up getting really severely hurt. And so I -- I do -- and I don't have a solution for it.

You know, it -- it -- and, again, everything that's been proposed is a step in the right direction. I just -- I do think we need to be a little bit mindful of what could go wrong, you know, around, you know, that level of access into the capital markets for effectively just anyone who wants to go out of their list.

MR. ZINN: Right. I think some of it is --

is tied to what Josh was saying earlier, that if you -- none of this is an initial offering unless it's an IPO. So it's gone to a set of private investors, right. There -- there are shares out there in the market. So kind of to your point around disclosure, if there's a group of investors that have agreed that this is a, you know, a price that makes sense, you're already starting with that baseline. So it's not a -- it's not a full kind of open -- call it, open book for that sort of thing.

And then for most of what the secondary trading market provides for all of the provisions we've been talking about with respect to public flow under market cap, because there's so much value placed on what the market decides. How -- how do retail and institutional investors, when they're all involved together in the market, price something?

You know, over time -- over the course of time, the market usually gets it right. So having that, you know, in the ATM context, for example -- right? -- having that market price would be the driver. Sometimes, it will help when a company's valuation is getting too overheated -- right? -- and they can sell in, and it sort of rationalizes that price, because there's a certain degree of interest, and instead of driving that price up irrationally, you actually see it spread out over the -- the number of investors who get involved.

So I agree. There's -- there's always a concern and that's even why, you know, we'll talk about disclosure requirements, while I do think that an Exchange Act reporting company is a reporting company, whether they're listed on an exchange or whether they're OTC, things like limiting some of these provisions to our OTCQX and OTCQB markets makes sense because there are understood rules and provisions and operations of those markets that investors can rely on, so it does help rationalize some of that.

I think the Commission, to your point, is working in the right direction to help solve these problems and some of it will be borne out over time.

MR. YU: So one of the things that we -- we talked a little bit about before the roundtable was just the idea for incompletion, and I kind of want to dig into it a little bit, because what we often hear is that is fundamentally a key piece of information that investors in the market want, but yet there is no SEC -- and while there's no SEC rule that prohibits the inclusion of that information, we don't find it an

IPO experience.

And I know it's liability, but I know, Josh, you and I talked a little bit about it, so maybe you could tell us sort of the tension there and also sort of what can the Commission do on this front? The idea's discussed, but I'm curious what your and everybody else's thoughts are on this issue.

MR. BONNIE: Yeah, I mean, I kind of -- I'm going to repeat the analogy, because we are -- at least our traditional IPO process is kind of a Rube Goldberg contraption that works. The company's sort of views and expectations for its forward-looking earnings are shared with the analysts. The analysts digest that information. They are sort of, you know, expert consumers of it. They form their own independent views, you know, that are, you know, influenced, of course, but, you know, by the information they're getting from the company but also informed by their own sort of, you know, understanding of, you know, the particular industry that they're covering. And those views do get sort of shared with institutional investors who are the -- the -- the -- sort of the big clients of the -- of the organizations that they work for. And those investors will do their own work, but they're, you know, effectively, they have indirectly sort of a view about what the company's sort of, you know, expectations are for itself.

And so, you know, the price discovery process, you know, their sort of a book-build process of a traditional IPO sort of works to sort of, like, allow those, you know, investors to sort of basically drive the ultimate pricing, and then as, you know, we mentioned, your typical retail layout, you know, out of 15, 20, you know, whatever the max, you know, you tend to, you know, is -- you know, they're sort of price makers. They just follow along, but they're -- you know, the work has already been done, that they're not getting, you know, fleeced. And so that's -- kind of works.

And so the thing that I wouldn't want to have happen is to do anything which kind of, like, upsets the apple cart for something that isn't broken.

And so, to me, the real question is, like, where are there sort of failures, you know? And I think, you know, potentially an area where we have a failure is the smaller account companies -- right? -- because maybe the traditional IPO model isn't sort of working for them, you know? And what are the things that we can do? I mean, I just -- I -- you know, unless Congress acts, I -- I think it is unlikely that people are going to start sort of, like, putting forecasts into the Section 11 registration. I just -- I don't -- I don't see a universe where that happens without congressional sort of, like, you know, safe harbor being created.

But, you know, there obviously are -- I mean, companies are comfortable sort of giving their forecasts to investors in order to raise capital. They do it. They did it in SPACs, you know. They do it, you know, all the time in, you know, private context. So it's not that they're just sort of, like, you know, unwilling to sort of, like, share with investors their sort of, you know, expectations for their business.

So the question, then, becomes, you know, sort of, like, are there things, you know, from a liability standpoint that the SEC can do within its remit? And I -- I do wonder whether there are sort of, like, pathways that we've done with other kinds of communications where we say, okay, this isn't a prospectus, you know, I mean, that we might do here conditioned on appropriate, you know -- you know, guardrails around, you know, accompanying, you know, disclosures and things like that, that might allow smaller companies, in particular, to benefit. I don't know whether, you know, every company would, you know, take advantage of it. You know, maybe if they don't need to, then they -- they might just prefer to, you know, not take whatever incremental risk is still available. But, you know, for smaller companies that really have no ability to otherwise sort of, like, you know, get the institutional investors the information that they need to sort of, like, you know, make that investment decision to invest in them, you know, they might. I mean, it's -- you know, it's a new way. It's -- it's an NIA.

MR. YU: Ryan, you represent many smaller companies, like that, trying to go public. What are your thoughts?

MR. MITTENESS: Yeah, I mean, the big issue is the Section 11 liability is not going to go away anytime soon.

MR. YU: Yeah.

MR. MITTENESS: So that is just -- that is really a fundamental reason. I mean, sometimes you see people, like, maybe try to see what we put in the -- the roadshow deck, as far as PAM and try to build our -- maybe a little bit, even if it's not a numbers forecast in there. We're trying to think of ways to give guidance in general terms without necessarily going into, like, having -- because it's not going to be in the registration statement so much, we can't put -- we can't get materiality in here. So we're always trying to, like, kind of walk the line as to what can we -- what can we accomplish saying, as far as, like, in general, what our expectations are of this, what the market looks like, the service that they're fit in it. And yeah, if there's more guidance to sort of be more permissive of things like that, what can you say that is not going to be an offering in that sense. It's not going to be a prospectus, then we could give a little bit more clarity to investors, as far as this is how we think what the company will do and go forward. This is a commercial opportunity for the company going forward. Some more guidance on there, because right now, it is mostly this is what we've seen work in the past, people have been okay with it; that's sort of where we are in some of that kind of disclosure, because we're not thinking -- we're just not going to have forecasts in our disclosures unless --

MR. BOHM: But then, again, this is where I think the -- you know, understanding of limitations from a -- you know, from a Section 11 standpoint, that this is where the role of, you know, pre-deal research and the role of the research analysts can play a very significant part here. And whether it's in the underwriting syndicate or independent analysts, you know, publishing pre-deal research, I mean, you could see an entire market developing just from that standpoint alone. But it's just -- it's -- it's -- it's more information out there in the market for institutional investors, for retail investors. It's just -- it's greater clarity and it's -- but it's exactly what we're talking about in terms of just the -- I mean, that is the most important point in terms of how investors, you know, analyze these deals, is just to have that information out there and specifically, you know, the forecasts. I mean, that's, you know, that's a -- that's a major, you know, blind spot for a lot of market.

MR. YU: So we've been talking a bit about the traditional IPO process, but, as we mentioned, there are other ways to go public, so I'm going to turn it back to Courtney to explore those other ways.

MS. HASELEY: That's right. Beau hinted we would get here and we have.

So alternative pathways to going public, you know them, direct listings, SPACs; right? These have all expanded the menu of options for how you can become a public company. But they carry with them different liability expectations -- we've touched upon that a little bit, but to explore it more -- different disclosure practices, different market opening mechanics and -- and actually also different public perception.

I'm also cognizant of the fact that, I guess, notwithstanding or any other regulatory updates, intermediaries, like underwriters, exchanges, and certain -- certain investors, they play a role in determining whether any deal happens in the public markets and how it happens and at what cost.

And so with all of that in mind, I guess I'm curious to just hear a little bit more about your -- your views on what's working with the alternate pathways that we've seen, and where are there still frictions or challenges that could be addressed to make things easier, to make those pathways improved?

I don't know.

Ryan --

MR. MITTENESS: Sure.

MS. HASELEY: -- maybe you have some ideas here?

MR. MITTENESS: Yeah, sure. So it's --

it's -- I'm in a very biotech space, but this year in particular the IPO window is opened up, but there's still there's small windows. They're opened and closed quickly. And so Beau made the point earlier, kind of the fundamental difference here is in an IPO, you get your valuation at the end of the six-month process, whereas if you do a SPAC, a reverse-merger type transaction, you get that valuation up front. Now, with stocks and trade, that might be a premium valuation at closing, but you at least get a signed agreement with some type of valuation there. That's a major benefit. And there's a little more deal certainty in that versus the IPO.

And on the biotech side, it's interesting, it's not technically a SPAC, but it's very similar. I mean, you do this reverse merger where biotech was public, trials don't work. It does it -- it has limited operations now, so you just have, like, this fallen angel, and then it merges with another private biotech company. So it's -- effectively works the same way as a SPAC, just -- it's just the company going in.

One big issue that comes up there is due to more, like, some -- a couple years ago at SEC's guidance is that it's a lot easier now to classify those as, quote, shell companies, and so now we merge. You have this other company that goes public by merging with this fallen angel, and now they're a former shell company for life, and there's a lot of restrictions that come up with that and, therefore, really limited rationale as to why they shouldn't have the restriction under 144, and all these other restrictions that can apply, just because they went public this way, which is a permissible way to go public. It's a very valid way to go, but it creates this weird overhang even if the other company had operations but they seem -- they did a competitive value; right? So all the assets left, and then the new assets came in, and, therefore, for a moment in time, they're a shell company, so they're subject to a shell company for life and they're an ineligible issuer for three years.

It's -- like, that is something, I think, that should be looked at a little bit more as to whether that really makes sense in that -- that kind of transaction.

MR. ZINN: You can have a cure, like a disclosure-based cure for shell companies to --

MR. MITTENESS: Right.

MR. ZINN: -- get out of that treatment?

MR. MITTENESS: Right. And then there's, like, if you filed the Form 10 information, like, another year's seasoning period where we have now, there's still other restrictions that apply. But, really, once you've got the Form 10 information, how are you different from anyone who just did an IPO? That's the same sort of exposure in that sense.

MR. ZINN: I thought you were going to take this question into some of the things that the SEC has done.

And -- and some of this is, you know, my view of what it is to go public is not necessarily only exchange listing; right? So things like Regulation A, things like crowdfunding, even doing Reg D offerings that ultimately season and then go through a 144 process. And it's -- it's what I was getting at earlier about accessing the public markets through a number of these different mechanisms. All of those things should -- have been considered, should continue to be considered. I'd love to see some of the more recent rule proposals be more inclusive of Reg A going forward, because that's -- it's a really useful avenue that hits on a lot of the points we're making about cost and understanding what your obligations are going forward and still being able to access the public market, but you want to give that a little more boost as well.

Those are the kinds of things I think about as alternative pathways in our markets. And then it goes to what I was saying before, that's really what I was getting at with if you've done a Reg D and have investors that are involved and you have a market and now that's seasoned and now you're ready to have a public market, ensuring that you understand what that experience is going to be in the secondary market over time.

MR. MITTENESS: It's interesting.

MS. HASELEY: I feel like Ryan hinted a little bit on some targeted rule updates that could help reduce execution risk for these alternate pathways or maybe clarify disclosure obligations or certain liability frameworks.

Any other targeted rule updates that you all have top of mind that the SEC could consider?

MR. ZINN: This has to be just about this?

MS. HASELEY: Alternative pathways.

MR. ZINN: Can we just -- we -- we can go --

MS. HASELEY: Go --

(Simultaneous conversation.)

MS. HASELEY: You should go rogue, sure.

MR. ZINN: Not to go rogue, but I -- I do think considering -- it's a catch 22 that I think is somewhat being addressed by some of these role proposals that looks at your liquidity metrics or your public float or your valuation as a measure of quality or as a measure of trustworthiness, while simultaneous -- simultaneously limiting your ability to achieve some of those metrics because if you haven't met that mark -- and this -- some of this is the ELI and CLI considerations -- if you haven't met certain marks, you are then prevented from having access to some of the things that can help you meet those marks.

So thinking about -- you could apply this to alternative pathways; although it's -- it's broader than that as well. Thinking about how to democratize more access. Even the discussions that we were having around institutional investors leading the way for retail, that is very useful, but it's also only a piece of it, because thinking about democratizing access to all of that information to retail from the beginning and giving companies a pathway that allows them to -- to kind of use those high leverage moments that we were talking about around whether that's a research or initial information provided by the company upon going public. Those are ways to allow particularly smaller companies to -- to grow into what I think we all want to see them become.

MR. YU: So can I ask a question?

So direct listings, sort of a big thing when Spotify wanted to do it, and there was quite a bit of commentary about how that's just going to be the next way to go public. Are there any particular reason why it hasn't perhaps been used as much as folks initially thought? Is it an SEC regulatory issue? Is it a business issue? Is it, you know, what kind of company you are at this additional support, it's better to go through the IPO process, the traditional process?

Any thoughts as to how you would advise a client that wants to go public and sort of asked you what -- what about the direct listing? What would you advise them? How would you help -- help them think through which path is better?

MR. BOHM: Happy to jump in.

MR. YU: Yeah.

MR. BOHN: First off, I mean, the -- you know, look, I -- I think the direct listing is a very viable path for certain types of companies, like it works for the Spotifys of the world. If you were, you know -- if you're -- if you're a large issuer, you don't particularly have a need for capital in, you know, in an IPO. You know, you have a diversified shareholder base already. You've done a lot of pre-IPO capital raising. You've already built up your institute. You know, you've got Fidelity and Valley Gifford and all -- you know. For -- for a lot of those companies, it's -- it's a -- it -- it makes sense, you know.

The -- I think the biggest issue with why it hasn't caught on much more broadly is a lot of the -- the institutional investor community doesn't love it. Now, some of it is self-serving in terms of why they don't love it. You go public through an IPO, there's this notion of an IPO, this -- you're raising capital. You have a company that has a, you know, a billion dollar market cap. You're doing $150 million IPO. If that company should trade, you know, at a -- at a -- at a billion in the, you know, in the -- in the, you know, fully distributed, you know, on a trading basis, then that deal should get offered to investors with an IPO discount. So maybe it's going to come public at $850 million valuation, $900 million valuation.

So those investors in the IPO, they're incentivized to buy the IPO to create, you know, that initial, you know, liquidity of the market to give the company it’s kind of, you know, initial shareholder construction.

What that looks like for direct listings, you know, the institutional community is not as incentivized in the same way, you know, to -- to come into those -- you know, to those deals in the very beginning.

You know, I think the other thing, it -- it's -- and, again, this is going -- going back to the Spotify analogy, and, you know, it's -- it's not the perfect solution for every company. Some companies need the -- you know, they -- they need the capital raising opportunity. You know, they -- they -- you know -- and, again, whether or not it's a -- it's an IPO or a de-SPAC or -- you know, a lot of companies going public, they're not the big, mature, you know, super cash flow generative, perfect leverage profile type of issuer. And so, you know -- and -- and nobody's been really able to -- I know there's been a lot of advances and, you know, that to allow for theoretically the notion of capital raising as part of a direct listing. We haven't seen any yet. So, you know, from a practical standpoint, again, I think it's -- a lot of it has to do with, you know, investors in that, you know, discovery process.

Yeah, the other thing is I think they -- investors have pushed back on the -- you know, they like the idea of being sort of catered to, you know, by the underwriters, and, you know, you get the, you know, testing the waters, and they get to spend a lot of time around these stories, and they really get to be part of that, you know, valuation discovery exercise.

And the -- you know, in the direct listing, it's a little bit of, you know, let's -- yeah -- let's see where it's trading in the public markets, and eventually over a period of 15, 20, 30 days, it will sort of find its -- its level, you know. And institutional investors are just not -- they're not part of the equation for that, and so they're a lot more -- I mean, a lot of the feedback we've gotten from investors around -- around direct listings is interesting, I'm going to watch it. You know, let me see how it plays out over the course of the first month or two of trading, and then I'll decide, you know, what I -- what I really -- what I really, you know, feel about it.

But, you know, again, it -- I guess I'll just sum it up by saying it's a -- it's a great path for certain types of companies. I do fear that, you know, as I mentioned before particularly with some of these changes, that it will be something that is taken advantage of by companies that really weren't ready for the public markets as a way to kind of gamify, you know, let me get out to the public markets and I can hope that I -- you know, Wall Street bets picks up my, you know, ticker and some -- you know, Rory Kitty starts talking about my company. And then, all of a sudden, I could be the next GameStop. You know, I -- I -- I do worry about that.

MR. BONNIE: I think one thing just to emphasize, you know, something Beau just said, I think it's, like, important, right? I mean, essentially the companies that he described it works for are people that actually are -- or are companies that already have effectively, like, a public company style shareholder base, right? And that's very few private companies, so I think that's the real reason for the take-up. I mean, if you don't have sort of, like, all those names in your book already, the ideal process is the way to do it, and to be honest with you, if you don't have a large shareholder base that wants liquidity, there's no way to do it either, because they get -- you know, there's money to sell. So, if the -- you know, I think that's probably -- I think it's -- I mean, look, who knows, you know? We can't predict the future. But I think it is unlikely to sort of displace the traditional IPO, but that doesn't mean that we shouldn't sort of work on improving the pathway and let a thousand flowers bloom.

But I -- I don't think it should be viewed as, like, sort of, like, a -- a -- a regulatory failure that, you know, it hasn't sort of taken off. I think there's a lot of services, like, market, you know, construct and dynamic issues that are there, not just the regulatory scheme.

MS. KLIM: Yeah, and I'll echo what both of these gentlemen just said. New York Stock Exchange was proud to be an innovator on the direct listings and their direct listings with a capital raise. And I think there's been some real disappointment after working that through with the Commission and a lot of our prospects to put those things on the book. So we'll defer to the -- the bankers or the lawyers here on the panel as to why that hasn't gotten take up, but we, at the exchange, would be delighted if it did get more of that.

MR. MITTENESS: Yeah, I think -- I mean, echoing what most of the panelists said, but I'll say it again. Yeah, obviously the need, most of these companies really do need a significant financing, so that's -- sort of being the phrase, that makes a direct listing, that's makes a little less sense.

And the other thing being besides you have to build your investor base, you need to build your banker, research coverage base, so you need to have one with several with banks on the cover. It's trickier to do with a direct listing fees on there. So they all sort of work, I mean, in harmonies, like, to make it. It works for some companies. Obviously, it works for some companies, but for a lot of the smaller companies, it's just not going to necessarily be as useful unless you're directly followed by some financing, which does create some kind of --

MS. KLIM: Yeah, and the precedent really is those from which it has been successful, or the much larger companies, again, to the point others have made. And so their -- you know, the size of the companies themselves may be driving -- draw people to this construct versus not.

MR. BOHM: Yeah, I mean, it's something, you know -- I think it's interesting because you have different sort of structural things that, you know, in -- in each of these -- I think Spotify broke a lot of ground, you know, around that. I thought -- I think it was Palantir that had -- you know, they took the added step of setting more traditional IPO-like parameters, you know, with theirs where they had, you know, certain number of pre-IPO or pre-listing shareholders that would be locked up, you know, very similar to what a traditional 180-day lockup and they allowed for a certain amount of, you know -- that, some of those considerations are, again, like, part of what also I think give it, you know, large institutional investors a little bit of pause because they're sitting here saying, I just don't -- you know, I can say with some degree of certainty based on, you know, an IPO order book and -- and -- and how I feel it's coming together, you know, how this stock should trade in the aftermarket. I don't know how a direct listing is going to trade. You know, I don't know -- you know, I remember, like, having that conversation around, like, Coinbase. If, like, the -- the -- the variance of investor opinions around where that stock would be, you know, a month after the listing was, like, here and here. And you don't see that a lot with, you know, traditional --

MR. ZINN: On our market, it's not a -- a listing because we're not an exchange, but a lot of the process of companies accessing the public market through us is through something akin to a direct listing -- right? -- where it's not about an initial capital raise. It's about, what I was saying before, it's about a private offering that's seasoned, and, then under Rule 144, becomes publicly saleable. And because of that experience, part of what we think about -- and I liked, you know, let a thousand flowers bloom or let -- you know, open every possible door. Because there's multiple constituencies to think about -- there's the company certainly. I think that's a lot of the focus that we all have, but there's also the investors, those initial investors or those who might have become initial investors if they understood that there was going to be a public market at some point. So when an investor has participated in a private offering and that has seasoned and they have an interest in selling that investment, or somebody else has an interest in buying, being able to have a public market facilitate those transactions is a huge piece of why people get involved in this to begin with.

So I -- I had a similar question to you as to why the direct listing process didn't take hold, but we do see it for companies, I think everybody said it, that don't necessarily have a capital raising need right now but that can serve investors in a different way or serve their own interest in accessing the public markets through a process that's a little bit less arduous at that time.

MR. YU: Well -- sorry, go ahead. I was going to turn it back to you because I think --

MS. HASELEY? Perfect. I was --

MR. YU: -- we could go on and on, but we do have a time limit in terms of --

MS. HASELEY: I knew 90 minutes would go by in a blink of an eye.

So -- so here we are almost at the end and I thought it would be helpful if we concluded with a short round robin. We might only have time for one final question.

So I suppose I will ask -- we've discussed so many different topics on this stage. If I were to ask you the single most important thing that the SEC should be considering as it endeavors to modernize the IPO process and rethink the public company framework, what is that single most important change you would recommend, Dan?

MR. ZINN: All right. In keeping with what I've said before, I think looking to the company itself and the -- the disclosure that company puts out, the metrics, the business of that company, as opposed to where it chooses to trade, whether that's on an exchange or OTC, but really starting to broaden the view of what a public company is will -- particularly for the smaller companies that we're focused on, will bring more of them into the fold. And will allow investor access, and -- and the kind of growth that we're trying to facilitate.

MR. MITTENESS: Well, first, I'll just say, the current rules that have been proposed take care of a lot. That's, I think, their big chunk, just to be clear on there. But then -- but, generally, I think as we look at, like, the alternative pathways, I think a company's decision to go public, that shouldn't drive sort of their ongoing outlook, and the way they choose to go should probably be treated equally, as far as the filer status basis as far as --

MS. KLIM: So the -- the single biggest transformative change I think we can see is something in the litigation reform space. Obviously, the Commission has spoken on the ability to include mandatory arbitration provisions. I think that is fantastic. And to the extent we can go further than that, I think that really would drive more companies to go and stay public.

As to the -- the other thing is I will put in a plug for durability here, because that's what we also hear from companies is if -- if they don't have certainty that these things are going to last on a five or ten-year horizon, then, you know, that uncertainty can then itself drive some of these decisions. So the more we can build that durability into the system on any of the proposals that may go final, I think that will be tremendous.

MR. BONNIE: So I think just focusing, as you have already been doing, on sort of the cost-benefit analysis of being a public company, going public. And so you've already done a lot in terms of taking the cost out of being public, you know, to kind of sort of focusing in on, you know, cutting and cutting those, you know, the -- the burdens that aren't sort of, like, you know, driven by sort of getting the investor's material information to allow them to make an investment decision. So I think that continuing to focus on that is good.

I think looking at the IPO process itself to see if you can kind of condense it, make it less burdensome too, I think will also sort of, like, you know, help things, you know.

And then we didn't really spend time on the litigation, but, you know, I know the chairman has sort of, like -- he's, like, I've led the horse to water, nobody's drinking on the -- on the arbitration. But I -- I think there are probably some other things perhaps that could be done. You know, when you're working on the S-K overhaul on -- if there's going to be a materiality overlay, maybe -- maybe there's some, you know, meaningful sort of, like, moving of the needle on liability exposure that could be put out there too.

MR. BOHM: I think if -- if you want more small cap IPOs, take the guesswork out of the valuation discovery part of the exercise, modernize testing the waters process, allow syndicate equity research analysts to be a more meaningful part of that, including critical equity research and, you know, greater transparency of research analysts' views into the market for both institutional and retail investors, you know, immediately post-IPO.

MS. HASELEY: Okay. Well, thank you all so much for all of those thoughts, and, really, on behalf of the SEC's Small Business Advocacy Office and the Division of Corporation Finance, we can't thank you enough for joining Ted and me on stage today and sharing -- there were some very bold ideas, so for sharing the bold ideas and just all the candid feedback and potential regulatory solutions.

You've given us truly a lot to think about as we move forward. Thank you very much.

PANELISTS: Thank you.

(Whereupon, at 3:00 p.m., the meeting was adjourned.)

* * * * *

PROOFREADER'S CERTIFICATE

In The Matter of: RETHINKING THE RULEBOOK: MODERNIZING THE IPO PROCESS AND ACCESS TO PUBLIC CAPITAL

File Number: OS-0001

Date: Monday, July 13, 2026

This is to certify that I, Kyleigh McGinnis, (the undersigned), do hereby swear and affirm that the attached proceedings before the U.S. Securities and Exchange Commission were held according to the record and that this is the original, complete, true and accurate transcript that has been compared to the reporting or recording accomplished at the hearing.

___________________________ 7/20/2026

Kyleigh McGinnis (Date)

CERTIFICATE OF REPORTER

UNITED STATES OF AMERICA) ss.:
DISTRICT OF COLUMBIA)

I, STEPHANIE BARNES, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties for the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary public in and for
the District of Columbia
My commission expires: 2/14/2028