



U.S. Securities and Exchange Commission

Office of the Advocate for Small Business Capital Formation

IPO Policy Roundtable:

Reexamining the IPO On-Ramp

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U.S. SECURITIES AND EXCHANGE COMMISSION

IPO POLICY ROUNDTABLE

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1 P R O C E E D I N G S

2 MS. HASELEY: Hi, I'm Courtney Haseley with
3 the SEC Small Business Advocacy Office and I'm really
4 excited to be moderating today's IPO Policy
5 Roundtable.

6 You know one of the missions of the SEC is
7 to facilitate capital formation and so we've convened
8 this roundtable to focus on one capital raising
9 pathway in particular, the IPO path.

10 There are a number of reasons why companies
11 go public. There's a lot of value in the public
12 markets. Many founders out there are building their
13 companies with ambitions of becoming public. At the
14 same time we've seen that the IPO market has been
15 fairly soft the last few years, despite some recent
16 momentum.

17 I'm joined today by some remarkable thought
18 leaders across the market and I'm really looking
19 forward to a conversation about reassessing the IPO
20 onramp and talking about what's working and frankly
21 what's not working.

22 And I think it takes a lot of hutzpah to
23 come to the Commission and tell us to our faces all
24 the things we're doing wrong. But in all seriousness,
25 thank you in advance for being here and being part of

1 this conversation and being willing to ask the tough
2 questions on a pretty public stage.

3 So with that, I'll turn it over to you all
4 to introduce yourselves.

5 Jennifer, if you could start by saying,
6 please, who you are and how your work relates to the
7 IPO onramp?

8 MS. ZEPRALKA: Sure, thanks, and thank you
9 so much for inviting me. I'm really thrilled to be
10 back here. I'm Jennifer Zeprelka, I'm a partner in
11 the D.C. Office of Mayer Brown in the Capital Markets
12 Group, but my practice is focused mainly on public
13 company, SEC reporting compliance, work with
14 governments and to early stage -- getting early-stage
15 companies ready for IPO.

16 But prior to joining Mayer Brown I was the
17 office chief in the Small Business Policy here at the
18 SEC and the Division of Corporation Finance, which is
19 the office that interprets the rules for public
20 companies and that office was heavily involved in
21 administering all of the rules that relate to the
22 small public companies and pre-IPO companies,
23 exemptions from registration and that sort of thing.

24 Prior to having that role here at the agency
25 I was a partner in another law firm and before that

1 I've been on the staff in Corp Fin when the Jobs Act
2 was adopted. So i was involved in the implementation
3 of the Jobs Act the first time around.

4 So sort of long history of being interested
5 in these issues and playing out in my practice now.
6 So love to talk about it.

7 MR. GOLDBERG: Hi, I'm Brad Goldberg. I'm a
8 co-head of the Corporate Governance and Securities
9 Regulation Group at Cooley. Similar to Jennifer, I
10 spend pretty much all my time preparing companies to
11 go public and then representing them post-IPO on
12 government and disclosure issues.

13 I've been doing this for almost 20 years.
14 Never been to the SEC before so thanks for inviting me
15 and it's great to be here.

16 MS. CHOI: Hello everyone, my name is Eun Ah
17 Choi and I am senior vice president and global head of
18 regulatory operations at NASDAQ. One of my very
19 important responsibilities at NASDAQ is to manage our
20 listing qualification program both in the United
21 States and in Europe.

22 And so we have the perspective of over 4,000
23 issuers who have provided a lot of feedback to us in
24 recent days about this issue in particular. So very
25 excited to be here.

1 Previously, I was a partner at Hogan Lovells
2 representing issuers and underwriters of all different
3 sizes focusing on in particular life sciences and
4 technology companies in particular.

5 I was staff at the SEC about 10 years ago
6 working in Corp Fin and dealing with WKSI
7 eligibility matters, which I know we're going to talk
8 about today and I started my career at Goldman Sachs
9 as an analyst and I've been with large global
10 companies focused on venture capital investments, M&A,
11 and securities offerings.

12 So it's really great to be here and thank
13 you very much to the SEC staff for coordinating this.

14 MS. NEARY: Hi everyone, I'm Melanie Neary.

15 I'm a partner in the San Francisco office of Gibbson
16 Dunn. My practice primarily focuses on capital
17 markets and securities regulation and corporate
18 governance and I work with public and private
19 companies across industries, but with a focus on life
20 sciences.

21 And with respect to IPOs, we are helping
22 them with their initial crossover financings as
23 private companies, IPO preparation, the IPOs
24 themselves, and then life as a public company once
25 they have made that transition.

1 So I love IPOs and I'm happy to be here
2 today to hopefully bring them back to life in new
3 ways. So thank you.

4 MR. ZINN: Hi, I'm Dan Zinn, I'm the general
5 counsel and chief of staff at OTC Markets Group where
6 I've been for almost 15 years, which is hard to say.

7 We operate public markets for over 12,000
8 securities all across the globe including over 3,000
9 U.S. securities. I think maybe we think of public
10 markets in a slightly different way than the
11 traditional IPO on-ramp that we might focus on but
12 hoping to add a bit of a different perspective and
13 some other ideas how the benefits of public company
14 trading can apply to a broader group and thank you so
15 much to Courtney and the rest of the SEC for having
16 us.

17 CONVERSATION ABOUT REASSESSING THE IPO ONRAMP

18 MS. HASELEY: Well, thank you for those
19 introductions. I'll just dive right in. I'm sure you
20 all keep a close eye on the IPO market so it won't
21 come as a surprise to say that there's been an
22 encouraging uptick in IPOs very recently.

23 But I don't think that IPO window has really
24 been opened indiscriminately. We've been hearing that
25 unlike during the IPO peak in 2021, current IPO

1 investors have less tolerance for pre-revenue
2 companies. For example right now, and if we back up a
3 little bit and look at the state of the IPO market,
4 again, compared to that peak in 2021, the number and
5 the volume of IPOs has been low really significantly
6 and it's been low even compared to other historical
7 levels.

8 So with that context, I'm really interested
9 to hear what you all are hearing from your private
10 company clients as they consider -- what they're
11 considering when they -- what they're considering and
12 what their weighing, what significant factors they
13 weigh as they're deciding whether or not an IPO is the
14 right path for them.

15 I'll ask you to kick it off, Brad.

16 MR. GOLDBERG: Well, I can tell you
17 firsthand there's definitely been a dearth of IPOs
18 since I joined Cooley in 2021. I think I've done
19 zero. I've worked on several but that didn't make it
20 across the finish line.

21 There has been an uptick recently. We're
22 definitely seeing more activity, but it's definitely
23 not the same as it was and I think Eun Ah, you were
24 going to give us some stats to tell us just how bad it
25 actually is?

1 (Laughter.)

2 MS. CHOI: Sure I can -- we can put it into
3 a historical perspective by looking back 25 years. So
4 when you look back to those years, back in 2000, you
5 probably had 7,000 public companies. Now that number
6 has decreased to about 4,500.

7 On the other end, inversely, we had about
8 2,000 private companies. Now, that number has
9 increased by 475 percent to over 11,000 companies. So
10 that is, when you look at that on a chart, it kind of
11 goes like this. Just a very much inverse
12 relationship.

13 In addition to that, when you look at the
14 type of companies and the size, over a quarter of
15 private companies with a market valuation of over a
16 billion have remained private, and the others are
17 public.

18 So the question is what can we do to
19 encourage companies of all sizes to go through the IPO
20 market. And I talked about before, we engage very
21 much with both our public company issuers as well as
22 those who are considering to go public.

23 And if I had to just very quickly summarize
24 some of the hurdles and some of the concerns that they
25 have raised I would group it into three buckets. One

1 is disclosure burden, burdens related to the public
2 filings, and we can go into the details about that.

3 Second is proxy process and the need for
4 reform. There is a real hurdle for public companies
5 being able to engage effectively and efficiently with
6 their shareholders. So that's a big hurdle to
7 overcome.

8 And the third is probably sort of other
9 regulation buckets. So the cost of the audit process.

10 The cost of finding good talent on the audit side,
11 both for in-house and through their audit firms. Need
12 for securities litigation reform, that's another area
13 that has come up. And then concerns around adequate
14 research coverage, especially for small companies.

15 So those are some of the challenges that I
16 think U.S. companies face when they're making that
17 decision to go public or not to go public. And I
18 think when you look at the stats around just the
19 tenure, the lifespan of public companies right now,
20 that number has increased from about seven years to 11
21 years.

22 So what that means is that more and more
23 companies are waiting to go public even if when they
24 do decide to make that jump.

25 MS. NEARY: And I think one thing I'm seeing

1 once a company has decided I want to be a public
2 company, is how do we go about doing that, right?
3 There are a few avenues of doing so and I would say,
4 in the past few years, kind of since the IPO market
5 started to go down, we've seen the reverse merger
6 market start to explode as another path to public
7 company life.

8 And I think the reason for that is the
9 certainty valuation. So you can lock that in when
10 you're signing that merger agreement versus waiting
11 the four to six months it can take to do an IPO and a
12 lot of that is the uncertainty of that timing process.

13 And IPO could move smoothly and quickly or
14 it could end up taking much longer than expected and
15 especially with the markets the way they are now, we
16 don't know what the markets will look like four to six
17 months from now, so it ends up being a safer bet for
18 companies to lock in an IPO -- lock in with a reverse
19 merger.

20 And I think if there is a way that we can
21 figure out how to make that process smoother, shorter,
22 and more certain it would give companies that option.

23 Because I do think the IPO is kind of the gold
24 standard way to go public in many company's eyes, it's
25 just there's so many question marks that are around it

1 right now.

2 MS. HASELEY: Perfect. Yeah, I mean,
3 building on that conversation and the challenges and
4 frictions you've raised, I'm interested to hear
5 thoughts on how the IPO process can be improved to
6 encourage more companies to go public.

7 So basically, what are the fixes, right?
8 What are the levers that the Commission can consider
9 pulling?

10 And I'll turn it back to you, Melanie, if
11 you want to kick us off there?

12 MS. NEARY: Yeah, happy to. So I think a
13 few initial thoughts and things I see from our issuer
14 clients is there are some large gaps in time
15 throughout the year that the IPO process ends up going
16 quiet.

17 So one, for example, is after January 1 if
18 you are filing a DRS or an S-1 executive comp needs to
19 be rolled forward to be that prior year. If you don't
20 have your comp disclosure ready or you're waiting on
21 some end of year numbers you can't go back on file
22 until you have that year-end comp ready.

23 So I think one idea would be to allow that
24 disclosure from the prior year to be tied to the audit
25 so when the audit for the year goes in, that's when

1 that comp needs to rolled forward, and that, I think,
2 would allow people to start getting back on file in
3 early January in a way that they may otherwise not at
4 this time.

5 Somewhat similarly there is the February
6 14th financial stale date for IPO companies for their
7 Q3 financials. Obviously it depends on the company,
8 but for many that audit, that year-end audit, is
9 taking another four to six weeks after February 14th
10 and during that time you're not able to go back on
11 file with stale financials.

12 So one thing I would suggest to consider is
13 obviously we're not going effective with stale
14 financials, but if you could continue to get back on
15 file and work through other comments, be it on
16 business, MD&A, what have you that just lets the
17 process move more smoothly and takes out that four-to-
18 six-week window where everyone's just on pause waiting
19 for the audit.

20 And one other area we see, and this is kind
21 of fluctuated over the years, but the review process
22 itself, I think, can be predictable, can be
23 unpredictable in terms of timing. From my experience
24 there have been unwritten rules of you'll have
25 comments back in 30 days on your first submission but

1 from my experience that has not always been the case
2 and I think having more guaranteed timelines would
3 allow companies to sit at the beginning of the IPO
4 process and know for certain that if I file on this
5 day we will hear back from the staff on this day.

6 So I would -- things along those lines that
7 just let companies plan out really like if we want to
8 be hitting the market in mid-June let's back up and
9 how do we get there and just knowing for certain. And
10 we've had great conversations with the staff over the
11 years of trying to hit those plans but oftentimes
12 those can't be guaranteed and having more certainty
13 would, I think, make the planning process easier.

14 MS. HASELEY: Thank you.

15 MR. GOLDBERG: Yeah, I think streamlining
16 the review process, getting back to the regular
17 cadence that I think we saw in prior years. I think
18 in recent years we've seen comments coming from other
19 offices at the SEC and weighing in and sometimes
20 slowing down the process in a way we weren't typically
21 seeing.

22 So that's something else, I think, worth
23 addressing or at least looking at.

24 MS. ZEPRALKA: Yeah, and just to defend the
25 staff a little bit.

1 (Laughter.)

2 MS. ZEPRALKA: I mean, I think that the
3 intent is to have that cadence be as predictive as
4 possible. I think no matter where we are, who's in
5 charge of the division. Like I think that the goal is
6 always to have that certainty around when comments are
7 going to come out.

8 But there are times where there will be a
9 comment that comes up sort of later in the process
10 that derails you, it slows you down, that possibly
11 it's not a rule-making issue, but it's something for
12 the folks in Corp Fin to think about is there more
13 guidance that can be put out to the market? Is there
14 more information so that us practitioners and our
15 clients understand this is going to be an issue that
16 the staff's going to pick up on and they're going to
17 throw a comment and this is going to slow us down, so
18 we have to take three weeks to figure it out.

19 So like just more transparency into what the
20 priorities are in the reviews could just sort of help
21 with that issue of how long it takes to get through
22 the process.

23 MR. GOLDBERG: Yeah, let me, to be fair,
24 when I was an associate I remember seeing comments
25 come in. There'd be hundreds of comments and so we're

1 definitely not in the same place, but these are
2 comments on the margin.

3 MS. ZEPRALKA: Yeah, definitely.

4 MS. CHOI: And just to build on what
5 Jennifer has said. Having worked closely and continue
6 to work closely with different international
7 regulators and exchanges, I think one thing that the
8 SEC does really, really well and we are the global
9 standard, in terms of the ideal is that transparency
10 and that guidance and also the promptness, in
11 comparison to other jurisdictions. And I know it's
12 never quick enough for IPO applicants.

13 So I do think that we have a system that's
14 working really, really well and I think there's
15 probably some finetuning associated with that that we
16 can think about for the ideal process.

17 But just to take a step back. I think
18 companies that choose not to go through an IPO is
19 really making that choice not because of the IPO
20 process but because of what happens afterwards. The
21 IPO process is just one step in a long journey.

22 And so I think the question is what are the
23 areas that we can think about to enhance that public
24 company experience in a way that's going to make a
25 difference for that unicorn to make that decision to

1 go to the market. And I think it's really important
2 to note that the IPO -- that the public company
3 standard of providing disclosure is obviously really
4 important for the investors because then it levels the
5 playing field for what type of information they are
6 going to get for purposes of their decision making.

7 And then I think it's also important to note
8 that once companies do go through an IPO, on average
9 they hire more people than private companies and they
10 spend more dollars on research and development in
11 comparison to private companies that have similar
12 asset size.

13 So I think those are the things that we can
14 think about and I know we'll focus on that a little
15 bit more as we move forward, but it really comes down
16 to what are the ongoing obligations that are
17 burdensome and does not work?

18 MS. HASELEY: No, that's a fair point. It's
19 a corporate life decision.

20 MS. CHOI: Yes.

21 MS. HASELEY: Dan, do you have any thoughts
22 on the IPO --

23 MR. ZINN: I was just going to say, yeah, my
24 opening to --

25 MS. HASELEY: Oh, great.

1 MR. ZINN: -- plant the seed that I'm hoping
2 to tend to throughout the conversation, which is the
3 concept of public companies generally. The discussion
4 here, which by the way is fascinating for me to listen
5 to from my perspective on how and why companies are
6 thinking about IPO, and that's only a slice of the
7 public market and public company experience.

8 So for example, the companies that trade OTC
9 frequently have not gone through a traditional IPO
10 process but still gain the benefit of public trading
11 so there's investor access, there's the ability to see
12 your price at any given point, there's the ability to
13 use that public market for future fundraising and for
14 things like R&D.

15 And so I'm just going to encourage the group
16 and I'll continue to encourage the group throughout
17 the discussion to think about public markets as a much
18 broader group of companies and then, I think, that
19 helps to address some of the issues that you're
20 raising around what are the obligations.

21 So a public company is not just one type
22 with one set of obligations. Then you start to have
23 more options and more availability to choose from.

24 MS. HASELEY: Yeah, those are great points.
25 And I think when we talk about IPOs we're often

1 talking about the stereotypical IPO and Eun Ah, you said
2 it, what can we do to make these unicorns make that
3 call, right?

4 And the stereotypical IPO is that late-stage
5 private company, they're revenue positive, they have a
6 top-tier law firm working with them, they're working
7 with a top underwriting time, and they've got a Big 4
8 auditor.

9 And I think that's fair. They're an
10 important piece of the IPO market, but there are a lot
11 of smaller IPOs that happen as well and I know that we
12 want to make sure we are continuing to support a deep
13 and diverse IPO market in that regard. Smaller
14 companies also want to be public and there are a
15 number of advantages for them.

16 And so building on ways we can improve this
17 IPO on-ramp generally, I am curious if there are other
18 considerations we should be thinking about for
19 improving the accessibility for that on ramp for small
20 caps and for the smaller offerings? And I know a few
21 of you in particular are focused in that area.

22 I'm going to turn to you, Dan, because I
23 know you have more to say about small caps.

24 MR. ZINN: Just a little bit.

25 MS. HASELEY: Just a little bit more.

1 MR. ZINN: I will reign myself in, but I
2 think you -- the question itself makes a really good
3 point that there is a drastic difference between the
4 unicorn that wants to access the public market where
5 the IPO and the IPO on ramp is absolutely the right
6 decision, if they're going to be public versus the
7 smaller company that has a capital raising need and
8 that's a lot of why we see even a private market
9 growing in the ways that you talked about because
10 there is capital available in a number of different
11 ways for a small cap.

12 And to defend the staff -- rules like
13 Regulation A or the Regulation A plus amendments
14 through the Jobs Act that give greater access to what
15 are freely tradable shares for a company that only
16 needs a smaller of 25 million, 50 million up to \$75
17 million offer. That is a wonderful way to think about
18 accessing the public market.

19 The other ways that companies go public, and
20 we used to call this is a slow PO at OTC Markets, was
21 to do a Reg D, to do a private raise, have those
22 shares season in the hands of investors, under Rule
23 144, and then become publicly tradeable. Again,
24 giving access to the general benefits of being a
25 public company without necessarily all the costs and

1 complexity that a unicorn can handle, but that a
2 smaller company may not be able to handle in thinking
3 about how to grow or to continue on their journey.

4 And so again, to water the seed I tried to
5 plant. Thinking about public markets in that broader
6 sense and giving credence to companies that maybe
7 start as that small cap that has accessed a Regulation
8 A offering or done a Reg D or other private offering
9 and then gone public and then seeing -- we see, I
10 think, 60 to 70 companies per year graduate from our
11 markets to NASDAQ or the New York Stock Exchange.

12 That's a wonderful pathway for small caps to
13 consider that I think often goes unnoticed.

14 MS. HASELEY: Jennifer, you have a deep
15 history in the small cap space.

16 MS. ZEPRALKA: I do. No, I think that Dan
17 is absolutely right that there are other avenues to
18 get the smallest companies into the public company
19 space without necessarily doing like that traditional
20 IPO. I think Reg A is wonderful. It hasn't
21 necessarily been the most successful so far in that
22 transition from doing a Reg A to becoming a listed
23 public company, but there are some success stories and
24 there will continue to be.

25 That's something that I think the Commission

1 should think about, is there something to change about
2 Reg A that would have helped facilitate that growth
3 where those companies could go list from the, for
4 later in this discussion about the after your already
5 public stage of what you can change to make secondary
6 liquidity more attractive.

7 It's all built up into sort of like when
8 you're thinking about, as a company, whether you're
9 willing to enter into the public markets, you want to
10 stay in the private markets, assuming you have access
11 to capital in the private markets, which not all of
12 them do, but assuming that you have the choice, what -
13 - the big thing that you're weighing there is the cost
14 of capital and what that's going to mean for you after
15 you're public. Will you have access to follow-on
16 offerings? Will you get the benefit of being public
17 once you go through the process of doing the IPO.

18 So that's true for the small caps that do an
19 IPO, it's true for the Reg A companies that, after
20 you've gone through that, you need to be able to
21 continue to raise money in the private markets -- in
22 the public markets.

23 And so Reg A, I think there's room for
24 improvement on how those companies continue to grow
25 after they do their initial raise under Reg A, list on

1 OTC or uplist into the exchanges. So that's a great
2 path.

3 There's also, I think if we're going to
4 think about small IPO -- like smaller companies just
5 going straight to the traditional IPO, this is where
6 we're, and we're going to talk about this more, the
7 idea of like scaling what's involved in that process,
8 disclosure wise. Back to what you were saying about
9 the exec comp, that's so relevant for smaller
10 companies.

11 Is there a way to focus in on what do
12 investors really want in a small company IPO? They
13 may not need everything that's in that prospectus if
14 it's a small company with a very simple business
15 model, low revenue. You know, it's easy to understand
16 that business, so let's figure out what investors
17 really need to have those companies launched and don't
18 treat them the same as the --

19 MS. HASELEY: And I'm hearing that there are
20 those other paths available for a wide range of
21 companies but we're still not seeing enough companies
22 -- well, I shouldn't say we're not seeing enough. We
23 could be seeing more companies take that path and so
24 if it's not necessarily or solely the IPO process
25 itself, I guess let's talk about then the other

1 factors that play and the market that otherwise should
2 be supporting and encouraging these companies.

3 So what could be changed to encourage more
4 market participants and intermediaries to be more
5 actively encouraging and supporting IPOs and
6 particularly, for these small caps?

7 And I'm talking about research analysts, the
8 underwriters, broker/dealers, that ecosystem.

9 MS. ZEPRALKA: Yeah, I mean, some of it I
10 think is, sorry, I'm jumping in here.

11 MS. HASELEY: Please.

12 MS. ZEPRALKA: Some of it is structural.
13 The buy side has consolidated and is dominated by
14 large players who may not always be interested in
15 investing in smaller IPOs but that's not -- it's not
16 insurmountable. Those investors are out there. There
17 are definitely investors who are very focused on small
18 and mid-cap equity and are excited about this market.

19 They are interested in liquidity. So I
20 think a big part of getting more banks interested in
21 doing these deals and more investors excited about
22 buying these deals is to think about that aftermarket.

23 I was starting to go here already in what I was
24 saying a minute ago.

25 I think research is part of that. It's the

1 momentum after the IPO to support that market. It's -
2 - people will talk about and I think we talked about
3 this when we were preparing for this that there's a
4 perception out there that maybe the banks are not as
5 interested in taking these smaller companies through
6 the IPO process because they're getting fees on the
7 private market.

8 I actually don't think that that's a real
9 factor in it. I think it's more that they're never
10 going to make all their money on the IPO process.
11 You're making money in the trading. You're making
12 money in the secondaries.

13 So we need to sort of free up, on the
14 regulatory side, the ability for the intermediaries,
15 the underwriters, the banks to work with these
16 companies post-IPO to make it more attractive to them
17 to take them through the IPO process.

18 MS. CHOI: So just a couple of things that
19 we hear a lot, in terms sort of the market
20 participants and then the intermediaries and the other
21 players that are so important to the ecosystem. I
22 think two aspects of it. I think one is obviously
23 research analyst coverage. And I think it was
24 actually your office, Courtney, that provided some
25 stats on this in 2024, which said that for a small and

1 mid-caps only 44 percent of those are covered by a
2 research analyst. Whereas for mega-caps, I think,
3 over 70 percent are covered by more than 10 analysts.

4 So there is a clear imbalance, in terms of
5 interest, for research coverage. Then that feeds into
6 interest from institutional investors to buy those
7 securities. And I know that there was a '22 report
8 that the SEC had done on this very topic, and I really
9 encourage the Commission to reopen up that research
10 report and see if there are any regulations or
11 deregulation that could help more research analysts
12 and firms coming into this.

13 I know some of it is going to be beyond the
14 SEC's scope and some of the broker/dealer obligations
15 are coming from other regulatory requirements,
16 including those from Europe, but I think this is such
17 an important area, in terms of creating the right
18 demand for the supply of the securities.

19 The second area that we hear a lot about is
20 related to short selling. So one is in terms of
21 whether or not there is transparency with respect to
22 short selling positions held in issuer securities.

23 So I think if you were asked -- asking a
24 company of any size I think they would want greater
25 transparency and more periodic reporting of those

1 short positions in their securities so that they can
2 provide better engagement with shareholders and for
3 the shareholders too so that they can have greater
4 transparency and understanding of the shareholder --
5 investor portfolio for specific companies.

6 And then the second area that I hear a lot
7 about, especially in recent years, the past two, three
8 years in particular is the lack of oversight around
9 research firms that publish negative reports on a
10 company but the opaqueness in terms of what kind of
11 short-selling positions they hold and what kind of
12 conflicts of interest they have in publishing that
13 kind of research, and also just inaccuracies with
14 respect to the information that is given and companies
15 are in a really difficult place because it doesn't
16 serve them to go sort of point by point.

17 I mean, they have already provided material
18 information to the investors, through their SEC
19 filings. So I think those are areas that the issuer
20 community would really benefit from and also it will
21 help enhance the quality of information that investors
22 will receive as a result as well.

23 MS. HASELEY: I saw Dan smiling and we've
24 had this conversation. So I know he agrees with a lot
25 of those points.

1 MR. ZINN: I do agree with a lot of those
2 points with respect to transparency of information,
3 not only from the company perspective --

4 MS. CHOI: Yes.

5 MR. ZINN: -- but also from short sales and
6 other -- or even brokers would like to see increased
7 transparency.

8 MS. CHOI: Yes.

9 MR. ZINN: And even going back to some of
10 the discussion on intermediaries and thinking about
11 small caps and the impact on small caps. There is --
12 I think you're very well-worn path, whether that's for
13 underwriters or banks or attorneys, for that matter,
14 to bringing companies to IPO and that -- a company
15 comes and says we're interested in doing a capital
16 raise and then the immediate goal becomes let's IPO,
17 and that's not going to be right for every company and
18 I think there's not enough understanding, in that
19 intermediary community, about some of the other
20 pathways that we talked about, about exploring a
21 Regulation A.

22 I will sometimes raise it and attorneys will
23 say I've never done a Regulation A. I don't know what
24 that's about. Or understanding that that is a
25 beginning step and I think Jennifer was getting into

1 some of this towards what can be your life as a public
2 company and then what we'll talk about later is
3 helping to address how you do secondary raises and how
4 intermediaries can continue to benefit from that.

5 So building the skills of the industry and
6 the ecosystem that these particular smaller companies
7 operate in is going to be a big part of seeing the
8 increase in public companies that we're all shooting
9 for.

10 MS. HASELEY: I kind of want to pick up on
11 something you said earlier, Brad, just the dearth of
12 IPOs you personally have seen make it past the finish
13 line over the last few years, and I'm just curious
14 like, truly we didn't talk about this in advance, but
15 -- so who's pulling the ripcord here and is there
16 other things you're hearing from the intermediaries
17 perspective about what conditions they're needing to
18 see and if there could be -- like where there might
19 need to be or there could be any flexibility in
20 opening up the aperture for what could be an
21 acceptable window or -- I don't know, something that
22 is short of exactly perfect?

23 I just was curious what you've been hearing
24 your clients go through and hear from the bankers and
25 the folks that working that?

1 MR. GOLDBERG: Honestly, I think some of
2 this is a bit of a perfect storm and maybe I have
3 unrealistic expectations from the get-go, right? The
4 number of IPOs that we saw in 2021, it may never be
5 repeated again and I think part of this is not that it
6 just got back to normal, but it literally shut off.

7 Like I can remember sitting in my office
8 working on an IPO in January as if I'd been doing it
9 the last five years, just like very January, right? I
10 was working on one or two IPOs and then having the
11 call saying it's pencils down. And then it never
12 picked up again.

13 And that, I think, was repeated across the
14 landscape in the market, how quickly it just sort of
15 shut off and then I think you combine that with the
16 number of regulations and rules that came in in that
17 time period as well and then you have companies that
18 are looking for this opportunity, you have all these
19 new rules and regulations, which were great for me and
20 great for you, to deal with, but I think just added
21 another layer of is this something we really want to
22 do.

23 There's all these things we had to factor
24 in, climate disclosures, all these additional rules
25 and regulations that came in. So I think that's a big

1 part of this and I also think the macroeconomic
2 factors are major, right?

3 The inflation, the tariff discussions,
4 everything just when you think it's about to pick up
5 something else happens and so it's -- I think we're
6 just kind of in that mode, but I am seeing activity,
7 probably for the first time since I joined Cooley.

8 We've got several IPOs in the pipeline and
9 I'm hearing that from other firms too. So I -- some
10 of this I just think is cyclical but there's certainly
11 things that we could do to improve and hopefully avoid
12 what was sort of just cutting off the spicket.

13 MS. HASELEY: That's fair. Do folks think
14 that the IPO process or the IPO market needs
15 disruption and if the answer is yes, have any of these
16 suggested changes, would they be enough to start that
17 disruption?

18 MR. GOLDBERG: I mean, I'll keep going if
19 you want?

20 MS. HASELEY: Please. Please.

21 MR. GOLDBERG: I think, and I don't think --
22 I think you can't have this conversation without
23 addressing some of the other players in this space,
24 namely the proxy advisory firms. It's kind of the
25 shadow regulation that is happening in the market

1 where even if there's not an SEC rule in place, if ISS
2 or Glass Lewis decide that that's something that they
3 want companies to do, then they're going to withhold
4 against your directors and it's a regulation through
5 these proxy advisory firms who have conflicts of
6 interest.

7 I don't think it's any secret. I think it's
8 something that certainly needs to be addressed. I
9 think the shareholder proposal process also needs to
10 be addressed. I don't think it's serving the
11 intention that it was put in place for and special
12 interest groups have sort of taken over people's proxy
13 statements.

14 Again, all of these things put together are
15 not helpful when you're looking at going public and
16 what you're going to have to deal with, as far as a
17 whole bunch of rules but then all of this other
18 scrutiny that comes along with it from these other
19 players.

20 MS. CHOI: I mean, I think the topics that
21 we are covering today with this panel and our next
22 session will -- really do make a difference, but they
23 can be implemented. So disclosure simplification,
24 scaling to the size and the maturity of the companies,
25 reforms in the proxy area, and then of course there's

1 some big issues outside of the SEC sort of
2 jurisdiction.

3 But if those areas can be addressed, I think
4 we can make a difference. And the reason why I say
5 that is when we hear about these companies expressing
6 the pain points of being a public company, what it
7 comes down to is the cost of having to comply with
8 these requirements and the opportunity costs of not
9 being able to use those funds and resources to build
10 their business.

11 I mean, when you strip everything away I
12 think that's what it comes down to and that creates a
13 competitive disadvantage, from a cost perspective, for
14 public companies versus private companies.

15 And when there is ease of getting venture
16 capital funds and private equity funds vis-i-vis the
17 ease of getting public funding, that's where you start
18 to have issues. And I think we can solve for that and
19 I think the SEC has the ability and the tools to be
20 able to do that and I think being open to these types
21 of discussions is really a great step.

22 So yes, I think these issues are solvable.
23 I don't know that everything has to be disruptive but
24 I think we're moving in the right path.

25 MS. NEARY: No, I completely agree. And I

1 think, to Brad's point, the 2021 markets were the
2 perfect environment for an IPO and it does feel like
3 issuers were waiting for that to come back and I don't
4 know if we're going to see that perfect again or any
5 time soon and any steps we can take to kind of bridge
6 the gap between where we are now and where that was to
7 make it a little easier to IPO, I think it would help,
8 but I agree, I don't think we're fully at the need to
9 disrupt point, but meeting in the middle would go a
10 long way for many of our clients.

11 MR. ZINN: I'm going to disrupt in the
12 context of kind of disrupting the expectation and even
13 challenging a little bit the idea that 2021 or 2020
14 was the perfect storm because now you see, and I think
15 this happens on NASDAQ and New York Stock Exchange, a
16 number of companies struggling to remain listed.

17 I think there's 550 or so companies on the
18 deficiency list for NASDAQ and several hundred of
19 those are bit price deficiency. We see companies,
20 some of those graduates that have worked hard to
21 become a public company, move up to an exchange,
22 struggle to be able to live as a public company there
23 because of exactly the issues that you're raising,
24 cost and complexity.

25 So thinking about, again, other ways to

1 access the public markets, from a cost perspective, if
2 it's -- I've heard various estimates, you've probably
3 heard better than I do, two and a half to \$5 million
4 let's say for a small company to IPO, it's somewhere
5 between 50 and \$150,000 for that same company to
6 access the public markets on an OTC market.

7 And then if what they want their story to be
8 is to ultimately graduate and then move to NASDAQ
9 that's great. If what they want their story to be is
10 to stay and remain public on a market like ours,
11 that's also great. But again, disrupting what the
12 expectation is of the client, which I know is a
13 difficult thing for all the private practice lawyers
14 here, but really from the industry as a whole, I think
15 would make a difference in seeing some of these
16 changes.

17 MS. HASELEY: What do you think, Jennifer?

18 MS. ZEPRALKA: Yeah, I agree with all of
19 this. I don't think it's we're at a point where we
20 need to throw it all out and start from scratch.
21 We're not at a point where it needs to be disrupted
22 but there are things that can be fixed and I totally
23 agree with you that it's looking at that cost, making
24 it more attractive as you're choosing where you're
25 going to get your capital.

1 Like looking at where the regulators can
2 reduce the costs of being a public company and sort of
3 the intangibles that go with that. But also,
4 relatedly and a little bit on the flip side is what
5 are the regulatory changes that can make it -- can
6 improve the benefits, right?

7 We'll cut the costs and let's make it more
8 attractive from a post-IPO what it means, as sort of
9 what Dan was saying, your life as a public company
10 after the IPO. There are, I think, some levers that
11 can be pulled that would ease that, you know, help to
12 support trading, liquidity, and just the ongoing costs
13 of being a public company afterwards. So it's sort of
14 both sides. Likes scaling and pulling back some of
15 the regulation, but also what can be done to sort of
16 facilitate improvements after the fact that makes it
17 more appealing than staying private and sort of just
18 staying where you are as a company.

19 MS. CHOI: Create that infrastructure --

20 MS. ZEPRALKA: Yeah.

21 MS. CHOI: -- and the scaffolding for the
22 public companies to be able to sort of maintain their
23 status.

24 MS. ZEPRALKA: Exactly.

25 MS. HASELEY: Well, I'll close it out, I

1 guess, with a final round robin for all of you.

2 Is there anything else the SEC should
3 consider if its reassessing the IPO on ramp?

4 And I'll start with you, Dan, and then we
5 can just work across the stage.

6 MR. ZINN: Sure. I think we sort of touched
7 on some of this throughout the discussion. But so
8 much of the consideration about IPO undergoing public
9 generally is about what happens after that and we
10 talked about, whether it's European regulations or
11 other regulators, outside of the SEC, that have a real
12 impact on that.

13 One of the things that we've heard the
14 current commissioners talk about a little bit is the
15 concept of preemption of certain state law
16 requirements that weigh on companies that aren't doing
17 an exchange listing.

18 So I know preemption is a dirty word in
19 state law circles, but where there is a consensus at a
20 federal level around what the right type of disclosure
21 is or how a company needs to act as a public company.

22 It gets very difficult, and it restricts research, in
23 the ways that we were talking about, if each state is
24 imposing a separate set of criteria and you wind up
25 with 40 states that agree on something and 10 that

1 don't.

2 So thinking about areas where the SEC can
3 step in and promote something like preemption to just
4 create a level playing field, I think would make a big
5 difference.

6 MS. NEARY: That's interesting.

7 I'll go to something very specific and
8 coming back to the IPO process because that's where
9 we're all starting and I think it will constantly be a
10 challenge of how long that process is taking and the
11 changes that are happening from day one to the day you
12 are pricing your IPO.

13 I think any changes that can be made to
14 shorten that process, keep it moving. One comment
15 I've heard from clients many times over the year is
16 like but can't we just run our responses by the SEC
17 and get their okay before we submit and wait two
18 weeks. And I think clearing comments on the phone has
19 also been kind of a no-no but to the extent that is
20 something the staff would be open to just to move
21 things forward and make the process smoother, I think
22 that would be music to many issuers ears who are in
23 the process and seeing it drive out longer than they
24 want.

25 MS. CHOI: So to wrap up, I think it's

1 really important to just think about why IPOs are
2 important in sort of a broader sense. Obviously it
3 provides a level playing field for investors to
4 receive information and make their investment
5 decisions.

6 For companies to tap into offerings and
7 capital markets and create, you know, generate funds
8 that are necessary and I know that public companies
9 have been able to tap into trillions of dollars to be
10 able to do that and grow.

11 And also, on the other side, public
12 securities are the main way in which main street
13 investors are able to grow their portfolio and
14 generate wealth and sometimes generational wealth as
15 well.

16 So while we are very much open to the
17 Commission also thinking about creative ways to
18 provide access to private equity for retail investors
19 and vice versa, for private equity to go to 401k, I
20 think the IPO and the public market creates such a
21 competitive advantage for the U.S. economy that I
22 think it's an important area for us to continue to
23 focus on and grow because there is a core value, with
24 respect to public companies having this kind of role
25 in our U.S. markets and we are still continue to be

1 and we want to be the envy of the world in terms of
2 how they view our financial markets and capital
3 markets in particular.

4 MS. HASELEY: Brad?

5 MR. GOLDBERG: I already made my proxy
6 advising point.

7 (Laughter.)

8 MR. GOLDBERG: So I'm not going to make that
9 point again.

10 And I know we're going to talk some about
11 this in the next session, but I think the other thing
12 for me is an echoing Commissioner Peirce's comments
13 that she's made on more than one occasion is getting
14 back to consistency in the regulatory environment and
15 really focusing on materiality.

16 And so that we're not making these big
17 pendulum swings from administration to administration,
18 regardless of your politics.

19 That I do think has a major impact of how
20 companies think about going public and because they're
21 not sure what regulations they're going to have to
22 deal with in any four-year cycle.

23 MS. ZEPRALKA: Yeah. I think certainty is
24 sort of the theme here, is definitely something that
25 we should keep sort of -- the regulators should keep

1 in the back of their mind, as I keep saying as they're
2 trying to think about how this works.

3 And then for me, it's just thinking about
4 our smaller companies and anything that we can do to
5 try to keep the costs of accessing public markets
6 proportionate for the smaller companies.

7 And we talked a lot about it's not all one
8 size fits all. I think that's really true in this
9 issue of thinking about how do we make this work for
10 the smaller companies without sacrificing investor
11 protection.

12 Without creating a second-class group of
13 companies that are oh, they're just the little guys,
14 but what do investors really need, I think should be
15 sort of the guiding principal when it comes to these
16 companies, because it's not the same for the unicorns.

17 MS. HASELEY: I appreciate those final
18 thoughts from everyone.

19 I think it's been a really fantastic
20 conversation.

21 On behalf of the SEC's Small Business
22 Advocacy Office, truly thank you for taking planes,
23 trains, and automobiles to be here today in person and
24 for sharing all the creative ideas and candid feedback
25 and potential regulatory solutions in helping to

1 encourage more IPOs.

2 I think you've given us a lot to think
3 about. Thank you for joining us today.

4 (Whereupon, at 10:36 a.m., the discussion
5 was concluded.)

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PROOFREADER'S CERTIFICATE

In The Matter of: IPO POLICY ROUNDTABLE
File Number: OS-0001
Date: Wednesday, June 18th, 2025
Location: Washington, D.C.

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
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Kyleigh McGinnis
6/26/2025
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I, Connor Morris, reporter, hereby certify that the foregoing transcript is a complete, true, and accurate transcript of the testimony indicated, held on Wednesday, June 18th, 2025 in the matter of:

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I further certify that this proceeding was recorded by me, and that the foregoing transcript has been prepared under my direction.

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