

Making IPOs Great Again

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by Troy M. Keller



Securities & Exchange Commission (SEC) Chair Paul Atkins has been vocal about his desire to make IPOs great again. It would take a serious amount of rulemaking and potentially even statutory changes to reshuffle the mix of incentives and burdens that have inclined companies against going public in recent years. But if he is successful, even in part, there could be meaningful benefits.

First, Some History

The depressing statistics on public company trends are well publicized at this point—but here they are again. In the mid-1990s, we had roughly 8,000 public companies in the United States. We have about half that many today, as the number of public companies going private, consolidating, or failing

has outpaced new listings. And even though 2026 is expected to be a landmark year with a handful of massive, AI-related IPOs in queue, it remains unlikely the number of listed companies will see a net increase.

How IPOs Became the Road Less Traveled

There is room for debate as to the cause of the decline in IPOs. It coincided with the rise of private equity, but whether more companies choose to stay private because of the comparatively higher compliance burden and associated legal exposure of being publicly traded or because private capital is a better model (more nimble and more, well, private) is hard to say.

Chair Atkins at least is firmly in the camp of those who see regulatory burden as the culprit, noting most recently how "*decades of accretive rulemakings and regulatory*

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adventurism have made the path to becoming a public company narrower—and the experience of remaining one encumbered with rules that can introduce more friction than benefit."

He may not be wrong. I started practicing law in the late 1990s. The \$40-100 million IPO was a common occurrence in those days. But after the one-two regulatory punch of Sarbanes-Oxley in 2002 and Dodd-Frank in 2010, small and mid-sized IPOs have largely fallen out of favor. Companies wait longer before going public, if they do at all, implying the need for a certain scale to justify taking on public company costs.

Impact on Investors

The lack of smaller, SME-sized IPOs almost certainly has negative consequences. As Atkins said in [an address in December 2025](#):

Raising capital through an IPO should not be a privilege reserved for those few "unicorns." More and more, public investments are concentrated in a handful of companies that are generally in the same one or two industries. Our regulatory framework should provide companies in all stages of their growth and from all industries with the opportunity for an IPO.

Most commentary has focused on this timing point, how the average investor is excluded from participating in the early growth that happens before a company goes public. This disparity in opportunity (as between the main street investor and high net worth and institutional investors) is a concern both political parties have flagged over the years. For example, in no small part, the Obama era JOBS Act of 2012 was motivated by this issue alongside its headline goal of bringing more capital to small businesses. Its creation of the emerging growth company category in public offerings was significant, though it has not been enough to reverse IPO trends. Further policy changes that encourage companies to choose the IPO route, and to choose it earlier in their life cycle, would do much to close the opportunity gap.

Impact on Innovation

Chair Atkins' point about IPOs being limited to "one or two industries" in my view merits as much attention as the timing issue. Innovation in traditional sectors like manufacturing, health care, chemicals, food & ag, consumer products, *etc.*, could benefit greatly from another accessible path to capital for developing companies. As things stand, non-Silicon Valley-type SMEs have limited access to equity capital unless they choose to be consolidated into a conglomerate or rolled up into a PE backed initiative. But those are exit events rather than capital raising opportunities. Having a realistic option to go public would offer another path that could lengthen the window for innovators in these sectors to experiment with new products and business models.

Impact on Communities

The benefits of more small and mid-cap IPOs could also accrue to local communities,

particularly non-financial or tech center geographies that rely heavily on SME enterprises. When companies exit through M&A rather than an IPO, more often than not the community loses a number of "headquarters" jobs. Not only does that lead to brain drain in the affected community, it could also lead to decreased investment. For instance, when decision-makers sit locally, they would seem more inclined (all else being equal) to direct future capital investment into the same locality.

Ultimately, bringing IPOs back to the peak of the 1990s is probably not realistic. Even if the regulatory burden were massively reduced, the private capital markets have become large and powerful, and that dynamic isn't going away. But even incremental shifts could provide important benefits.

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