



THE NEXT PHASE OF PRIVATE MARKET INFRASTRUCTURE

Private markets have quietly grown larger than most people realize. Global private market assets reached roughly \$12 trillion in 2023, nearly double what they were six years earlier. In the U.S., private markets now account for over 40% of all capital invested—more than double their share in 2009.

The more striking shift is in the number of companies. The number of publicly listed U.S. companies has fallen by half since the mid-1990s, from over 8,000 to around 4,000 today. Meanwhile, the universe of private companies backed by venture capital or private equity has swelled past 215,000 globally without counting the surge of companies accessing capital via private credit. There are roughly 25 times more privately held, institutional-backed companies than public ones. Yet, these investment opportunities have been historically offered in a very selective fashion that leaves the majority of investors on the sidelines with little to no allocation to this market.

This creates an infrastructure problem. The pipes connecting capital to these opportunities were built for a world where private markets served a narrow slice of institutional investors. The scale of demand forming now—from retirement savers, wealth managers, and accredited individuals—requires entirely different plumbing. Technology, regulatory guidance, and financial product innovation are converging to make this buildout possible, but incidents like the First Brands bankruptcy reveal how nascent these market rails remain. Several platforms are racing to build this infrastructure, and the ones that succeed will shape how trillions of dollars flow through capital markets for decades to come.

THE CONVERGING FORCES

Understanding why this is happening now requires examining several trends that have converged over the past few years.

Start with regulation. When the Department of Labor clarified in 2020 that 401(k) plans could include private assets, they unlocked over \$7 trillion in retirement savings previously walled off from alternatives. Even a modest 10% allocation of the \$9.3 trillion in 401(k) plans would inject nearly a trillion dollars into private markets—roughly equivalent to all capital raised by private equity firms globally in 2021.

Previous attempts to democratize private markets failed on operational grounds. Managing a private fund with ten institutional investors paying \$50 million each is straightforward. Managing the same fund with 100,000 retail investors paying \$5,000 each was, until recently, impossible at any reasonable cost. Technology has solved this barrier. Tokenization now allows private fund interests to be divided into standardized digital units that can be tracked and administered at scale. Hamilton Lane reduced its minimum investment from \$125,000 to \$10,000 by utilizing tokenized structures. KKR did a similar thing with a credit fund. Automation and AI have simultaneously slashed the operational costs of managing thousands of small accounts—one survey found that 55% of advisors cited administrative burden as the main barrier to alternative investments.

Technology matters, but it's just one piece of the puzzle. Investors are seeking yield in innovative ways. Active equity managers struggle to justify fees when passive ETFs deliver similar returns at a fraction of the cost. Private markets offer a potential solution: an illiquidity premium that historically has ranged from 2-4% annually over public markets, along with lower correlation to public equities. Roughly 73% of investors now expect private markets to outperform public ones, and many are increasing allocations accordingly.

Companies have found that they prefer to remain private for longer periods. By remaining private, they sidestep quarterly earnings pressure, regulatory compliance costs, and public market scrutiny. The 2012 JOBS Act raised the shareholder limit to 2,000 accredited investors before a company must go public, giving unicorns more room to delay or skip IPOs entirely. Over 1,500 unicorn companies worth a collective \$5 trillion remain private, which in previous decades, firms would have long since listed.

The weak IPO market reinforces this trend. After the boom of 2021, IPO activity dropped sharply—only 150 U.S. IPOs for companies raising over \$50 million in 2024, versus 397 in 2021. Higher interest rates and market volatility have made public investors risk-averse precisely when founders and employees need liquidity. These conditions have created a market structure where high listing thresholds and compliance costs often outweigh the benefits of going public for all but the largest companies. This has channeled activity into private secondary markets, where company insiders can sell shares without the company itself going public.

Regulatory access, technological capability, investor demand, company preference, and weak public markets are all happening simultaneously. That convergence explains the current moment.

WHAT SEPARATES WINNING PLATFORMS

Several platforms now compete to become the dominant marketplace for private securities, each trying to solve the infrastructure problem differently. Forge Global, formed from the 2019 merger of Forge and SharesPost, pioneered this space and facilitates around \$800 million in annual secondary trading volume. It offers both a marketplace and data services, having created private market indices from over 13 years of

trading data. EquityZen, founded in 2013, focuses on accredited individuals and noted that retail investors made up over 80% of its transactions by late 2024, up from roughly 56% the year before.

Newer entrants push different approaches. Augment Markets, a FINRA-registered marketplace launched in mid-2023, emphasizes transparency—users can see historical pricing, live bids and asks, and negotiate trades digitally. As of mid-2025, Augment reported over \$250 million in trade volume across 450+ executed trades. Hiive, founded in Vancouver and operating in U.S. markets, handled approximately \$930 million in transactions in 2024 and claims profitability, with Q1 2025 trading activity up 68% year-over-year.

The newer platforms emphasize transparent, tech-driven approaches with live order books and displayed market data. Augment highlights that users "can log in, check out historical pricing from bids/asks, place an order, negotiate directly with a counterparty, and execute a trade, all without actually talking to anyone." This contrasts with older models that relied on brokers manually matching buyers and sellers behind the scenes.

Some platforms integrate with broader ecosystems. CartaX leverages Carta's cap table management software, allowing companies that already use Carta to run secondary auctions seamlessly. Nasdaq Private Market works with companies to design compliant liquidity programs. Morgan Stanley, after acquiring Shareworks, has been connecting its wealth management clients to private market opportunities through its equity management platform.

The competition appears vigorous, yet only a few platforms are likely to dominate in the long term. Success requires building a complete ecosystem. Bankers to source deals, lawyers and accountants to ensure compliance, market makers to provide liquidity, and transparent, rule-based marketplaces that give investors confidence. These elements must be painstakingly assembled and work together in concert. Without it, platforms cannot achieve the scale.

Deep deal flow forms the foundation. A platform needs steady access to shares in high-quality private companies—the unicorns and high-growth firms that investors want. This requires building trust with companies, employees, venture funds, and shareholders so they choose your platform when selling. Network effects compound quickly: buyers go where the supply is, and sellers go where the buyers are.

Equally critical is liquidity from a diverse investor base, supported by a clearing function. A platform requires the participation of institutional investors, accredited individuals, wealth managers, and funds. This means partnerships with financial advisors, broker-dealers, banks, and market makers to stabilize price and ensure transactions execute in an orderly fashion. According to CAIS, 59% of advisors say access to alternatives is helping them win new clients. Once a platform becomes embedded in thousands of advisory practices, switching costs become prohibitive.

Transaction efficiency determines scalability. Private stock sales have traditionally been slow and expensive. Winning platforms must streamline through automation: integrated matching engines, electronic signatures, coordinated custody, and fast settlement. This means lowering costs through scale and technology. Platforms are innovating with structures like SPVs to bundle investors and standardized legal frameworks to reduce legal overhead.

Perhaps most critical is serving all stakeholders well. Sellers need confidentiality, fair pricing, and smooth processes. Buyers require access to deals, due diligence tools, and reliable transactions. Companies need control over who becomes shareholders and assurance that trades comply with restrictions. A platform that only optimizes for one side will struggle. Success requires balancing these competing interests—making the process rewarding for individuals transacting while aligning with company interests.

Transparency and data separate leaders from followers. Private markets have long suffered from information asymmetry. Platforms offering superior transparency—publishing indices, sharing price history, providing valuation tools—build trust and attract participation. Forge has begun creating data products and indices for precisely this reason. The winning approach will adapt the best elements of public market structure to the private context. The U.S. public markets became the premier choice for global company listings due to their transparent data, standardized reporting, and robust market infrastructure, which instilled confidence in investors.

Private platforms should take these proven principles from public markets—rigorous disclosure standards, price transparency, clear trading rules—and fit them to private market realities. Platforms that do this while accumulating unique datasets on investor behavior, fund performance, and market dynamics compound their advantage over time. They learn which investors gravitate toward which strategies, how extended capital stays invested, and what triggers redemptions. This information enables better product matching and risk management.

WHAT THIS ACTUALLY MEANS

The transformation underway extends beyond creating new investment platforms. We're witnessing the construction of a completely new financial infrastructure, with implications that ripple through how capital markets operate.

For companies, this changes the calculus around going public. The traditional path assumed that at some point, a successful startup would need public markets for growth capital and employee liquidity. That's no longer automatic. Companies now have viable alternatives: raising debt through private credit markets, arranging structured liquidity events for employees through secondary platforms, and tapping deepening pools

of private capital for equity rounds. This optionality reduces dependence on public markets in ways that seemed impossible a decade ago.

This represents fundamental expansion for the fintech landscape. Over the years, we've moved from robo-advisors and public stock trading into alternative investments. Major wealth management firms are partnering with or acquiring fintechs to provide private market access. Over time, we might see ETF-like instruments based on baskets of private companies, enabled by the trading data marketplace and platforms, accumulate.

A functional marketplace where prices clear and participants have confidence will spawn entire ecosystems. Data services, analytical tools, and risk management products all oriented around private markets are emerging. Custodians, fund administrators, and service providers are rebuilding infrastructure to handle retail alternatives at scale. Law firms are developing new fund structures. Accounting firms are establishing standards for the presentation of private assets on retail statements.

Questions about systemic risk emerge as well. The first significant test will come during the next downturn, when retail investors discover the reality of illiquidity. When Blackstone's \$70 billion retail REIT faced redemption requests exceeding limits, it restricted withdrawals. Similar situations across multiple funds during a crisis could create political pressure. There's also a concentration risk—if two or three platforms control the majority of retail alternative investments, they become critical infrastructure whose failure could destabilize retirement savings for millions.

The scale of retail participation also raises questions about disclosure standards. Private companies operate with minimal reporting requirements, but if 401(k) assets increasingly flow into these firms through secondary markets and private funds, regulators may demand the greater transparency characteristic of public markets. The disclosure regime designed for a small group of sophisticated institutional investors may prove inadequate when millions of retail savers have exposure. This remains an open question, one that will shape how far this democratization can actually go.

What we're really witnessing is the industrialization of an asset class that previously operated as a craft industry. Private markets served a small group of institutional investors through bespoke arrangements and high-touch relationships traditionally owned by banks and private asset managers. The forces that converged—regulatory access, technological capability, and demand from both sides—are forcing a shift toward standardized products, transparent pricing, and scalable distribution.

This transition from craft to industrial production doesn't happen smoothly. The platforms competing now are determining which aspects of the old model remain relevant and which can be automated. They're identifying the stakeholders with veto power and the features that truly differentiate. They're learning whether private markets can actually function with the transparency and accessibility of public ones, or whether fundamental limitations will constrain how far democratization can go.

The outcome will determine not only which platforms succeed but also more. It will decide whether private markets remain a specialist domain with slightly better access, or whether they become as routine a part of retirement portfolios as bond funds. It will shape whether companies view private markets as a temporary waystation before going public, or as a permanent alternative with sufficient liquidity and capital depth to support them indefinitely. And it will establish whether the financial system can actually handle trillions of dollars of illiquid assets held by retail investors, or whether the first major stress test reveals that some barriers existed for good reason.

This article was written based on input from multiple [OPCO Advisory](#) team members (including [Nilesh Nanavati](#) and [Rishi Nangalia](#)), as well as [Oliver King](#) from [Mythmaker.io](#).