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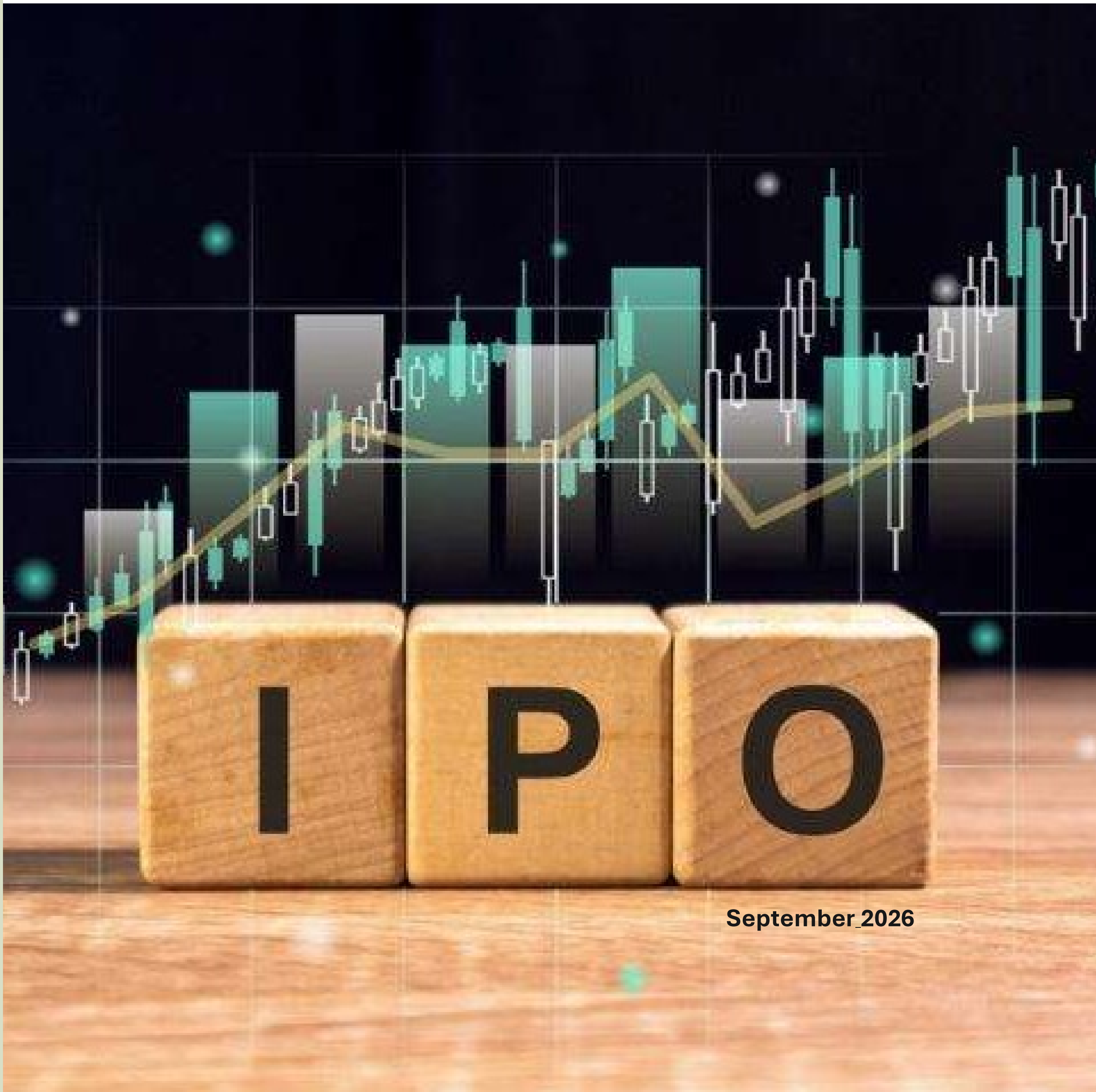
Minerva Briefing

Global IPOs:

Growth, Governance and Risk



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Executive Summary

Initial public offerings (IPOs) have returned to the centre of regulatory and political agendas in many major markets. Governments increasingly view strong IPO markets as a means of promoting economic growth, supporting innovation, creating jobs and reinforcing the competitiveness of domestic capital markets on an international stage.

At the same time, regulators across major financial centres are pursuing reforms designed to make public markets more attractive to issuers by reducing costs, streamlining requirements and increasing flexibility. The renewed focus on IPOs comes amid a recovery in global issuance activity and growing expectations of a new wave of large technology and AI-related listings.

However, many of the reforms being introduced raise important questions about transparency, shareholder rights and investor protection. As jurisdictions compete to attract listings, concerns are amplifying that the pursuit of IPO growth could trigger a broader regulatory race to the bottom, risking detrimentally impacting shareholders.

IPO activity is rebounding strongly across global markets. Rising issuance, record-breaking deals and enthusiasm for AI-related listings have returned IPOs to the forefront of policymaker and investor attention.

Regulators are increasingly prioritising competitiveness. The US, UK, EU, Australia, Hong Kong and other markets are pursuing reforms to make public listings cheaper, faster and more attractive to issuers.

Investor protections are coming under greater scrutiny. Proposals to reduce disclosure requirements, expand exemptions and increase founder control raise concerns about transparency and accountability in public markets.

Dual-class share structures are becoming a defining governance issue. The record-breaking SpaceX IPO highlighted the growing acceptance of founder-centric models that can leave public investors with limited influence over corporate decision-making.

The next generation of AI IPOs could test the balance between growth and governance. Potential listings by Anthropic and OpenAI may shape expectations around founder control, voting rights and investor protections.

IPOs and Their Importance

An initial public offering is the process by which a private company offers shares to public investors and lists on a public stock exchange. IPOs give companies capital for expansion, research and development, acquisitions, infrastructure and other strategic initiatives, while allowing early investors and founders to realise value from their holdings.

For investors, IPOs can provide earlier access to growing companies and emerging industries. Listed companies are generally subject to enhanced disclosure obligations, including financial statements and information on material risks, to support informed decisions. IPOs can also offer portfolio diversification and, in some cases, substantial capital appreciation.

Policymakers have strong incentives to maintain vibrant IPO markets. Successful activity can support economic growth, innovation, employment and tax revenues. High-profile listings can also strengthen a country's reputation as a financial centre and attract domestic and international investment. A healthy pipeline of listings expands the range of companies available to public investors, deepens markets and improves financing access for growing businesses.

However, IPOs carry risks. Newly listed companies often have limited public track records, making valuations difficult to assess. Shares can experience significant volatility, and market enthusiasm may lead to overvaluation. Investors may also face governance risks where founders retain disproportionate control through dual-class share structures (DCSS), separating voting power from economic ownership.

In an IPO, these structures can leave new public shareholders economically exposed but with limited influence over corporate decisions, while aggregate voting results may obscure whether outcomes reflect broad investor preferences or concentrated super-voting control. The importance of this issue is showcased by the proposed Multi-Class Stock Company Voting Transparency Act, which would direct the US Securities and Exchange Commission (SEC) to require dual-class companies to disclose voting outcomes by share class, helping investors assess how concentrated voting power affects shareholder decisions.

The current IPO reform debate therefore reflects a longstanding tension: how to encourage more companies to enter public markets while maintaining the governance and disclosure standards underpinning investor confidence.

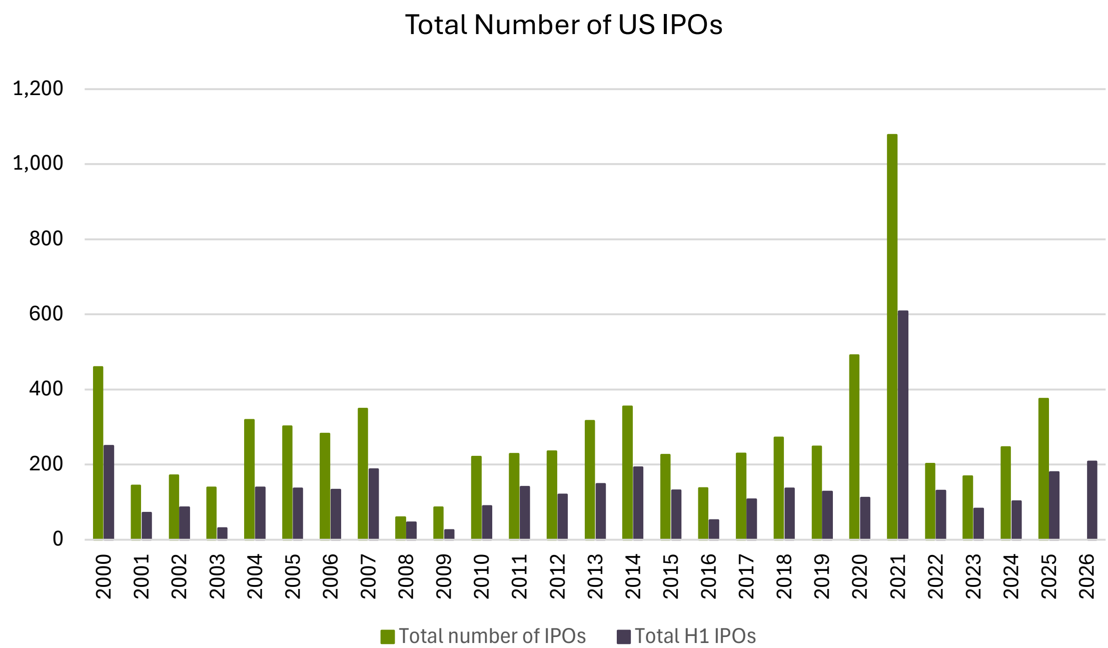
The United States: Rebuilding the IPO Market

The United States has rapidly become the focal point of global efforts to increase IPO activity. SEC Chair Paul Atkins has argued that excessive regulation has discouraged companies from entering public markets and has promoted a broad reform agenda entitled “Make IPOs Great Again” intended to make the US the world's leading destination for new listings.

While discussing the state of public markets, Atkins has highlighted that approximately 4,000 IPOs occurred during the 1990s compared with roughly 3,200 during the 25 years that followed. He has argued that regulatory reform is needed to revive public markets and reverse this trend.

However, comparisons with the 1990s should be treated with caution. That decade coincided with the dot-com boom, an exceptional period of speculative activity that generated unusually high volumes of new listings and which may not provide an appropriate baseline for today's market.

Recent IPO data also suggests that market is already experiencing a recovery. According to SEC data, IPO activity has increased for three consecutive years and reached 375 offerings during 2025. The US recorded 208 IPOs in the first half of 2026, ahead of the 180 recorded during the same period in 2025. Excluding the exceptional conditions of 2021, this represents the strongest first-half performance since 2000.



The "Make IPOs Great Again" Agenda

The SEC's reform programme seeks to reduce what Atkins has described as unnecessary regulatory burdens on public companies. Proposed measures include expanding access to shelf registration, revising filer-status requirements, extending accommodations for newly public companies and recalibrating disclosure obligations based on company size and maturity.

The Commission has argued that these reforms would reduce compliance costs and encourage additional companies to enter public markets. New proposals would also expand access to registration processes previously unavailable to many newly public and smaller companies, potentially increasing issuers' flexibility in raising additional capital.

Supporters argue that reducing compliance costs, broadening access to registration processes and increasing capital-raising flexibility would encourage more companies to enter public markets. Critics question whether weaker transparency and investor safeguards are justified, particularly while IPO activity is already recovering.

The deregulatory agenda extends beyond IPO-specific measures. The SEC has also proposed rescinding the Commission's climate-disclosure requirements, arguing that the rules impose unnecessary burdens on public companies and may discourage firms from seeking public listings. Supporters view the move as part of a broader effort to return the SEC's disclosure framework to information that is financially material to investors. Critics, however, see it as further evidence of a regulatory philosophy that prioritises competitiveness and capital formation over expanded disclosure requirements, raising broader questions about the future direction of investor protection in US markets.

Semi-Annual Reporting and Investor Transparency

Perhaps the most consequential proposal is the SEC's plan to allow public companies to file a semi-annual report in place of three quarterly reports, while continuing to provide annual reporting. Atkins has presented the measure as a way of providing regulatory flexibility and reducing burdens that may discourage companies from going public.

From an investor perspective, however, the proposal would significantly reduce the frequency of information available to shareholders and markets. Quarterly reporting has long served as a central mechanism through which investors monitor corporate performance, assess management effectiveness and identify emerging risks. Moving to semi-annual reporting would reduce disclosure frequency by half, providing companies with greater flexibility while limiting investor visibility.

Certainly, the SEC's IPO agenda can be seen as just one piece of a broader criticism of what Atkins has described as "regulatory creep" and the "politicisation" of shareholder meetings. He has questioned aspects of the shareholder proposal framework and argued that annual meetings should focus on financial matters rather than social or political concerns.

For investors, this trend is significant. Effective stewardship depends upon access to information and meaningful opportunities to engage with companies. A reduction in both disclosure requirements and shareholder influence would represent a significant shift in the balance of power between corporate management and investors.

SpaceX and the Governance Challenge

The June 2026 SpaceX IPO became the largest IPO in history, raising approximately US$85.7 billion and helping to drive a substantial increase in overall US IPO proceeds. The offering was widely viewed as a landmark moment for global capital markets.

The company's governance arrangements were equally notable. SpaceX adopted a DCSS in which Class B shares carry ten votes each and elect a majority of the board. The prospectus explicitly stated that Elon Musk would retain effective control over shareholder voting outcomes and major corporate decisions.

Additional concerns arose from voting rights attached to unvested equity awards, the concentration of decision-making authority and the company's incorporation in Texas. These arrangements collectively create a structure in which public investors gain economic exposure to the business while possessing limited ability to influence governance outcomes.

The IPO also benefited from Nasdaq rule changes that enable newly listed companies to enter major indices after only 15 days. This potentially forces passive investment funds to acquire shares before governance concerns have been fully evaluated or reflected in pricing.

More broadly, SpaceX reflects a trend that extends beyond a single company. More than 40% of US technology IPOs between 2020 and 2022 reportedly adopted DCSS, highlighting the increasing acceptance of founder-control models across public markets.

Competition Between Exchanges

Competition for listings is not limited to regulators. Exchanges themselves are increasingly competing for deal flow and investor participation.

Nasdaq recently announced plans to introduce nearly 23-hour weekday trading, following a similar move by the New York Stock Exchange. The expansion is designed in part to attract international investors, particularly from Asia, and reflects the increasingly global nature of competition between capital markets.

The emergence of the Texas Stock Exchange further illustrates how competition is reshaping the US market landscape. Together with the migration of several prominent companies toward Texas incorporation, these developments demonstrate the growing importance of regulatory and governance considerations in determining where companies choose to list.

Developments in Texas highlight how competition for IPOs increasingly extends beyond attracting listings to attracting corporate domiciles themselves. The launch of the Texas Stock Exchange and the decision by companies such as SpaceX to incorporate in Texas demonstrate how jurisdictions are seeking to differentiate themselves through governance and legal frameworks as much as through capital-market infrastructure.

Atkins has added momentum to this shift by urging states competing for corporate domestications to ensure that their laws do not facilitate the "politicisation" of shareholder meetings. Together, these developments suggest that the contest for IPOs is evolving into a wider competition over corporate governance standards, raising questions about whether efforts to attract companies could gradually erode shareholder rights and accountability mechanisms.

The competition for IPOs has become increasingly international. Over the past decade, the title of the world's leading IPO market by fundraising has shifted repeatedly among exchanges in the United States, Hong Kong, mainland China and India. Hong Kong was the largest IPO fundraising venue in 2025, while the New York Stock Exchange, Nasdaq, the Shanghai Stock Exchange and India's National Stock Exchange have all occupied leading positions at various points since 2016. This fluid competitive landscape helps explain why regulators and exchanges are increasingly focused on reducing listing frictions and enhancing market attractiveness as they seek to capture a larger share of future listings.

The Next Wave: AI IPOs

Attention is increasingly turning towards a potential wave of artificial intelligence company IPOs.

Anthropic confidentially submitted draft registration documents to the SEC in June 2026, and OpenAI likewise submitted a confidential draft registration statement. If either company proceeds to an IPO, the size and valuation of the offering will depend on subsequent disclosures and market conditions.

Anthropic has emerged as the most closely watched near-term candidate. Some reports have suggested that investors are advocating for a valuation exceeding US$2 trillion, which, if achieved, would rank among the largest IPO valuations in history and could surpass that associated with SpaceX's landmark listing.

Governance questions are also likely to attract significant scrutiny. Anthropic's confidential filing did not disclose details of any future voting structure, leaving open the question of whether the company will adopt a DCSS similar to those used by many recent technology issuers. Given the growing prevalence of founder-control models among major US technology listings, the approach taken by Anthropic may provide an early indication of governance expectations for the next generation of AI companies entering public markets.

The timing is also notable. Anthropic's filing follows the record-breaking SpaceX IPO and comes amid broader efforts by US policymakers and regulators to encourage new public listings. As a result, any eventual offering is likely to be seen not merely as a company-specific transaction but as a test of investor appetite for large-scale AI listings and the governance structures that increasingly accompany them.

If they ultimately proceed to public listings, Anthropic and OpenAI could become some of the largest technology IPOs ever undertaken. The governance structures they adopt, particularly regarding voting rights and founder control, are likely to become important tests of investor attitudes toward governance standards in the next phase of IPO activity.

The Global Picture

The UK: Competitiveness Through Reform

The UK has undertaken extensive efforts to improve the competitiveness of its public markets. Policymakers have pointed to the long-term decline in UK listings as evidence that reforms are needed to make London a more attractive destination for IPOs.

The Financial Conduct Authority's (FCA) 2024 listing reforms removed the distinction between premium and standard listings, reduced certain shareholder approval requirements and simplified aspects of the listing regime. The reforms were designed to reduce regulatory friction and encourage companies to list in the UK.

More recently, the FCA consulted on and implemented further changes to IPO research rules. These reforms eliminated the seven-day waiting period for connected research and simplified information-sharing requirements, with the FCA arguing that such measures would reduce cost and complexity while supporting competitiveness.

Although the FCA has emphasised the importance of maintaining market integrity and investor protection, the reforms nonetheless reflect an increasingly competitive approach to IPO regulation that mirrors developments elsewhere.

Not all stakeholders have welcomed the reforms. Some investor representatives and governance advocates have argued that measures intended to enhance competitiveness risk weakening important shareholder protections and reducing oversight of listed companies. Critics of the 2024 reforms expressed concern that relaxing approval requirements and simplifying aspects of the listing regime could shift the balance of power further towards company management and controlling shareholders. The debate mirrors similar discussions taking place in the United States and elsewhere, highlighting the broader tension between encouraging listings and preserving governance standards that underpin investor confidence.

Europe and Other Global Markets

The European Union has also sought to streamline the listing process through the Listing Act, which aims to simplify listing requirements while preserving transparency, investor protection and market integrity. The reforms include changes to prospectus requirements, shorter IPO offer periods and provisions supporting multiple-vote share structures.

Several measures are designed to reduce compliance costs and improve access to public markets for companies seeking capital. While investor protections have formally remained part of the EU's policy framework, the overall direction of travel remains consistent with global efforts to improve listing competitiveness.

Australia has similarly pursued reforms intended to streamline IPO processes following a prolonged decline in fundraising activity. India, Singapore and Hong Kong have also sought to enhance their attractiveness to issuers amid intensifying competition between financial centres.

Hong Kong emerged as the world's leading IPO fundraising venue during 2025 and remained one of the strongest markets in 2026. Shein ultimately completed its long-awaited Hong Kong IPO at a valuation of US$27 billion after abandoning planned listings in the US and UK. The outcome is notable less as evidence of Hong Kong's ability to attract an international issuer than for the terms on which Shein reached the market: the valuation was well below both its nearly US$100 billion pandemic-era valuation and the US$66 billion valuation attached to its 2023 fundraising round.

Shein and the rise of dual-class IPOs

Shein's Hong Kong listing provides another example of the growing use of dual-class share structures in high-profile IPOs. Following the offering, the company's four co-founders are expected to own 59.6% of shares while controlling around 90% of voting rights through weighted voting rights shares. As with other founder-led listings, supporters argue the structure supports long-term strategic decision making, while critics contend it limits shareholder accountability.

From a governance perspective, Shein differs from some recent dual-class listings because its enhanced voting rights are subject to Hong Kong's event-based sunset provisions rather than a fixed time limit. The structure can remain in place for as long as the original beneficiaries retain their holdings, a significantly weaker safeguard than the seven to ten-year sunsets advocated by investors such as Norges Bank Investment Management (NBIM) and the International Corporate Governance Network (ICGN).

The challenge for investors is compounded by Shein's Cayman Islands incorporation, which means shareholder remedies are governed by Cayman rather than Hong Kong law. With voting control concentrated among founders and limited mechanisms for diluting that control over time, engagement and board accountability may remain the primary stewardship tools available to minority shareholders.

IPO Competition and the Risk of a Regulatory Race to the Bottom

The common thread linking reforms across jurisdictions is a belief that reducing regulatory burdens will attract listings and stimulate economic activity. Whether in the United States, United Kingdom, European Union, Australia or Asia, policymakers are increasingly promoting reforms intended to make public markets more attractive to issuers.

The potential benefits are clear. Strong IPO markets can support growth, innovation, employment and investment while strengthening domestic capital markets. Governments therefore have legitimate incentives to encourage companies to list publicly.

However, there is an equally clear risk that competition for listings could lead regulators to weaken governance and disclosure requirements in pursuit of market share. Measures such as reduced reporting obligations, expanded founder-control structures, reduced shareholder rights and simplified disclosure frameworks may incrementally shift the balance away from investor protection.

The increasingly widespread acceptance of DCSS is particularly significant. While advocates argue that such arrangements allow founders to focus on long-term value creation, critics contend that they undermine accountability and weaken the link between ownership and control that traditionally underpins corporate governance.

Shein's sharply reduced valuation also illustrates how public-market investors may assess sustainability controversies, regulatory exposure, governance arrangements and trade-related pressures alongside growth and profitability when determining what a company is worth.

The current global competition for IPOs therefore raises an important question: are regulators removing unnecessary barriers to growth, or are they gradually eroding protections that support investor confidence and market integrity?

Conclusion

The global IPO market is entering a new phase of growth. Rising issuance volumes, record-breaking transactions and the prospect of major AI listings have reignited enthusiasm for public markets across the world. Global IPO proceeds increased sharply during the first half of 2026, supported by exceptionally strong US activity and continued momentum in major Asian markets, particularly Hong Kong and India. Governments and regulators increasingly regard IPO activity as a strategic economic priority and are introducing reforms intended to attract companies and capital.

Yet the pursuit of IPO growth is increasingly accompanied by governance and investor-protection concerns. The SEC's proposal to permit semi-annual reporting, the growing prevalence of DCSS and broader efforts to reduce shareholder influence all point towards a regulatory environment that is becoming more accommodating to issuers.

SpaceX's IPO demonstrates how public offerings can deliver enormous capital-raising success while simultaneously concentrating power in the hands of founders and constraining shareholder influence. Similar issues may become increasingly important as a new generation of AI companies approaches public markets.

The challenge facing regulators is not simply to increase the number of IPOs. Rather, it is to ensure that efforts to attract listings do not undermine the standards of transparency, accountability and investor protection that make public markets attractive in the first place. Without that balance, the growing global competition for IPOs risks becoming a regulatory race to the bottom.

About Solactive

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- **Screening:** ESG norms-based analysis that identifies controversial products and breaches of global standards.

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