



September 5, 2017

Ensure the Future of Public Companies

As many of you have [read](#), the number of U.S. public companies has fallen dramatically over the past two decades. According to U.S. Securities and Exchange Commission data, there were approximately 4,300 listed U.S. companies in 2016, down from about 8,100 in 1996.

While many factors (such as M&A and going-private transactions) have contributed to this decline, one thing is certain: it is has become more expensive and cumbersome to go through the IPO process. The requirements imposed by Sarbanes-Oxley, Dodd-Frank, and other laws also have imposed significant costs to remaining public. In addition, the rise of hedge fund activism, the growing influence of proxy advisors and activists of all kinds, and the risks posed by short sellers who don't have to disclose their identities have deterred some private firms from listing their shares.

But hope springs in the form of new SEC Chair Jay Clayton. Chairman Clayton [agrees](#) that “we need to increase the attractiveness of our public capital markets without adversely affecting the availability of capital from our private markets.” In recent weeks, a coalition of business groups -- including the U.S. Chamber of Commerce, Nasdaq, Intercontinental Exchange/NYSE -- have [outlined](#) a series of recommendations to revitalize the IPO market and to reduce burdens on public companies. NIRI supports many of these ideas and will offer our own suggestions, which include modernizing the 13(f) and 13(d) rules to remove barriers to issuer-investor engagement, during a late September face-to-face meeting with SEC officials.

We encourage you to send us your ideas, so we can share them with regulators and lawmakers. With your help, we can promote a more vibrant, open, and accessible capital market.

Finally, please note that NIRI is offering three seminars in Boston next week. These seminars include the highly rated [Fundamentals of IR](#), [Best in Class Investor Presentations and Investor Days](#), and [Writing Workshop for IR](#). I will be speaking at NIRI Boston's [2017-2018 Kickoff Event](#) on the 11th, and I look forward to seeing

many members there.

All the best,
Gary



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