Securities Regulation Daily Wrap Up, SEC NEWS AND SPEECHES—Crenshaw urges SEC to pump brakes on efforts to facilitate access to private markets, (Sep 19, 2025)

By John Filar Atwood

If the agency bridges the longstanding public-private markets divide, it must be prepared to offer corresponding protections to investors, the SEC Commissioner said.

The SEC is recklessly blurring the separation between public and private markets without regard to the risks and current performance of those markets relative to public markets, according to SEC Commissioner Caroline Crenshaw. In remarks to the Better Markets academic advisory board annual conference, she lamented that the Commission failed to right-size the regulatory approach to private markets in recent decades, now leaving retail investors exposed to risks they are not prepared to face.

“Current market conditions make me deeply skeptical of calls to ‘democratize’ access to private markets and forsake the public-private divide without the addition of corresponding protections for retail investors,” she said.

Crenshaw emphasized that the separation of public and private markets, and the regulation of those boundaries, is a foundational element of the U.S. capital markets. The separation is deliberate, she said, and reflects the basic principle that access to broader public markets requires more disclosure to investors and more oversight by regulators.

She noted that a lagging IPO market is often cited as evidence that growth opportunities for investors are more plentiful in the private markets, where retail investor access is limited. In truth, statistics show an ebb and flow over time and a 20-year high for the number of IPOs in 2021, she pointed out. She questioned whether pushing even more capital into private markets is the solution.

Push to open private markets. Private markets were meant to be the exception to the transparency that is the hallmark of U.S. public markets, yet now the SEC is steering investors into them as fast as it can, she said. The Commission has already taken steps to open private markets further, by abandoning staff positions which limited the exposure closed-end funds have to private investments, and expanding existing relief that allows certain closed-end funds and business development companies to co-invest alongside affiliated private funds, she noted. Amid the momentum, she thinks it is worth stepping back and asking “why now?”

The reasoning provided for the push for opening private markets to retail investors, according to Crenshaw, is that investors are missing out on windfall investment opportunities in the private markets. Instead, the uncomfortable truth is that the sudden push may not be that the SEC is opening the gates because of investor demand but because there is excess supply since many of the usual sources of private market capital are drying up.

Further, Crenshaw said there is good reason to doubt the promise of mammoth returns based on recent market data. In addition, she believes that there is a substantial risk that retail investors would get access only to investments that more sophisticated investors had already turned down.

No meaningful oversight. Crenshaw said that it is unfortunate that the expansion of private markets is coming at the same time the SEC has backed away from the prospect of meaningful oversight over the private markets. “In the discussions about expanding retail access to private markets, it’s curious – and concerning – that I haven’t heard much about the need for corresponding expansions in oversight,” she stated.

She acknowledged that there has been some talk recently from proponents of retail access to private markets of the

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need for guardrails, but quickly pointed out that they are the same voices that actively opposed a prior Commission's efforts to create such guardrails.

Backdoor recission. Crenshaw decried the recent extension of the compliance date for changes to Form PF. The Commission monitors for systemic risk posed by certain private funds by reviewing data submitted confidentially on Form PF, she noted, and the amendments adopted in 2024 would enhance the quality of the data filed on the form. Extending the compliance date of the amendments for the third time "all but explicitly admits that it's not really an extension at all: it's a backdoor recission of the amendments," she stated.

It is not time for the Commission to decline better data on systemic risk in the private markets, Crenshaw advised. In past crises, it has been shown that distress in private funds can have catastrophic ripple effects throughout the markets, she said.

There are actions the Commission can take to impose long overdue safeguards and oversight of the private markets, including reforms to the Regulation D offering framework, implementing enhancements to Form PF that have already been approved, and reasonable regulation of private fund advisers, she concluded.

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