



# Listing on a US stock exchange: A primer for foreign private issuers







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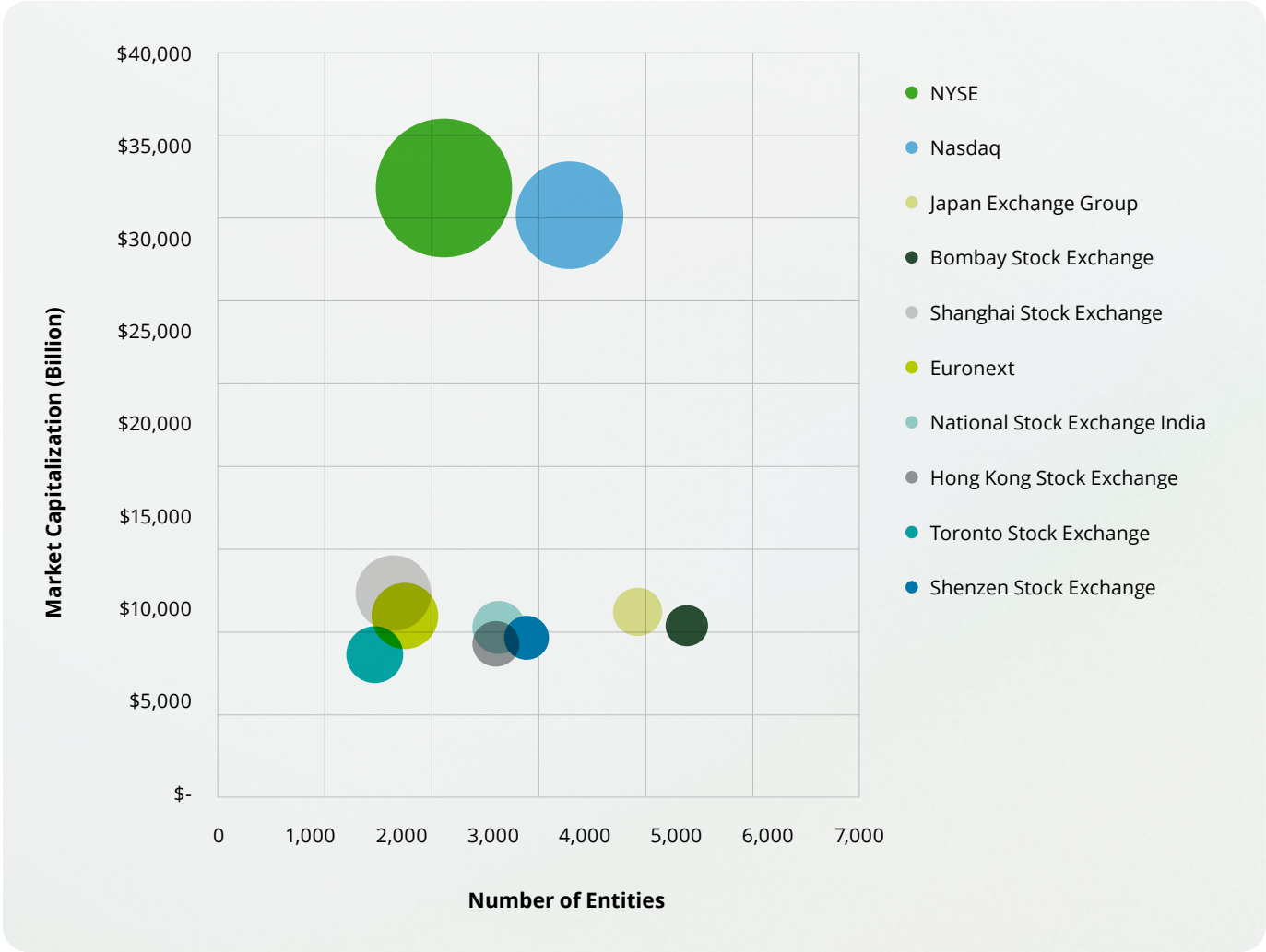
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# Overview

While market conditions tempered capital raises in 2022 and 2023 following the record-breaking runs of 2020 and 2021, we have seen a continued uptick in the US initial public offering (IPO) market with \$29.6 billion in proceeds raised in 2024. Foreign private issuers (FPIs), a Securities and Exchange Commission (SEC) listed entity domiciled outside the United States that meets certain criteria specified by the SEC (outlined below), historically made up approximately 10% of total IPO listings, with the share in 2023 and 2024 increasing to 28% and 19%, respectively.<sup>1</sup>

FPIs have long sought listing on a US exchange in search of higher valuations, greater liquidity, and a broader investor base. From a global perspective, US exchanges represent approximately 60% of the market capitalization of the top 10 exchanges in the world, almost four times the size of the Chinese exchanges (Shanghai, Hong Kong and Shenzhen exchanges), the next largest market (*figure 1*).

Figure 1



Source: S&P Global; Statista



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# Overview

Figure 1 represents the number of listed entities and market capitalization of the stock exchanges with a visual representation of the size of each exchange based on the average market capitalization of the listed entities obtained via S&P Global and Statista.

FPIs represent approximately 20% of the total market capitalization of the NYSE and Nasdaq in the United States in 2024. Diving deeper into the details<sup>2</sup>:

- In 2024 the NYSE and Nasdaq exchanges listed a combined 5,421 companies with a combined market cap of \$62 trillion, of which approximately 1000, or 19%, are FPIs.

While the United States no longer exceeds foreign markets in gross IPO proceeds, noting recent trends of offerings primarily in Asian markets exceeding those in the US markets from 2022 to 2024, the US markets remain the largest in the world.<sup>3</sup> As a result, foreign entities listed in the United States remain at valuations higher than foreign firms not listed in the United States.<sup>4</sup>

It's no wonder 75% of Form 20-F filing FPIs mostly rely on US markets as the primary markets to trade their equities.<sup>5</sup> So what does it take for foreign companies to list on a US exchange? In this article, we'll walk through the key strategic considerations.

“We continue to see an increase in foreign companies seeking US listing optionality as the US markets have the highest liquidity and continue to have the highest valuation per registrant. We continue to see interest in a US listing from global companies, likely due to this perceived premium.”

—Will Braeutigam,

US Capital Markets Transactions Leader, Deloitte & Touche LLP



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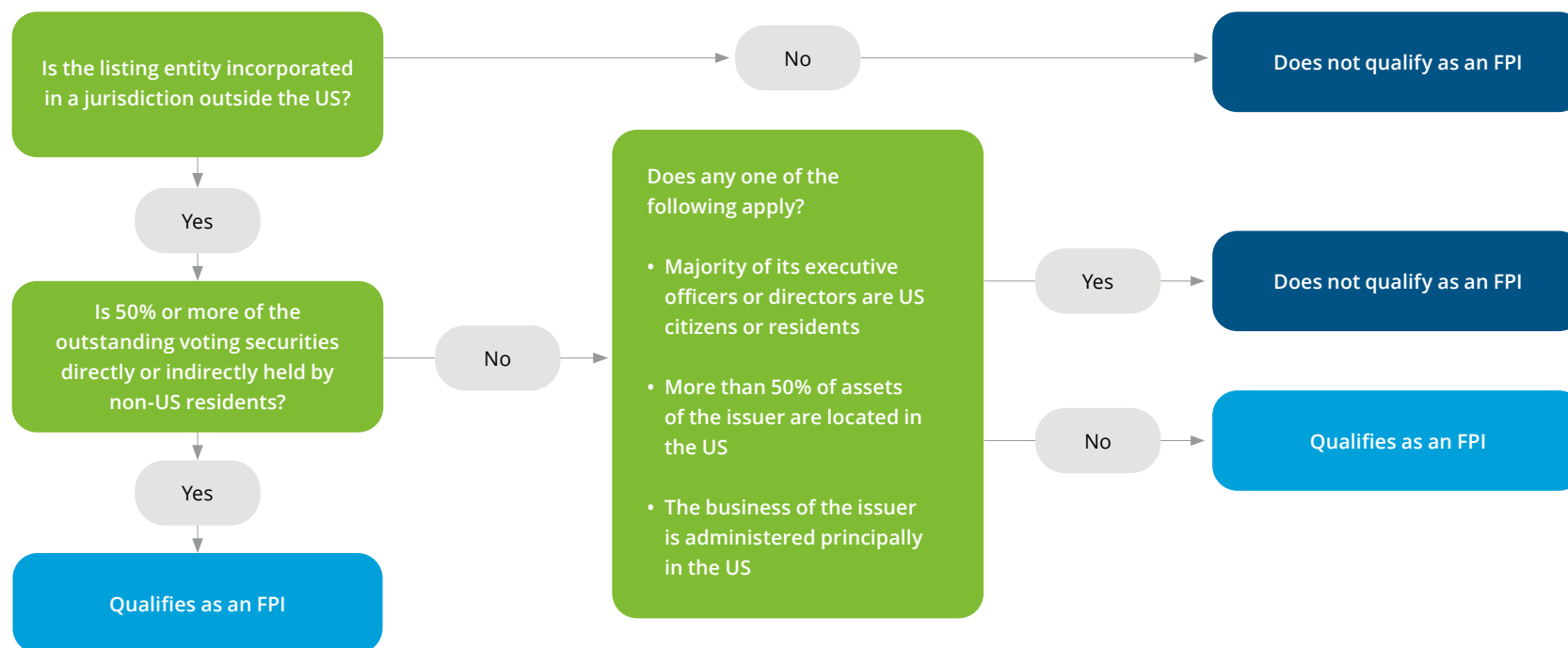
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# Are you a foreign private issuer?

The SEC, which regulates the public securities markets in the United States, has a two-step test to determine if a company qualifies as an FPI (*figure 2*).

**Figure 2**



On June 4, 2025 The Securities and Exchange Commission (SEC) issued a [concept release](#) seeking public comment by September 8, 2025, on its definition of "foreign private issuer" (FPI). The SEC indicated that a review is warranted due to significant changes in the FPI population over the last two decades, including shifts in jurisdictions of incorporation and headquarters, evolving trading patterns, and various regulatory frameworks.



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# Common benefits of FPI status versus domestic US filer

In an effort to facilitate US investment in foreign entities, significant relief is provided to foreign private issuers. Some of the common benefits provided are summarized as follows:

- Optionality to present financial statements under either International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) or US Generally Accepted Accounting Principles (US GAAP)
- Relief from quarterly reporting requirements<sup>6</sup>
- Ability to retain home country governance rules and certain board and committee exemptions

While FPI status may provide the opportunity for certain regulatory relief, stakeholder alignment is paramount and foreign entities should ask strategic questions when contemplating a US IPO. For example:

- Will investors expect us to provide quarterly earnings through a press release even if quarterly financial statements are not required?
- Do investors and analysts expect to see financial statements in US GAAP for comparison to peers?
- Based on our targeted investor base, do we expect to lose our FPI status in the future, and what comes next?

If an entity believes the likely answer may be “yes” to any of the above questions, management should carefully evaluate beyond just the minimum regulatory requirements to address the needs of their stakeholders.



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# Capital markets strategy and regulatory considerations

It's important for FPIs to develop a capital markets strategy in consultation with their bankers and capital markets advisors before an initial public offering that reflects decisions in the following areas:

## Forecasting

Be prepared to adequately forecast and meet those forecasts; if there is a miss, be ready to carefully explain why. Prudently develop detailed models, create accurate plans, understand growth objectives, and understand the impact of current macroeconomic conditions on company operations.

## Investor relations

Your investor relations team should be well versed in your investor and analyst base and their expectations. The team should understand laws and regulations governing forward-looking guidance, safe harbors, and non-IFRS/non-GAAP disclosures.

## Financial reporting

While the SEC allows FPIs to report solely in IFRS, at least some of your competitors may be US GAAP issuers. Depending on your market segmentation, investors and analysts may expect financial statements provided in US GAAP, or inclusion of an IFRS to US GAAP "bridge" to ease comparisons across your industry. Additionally, if your competitors publish financial statements on a quarterly basis, investors and analysts may expect a similar cadence, which can be critical to maintain a strong trading volume.

## Human capital

Companies should educate employees about keeping certain information confidential, such as a potential IPO and nonpublic financial information. Employees should also understand blackout periods, which are times when key executives and other individuals are prohibited from trading shares in the entity.

## Legal and corporate governance

The legal team should consider exchange listing requirements; for example, legal formation and jurisdiction, board composition, and executive compensation disclosures. The team should also be aware of SEC requirements to file material agreements and contracts with the SEC.



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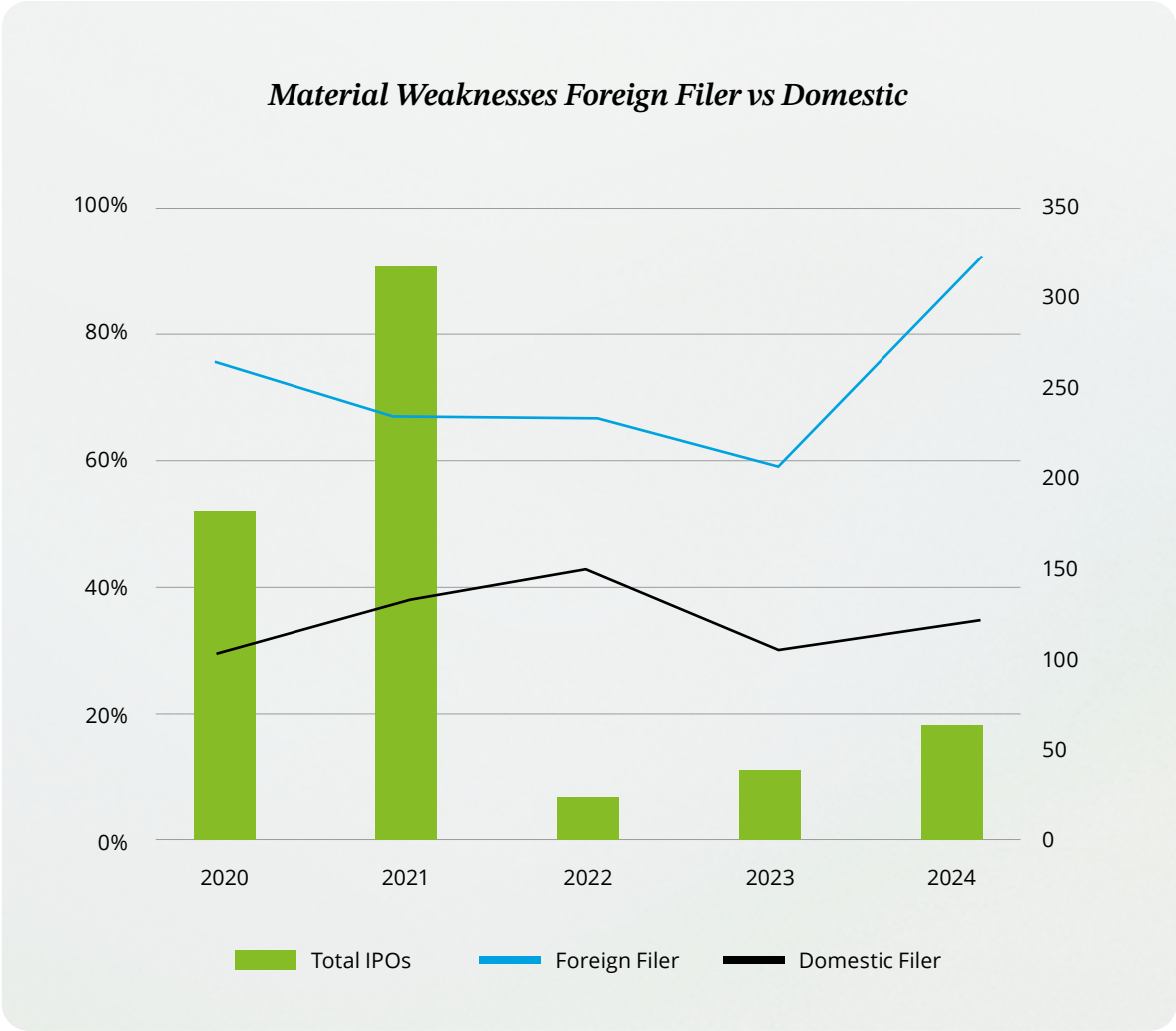


# Internal controls

Similar to US domestic issuers, FPIs must comply with the Sarbanes-Oxley Act of 2002 (SOX), which governs both management and external auditors' responsibilities to report on the effectiveness of the entity's internal control. Although many foreign jurisdictions have existing requirements regarding establishing and maintaining an internal controls framework, the first step to readiness requires an entity-wide assessment to benchmark management's existing controls against requirements under SOX.

The x-axis and bars in Figure 3 display the number of total IPOs on US exchanges each year excluding IPOs raising less than \$50 million in gross proceeds. The y-axis and line chart display the percentage of registrants, split between domestic and FPI, that disclosed a material weakness within the registration statement or within a 12-month period succeeding the offering date.

Figure 3



Source: SEC; Intelligize



# Internal controls

As illustrated in figure 3, the rate of FPIs reporting a material weakness over internal controls is higher than domestic US issuers. Additionally, the rate of FPIs reporting at least one material weakness is consistently above 50% from 2020 to 2024. While we observe a slight downward trend in material weaknesses of domestic issuers from 2022 to 2024, foreign issuers increased in share of material weaknesses topping 85% in 2024.

Common reasons cited for material weaknesses include insufficient control environment of the company's information technology (IT) infrastructure, insufficiency of resources, complexities in accounting for income taxes, and the application of technical accounting matters under IFRS and US GAAP. A foreign private issuer

may need to significantly enhance its internal controls program to avoid the existence of a material weakness under SOX. Areas of focus for enhancement include:

- Comprehensive entity-level controls under the Committee of Sponsoring Organizations (COSO) Internal Control—Integrated Framework (2013 Framework)
- Robust risk assessments and effective risk management and internal controls
- Resilient management review controls (MRCs) over areas of significant judgment or estimation
- Oversight on IT infrastructure

“While FPIs have until the second filing of Form 20-F following their listing on a US exchange before the entity’s auditors are required to opine on the entity’s internal control over financial reporting in accordance with Section 404(b) of SOX,<sup>7</sup> internal control matters commonly arise well in advance of the listing and, when present, are usually disclosed in the Risk Factors section of an entity’s F-1.”

—*Jeremy Hurwittch,*

US Cross Border IPO Leader, Deloitte & Touche LLP



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## PCAOB audit requirements

All issuers on US exchanges, including FPIs, must be audited under Public Company Accounting Oversight Board (PCAOB) audit requirements, which are different from the International Standards on Auditing (ISA) requirements. PCAOB audits are conducted with a risk assessment lens, and auditors must gain an understanding of controls over material account balances and classes of transactions. A lack of procedures and controls may increase the assessed risk of the auditors and, in turn, increase the extent of testing required. Although an audit of internal controls is not required for pre-IPO entities, auditors must consider the results of walkthroughs as well as the impact of findings from their audit of the financial statements. For example, a material correction to the financial statements in the course of the audit may be indicative of a material weakness if the entity's existing controls and processes did not detect the error.

Listing with the SEC often leads to an enhanced scope of reviews from the FPI's audit firm and a corresponding increase to the assessed audit risk. To address the risk, the audit firm typically applies elevated risk procedures and may involve their US firm, which generally requires additional time, coordination, and planning. A special review by the audit firm's US-based SEC services group or quality and risk team often occurs, which typically results in a higher level of scrutiny on the entity's accounting policies and internal controls. The early stages of an entity's IPO readiness process should include planning discussions and coordination with the entity's external auditors to understand changes in audit scope when an audit under PCAOB standards is needed.



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# Making the leap to a US stock exchange

If you're considering a US listing, we encourage you to give your organization ample time to prepare, ideally starting 12 to 18 months ahead of your IPO date. That way, you'll have the opportunity to engage stakeholders, assess your in-house capabilities, and address gaps that may hinder an effective listing. Here are three steps toward that end:

- 1 Gauge your readiness to go public.** [IPO SelfAssess](#) offers a free, tailored assessment of your company's IPO readiness. The tool provides you with useful insights and identifies potential areas for improvement based on the feedback you provide.
- 2 Assemble your team.** FPIs need legal, capital markets, audit, and advisory professionals who know the US market and can work as part of a global team with colleagues who understand potential business, language, and cultural challenges.
- 3 Educate stakeholders.** Between SEC and exchange rules, US laws, and tax implications, cross-border listings can be incredibly complex. Consider enlisting your team to help educate your board and executive team on the path forward.

There's a lot to consider when making the leap to a publicly traded company in the United States. We've provided some highlights here. For many companies, the US capital markets could be the place to be for access to deep liquidity, a large investor base, and a strong regulatory framework. If that holds true for your company as well, there's no time like the present to get started.







## Authors

### **Will Braeutigam**

US Capital Markets  
Transactions Leader  
Deloitte & Touche LLP  
+1 713 982 3436  
[wbraeutigam@deloitte.com](mailto:wbraeutigam@deloitte.com)

### **Doug Rand**

Managing Director  
Accounting and Reporting Services  
Deloitte & Touche LLP  
+1 312 758 6144  
[drand@deloitte.com](mailto:drand@deloitte.com)

### **Previn Waas**

US IPO Services Leader  
Deloitte & Touche LLP  
+1 408 704 4083  
[pwaas@deloitte.com](mailto:pwaas@deloitte.com)

### **Jeremy Hurwitch**

US Cross Border  
IPO Leader  
Deloitte & Touche LLP  
+1 561 236 2019  
[jehurwitch@deloitte.com](mailto:jehurwitch@deloitte.com)

### **Dylan Fahy**

Senior Manager  
Capital Markets Transactions  
Deloitte & Touche LLP  
+1 310 925 3547  
[dfahy@deloitte.com](mailto:dfahy@deloitte.com)



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# Endnotes

- <sup>1</sup> Data on IPOs' Form F-1 and S-1 filings summarized through Intelligize using SEC.gov data.
- <sup>2</sup> Data on market capitalization and listed entities summarized through Statista and SA Stock Analysis.
- <sup>3</sup> SIFMA, "[Our markets](#)," accessed May 2025.
- <sup>4</sup> National Bureau of Economic Research (NBER), "[Why are foreign firms listed in the U.S. worth more?](#)" The Digest, February 1, 2002.
- <sup>5</sup> [Trends in the Foreign Private Issuer Population 2003-2023: A Descriptive Analysis of Issuers Filing Annual Reports on Form 20-F](#)
- <sup>6</sup> While FPIs not filing on domestic forms are not required to file quarterly reports, both the Nasdaq and NYSE require semiannual financial statements to be furnished.
- <sup>7</sup> Entities that qualify as emerging growth companies (EGCs) under the Jumpstart Our Business Startups (JOBS) Act of 2012 may have up to five years before becoming subject to the requirements of Section 404(b). However, management of these entities are still required to assess and report on the effectiveness of the entity's internal controls over financial reporting under Section 404(a) by the second annual Form 20-F filing.



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