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## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

June 9, 2026

The Honorable Paul Atkins  
Chair  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Dear Chair Atkins,

I write with extreme concern regarding the upcoming initial public offering (IPO) of Space Exploration Technologies Corp. (“SpaceX”). According to reports, SpaceX, an aerospace and artificial intelligence company owned by Elon Musk, seeks to target a valuation of upwards of \$2 trillion and raise up to \$75 billion from investors in its offering later this month – making it “the largest stock-market debut in history.”<sup>1</sup> However, this IPO appears to present significant risks to ordinary investors and their retirement savings – while carrying enormous advantages for SpaceX insiders, including senior Trump Administration officials.<sup>2</sup>

The risks associated with SpaceX’s public offering are caused by a confluence of concerns revealed by the company’s filing with the Securities and Exchange Commission (“SEC,” or “the Commission”) and other public reporting: “SpaceX is expected to offer stock at roughly 100 times 2025 revenue — a valuation multiple with little precedent, and one that requires numerous leaps of faith around both the AI and space theses;”<sup>3</sup> second, a non-traditional governance structure that will leave SpaceX’s CEO, Elon Musk, with an unprecedented level of power, and investors with significantly fewer rights than those traditionally offered to purchasers of public shares; and third, major stock index providers rewriting their rules to fast track SpaceX’s entry into their indexes — and into the investment funds that power millions of Americans’ retirement savings.

The net result could be disastrous: a scenario where retirees’ and families’ investment accounts take a hit if SpaceX’s valuation falters, with little recourse for any corporate misconduct, while the wealthiest man on earth becomes even wealthier due to a lack of oversight. The SEC’s core mission is to protect investors and maintain fair, orderly, and efficient markets. Given the unprecedented threats to investor protection and market integrity posed by the biggest IPO in history, you must delay any eventual acceleration of the registration statement’s effectiveness

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<sup>1</sup> Bloomberg, “What to Know About the SpaceX IPO,” Anthony Hughes, May 29, 2026, <https://www.bloomberg.com/news/articles/2026-05-29/what-to-know-about-the-spacex-ipo>.

<sup>2</sup> Bloomberg, “Trump Officials Held Millions of Dollars of SpaceX Ahead of IPO,” Annie Massa, Sophie Alexander, and Bill Allison, June 3, 2026, <https://www.bloomberg.com/news/articles/2026-06-03/spacex-ipo-poised-to-enrich-trump-officials-who-hold-millions-in-stock>.

<sup>3</sup> Financial Times, “More takeaways from an S-1 for the ages,” Craig Coben, May 26, 2026, <https://www.ft.com/content/f471fed4-0aee-44b4-8828-d6887c4978f2>.

accordingly. Before the company is allowed to go public, the SEC must investigate whether index funds and other financial entities involved in SpaceX's IPO are adequately protecting investors, and the company must fill disclosure gaps related to valuation, ensure risks and details related to its concentrated governance structure are clear to investors, and abandon mandatory arbitration to provide shareholders whose rights are otherwise gutted in this structure a minimum avenue for recourse.

### **SpaceX's IPO Process and the SEC's Role**

SpaceX has been privately held since its founding by Elon Musk in 2002, raising approximately \$9 billion in equity capital<sup>4</sup> through private markets. Remaining private has allowed Mr. Musk to retain extensive control over the company. Mr. Musk, in addition to being the founder, serves as Chief Executive Officer, Chief Technology Officer, and Chairman of the Board, in addition to being the controlling shareholder.<sup>5</sup> Earlier this year, SpaceX combined with another privately held company founded and controlled by Mr. Musk, xAI, in "the biggest merger in history...to create a \$1.25 trillion giant."<sup>6</sup> SpaceX filed its IPO registration statement with the SEC on May 20, 2026,<sup>7</sup> having reportedly filed a confidential registration around April 1, 2026.<sup>8</sup> If the SpaceX IPO goes through at the target valuations, the "blockbuster listing will unlock vast new wealth for SpaceX executives and investors . . . But all of the holdings pale in comparison to the riches that Musk will unlock. He holds [vested shares] which could be worth about \$700 bn. A successful listing could see him become the world's first trillionaire."<sup>9</sup>

Before allowing a company to sell its shares to the public, the Commission is required to consider "the public interest and the protection of investors."<sup>10</sup> In so doing, the Commission may review the company's preliminary prospectus "for compliance with the applicable accounting standards and the disclosure requirements of the federal securities laws and regulations."<sup>11</sup> The massive size of the SpaceX IPO alone, under normal circumstances, would justify careful SEC review and attention to investor needs. But these are not normal circumstances: a number of additional factors exacerbate concerns and require action by the SEC to meet its investor protection and market integrity mandates by delaying the IPO.

### **SpaceX's Valuation and Accounting**

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<sup>4</sup> Bloomberg, "SpaceX's Capital Needs Are Out of This World" Chris Bryant, June 3, 2026, <https://www.bloomberg.com/opinion/articles/2026-06-03/spacex-ipo-elon-musk-capital-needs-are-out-of-this-world>.

<sup>5</sup> SpaceX, Amendment No. 1 to Form S-1, U.S. Securities and Exchange Commission, June 1, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026039276/spacexplorationtechnologi.htm>.

<sup>6</sup> New York Times, "The Numbers, and Questions, Behind Musk's Mega-Merger," Andrew Ross Sorkin et al., February 3, 2026, <https://www.nytimes.com/2026/02/03/business/dealbook/spacex-xai-merger.html>.

<sup>7</sup> SpaceX, Form S-1, U.S. Securities and Exchange Commission, May 20, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spacexplorationtechnologi.htm>.

<sup>8</sup> Reuters, "SpaceX files for IPO, sources say, offering investors stake in Musk's space ambitions," Echo Wang, Manya Saini, and Joey Roulette, April 1, 2026, <https://www.reuters.com/business/aerospace-defense/spacex-registers-take-rocket-maker-public-blockbuster-ipo-bloomberg-news-reports-2026-04-01/>.

<sup>9</sup> Financial Times, "Inside SpaceX's audacious IPO plan," Ryan McMorrow et al., May 20, 2026, <https://www.ft.com/content/a59be3cf-eee2-4b10-9c86-b6e4dc0dbbdb?syn-a5a6b1a6=1>.

<sup>10</sup> 15 U.S.C. § 77h; 17 C.F.R. § 230.461(b).

<sup>11</sup> U.S. Securities and Exchange Commission, "Filing Review Process," Sept. 27, 2019, <https://www.sec.gov/about/divisions-offices/division-corporation-finance/filing-review-process-corp-fin>.

The value of SpaceX shares – now and in the foreseeable future – appears to be based on a uniquely speculative series of events. According to the *Financial Times*, SpaceX’s finances today “are of no use in working out what the company is worth,” in part because of the inherent challenge of valuing activities that don’t yet exist but could be part of the growth of a company whose lofty mission is to “extend the light of consciousness to the stars.”<sup>12</sup> According to a report from Morningstar, SpaceX may be worth less than half of the \$1.75 trillion valuation it claims.<sup>13</sup>

Indeed, “[a]t the valuation of \$1.75tn previously reported by *Financial Times*, SpaceX would be the U.S. stock market’s seventh-largest company. However, when ranked by its revenue of \$19 billion a year, it would be 200th, on par with Lucky Charms cereal maker General Mills.”<sup>14</sup> The market has “never before had to price a stock so speculative yet so large,”<sup>15</sup> and “[t]he big question is whether a valuation as large as \$1.8 trillion can be sustained in public markets.”<sup>16</sup> Part of the problem is the impossibility of accurately valuing SpaceX’s lofty goals, including space travel and interplanetary habitation. But it is also the product of the company’s consistent negative profitability,<sup>17</sup> and on its failure to meet past goals.<sup>18</sup> As a result, market analysts have raised concerns about the math underlying SpaceX’s target valuation, calling it “nonsensical,”<sup>19</sup> “smoke-and-mirrors accounting,”<sup>20</sup> and “truly out of this world.”<sup>21</sup> If that valuation cannot be sustained, the investors who have chosen to buy in at lofty valuations – or will be forced to do so because of their investments in index funds, that are themselves based on indexes that have amended their rules to include SpaceX – will pay the price.

Additionally, the IPO’s value is set in part by SpaceX’s 2026 merger with xAI. Since Elon Musk was on both sides of the transaction, “he negotiate[d] the deal with himself, set the relative valuations himself, sign[ed] the merger agreement, close[d] the deal, and then [told] the boards and shareholders about it.”<sup>22</sup> This gave Mr. Musk an opportunity to inflate the valuation of xAI in excess of its assets – in other words, unilaterally deciding the value of his own transaction – and

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<sup>12</sup> Financial Times, “How to make sense of SpaceX’s nonsensical valuation,” May 21, 2026, <https://www.ft.com/content/58fcca43-9195-49e2-b1c3-0e3bfb0147cd?syn-25a6b1a6=1>.

<sup>13</sup> CNBC, “SpaceX is worth less than half of its \$1.75 trillion IPO target, Morningstar says,” Joseph Wilkins, June 3, 2026, <https://www.cnbc.com/2026/06/03/morningstar-spacex-ipo-target-price-nasdaq.html?msocid=2ce6c5a4fd95696b066bd2c9fc3868a0>.

<sup>14</sup> Financial Times, “How to make sense of SpaceX’s nonsensical valuation,” May 21, 2026, <https://www.ft.com/content/58fcca43-9195-49e2-b1c3-0e3bfb0147cd?syn-25a6b1a6=1>.

<sup>15</sup> *Id.*

<sup>16</sup> Bloomberg, “What to Know About the SpaceX IPO,” Anthony Hughes, May 29, 2026, <https://www.bloomberg.com/news/articles/2026-05-29/what-to-know-about-the-spacex-ipo>.

<sup>17</sup> Fortune, “Top analyst has harsh words for SpaceX debut: ‘We recommend that investors avoid this IPO’,” Shawn Tully, May 29, 2026, <https://fortune.com/2026/05/29/spacex-ipo-should-i-buy-bear-case-david-trainer/>.

<sup>18</sup> New York Times, “How SpaceX Is Structured to Favor Elon Musk,” Ryan Mac, May 26, 2026, <https://www.nytimes.com/2026/05/26/technology/spacex-elon-musk-pay-board-governance.html>.

<sup>19</sup> Financial Times, “How to make sense of SpaceX’s nonsensical valuation,” May 21, 2026, <https://www.ft.com/content/58fcca43-9195-49e2-b1c3-0e3bfb0147cd?syn-25a6b1a6=1>.

<sup>20</sup> The Motley Fool, “Honestly, the SpaceX Prospectus Is Far Worse Than I Imagined,” Sean Williams, May 26, 2026, <https://www.fool.com/investing/2026/05/26/the-spacex-prospectus-is-far-worse-than-i-imagined/?msocid=2e133ff4f2d962b50a792891f315639b>.

<sup>21</sup> Fortune, “Top analyst has harsh words for SpaceX debut: ‘We recommend that investors avoid this IPO’,” Shawn Tully, May 29, 2026, <https://fortune.com/2026/05/29/spacex-ipo-should-i-buy-bear-case-david-trainer/>.

<sup>22</sup> Bloomberg, “Musk’s Moonshot Merger,” Matt Levine, February 3, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-02-03/musk-s-moonshot-merger>.

roll this into the upcoming IPO. The SEC should evaluate whether transactions and other relationships between SpaceX and xAI (as well as the full web of other companies under Elon Musk's control<sup>23</sup>) present risks to investors from inaccurate or misleading accounting or valuation. Given the range of both active and passive investors who will be exposed to SpaceX's risk, valuations that are not supported by fundamentals may threaten the integrity and stability of our capital markets.

The SpaceX-xAI merger is one in a series of common-control transactions between different business entities controlled by Mr. Musk<sup>24</sup> – raising questions about any future plans SpaceX might have to integrate with Musk-controlled firms. For example, should Tesla and SpaceX merge as the business press has speculated,<sup>25</sup> it could instantly trigger Mr. Musk's \$1 trillion Tesla pay package due to a change in control provision that voids the performance conditions previously required to unlock the shares.<sup>26</sup> Converting these new Tesla shares into new SpaceX shares could have significant implications for SpaceX shareholders. If plans do in fact exist to merge Tesla and SpaceX, such plans should be disclosed to prospective investors, as they should be considered materially important to the business strategy of the company and subsequent value of the public offering. Given that SpaceX's S-1 makes no mention of the effect such a merger would have on SpaceX's valuation – even as it acknowledges that business transactions with Mr. Musk's other ventures may occur<sup>27</sup> – the SEC should conduct a thorough inquiry into Mr. Musk's future intentions regarding the ownership structure of his many powerful businesses before accelerating the effectiveness of SpaceX's IPO.

### **Post-IPO Corporate Governance**

The IPO also poses concerns because SpaceX's post-IPO governance structure erodes fundamental shareholder rights and vests an extraordinary level of corporate power in Mr. Musk. Publicly traded companies are meant to be accountable to their shareholders. The SpaceX IPO will flip this model on its head, with shareholders providing billions of dollars in new capital with no accountability measures for Mr. Musk or company leadership, as the company “[combines] supervoting shares, mandatory arbitration, stricter rules on shareholder proposals and Texas corporate law to give control to SpaceX CEO Elon Musk and other insiders. SpaceX also will limit investors' ability to challenge management, sue in court, and force proxy votes.”<sup>28</sup>

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<sup>23</sup> Forbes, “Elon Musk,” <https://www.forbes.com/profile/elon-musk/>.

<sup>24</sup> Fortune, “Elon Musk's SpaceX buys xAI in stunning deal valued at \$1.25 trillion ahead of looming IPO,” Amanda Gerut, February 2, 2026, <https://fortune.com/2026/02/02/elon-musk-spacex-xai-ipo-trillion/>.

<sup>25</sup> Forbes, “Could Musk Merge SpaceX And Tesla? Here's What Analysts—And Betting Markets—Say,” Ty Roush, May 27, 2026, <https://www.forbes.com/sites/tylerroush/2026/05/27/could-musk-merge-spacex-and-tesla-heres-what-analysts-and-betting-markets-say/>; CNBC, “Will Elon Musk eventually merge SpaceX with Tesla? Speculation is building,” Ananya Chetia, May 21, 2026, <https://www.cnbc.com/2026/05/21/will-elon-musk-eventually-merge-spacex-with-tesla-speculation-builds.html?msocid=2e133ff4f2d962b50a792891f315639b/>.

<sup>26</sup> Yahoo! Finance, “SpaceX-Tesla Merger Could Trigger Elon Musk's \$1 Trillion Pay Package: Report,” Badar Shaikh, June 2, 2026, <https://finance.yahoo.com/markets/stocks/articles/spacex-tesla-merger-could-trigger-123106691.html>.

<sup>27</sup> SpaceX, Amendment No. 1 to Form S-1, U.S. Securities and Exchange Commission, June 1, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026039276/spacexplorationtechnolog.htm>, p. 57.

<sup>28</sup> Reuters, “The SpaceX IPO and the lost battle for shareholder rights,” Ross Kerber, May 13, 2026, <https://www.reuters.com/sustainability/sustainable-finance-reporting/spacex-ipo-lost-battle-shareholder-rights-ross-kerber-2026-05-13/>.

As leading corporate law scholars put it, “even Musk admirers should be troubled by SpaceX’s governance.”<sup>29</sup>

SpaceX’s preliminary prospectus indicates that the company will maintain a dual-class share structure, with each share held by Mr. Musk holding 10 times as much voting power as a share of the class offered to the public.<sup>30</sup> Such asymmetry will deny shareholders any power over major corporate decisions like acquisitions, divestments, or restructuring. As the company’s prospectus admits, “Mr. Musk will be able to control the outcome of matters requiring shareholder approval.”<sup>31</sup> In addition, the proposed governance structure essentially eliminates the Board of Directors’ authority to manage the company, stripping it of the ability to fire the Chief Executive Officer: “Musk can only be removed as chair or chief executive by a majority vote of the class B shareholders — and personally controls 93.6 per cent of the share class — in effect guaranteeing his position.”<sup>32</sup> As the editorial board of the *Financial Times* put it, “[t]raditional governance checks are almost entirely absent. . . . [Musk] will have a virtually unchallengeable grip on voting rights and the board.”<sup>33</sup>

Compounding the problem is that “among [other] atypical arrangements, SpaceX does not plan to have the majority of its board be independent directors,” including “not us[ing] a committee of independent board members to determine executive compensation, as most companies do.”<sup>34</sup> Musk’s position is likely to be entrenched by the presence of his powerful friends on the board of directors, including Antonio Gracias and Steve Jurvetson. Mr. Gracias and Mr. Jurvetson are reportedly personally close to Mr. Musk<sup>35</sup> and competitors in the market for GPS signals.<sup>36</sup> This raises corporate governance concerns, and runs the risk of violating antitrust laws banning interlocking directorates in which corporate directors sit on the boards of their competitors.<sup>37</sup>

SpaceX is also attempting to limit shareholders’ access to the courts for legal remedies. According to its S-1 filing,<sup>38</sup> SpaceX plans to insulate Musk from legal risk by forcing most shareholders’ suits into arbitration, a process hidden from public view and systematically tilted in

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<sup>29</sup> Harvard Law School Forum on Corporate Governance, “Even Musk Admirers Should Be Troubled by SpaceX’s Governance,” Lucian Bebchuk and Kobi Kastiel, June 2, 2026, <https://corpgov.law.harvard.edu/2026/06/02/even-musk-admirers-should-be-troubled-by-spacexs-governance/>.

<sup>30</sup> SpaceX, Amendment No. 1 to Form S-1, U.S. Securities and Exchange Commission, June 1, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026039276/spacexplorationtechnologi.htm>, p. 2.

<sup>31</sup> *Id.*

<sup>32</sup> *Financial Times*, “Inside SpaceX’s audacious IPO plan,” Ryan McMorrow et al., May 20, 2026, <https://www.ft.com/content/a59be3cf-eee2-4b10-9c86-b6e4dc0dbbdb?syn-25a6b1a6=1>.

<sup>33</sup> *Financial Times*, Editorial, “To infinity and beyond, with the SpaceX IPO,” May 22, 2026, <https://www.ft.com/content/0e5ab16c-957e-44d6-aa16-fe23412ef6df?syn-25a6b1a6=1>.

<sup>34</sup> *New York Times*, “How SpaceX Is Structured to Favor Elon Musk,” Ryan Mac, May 26, 2026, <https://www.nytimes.com/2026/05/26/technology/spacex-elon-musk-pay-board-governance.html>.

<sup>35</sup> *Wall Street Journal*, “The Money and Drugs That Tie Elon Musk to Some Tesla Directors,” Kirsten Grind et al., February 3, 2024, <https://www.wsj.com/tech/elon-musk-tesla-money-drugs-board-61af9ac4>.

<sup>36</sup> “XONA Space Systems — Powerful Precise GPS,” Steve Jurvetson, May 8, 2024,

<https://steve.blog/2024/05/08/xona-space-systems-powerful-precise-gps/>; PR Newswire, “Xona Raises \$92M to Rebuild Satellite Navigation for a New Era,” June 26, 2025, <https://www.prnewswire.com/news-releases/xona-raises-92m-to-rebuild-satellite-navigation-for-a-new-era-302491586.html>; *PC Magazine*, “SpaceX to FCC: We Can Supply a GPS Alternative Through Starlink,” Michael Kan, May 14, 2025, <https://www.pcmag.com/news/spacex-to-fcc-we-can-supply-a-gps-alternative-through-starlink>.

<sup>37</sup> 15 U.S.C. § 19.

favor of the company's interests.<sup>39</sup> Importantly, arbitration would be the only option for suits under federal securities law, because the Texas Business Court – SpaceX's preferred forum for legal disputes – does not have jurisdiction over the relevant federal securities laws,<sup>40</sup> contrary to the S-1's assertion that the law in this area is "unsettled."<sup>41</sup> While the provision may not ultimately be enforceable, such an attempt has been made possible by the SEC's recent reversal of a longstanding position that forced arbitration clauses in IPOs were not in "the public interest and protection of investors."<sup>42</sup> Furthermore, "SpaceX has opted for a provision that allows only shareholders holding 3 per cent or more of a company's shares to bring a so-called 'derivative' lawsuit on behalf of the company suing the board or chief executive, like the Tesla pay complaint filed by a tiny investor in the more shareholder-hospitable Delaware. Should SpaceX hit its expected \$1.75tn valuation, a suing shareholder would need a stake of at least \$52.5bn."<sup>43</sup> SpaceX also intends to protect Musk's unilateral control over the company by raising the threshold for shareholder proposals, prohibiting most of its investors from forcing a vote at a shareholder meeting.<sup>44</sup>

The degree of Mr. Musk's power over SpaceX is especially concerning because of the conflicts that will inevitably arise between his interests and those of SpaceX's shareholders and investors. The company's prospectus says as much: In its amended filing with the SEC, SpaceX admits that "[c]onflicts of interest could arise in the future between us, on the one hand, and Mr. Musk and entities owned by or affiliated with him, on the other hand, concerning among other things, business transactions, potential competitive activities or other business opportunities. In the normal course of business, we have engaged in a variety of transactions with some of these companies."<sup>45</sup> It continues: "Mr. Musk or his affiliates may become aware, from time to time, of certain business opportunities (such as acquisition opportunities or technological developments) and may direct such opportunities to other businesses in which they have invested, in which case

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<sup>38</sup> SpaceX, Amendment No. 1 to Form S-1, U.S. Securities and Exchange Commission, June 1, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026039276/spaceexplorationtechnologi.htm>, pp. 63-64.

<sup>39</sup> New York Times, "How SpaceX Is Structured to Favor Elon Musk," Ryan Mac, May 26, 2026, <https://www.nytimes.com/2026/05/26/technology/spacex-elon-musk-pay-board-governance.html>; Capital Forum, "Transcript of Conference Call on Forced Arbitration and Corporate Power in the Courts with Brendan Ballou," May 12, 2026, <https://thecapitolforum.com/resource/transcript-of-conference-call-on-forced-arbitration-and-corporate-power-in-the-courts-with-brendan-ballou/>.

<sup>40</sup> 15 U.S.C. § 78aa (giving federal courts exclusive jurisdiction over claims brought under the Securities Exchange Act of 1934).

<sup>41</sup> SpaceX, Amendment No. 1 to Form S-1, U.S. Securities and Exchange Commission, June 1, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026039276/spaceexplorationtechnologi.htm>, p. 63.

<sup>42</sup> U.S. Securities and Exchange Commission, "Sunshine Act Notice," September 10, 2025, <https://www.sec.gov/newsroom/meetings-events/sunshine-act-notice-open-meeting-091725>.

<sup>43</sup> Financial Times, "SpaceX to drive a Cybertruck through corporate governance norms," Sujeet Indap, May 26, 2026, <https://www.ft.com/content/7f34d58b-da81-4778-bca1-7aa89b08afca?syn-25a6b1a6=1>.

<sup>44</sup> Reuters, "The SpaceX IPO and the lost battle for shareholder rights," Ross Kerber, May 13, 2026, <https://www.reuters.com/sustainability/sustainable-finance-reporting/spacex-ipo-lost-battle-shareholder-rights-ross-kerber-2026-05-13/>; TradingKey, "SpaceX IPO: Musk Controls 85.1% Voting Power, Shareholders Waive Jury Trials and Class Actions," Jay Qian, May 21, 2026, <https://www.tradingkey.com/analysis/stocks/us-stocks/261919584-elonmusk-spacex-ipo-tradingkey>.

<sup>45</sup> SpaceX, Amendment No. 1 to Form S-1, U.S. Securities and Exchange Commission, June 1, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026039276/spaceexplorationtechnologi.htm>, p. 57.

[investors] may not become aware of or otherwise have the ability to pursue such opportunity.”<sup>46</sup> The prospectus also details how Mr. Musk – a corporate director with fiduciary obligations to SpaceX – may also own assets in other companies that compete with SpaceX:

Under our charter, Mr. Musk and his affiliates are not restricted from owning assets or engaging in businesses that compete directly or indirectly with us and will not have any duty to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business as us, including those business activities or lines of business deemed to be competing with us, or doing business with any of our customers or vendors. Moreover, we have in the past entered into, and may in the future enter into, transactions with entities affiliated with Mr. Musk. We may enter into such transactions in lieu of pursuing other opportunities that some other shareholders may prefer or that may prove to be more accretive than the opportunities we elect to pursue.<sup>47</sup>

These provisions of SpaceX’s prospectus indicate that its IPO will be the biggest in history and may also have the most rigged corporate structure in history. Should the IPO be approved in its current form, the uniquely unchecked power Musk will have at SpaceX creates serious concerns for investors, markets, and the public at large. This IPO ultimately sets a dangerous precedent for future IPOs.

### **Effects on Passive Investors and the Capital Markets**

The valuation and corporate governance concerns regarding SpaceX raise significant concerns about market integrity should its IPO’s effectiveness be accelerated. For investors who pick and choose their specific investments, they at least are able to avoid investing in companies that engage in risky or unfair practices. But the SpaceX IPO creates a new concern: that major stock market indexes are being rigged in a way that would force millions of investors in passive index funds – a generally lower cost investment option that can be attractive to retail investors – to invest in SpaceX and face exposure to SpaceX’s significant risks with no choice in the matter.<sup>48</sup> “Analysts estimate conservative forced buying of \$15 billion to \$30 billion across S&P 500, Nasdaq-100 and Russell 1000 trackers in the months after inclusion, with more aggressive float-weighted scenarios running far higher.”<sup>49</sup> In addition to the above-average allocation of publicly traded stocks to retail investors,<sup>50</sup> SpaceX’s IPO will expose both passive and active investors to significant risk.

Major stock indexes have a clear set of rules to determine whether and when to add new companies. These rules provide important investor protections for stock purchasers from the volatility and uncertainty of newly-public IPOs and allow market discovery to establish a fair

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<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> Social Science Research Network, “The Growth and Consequences of Index Investing,” Anne-Florence Allard et al., January 12, 2026, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=6056574](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6056574).

<sup>49</sup> Yahoo! Finance, “SpaceX IPO could hit popular index funds — and your 401(k) — in as little as 5 trading days as indexes relax their rules,” Rudro Chakrabarti, June 1, 2026, <https://finance.yahoo.com/markets/stocks/articles/spacex-ipo-could-hit-popular-101500534.html>.

<sup>50</sup> *Id.*

price for public companies prior to index inclusion. The rules typically include seasoning and viability requirements. For example, the S&P 500 has required that companies be publicly traded for at least twelve months and have at least four quarters of positive income prior to index inclusion.<sup>51</sup>

But SpaceX has reportedly lobbied index providers to change the rules for inclusion on their indices.<sup>52</sup> And the index providers have complied, with changes that would make it easier for large technology companies like SpaceX to be fast-tracked into passive investors' portfolios.<sup>53</sup> In April, S&P Dow Jones announced it was considering changes to its rules to more easily enable "MegaCap" companies—the largest companies on the stock market—to be fast-tracked onto its indexes.<sup>54</sup> For the S&P 500 alone, the firm was considering changes that included reducing the standard 12-month post-IPO waiting period to six months,<sup>55</sup> eliminating the standard 10 percent float requirements, and exempting MegaCap companies from the financial viability criteria that all other companies are expected to meet in order to qualify.<sup>56</sup> On June 4, 2026, the company announced it was foregoing the proposed changes, stating that "exceptions to the financial viability, seasoning, and IWF (investable weight factor) requirements should not be granted solely based on market capitalization."<sup>57</sup> Other than S&P Dow Jones, there has not been reporting of major indexes reversing changes and exceptions to long-standing rules that will be made for SpaceX. On May 1, 2026, the Nasdaq 100 implemented a new "fast entry" rule, which would allow companies in the top 40 by market capitalization to be eligible for inclusion on their seventh day of trading.<sup>58</sup> FTSE Russell has followed suit.<sup>59</sup> As the *Wall Street Journal* reports, the firm "changed its rules to make it easier for freshly minted megacaps to enter its U.S. indexes, opening the door for passive investors to quickly access shares in SpaceX and other high-profile

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<sup>51</sup> Bloomberg, "Index Funds Can't Say No to SpaceX," Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>; Financial Times, "Et tu, S&P 500?," March 26, 2026, <https://www.ft.com/content/59adbe42-ca30-47f3-9cda-5415945e9368>.

<sup>52</sup> Business Insider, "Here's when SpaceX could show up in major indexes and popular ETFs after its IPO," Naomi Buchanan, May 24, 2026, <https://www.businessinsider.com/spacex-ipo-index-investing-etfs-spy-vti-qqq-spcx-stock-2026-5>; CNBC, "Elon Musk's SpaceX weighs Nasdaq listing after seeking early index entry, Reuters sources say," March 10, 2026, <https://www.cnn.com/2026/03/10/elon-musks-spacex-weighs-nasdaq-listing-after-seeking-early-index-entry.html?msocid=2e133ff4f2d962b50a792891f315639b>.

<sup>53</sup> Yahoo! Finance, "Elon Musk's SpaceX Could Be Fast-Tracked Into S&P 500 After IPO Under Proposed Rule Changes," Badir Shaikh, May 2, 2026, <https://finance.yahoo.com/markets/stocks/articles/elon-musks-spacex-could-fast-180121306.html>.

<sup>54</sup> Bloomberg, "Index Funds Can't Say No to SpaceX," Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

<sup>55</sup> *Id.*

<sup>56</sup> S&P Dow Jones Indices, "S&P Dow Jones Indices Consultation on Treatment of MegaCap Companies," press release, April 30, 2026, [https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20260430-1483123/1483123\\_spdji-us-indices-megacaps-consult-20260430.pdf](https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20260430-1483123/1483123_spdji-us-indices-megacaps-consult-20260430.pdf).

<sup>57</sup> Yahoo! Finance, "SpaceX Faces Delay to S&P 500 Inclusion After Index Provider Keeps Existing Criteria (SPCX)," Fiona Craig, June 5, 2026, <https://finance.yahoo.com/markets/stocks/articles/spacex-faces-delay-p-500-100109864.html?guccounter=1>.

<sup>58</sup> Yahoo! Finance, "Buckle Up, S&P 500 and Nasdaq Index Fund Investors. SpaceX Could Soon Become 1 of Your Largest Positions," Daniel Foelber, May 31, 2026, <https://finance.yahoo.com/markets/stocks/articles/buckle-p-500-nasdaq-index-162000546.html>.

<sup>59</sup> FTSE Russell, "Consultation for the Russell US Equity Indexes on the timing of IPOS and the treatment of companies with a high free float market capitalization," February 2026, [https://www.lseg.com/content/dam/ftse-russell/en\\_us/documents/consultation/ipo-fast-entry-consultation.pdf](https://www.lseg.com/content/dam/ftse-russell/en_us/documents/consultation/ipo-fast-entry-consultation.pdf).

listings.”<sup>60</sup> A divergence among index providers’ approaches to new public offerings may lead to different investor expectations around stock exposure. Additionally, as one analyst warned, these shifting policies “could create significant return dispersion [between] ‘passive’ indexes.”<sup>61</sup>

For investors in index funds that do bend the rules for SpaceX, the changes may lead to the forced purchase of billions of dollars of SpaceX stock without them having any say in the matter. Suddenly, American retirement savings or pensions may be tied to SpaceX’s market capitalization. The stock’s ubiquity would artificially jack up its value, and SpaceX insiders – thanks to special rules allowing them to sell their shares sooner than usual<sup>62</sup> – would be able to quickly sell off their shares, leaving retail investors holding the bag. What results could be a massive upward redistribution of wealth – even should SpaceX not be profitable. In short, these changes may enable a scheme of financial engineering that rigs America’s capital markets in favor of Mr. Musk and his allies. As one *Financial Times* commentator put it, “Why on earth is [S&P Dow Jones Indices] . . . seemingly flirting with a rule-bending change to allow Elon Musk’s satellites-to-AI company a quick entry?”<sup>63</sup> This is a question the SEC and the index providers should answer for the public.

Changes benefitting SpaceX are not limited to indexes – they are also being made by large asset managers. On June 4, 2026, Fidelity Investments, a firm with \$16.4 trillion in administered assets,<sup>64</sup> “slashed its SpaceX IPO entry requirement from as much as \$500,000 to just \$2,000,” opening one of the biggest stock debuts in history to millions of retail investors.<sup>65</sup> The risk from SpaceX’s new IPO will therefore not be limited to large institutional investors, but also small individual investors as the IPO appears to lack many of the investor and market protections that are typically in place.

As you consider the risks to investors from SpaceX’s IPO, you must also factor that such risks will be immediately magnified by the inclusion of SpaceX stock on the major indexes and its availability to retail investors through major asset managers and investment advisors. This creates a scenario where current SpaceX shareholders – including senior Trump Administration

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<sup>60</sup> Wall Street Journal, “FTSE Russell Latest to Make U.S. Index Inclusion Easier Ahead of SpaceX IPO,” Joe Stonor, May 27, 2026, <https://www.wsj.com/finance/stocks/ftse-russell-latest-to-make-u-s-index-inclusion-easier-ahead-of-spacex-ipo-35157adf?msockid=2e133ff4f2d962b50a792891f315639b>.

<sup>61</sup> Post on X by Eric Balchunas, June 4, 2026, <https://x.com/EricBalchunas/status/2062647912065044532?s=20>.

<sup>62</sup> CNBC, “SpaceX insiders will get to sell shares earlier than usual after the IPO,” Leslie Picker, May 21, 2026, <https://www.cnbc.com/2026/05/21/spacex-insiders-will-get-to-sell-shares-earlier-than-usual-after-the-ipo.html?msockid=2e133ff4f2d962b50a792891f315639b>.

<sup>63</sup> Financial Times, “Et tu, S&P 500?,” Robin Wigglesworth, March 26, 2026, <https://www.ft.com/content/59adbe42-ca30-47f3-9cda-5415945e9368>.

<sup>64</sup> RIABiz, “Fidelity soars to \$16.4 trillion of assets, a 16% jump of \$2.3 trillion for 12 months, and widens gap on BlackRock and Schwab,” Brooke Southall, August 14, 2025, <https://riabiz.com/a/2025/8/15/fidelity-soars-to-164-trillion-of-assets-a-16-jump-of-23-trillion-for-12-months-and-widens-gap-on-blackrock-and-schwab>.

<sup>65</sup> Yahoo! Finance, “Fidelity Cuts SpaceX IPO Eligibility by 99%, But 5 Rules Could Cost You Access,” Lockridge Okoth, June 4, 2026, <https://finance.yahoo.com/markets/stocks/articles/fidelity-cuts-spacex-ipo-eligibility-183319186.html>.

officials<sup>66</sup> – can enrich themselves while endangering American investors and the stability of our financial markets.

### **Other Issues Warranting Delayed Effectiveness**

In addition to the multitude of concerns regarding SpaceX’s financial disclosures, corporate governance, and efforts to rig stock market indexes in its favor, three other considerations warrant delaying the effectiveness of the company’s registration documents and demand thorough investigation from the SEC. First, there is the matter of potential Securities Act violations in the form of leaks regarding SpaceX’s initial private filing. Well before SpaceX’s confidential SEC registration statement was filed on April 1, 2026,<sup>67</sup> news reports carried information about the contents of the prospectus and generated investor interest.<sup>68</sup> If these leaks were the result of a coordinated attempt by SpaceX to increase market interest in advance of an IPO, it might constitute a violation of Section 5 of the Securities Act, which prohibits “gun-jumping” – selling or publicizing shares before a registration statement has been provided.<sup>69</sup> The law provides that “Unless a registration statement is in effect as to a security, it shall be unlawful for any person, directly or indirectly . . . to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise.”<sup>70</sup> Because of the extraordinary publicity surrounding SpaceX going public in the advance of any registration statement, the SEC should increase scrutiny of SpaceX’s IPO tactics to ensure that the company has not violated Section 5.

Second, there is the market confusion that has ensued from Mr. Musk making statements regarding the company on X – the social media platform he also owns, now under the xAI segment of SpaceX.<sup>71</sup> It appears to some financial journalists that these statements materially contradict business information included in SpaceX’s public filing.<sup>72</sup> Whether or not the deviations are material, Mr. Musk is well-known to have a propensity to make public statements on X on whims that can instantly move markets.<sup>73</sup> He is also known to cash out on large pay

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<sup>66</sup> Bloomberg, “Trump Officials Held Millions of Dollars of SpaceX Ahead of IPO,” Annie Massa, Sophie Alexander, and Bill Allison, June 3, 2026, <https://www.bloomberg.com/news/articles/2026-06-03/spacex-ipo-poised-to-enrich-trump-officials-who-hold-millions-in-stock>.

<sup>67</sup> New York Times, “SpaceX Files to Go Public, Setting Stage for Huge I.P.O.,” Ryan Mac, Lauren Hirsch, and Maureen Farrell, April 1, 2026, <https://www.nytimes.com/2026/04/01/technology/spacex-ipo-elon-musk.html>.

<sup>68</sup> See, e.g., Reuters, “Exclusive: Elon Musk’s SpaceX weighs Nasdaq listing after seeking early index entry, sources say,” Anirban Sen and Echo Wang, March 10, 2026, <https://www.reuters.com/business/finance/elon-musks-spacex-weighs-nasdaq-listing-after-seeking-early-index-entry-sources-2026-03-10/>; Reuters, “Exclusive: Musk rewrites IPO playbook with large slice of SpaceX stock for retail investors, source says,” Echo Wang, Milana Vinn, and Sabrina Valle, March 26, 2026, <https://www.reuters.com/business/finance/musk-rewrites-ipo-playbook-with-large-slice-spacex-stock-retail-investors-source-2026-03-26/>.

<sup>69</sup> Cornell Law School Legal Information Institute, “Gun Jumping,” [https://www.law.cornell.edu/wex/gun\\_jumping](https://www.law.cornell.edu/wex/gun_jumping).

<sup>70</sup> 15 U.S.C § 77e; 17 C.F.R. § 230.135.

<sup>71</sup> Forbes, “Elon Musk’s xAI Buys X — Here’s What That Means For You,” Kate O’Flaherty, March 31, 2025, <https://www.forbes.com/sites/kateoflahertyuk/2025/03/31/elon-musks-xai-buys-x-heres-what-that-means-for-you/>.

<sup>72</sup> CNBC, “SpaceX skeptics have added reason for concern after Musk comments diverge from IPO filing,” Lora Kolodny, May 29, 2026, <https://www.cnbc.com/2026/05/29/spacex-skeptics-concerned-as-musk-comments-diverge-from-ipo-filing.html?msockid=2e133ff4f2d962b50a792891f315639b>.

<sup>73</sup> CNBC, “Elon Musk’s tweets are moving markets — and some investors are worried,” Sam Shead, January 29, 2021, <https://www.cnbc.com/2021/01/29/elon-musks-tweets-are-moving-markets.html>.

packages despite not meeting lofty business goals.<sup>74</sup> If this pattern of behavior continues, it casts significant doubt on SpaceX's credibility, and whether its IPO as filed sufficiently informs investors of the risks involved with investing.

Concerns regarding a Securities Act violation and contradictory statements made by Mr. Musk give enough reason for the SEC to delay the effectiveness of SpaceX's registration, and allow the markets a cooling-off period to more thoroughly evaluate the soundness of SpaceX investments.

### **Conclusion and Questions**

The SpaceX IPO appears to present a unique and precedent-setting risk for shareholders and future public company offerings. The company's accounting and financial reports contain troubling gaps, and are clouded by the massive and opaque xAI merger that occurred earlier this year. The company's corporate governance structure vests unique power in its CEO and severely limits shareholders' rights. And the complicity of major stock indices in waiving old rules or creating new ones to allow SpaceX's inclusion means that billions of dollars of passive investments will be forced into the company, putting retirees and ordinary investors at risk.

In short, there are a multitude of unanswered material questions investors and the public have about SpaceX and what it is likely to do with the billions it seeks to raise. The SEC should not accelerate the effectiveness of SpaceX's registration without serious scrutiny of SpaceX's financial statements, governance structure, and the impact it may have on retail investors, including through index funds.

I request detailed answers to the following questions no later than June 23, 2026:

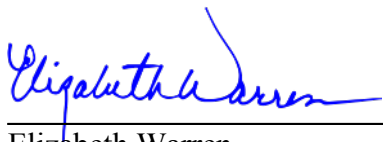
1. How does the SEC intend to evaluate SpaceX's claims about its valuation on the basis of its claims regarding such things as space travel, multiplanetary habitation, and "extending the light of consciousness to the stars"? Please include specific information about:
  - a. Any potential sources of overvaluation
  - b. The discrepancy between SpaceX's proffered valuation (\$1.75 trillion) and its revenues (\$19 billion per year)
2. What is the SEC's plan to ensure investors receive clear and accurate disclosures despite complex accounting issues? Please provide specific information about:
  - a. The valuation of the recent xAI acquisition
  - b. The impact of co-founder departures
  - c. The revenues and losses of each of SpaceX's subsidiaries, including Launch, Starlink, and xAI, including industry-standard information on Starlink's subscriber base
  - d. Any potential conflicts of interest among underwriting banks
  - e. The rigor and independence of SpaceX's auditors, including any potential conflicts of interest

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<sup>74</sup> New York Times, "How SpaceX Is Structured to Favor Elon Musk," Ryan Mac, May 26, 2026, <https://www.nytimes.com/2026/05/26/technology/spacex-elon-musk-pay-board-governance.html>.

- f. Any intended future mergers or major transactions that could have a material effect on the value of SpaceX stock
3. Does the SEC believe that leaked information from the draft confidential filing has substantially increased market interest in SpaceX's initial public offering?
4. Has the SEC considered delaying SpaceX's initial public offering, given reports that information from the draft confidential filing was leaked improperly and could be considered "gun-jumping"?
5. How does the SEC plan to account for SpaceX's corporate structure, which vests nearly complete control in one person, in its evaluation of the IPO? Please provide specific information about:
  - a. Its dual-class share structure
  - b. Elon Musk's control of voting shares
  - c. The independence of board members, given their personal and business relationships with Musk, the controlling shareholder
  - d. Potential conflicted transactions between SpaceX and other entities Musk controls
6. What does the SEC plan to do to protect passive investors from the risks of SpaceX stock, including:
  - a. Institutional investors (like pension funds), and
  - b. Stockholders of passive index funds
7. Will the SEC seek the legal basis for SpaceX's conclusion that the jurisdiction of state courts over Exchange Act claims is unsettled?

Sincerely,



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Elizabeth Warren  
Ranking Member  
Committee on Banking,  
Housing, and Urban Affairs