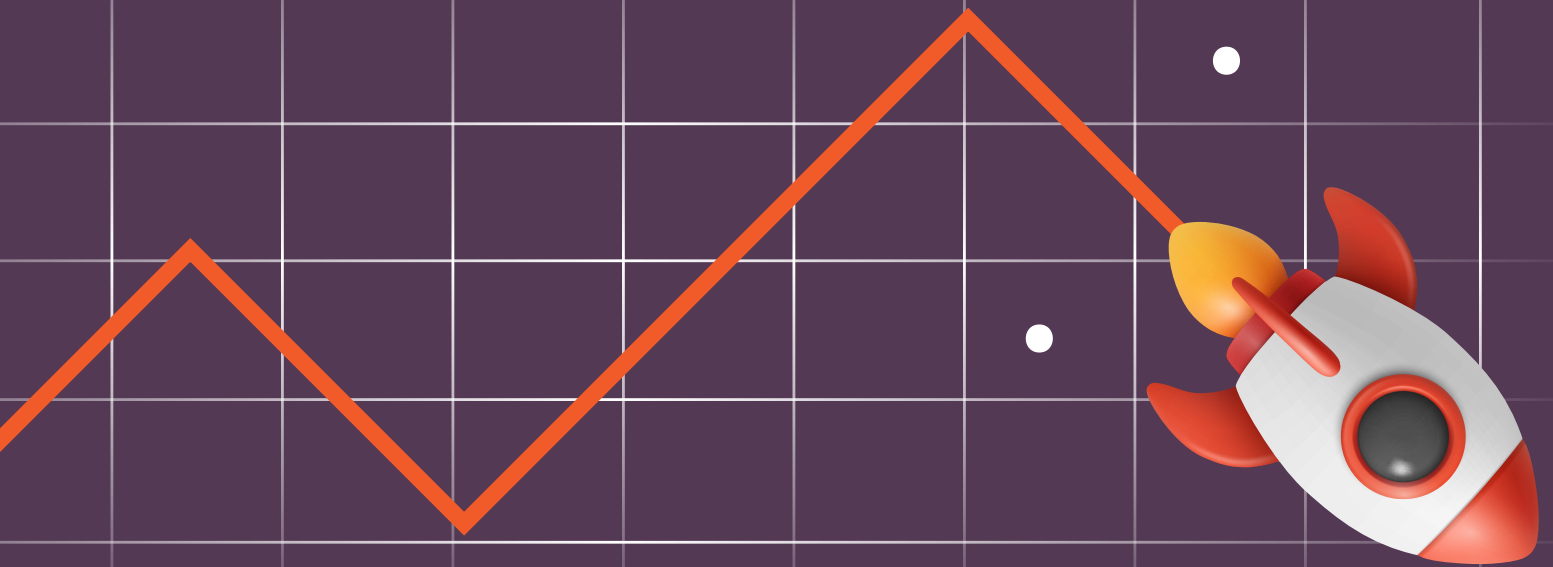




Volatility in SpaceX Show **IPO Rules Exist for a Reason**

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Volatility in SpaceX Show IPO Rules Exist for a Reason



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Wild price swings in SpaceX have served to underline just why IPO exclusion rules exist.

The company's shares took off after listing, then came back down sharply as investors reassessed the price. It saw multiple days with percentage-point price swings in the double digits. That is not unusual. Newly listed companies often spend their first weeks and months finding a level. Some rally well beyond the offer price. Others fall back once the initial excitement fades. Many do both.

That matters for rules-based portfolios in a year that will see some of the biggest initial public offerings of all time.

Index providers are not simply deciding whether a company is big, fashionable or widely discussed. (See our earlier blog [here](#)) Their rules are designed to test whether a stock is investable in practice: whether enough shares are freely available, whether there is enough liquidity, whether trading has settled, and whether the company belongs in the benchmark.

Young Guns: How coming IPOs stack up

While SpaceX, OpenAI and Anthropic may value above \$1 trillion on listing, their free-float is likely to be much smaller.

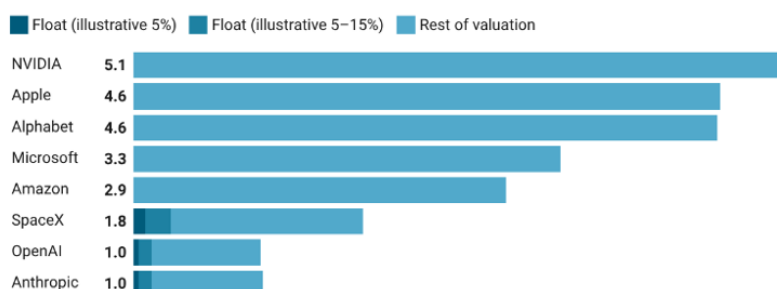


Chart: Ed van der Walt • Source: ebi, Yahoo Finance • Created with Datawrapper

This is why waiting periods, free-float tests and scheduled reviews matter. They are not bureaucracy for its own sake. They are part of the discipline that prevents short-term excitement from becoming automatic portfolio exposure.

SpaceX, OpenAI and Anthropic may all prove to be exceptional companies. But even exceptional companies need time to find a market price.

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