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Cravath Venture Capital & Growth Equity Insights

2024 RECAP AND 2025 OUTLOOK

Market Update

VENTURE CAPITAL ACTIVITY

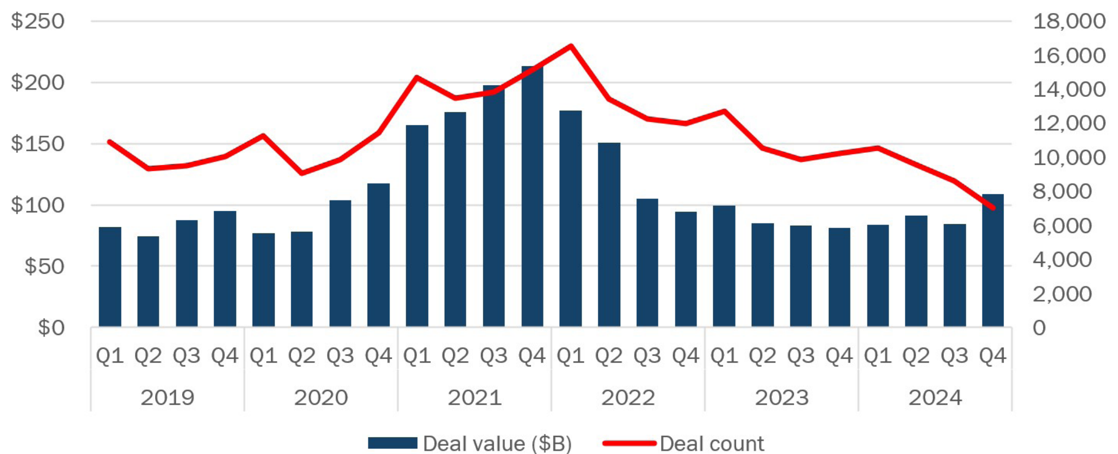
Venture capital ("VC") activity in 2024 demonstrated both challenges and opportunities as the market adjusted to ongoing economic uncertainties. The conclusion of the U.S. election cycle, the strong labor market and moderating inflation provided some relief to markets. While these factors contributed to improved investor confidence and a slight uptick in VC activity, ongoing geopolitical tensions and trade uncertainties continued to cast a shadow.

Valuation and Investment Levels

Global VC investment in 2024 totaled nearly $369 billion, a 5% increase from 2023.[1] The highlight of the year was a strong Q4, which saw the highest investment levels since the 2022 downturn. Investment levels in Q4 2024 reached almost $109 billion, 34% more than the amount of investment in Q4 2023.

Global deal count, on the other hand, declined to pre-2021 levels, with PitchBook estimating about 39,350 deals in 2024, a 9% decrease from 2023. The divergence highlights a key trend from the past year: outsized investments in certain sectors like artificial intelligence ("AI") significantly drove VC activity.

Global VC Deal Activity by Quarter

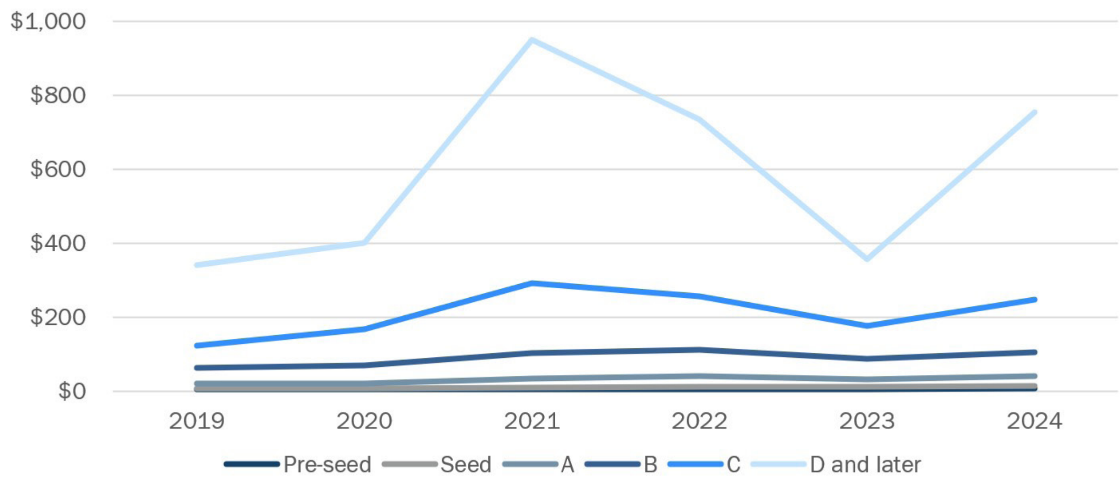


SOURCE PitchBook – Q4 2024 Global Venture First Look

In the United States, pre-money valuations across all VC investment stages recovered in 2024 as compared to 2023.[2] Series D and later investment rounds demonstrated the most substantial rebound, with median pre-money valuations surging from $355 million in 2023 to $754 million in 2024, a 112% increase. This sharp increase underscores a renewed focus by private markets on late-stage companies with proven growth potential and scalable business models. Although gains were less dramatic, there was also a notable improvement in valuations for Series B and C, while early stage companies saw marginal increases.

AI was the most significant driver of valuations in 2024. VC investments in AI startups globally accounted for 23% of the deal count and approximately 36% of funding in 2024.[3] In comparison, AI accounted for 20% of the deal count and 25% of funding in 2023. The sector's popularity may help explain a surge in "mega rounds", or rounds with deals worth more than $100 million. In the United States alone, $120 billion was invested in a total of 359 mega rounds in 2024, compared to just $74 billion and 255 deals in 2023.[4]

Still, down rounds continued to be a defining feature in 2024, consisting of around 20% of financings in the first three quarters of 2024.[5] These historical highs were likely caused by a recalibration in the valuations of startups that secured funding during the peaks of 2021 and early 2022. This trend, while challenging for founders, has been generally accepted as a sensible adjustment to align with current market realities. Down and flat rounds are expected to remain elevated for the foreseeable future, even if exit opportunities pick up.[6]



SOURCE PitchBook and NVCA – Q4 2024 PitchBook-NVCA Venture Monitor

Companies are spending more time between fundraising rounds, with the median time between each series at historical highs. In 2024, the median U.S. startup took 1.51 years between raising a seed round and raising a Series A round, with the time increasing every round to a median of about 2.02 years between a Series C and Series D round.[7] As a result, the median age of a company raising Series D and later rounds climbed to nearly a decade high of around 9.7 years old.[8]

Tight Capital Spurs Investor Friendly Terms

Dealmaking in the VC space has undergone dramatic fluctuations in recent years, oscillating sharply between startup and investor friendly conditions. The liquidity surge of 2021, driven by historically low interest rates and the increased involvement of non-traditional investors, created an exceptionally startup-friendly environment. However, this trend reversed markedly in 2022, as startups sought additional funding in a high-interest rate environment, intensifying competition for capital. By early 2024, the environment had reached peak investor friendliness, reflecting tight market conditions.[9]

One key example of investor-friendly provisions is enhanced liquidation terms. In a competitive market environment for VCs, liquidation preferences are typically set at 1x. In recent years, however, investors have been able to obtain higher multiples, occasionally 2x, and even 3x not being unheard of. Terms granting investors participation preferences and cumulative dividends have also become more common. Market players expect a gradual return to a more neutral state in the coming years from increased capital supply driven by greater exit activity. For now, however, the trend reflects a cautious investment climate, where investors prioritize downside protection and clear pathways to profitability.[10]

New York's Venture Ecosystem: A Global Leader

New York City's entrepreneurial and VC ecosystem continues its trajectory of growth in 2024, solidifying its position as the world's second largest VC hub behind Silicon Valley.[11] In 2024, NYC-based startups attracted more than $24 billion in VC investments,[12] a testament to its robust infrastructure, thriving innovation hubs, diverse industry presence and extensive network of investors, accelerators and academic institutions. In particular, NYC remains a leader in early-stage fintech investment[13] and fintech innovation remains a cornerstone of the ecosystem.

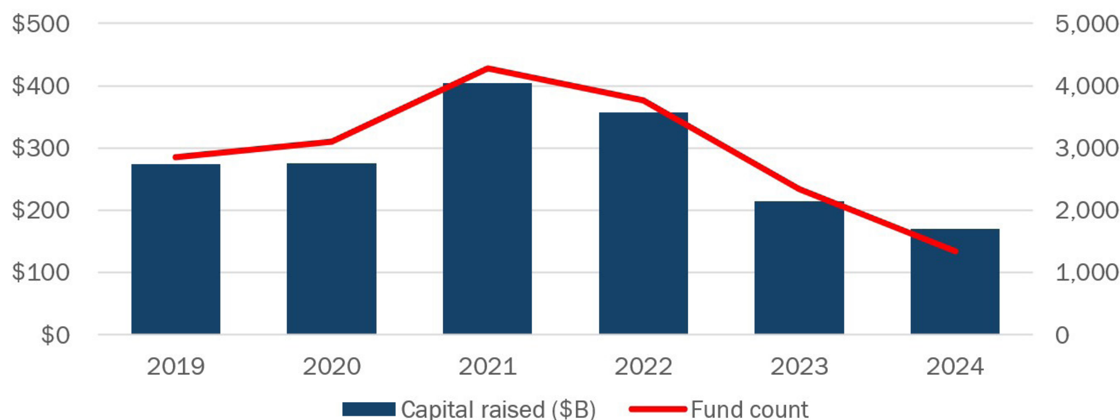
FUNDRAISING: PERSISTING CHALLENGES AND EMERGING OPPORTUNITIES

Lack of Distributions Impedes Global Fundraising

Global VC fundraising faced significant challenges in 2024, amounting to around $170 billion and continuing the downward facing trajectory since the 2021 peak.[14] This largely coincides with limited distributions from a lack of exit opportunities curtailing liquidity across the market. With the drought in IPO and M&A activity, limited partners ("LPs") have become increasingly cautious in allocating even more capital to new ventures and have been focusing instead on fulfilling capital calls from prior commitments made during 2021 and 2022.[15] 2024 also saw a sharp decline in the number of funds, which were at decade lows and merely 31% of 2021 highs.

Fundraising activity has become increasingly concentrated among a handful of players, notably mega funds targeting late-stage companies, with nine firms collecting half of all the money raised

by U.S. funds in 2024.[16] VCs are motivated to rack up large LP capital commitments to keep participating in increasingly expensive rounds for trending companies, including in AI, while LPs continue to demonstrate a strong preference for established well-known funds.



SOURCE PitchBook – Q4 2024 Global Venture First Look

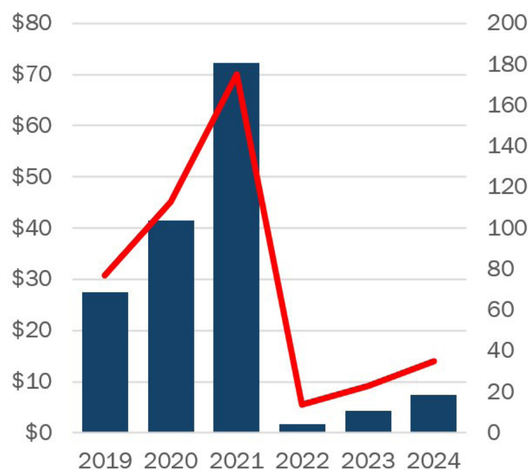
While the overall fundraising environment remains challenging and fundraising activity is expected to remain constrained by historically low distribution yields and continued limited LP liquidity in 2025,[17] healthier M&A volumes and rebounds in the IPO market are expected to start unlocking LP liquidity.

EXIT TRENDS: SIGNS OF RECOVERY AND EMERGING DYNAMICS

Slight Uptick in IPO and M&A Activity

IPOs have always been a significant driver of venture exit value, though the steep decline in activity following the 2021 highs has left substantial returns locked within an increasingly aging group of unicorns, as the most promising startups are finding ways of staying private for longer.[18] Global IPO activity peaked in 2021, with 2,436 IPOs raising approximately $460 billion. Since then, the number of offerings has been steadily declining, with 1,415 IPOs in 2022 raising approximately $184 billion, 1,351 IPOs in 2023 raising $126 billion and 1,215 IPOs in 2024 raising $121 billion.[19]

In the United States, however, IPOs have experienced a slight rebound. Since the 2022 low of 90 IPOs raising approximately $9 billion, activity has picked up to 127 IPOs raising $22 billion in 2023 and 183 IPOs raising $33 billion in 2024.[20] Listings of VC-backed companies have played an important role in this rebound, with 23 U.S. VC-backed IPOs raising $4 billion in 2023 and 35 IPOs raising approximately $7 billion in 2024.[21] This upward trend signals a stabilizing exit market as macroeconomic conditions continue to improve and investor confidence begins to return. High-growth sectors, particularly AI and healthcare, led the charge with several notable public offerings. Sponsor-backed deals were also common in 2024, with five of the six $1 billion+ U.S. IPOs being PE-backed.[22]



SOURCE Jay R. Ritter – Initial Public Offerings: VC-backed IPO Statistics Through 2024

Investors are excited for continued growth in 2025 and 2026, with the expectation that IPO activity early in 2025 could have cascading effects that lift the valuations of companies that follow. Still, the large amount of capital in the private markets means that high profile companies are unlikely to rush to the public markets.[23]

Amid the IPO drought, M&A has increasingly played an important role in providing liquidity, and although 2024 did not bring the surge of M&A activity many had hoped for, it did provide some encouraging signs. Global deal activity increased 7% from 2023 for a total of 1,968 deals.[24] The U.S. market saw an even bigger increase in activity, with 1,032 deals for VC-backed startups, a 30% increase from 2023.

SECONDARY ACTIVITIES ON THE RISE

With the IPO market nearly dormant for three years and M&A activity constrained, secondary markets have become an increasingly vital component of the VC ecosystem. Secondary transactions are often the only possible exit strategy for LPs demanding liquidity in the absence of M&A and IPO activities and for long-time employees looking to cash out their equity. As LPs face persistent liquidity constraints, secondaries offer a practical solution to rebalance portfolios and meet capital commitments. Unicorns, including OpenAI, SpaceX and Stripe, have increasingly tapped the secondary markets or have made tender offers to provide employees liquidity.[25]

Secondary market transactions of shares in venture-backed companies were expected to hit $21 billion in 2024, more than double the previous high in 2023.[26] Moreover, fundraising for secondaries funds has consistently grown since 2022, hitting an all-time high of more than $100 billion through early December 2024, 9.5% of total private markets fundraising.[27]

A BIG YEAR FOR VENTURE DEBT

Total venture debt deal value rose to $53 billion in 2024, approximately double the $27 billion dollars borrowed in 2023.[28] The increase came almost entirely from loans to companies that have raised Series E or later rounds.

Even though total deal value increased in 2024, the number of venture debt transactions dropped across all stages to a total of 1,341 deals, 20% less than 2023. This decline reflects a more selective investment environment, where investors are concentrating capital into fewer but larger deals, particularly in AI companies.

This trend underscores how capital-intensive AI companies are benefiting from outsized interest from investors across various asset classes, including venture debt.

Special Insights

INDUSTRY SPOTLIGHT: ARTIFICIAL INTELLIGENCE

AI investments continued to soar throughout 2024, with U.S.-based companies leading the way in frontier AI research and innovation. Almost a third of these investments went to foundation model companies. Generative AI has expanded well beyond large language models which were the focus in 2023—multimodal models capable of high-quality image, video and audio generation are now the norm with the release of GPT 4o, Gemini 1.5, Claude 3.5 Sonnet and Pixtral.

Both industry and regulators have heightened their focus on the infrastructure demands of AI adoption, including hardware, hyperscalers and energy infrastructure. AI infrastructure players raised all of the top five venture deals of the year. While Nvidia continues to be the world leader in AI computing, startups such as Groq, which secured a $640 million Series D round in 2024, are designing new chip architectures to meet the demands of AI training and inference.[29] A coalition of technology companies, including OpenAI, Softbank and Oracle, have announced a joint venture to invest $500 billion in U.S.-based AI infrastructure.[30] The energy sector is also a focus in AI infrastructure, as global data center electricity consumption is expected to double by 2030, reaching 4% of total global energy consumption, due to generative AI.[31]

However, very recently, the release of the latest large language model from Chinese AI company DeepSeek has tempered expectations around AI infrastructure demand and energy consumption. On January 27, 2025, following reports around the model's efficiency, Nvidia's market value fell by more than 17% and the S&P 500's technology sector lost 5.6%.[32] Energy companies also saw some of the largest single-day losses in recent years, driven by concerns that AI adoption may not lead to the surge in energy demand previously anticipated.[33]

Still, AI is expected to continue to dominate the VC landscape in 2025 and capture an even larger share of all VC investments, while investment dollars are expected to continue shifting from general applications to more specialized, infrastructure-driven placement.

As the AI sector continues to grow, U.S. regulatory leniency reflects a national security priority to lead in AI innovation. In contrast to the European Union's comprehensive regulatory approach in the EU AI Act, the United States has enacted a number of scope limited directives, pending legislative initiatives and regulatory enforcement activities targeted at specific risks posed by AI. In the final months of the Biden Administration, federal regulators accelerated efforts related to AI. The Commerce Department's Bureau of Industry and Standards ("BIS") introduced new export control regulations aimed at AI technology, and the U.S. Department of the Treasury (the "Treasury") released a rule imposing restrictions on U.S. outbound investments in Chinese companies active in developing AI and national security related technologies. In his final week in office, former President Biden signed two additional executive orders related to AI: (i) the Executive Order on Advancing United States Leadership in Artificial Intelligence Infrastructure, which sets forth directives to lease federal sites to host large scale AI data centers supported by clean energy, and (ii) the Executive Order on Strengthening and Promoting Innovation in the Nation's Cybersecurity, which instructs agencies to research AI software vulnerabilities and implement cyber defense programs that leverage AI, among other directives.[34]

The Trump Administration is expected to take a pro-industry approach to AI regulation. Shortly after taking office, President Trump rescinded former President Biden's 2023 Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence. Former President Biden's executive order had directed numerous federal agencies to

evaluate AI-related risks across several sectors and to establish comprehensive guidelines for its use, with a view towards safety and privacy.[35] On January 24, 2025, President Trump issued the Executive Order for Removing Barriers to American Leadership in Artificial Intelligence, which mandates the revocation of "certain existing AI policies and directives" that are barriers to domestic AI innovation. While it is uncertain which policies will be undone, the Trump Administration will likely rescind additional directives and guidance under this executive order.

INDUSTRY SPOTLIGHT: CRYPTO

Valuations across the crypto industry rose in the latter half of 2024, marking a landmark year both in terms of token prices and public company valuations. In December 2024, the price of one Bitcoin hit a significant milestone of $100,000,[36] signaling optimism about the friendly regulatory environment of the new administration. Crypto and blockchain startups received over $11 billion in VC investment in 2024 across over 2,000 deals.[37] Deal activity across the broader industry is also expected to rise. For instance, in October 2024, Stripe acquired Bridge for $1.1 billion, marking one of the first instances where a more traditional finance fintech company made an acquisition in order to accelerate the adoption of stablecoins.[38] Industry observers anticipate a continued convergence of traditional finance, fintech and blockchain applications.[39] Furthermore, the significantly improved valuations and regulatory outlook in the crypto industry are expected to drive an uptick in M&A activity in the sector.

During the Biden Administration, the U.S. Securities and Exchange Commission (the "SEC") and banking regulators aggressively scrutinized the crypto industry, bringing numerous actions alleging the sale of tokens as securities and other violations of law. The flurry of enforcement activity in recent years has led to several different, inconsistent interpretations and applications of the *Howey* test by federal judges in determining whether a transaction is subject to U.S. securities laws. Therefore, this "regulation by enforcement" approach has largely left the industry with no clear guidance (other than via enforcement orders and judicial decisions) on how this new technology fits into existing law. Companies have brought suits against the SEC for its enforcement approach and have petitioned for clear rulemaking,* but the SEC staff has not issued any helpful guidance since it issued the "Framework for 'Investment Contract' Analysis of Digital Assets" in 2019.[40]

President Trump has made numerous public statements in support of the crypto industry, including promotion of his own crypto token in the lead-up to his inauguration. He has also nominated Paul Atkins to be SEC Chairman and David Sacks as "AI & Crypto Czar", signaling more regulatory friendliness and openness to the industry. The industry expects less enforcement activity, and more regulators working with the industry through sandboxes, exemptive relief and new rulemaking. For example, President Trump's recent Executive Order on Strengthening American Leadership in Digital Financial Technology instructs the creation of a working group to propose regulatory frameworks around digital assets, and directs the working group to hold public hearings with leaders in digital assets and digital markets. However, the *Howey* test to determine if a digital asset or transaction is subject to U.S. securities laws will not change immediately because that test comes from a U.S. Supreme Court opinion interpreting federal statutes. As a result, absent regulatory clarity from the SEC or comprehensive federal legislation, there will still be significant uncertainty and risk about the characterization of digital assets as securities.

* For example, crypto trading platform Crypto.com sued the SEC in October 2024, alleging that the SEC had unlawfully extended its jurisdiction to secondary-market sales of network tokens through a "barrage of enforcement actions". The company dropped the suit following the election of President Trump. *See Crypto.com v. SEC* (E.D. Tex Oct. 8, 2024), available here; and *Bloomberg* – Crypto.com Drops Its Lawsuit Challenging SEC's Wells Notice, December 18, 2024.

In addition, during the Biden Administration, under SEC Chairman Gary Gensler's leadership, it was very difficult for crypto companies to complete IPOs or otherwise register with the SEC. This was due to the SEC's exceptionally intense attention and review, which often involved a longer, more exhaustive review of crypto companies' filings as compared to companies in other industries. Additionally, during this period, there was an increased focus by the SEC's Division of Enforcement on crypto matters. The foregoing generally had a chilling effect on the IPO activity of crypto companies in recent years. However, with the new administration and SEC leadership, as discussed further in the *Regulatory Developments* section below, the SEC is expected to engage in a more typical, pre-Gensler review process, which is likely to encourage more crypto companies to consider an IPO in the coming years, particularly as the performance of the crypto industry is improving on a macro level. Although the SEC is expected to be more crypto-friendly than in recent years, the complexity of the business of crypto-related companies and the SEC's familiarity with such businesses are likely to continue impacting the timing of the review process.

We will likely see more activity in the crypto space as the industry expects a decrease in regulatory hurdles, burdens and associated risks. This shift may encourage greater adoption and integration into mainstream financial systems and further participation from institutional investors.

GEOPOLITICAL UNCERTAINTY

Geopolitical uncertainty was a defining theme in 2024, with the deteriorating relationship between China and the United States taking center stage. Increasingly, these tensions have translated into concrete legislative and regulatory actions impacting companies and investors in the VC and growth equity space.

On January 2, 2025, the Treasury enacted restrictions on outbound investments from the United States, marking a notable departure from policy norms against impeding the free flow of capital. These new rules require U.S. persons to notify the Treasury when investing in certain Chinese companies in three key sectors—semiconductors, quantum computing and AI—and, in certain cases, outright prohibit such transactions.

The notice obligation and prohibition also extend to U.S. LPs of foreign funds that engage in covered transactions. LPs are exempt from the rules for non-controlling investments under $2 million, or where the fund contractually agrees not to make notifiable or prohibited investments.

Other agencies have also issued new regulations addressing perceived national security risks. On January 13, 2025, the BIS issued an interim final rule establishing a new licensing framework for AI chips and capping the amount that can be exported to any single country, with countries categorized into groups largely reflecting the governments' friendliness with the United States.[41] The BIS also issued a rule prohibiting certain transactions involving the sale or import of connected vehicles integrating specific pieces of hardware and software with a sufficient nexus to China or Russia.[42] And on December 27, 2024, the Department of Justice ("DOJ") issued a rule limiting the bulk transfer of certain sensitive personal data to certain persons in designated countries like China.[43]

For emerging companies on the receiving end of foreign investment, whether as part of a financing round or as an exit strategy, the growing assertiveness of the Committee on Foreign Investment in the United States ("CFIUS") introduced further unpredictability. On January 3, 2025, former President Biden blocked the proposed acquisition of U.S. Steel by Nippon Steel, citing national security concerns. The decision was the first time a U.S. President

formally prohibited a company in Japan from purchasing a U.S. target. Critics have argued that the CFIUS process was co-opted for domestic political objectives rather than addressing genuine national security risks. If they are right, former President Biden's order highlights the process's susceptibility to political considerations, injecting new uncertainties into cross-border dealmaking. Nippon Steel has filed a lawsuit challenging the decision.

At the very least, these policies reflect a growing consensus among officials that preserving the United States' technological edge and economic competitiveness is a matter of national security. And they have become increasingly willing to leverage investment and trade restrictions to achieve these objectives. For emerging companies and their investors, many of whom have not traditionally considered geopolitics in their decision making, this environment demands a deeper evaluation of how their operations, investments and exit strategies intersect with evolving geopolitical priorities.[44]

It is notable that while the regulations discussed above were issued by the previous administration, the aggressive use of economic policy tools to counter Chinese competition enjoy bipartisan support. Looking ahead, businesses should be on the lookout for the Trump Administration to continue leveraging these tools, including CFIUS, outbound investment restrictions, trade policy and other regulatory measures to advance geopolitical objectives, further complicating the landscape for cross border transactions.[45]

QUALIFIED SMALL BUSINESS STOCK EXEMPTION

The qualified small business stock ("QSBS") exclusion allows individuals to exclude 100% of any gain recognized on the sale or exchange of QSBS held for more than five years up to the greater of $10 million or 10 times their initial investment in the stock.[46] Among other requirements, QSBS must be purchased at its original issuance from an underlying corporation that conducts (or will conduct) an active business and the aggregate gross fair market value of the corporation's assets cannot exceed $50 million, taking into account the investment.

QSBS is a well-known benefit, and it is common in VC investments to consider QSBS qualification. Indeed, early-stage investment rounds frequently include contractual terms related to the qualification of the investment as QSBS. The focus on QSBS qualification, and related contractual terms, is less common in later stage investments as the companies often will have grown beyond the $50 million threshold.

In 2024, approximately 90% of Series Seed rounds included the use of the QSBS tax elections, compared to 82% in 2023, highlighting investor focus on taking advantage of this benefit in early rounds.[47] The prevalence of the QSBS tax election decreased to around 85% in Series A, 50% in Series B, 22% in Series C, and to 13% in Series D and later rounds.

Regulatory Developments

ANTICIPATED CHANGES

Key personnel appointments in the early days of the Trump Administration suggest a potentially favorable regulatory environment for the VC and growth equity industry. For instance, many advisors and appointees have strong ties to the tech, crypto and VC communities.[48] However, the true extent of their influence and their ability to shape meaningful rules and regulations remains uncertain, leaving the industry in a state of cautious anticipation.

One area of potentially greater clarity is the anticipated reduction in enforcement activity by the SEC. Under former Chair Gensler's leadership, the SEC gained a reputation for an aggressive "regulation by enforcement" strategy, particularly targeting companies in the digital assets space. In contrast, the current nominee for SEC Chairman, Paul Atkins, is widely expected

to ask the staff to establish clearer guidance to reduce uncertainty and not pursue a "regulation by enforcement" strategy.* The SEC may also roll back crypto-related directives and guidance issued under the previous administration. For example, on January 24, 2025, the SEC rescinded SAB 121, a controversial piece of accounting guidance that hindered the ability of banks to provide crypto custody services, and put SAB 122 in place.[49]

Beyond crypto, Atkins' past statements may suggest a reluctance to engage in policymaking outside of the traditional scope of securities enforcement and regulation. For instance, he has made public statements opposing the Gensler SEC's climate disclosure rule, arguing that it exceeded the scope of the agency's authority and was the type of issue that must be explicitly authorized by Congress.[50]

On the antitrust front, appointments to the Federal Trade Commission ("FTC") and the DOJ under the Trump Administration suggest a nuanced shift in enforcement priorities. President Trump has selected Andrew Ferguson, who has been serving as an FTC commissioner, to lead the FTC. Ferguson is anticipated to adopt a relatively more traditional approach to antitrust enforcement, easing in certain respects the aggressive stance seen in recent years.[51] In making his case for the chairmanship, Ferguson pledged to "stop Lina Khan's war on mergers" and "provide businesses with the certainty they need".[52]

Despite this anticipated moderation, Ferguson has signaled a continued commitment to scrutinizing major technology firms. In a statement on X shortly after his appointment, Ferguson promised to "end Big Tech's vendetta against competition and free speech".[53] At the DOJ, Gail Slater has been nominated as the head of the antitrust division. In announcing the nomination, President Trump called on Slater and the DOJ's antitrust team to protect "Little Tech" against perceived abuses by "Big Tech".[54] The announcement was shared in a post on X by Ferguson, who praised Slater as a "serious antitrust lawyer who understands the unique challenges of Big Tech, but also wants to promote growth and innovation".[55]

If these expressed sentiments carry the day in Washington, smaller scale transactions and deals outside the tech sector may encounter fewer regulatory obstacles.

FTC BAN ON NONCOMPETE AGREEMENTS SET ASIDE

On August 20, 2024, a federal district court in Texas issued an order setting aside the FTC's rule banning nearly all employee noncompete agreements.[56] Although the previous administration's FTC has appealed the decision, we may see the current FTC abandon the appeal or rescind the rule given Ferguson's dissent and vote against its initial promulgation.[57]

Still, companies must remain cognizant of state laws restricting noncompetes, including California's long-standing prohibition.

BENEFICIAL OWNERSHIP REPORTING

In 2023, the Treasury issued new beneficial ownership reporting rules mandated by the Corporate Transparency Act. However, nationwide injunctions have since prevented these reporting obligations from taking effect.

The rules would have required certain companies to file reports with the Financial Crimes Enforcement Network disclosing basic company information and personally identifying information for the company's beneficial

* In remarks before the U.S. Chamber of Commerce in July 2008, Atkins stated that "enforcement actions must not become the way in which the SEC clarifies grey areas of the law. Rather, if clarification is needed, we should change the rules or issue formal interpretations with future effect". In fact, Atkins has worked with an industry group to advocate clear regulatory standards that facilitate the growth of digital currencies. *See* Chamber of Digital Commerce Welcomes Paul Atkins and Colleen Sullivan to Board of Advisors – March 12, 2020.

owners—which include (1) any individual who exercises substantial control over such company or owns or controls at least 25% of such company, and (2) those forming or qualifying the company. The rules provide a broad exemption that includes, in part, operating entities with more than 20 full time employees and subsidiaries of exempt entities. In practice, this would have meant imposing additional compliance requirements primarily on small businesses and early stage companies with few employees.

As of the date this newsletter was published, at least one nationwide injunction remains in place despite the Supreme Court having recently overturned a separate injunction related to the rules.[58] Pending any government appeals of the current injunction, compliance with the reporting obligations remains voluntary.

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54 Donald J. Trump on Truth Social – "I am pleased to nominate Gail Slater as Assistant Attorney General for the Antitrust Division at the Department of Justice. Big Tech has run wild for years, stifling competition in our most innovative sector and, as we all know, using its market power to crack down on the rights of so many Americans, as well as those of Little Tech!", December 4, 2024

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