SEC 424B Filings Explained: ATM Offerings and Prospectus Supplements

SEC - Educational Fundamentals - March 22, 2026

Understand 424B1, 424B3, 424B4, and 424B5 filings, what each signals, and how they relate to dilution risk.

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What is a 424B Filing?

A 424B filing is a prospectus or prospectus supplement that companies file with the SEC as part of a registered securities offering. The "424" refers to Rule 424 under the Securities Act of 1933, which governs how and when prospectuses must be filed. The "B" variants - 424B1, 424B2, 424B3, 424B4, 424B5, and 424B8 - each correspond to different offering structures and timing requirements.

For dilution-focused traders, 424B filings are critical reading material. They're the operational documents of stock issuance - they tell you specifically what shares are being sold, at what price or via what mechanism, and to whom. While the S-3 registration builds the legal framework, the 424B filings are where the actual shares get sold.

? Why 424B Filings Matter More Than News

By the time dilution news hits financial media, the 424B filing has already been sitting on EDGAR for hours. Traders who monitor 424B filings directly have a significant information advantage over those who rely on news wires or social media.

424B1, 424B3, 424B4, 424B5 - What's the Difference?

Each 424B variant signals a different type of offering. Here's what each means:

424B1 - Prospectus Not Including Rule 430A Information

Filed when a company is conducting a "firm commitment" offering but the final price hasn't been set yet. The 424B1 contains all offering details except the final pricing terms, which come later. This is relatively rare for small-cap dilution situations.

424B3 - Prospectus Filed Pursuant to Rule 424(b)(3)

This is the most common 424B variant for dilution-focused traders. The 424B3 is filed for at-the-market (ATM) offerings and supplemental prospectuses that update or amend a shelf registration. When you see a 424B3, a company is almost certainly either establishing or operating an ATM program. This is your primary alert for slow-drip dilution activity.

424B4 - Prospectus Including Rule 430A Information

Filed when final pricing information is included - this means a deal has been priced and closed. 424B4 filings are typically associated with traditional underwritten offerings (bought deals, follow-on offerings). The price is set at a discount to market, and all shares are sold at once. This causes an immediate, visible stock price reaction.

424B5 - Prospectus Supplement to an Effective Registration

Filed as a supplement to an existing shelf registration. Like 424B3, this often relates to ATM programs, but 424B5 is specifically used when adding a new tranche or updating terms of an existing program. A 424B5 that significantly increases the authorized ATM amount is a major red flag - it means the company has already used up most of their prior capacity and needs more.

? Quick Reference: 424B Types for Dilution Traders

424B3 -> ATM program setup or update. Slow-drip dilution likely already happening or about to start.

424B4 -> Priced offering completed. Immediate dilution. Check the discount to market price.

424B5 -> Shelf supplement, often ATM-related. Check if it's increasing capacity on an existing program.

424B1 -> Pending offering, price TBD. Worth watching but not yet actionable.

What Each Type Signals for Dilution

Understanding what each 424B type means in practice helps you assess urgency and severity:

424B3 Signals

* Company is selling shares continuously at market prices
* No price disclosure requirement - dilution is invisible day-to-day
* Severity depends on how urgently the company needs cash (check cash runway)
* Multiple 424B3 updates from the same company = serial ATM usage

424B4 Signals

* A deal has been done and priced - the damage is immediate and quantifiable
* Look for the offering price vs. previous close - discounts of 10-20% are common
* Check if there's an overallotment (greenshoe) option - can add 15% more shares
* Large institutional block trades signal sophisticated investors have already been brought in at a discount

424B5 Signals

* Supplemental to an existing shelf - company is adding more capacity or updating terms
* If the dollar amount is much larger than prior filings, cash needs have accelerated
* Pay attention to the updated "remaining capacity" figures in the prospectus

?? The 424B3 Trap

Many traders focus on 424B4 filings (priced deals) because they're obvious and dramatic. The 424B3 ATM filings are actually more dangerous long-term - the slow accumulation of dilution from months of ATM sales often exceeds a single priced offering, but happens without a clear event to trigger your attention.

How to Find 424B Filings on EDGAR

EDGAR makes it straightforward to search for 424B filings:

* By company: Go to sec.gov/cgi-bin/browse-edgar, enter the ticker, set filing type to "424B3" (or 424B4, 424B5) and click search
* Latest filings: Visit sec.gov/cgi-bin/browse-edgar?action=getcurrent&type=424B3 for all recent 424B3 filings across all companies
* Full-text search: Use efts.sec.gov to search for specific broker names or terms like "at-the-market" within 424B filings
* EDGAR alerts: Set up company-specific alerts to be notified when a company you track files any new 424B document

The ATM Offering Connection

The relationship between 424B filings and ATM offerings is direct. An ATM program lifecycle typically looks like this:

* Company files S-3 registration statement (shelf registration)
* SEC reviews and declares the S-3 effective (usually 20 days)
* Company files 424B3 or 424B5 - this is the ATM prospectus supplement that establishes the program with a specific broker and dollar cap
* Broker begins selling shares at market prices on the company's behalf
* Company reports aggregate ATM usage in quarterly 10-Q filings
* When the ATM capacity is nearly exhausted, company files a new 424B5 to top it up

Step 3 is the critical moment - the 424B3 or 424B5 that sets up the ATM program. This is when traders learn the program is active. If you're monitoring EDGAR for this filing type, you know before the broader market reacts.

For a deeper dive into how ATM programs work and their full impact on stock prices, see our guide to ATM offerings explained.

Stay Ahead of 424B Activity

Manually monitoring 424B filings across dozens of holdings is time-consuming and error-prone. A filing can hit EDGAR at any time during market hours, and the window between filing and market reaction can be very short.

TraderTools processes all 424B filings from EDGAR in real-time, categorizes them by type and severity, and sends timely alerts with calculated dilution impact. You get the signal in minutes, not hours.

Get Real-Time 424B Filing Alerts

Know the moment a company in your watchlist files a 424B3, B4, or B5. TraderTools monitors all EDGAR 424B activity and delivers instant, actionable alerts.

Learn More About ATM Offerings ->

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