

# Stock Exchanges: Listings, Governance and More

# NYSE IPO Listing Criteria

The NYSE has quantitative initial listing standards under Section 102/103 of its Listed Company Manual. Companies must meet one of the following tests, demonstrated via audited financial statements. For EGCs providing only two years of statements, requirements adjust accordingly (e.g., two years for earnings/cash flow).

TEST	KEY FINANCIAL CRITERIA
<b>Earnings</b>	Adjusted pre-tax income: Aggregate $\geq$ \$10 million over last 3 fiscal years; $\geq$ \$2 million each of the 2 most recent years; $>$ \$0 in prior years.
<b>Global Market Capitalization</b>	Global market cap $\geq$ \$200 million; Shareholders' equity $\geq$ \$75 million (pro forma).
<b>Valuation/Revenue with Cash Flow</b>	Adjusted cash flows: Aggregate $\geq$ \$100 million over last 3 fiscal years; $\geq$ \$25 million each of the 2 most recent years. Global market cap $\geq$ \$500 million; Revenue $\geq$ \$100 million in most recent 12 months.
<b>Pure Valuation/Revenue</b>	Global market cap $\geq$ \$750 million; Revenue $\geq$ \$75 million in most recent fiscal year.
<b>Affiliated Company</b>	Global market cap $\geq$ \$500 million; Parent/affiliate must be listed in good standing and retain control.

# Nasdaq IPO Listing Criteria

NASDAQ has tiered markets with initial listing standards under Rules 5315/5405/5505. Companies must meet one standard per tier, demonstrated via financial statements (implying audits for multi-year data). Additional liquidity requirements apply (e.g., minimum shareholders, publicly held shares).

GLOBAL SELECT MARKET	
STANDARD	KEY FINANCIAL CRITERIA
<b>Earnings</b>	Pre-tax earnings: Aggregate > \$11 million over prior 3 fiscal years; > \$0 each year; > \$2.2 million each of 2 most recent years.
<b>Capitalization with Cash Flow</b>	Cash flows: Aggregate > \$27.5 million over prior 3 fiscal years; > \$0 each year. Average market cap > \$550 million over prior 12 months.
<b>Capitalization with Revenue</b>	Revenue > \$110 million in previous fiscal year; Average market cap > \$850 million over prior 12 months.
<b>Assets with Equity</b>	Total assets ≥ \$80 million; Stockholders' equity ≥ \$55 million.

# Nasdaq (cont.)

GLOBAL MARKET	
STANDARD	KEY FINANCIAL CRITERIA
<b>Income</b>	Income from continuing operations $\geq$ \$1 million in latest fiscal year or 2 of last 3 years; Stockholders' equity $\geq$ \$15 million.
<b>Equity</b>	Stockholders' equity $\geq$ \$30 million; 2 years operating history.
<b>Market Value</b>	Market value of listed securities $\geq$ \$75 million.
<b>Total Assets/Total Revenue</b>	Total assets and revenue $\geq$ \$75 million each in latest fiscal year or 2 of last 3 years.

CAPITAL MARKET	
STANDARD	KEY FINANCIAL CRITERIA
<b>Income</b>	Net income $\geq$ \$750,000 in latest fiscal year or 2 of last 3 years; Stockholders' equity $\geq$ \$4 million.
<b>Equity</b>	Stockholders' equity $\geq$ \$5 million; Market value of publicly held shares $\geq$ \$15 million; 2 years operating history.
<b>Market Value of Listed Securities</b>	Market value of listed securities $\geq$ \$50 million; Stockholders' equity $\geq$ \$4 million.
<b>Market Value of Unrestricted Publicly Held Shares</b>	Market value of unrestricted publicly held shares $\geq$ \$20 million; Total assets and revenue $\geq$ \$50 million each in latest fiscal year or 2 of last 3 years.

**Nasdaq (Capital Market) small IPO liquidity changes:** For certain initial listing standards, Nasdaq now requires the MVUPHS / public float requirement to be satisfied from IPO offering proceeds, which in practice can increase the minimum raise (often \$15M under some standards). Nasdaq has also adopted/SEC-approved additional updates to initial listing MVUPHS thresholds effective in 2026.

# Continued Listing Standards

## NYSE CONTINUED LISTING STANDARDS

NYSE continued listing standards (Manual Section 802.01) include distribution, price, and financial/market capitalization criteria. Specific triggers and cure periods vary depending on the deficiency category and, for certain financial tests, the company's original listing standard.

### FINANCIAL STANDARDS (ONE MUST BE MET):

- **Global Market Capitalization:** Average global market cap  $\geq$  \$50 million over 30 trading days; Total stockholders' equity  $\geq$  \$50 million.
- **Distribution Standards:**  $\geq$  400 total shareholders or  $\geq$  2,200 total shareholders with average monthly trading volume  $\geq$  100,000 shares (past 12 months); or  $\geq$  500 total shareholders with average monthly trading volume  $\geq$  1 million shares. Publicly held shares  $\geq$  600,000.
- **Stock Price:** Average closing price  $\geq$  \$1.00 over 30 trading days.
- **Other Criteria:** Additional requirements for specific securities (e.g., preferred stock, bonds) or company types (e.g., REITs, closed-end funds).

Failure to meet standards triggers a compliance period which can vary by deficiency (often ~6 months for price; other categories vary) to regain compliance, or the NYSE may initiate delisting.

# Continued Listing Standards

## NASDAQ CONTINUED LISTING STANDARDS

NASDAQ's continued listing standards (Rules 5450/5550) apply to Global Select/Global Market and Capital Market tiers. Companies must meet all criteria for their tier, or face delisting. Key requirements:

### GLOBAL SELECT/GLOBAL MARKET

- **Equity Standard:** Stockholders' equity  $\geq$  \$10 million;  $\geq$  400 total shareholders; Publicly held shares  $\geq$  750,000; Market value of publicly held shares  $\geq$  \$5 million.
- **Market Value Standard:** Market value of listed securities  $\geq$  \$50 million; or Total assets and revenue  $\geq$  \$50 million each (latest fiscal year or 2 of last 3 years).
- **Stock Price:** Bid price  $\geq$  \$1.00 over 30 trading days.
- **Other:**  $\geq$  2 market makers; Compliance with governance rules (e.g., audit committee).

### CAPITAL MARKET

- **Equity Standard:** Stockholders' equity  $\geq$  \$2.5 million;  $\geq$  300 total shareholders; Publicly held shares  $\geq$  500,000; Market value of publicly held shares  $\geq$  \$1 million.
- **Market Value Standard:** Market value of listed securities  $\geq$  \$35 million; or Net income  $\geq$  \$500,000 (latest fiscal year or 2 of last 3 years).
- **Stock Price:** Bid price  $\geq$  \$1.00 over 30 trading days.
- **Other:**  $\geq$  2 market makers; Compliance with governance rules.

Non-compliance triggers a deficiency notice with a compliance period (e.g., 180 days for bid price). Companies may transfer to a lower tier or face delisting if unresolved. Note recent approvals affecting delisting mechanics for very low market value issuers.

# Stock Exchange Governance

BOARD OF DIRECTORS REQUIREMENTS			
	NASDAQ	NYSE	OTHER
<b>Independence</b>	A majority of board members must be independent. Nasdaq defines independent directors in <a href="#">Rule 5605(a)(2)</a> .	A majority of board members must be independent. The NYSE defines independent directors in <a href="#">Section 303A.02</a> .	The SEC requires each company to disclose: Names of directors the board considers independent, per exchange rules and company-specific standards; Any additional independence criteria followed; and Transactions, relationships, and factors the board assessed in determining independence.
<b>Third-party Compensation of Directors</b>	Nasdaq requires companies to disclose certain compensation and other payments made by third parties to their directors or director nominees.	The NYSE has no such requirement.	
<b>Meetings of Independent Directors</b>	Nasdaq mandates that independent directors hold at least two regularly scheduled "executive sessions" each year, where they meet without management or other board members present.	The NYSE requires companies to choose one of two governance practices: 1. non management directors must hold regularly scheduled executive sessions without management present, or 2. Only independent directors are required to hold regularly scheduled executive sessions. Additionally, companies must establish a method for interested parties to communicate directly with non-management or independent directors.	
<b>Diversity</b>	As of December 2024, Nasdaq's diversity rules for board composition and disclosure are no longer in effect. A decision by the U.S. Court of Appeals for the Fifth Circuit found that the SEC exceeded its authority in approving the rules. As a result, Nasdaq-listed companies are no longer required to meet diversity objectives or publicly disclose their board's diversity using a standardized matrix	NYSE does not have a diversity disclosure requirement, however it established the NYSE Board Services Program in 2019 to address the need for diverse, inclusive leadership on corporate boards.	
<b>FPI Exceptions</b>	Nasdaq permits FPIs to follow home country governance practices in lieu of many Nasdaq corporate governance requirements, subject to disclosure of material differences. (Nasdaq's former board diversity disclosure requirements are no longer in effect.)	The NYSE allows FPIs to follow their home country practice instead of requiring a majority of independent directors.	

# Stock Exchange Governance

COMMITTEE REQUIREMENTS			
AUDIT COMMITTEE REQUIREMENTS			
	NASDAQ	NYSE	SEC
<b>Committee Requirement</b>	Yes, an audit committee is required.	Yes, an audit committee is required.	
<b>Director Requirements</b>	<p>Nasdaq requires at least three independent directors on the audit committee, each of whom:</p> <ul style="list-style-type: none"> <li>• Meets the exchange's general independence requirements for all directors</li> <li>• Meets the SEC's enhanced independence standards for audit committee members pursuant to Rule 10A-3 under the Exchange Act</li> <li>• Can read and understand fundamental financial statements</li> <li>• Did not participate in preparing the company's financial statements at any time in the past three years.</li> </ul> <p>At least one member of the audit committee must have prior experience that makes them financially sophisticated.</p>	<p>The NYSE requires at least three independent directors on the audit committee, each of whom:</p> <ul style="list-style-type: none"> <li>• Meets the exchange's general independence requirements for all directors</li> <li>• Meets the SEC's enhanced independence standards for audit committee members pursuant to Rule 10A-3 under the Exchange Act</li> <li>• Is financially literate</li> </ul> <p>At least one member of the audit committee must have accounting or related financial management expertise.</p>	<p>The SEC mandates that companies disclose in their Form 10-K or proxy statement whether they have at least one audit committee financial expert. If no such expert is present, the company must explain why.</p>
<b>Exception to the Independent Director Requirement</b>	<p>A Nasdaq-listed company may have one member on its audit committee who does not meet all of Nasdaq's independence requirements under exceptional circumstances if the following conditions are met:</p> <p><b>Temporary Appointment:</b> The non-independent member can be appointed to the audit committee for a limited period, generally not exceeding two years, to address these exceptional circumstances.</p> <p><b>Public Disclosure:</b> The company must publicly disclose in its next proxy statement (or Form 10-K if the company does not file a proxy statement) the nature of the relationship precluding independence and the reasons for the board's determination.</p> <p><b>Majority Independence:</b> Despite the exception, the audit committee must still be comprised of a majority of independent directors.</p>	<p>The NYSE does not have an exception.</p>	

# Stock Exchange Governance

COMMITTEE REQUIREMENTS			
AUDIT COMMITTEE REQUIREMENTS (CONT.)			
	NASDAQ	NYSE	SEC
<b>Written Charter Requirements</b>	<p>The audit committee must have a written charter outlining its purpose, duties, and responsibilities, which include:</p> <ul style="list-style-type: none"> <li>Appointing, retaining, compensating, and overseeing the company's auditors.</li> <li>Reviewing the company's financial statements with management and auditors.</li> <li>Establishing procedures for handling complaints related to accounting or auditing, including confidential, anonymous submissions by employees.</li> <li>Setting policies for the pre approval of all audit and non-audit services by the auditors, with related policies disclosed in the proxy statement.</li> <li>Preparing the required audit committee report for the proxy statement.</li> <li>Having the authority and funding to hire independent counsel and outside advisors.</li> </ul>	<p>NYSE audit committee charter must address core responsibilities similar to Nasdaq/SEC expectations, including oversight of the independent auditor, review of financial reporting, authority/funding to retain advisors, and other charter elements required by NYSE rules and SEC requirements</p>	
<b>Related Party Transactions</b>	<p>Nasdaq mandates that the audit committee or another independent board committee regularly review transactions between the company and related parties (such as directors, executive officers, 5% stockholders, or their family members) to identify potential conflicts of interest. This review is required but does not need to include approval and can occur after the transaction has taken place.</p> <p>Nasdaq allows FPIs to follow home country practice instead of this requirement.</p>	<p>The NYSE requires the audit committee or another independent board committee to review, evaluate, and oversee related party transactions. The committee must conduct a reasonable prior review and block any transaction that is inconsistent with the company's and stockholders' interests. For ongoing related party transactions, the committee is expected to continuously evaluate and determine whether these transactions should continue.</p> <p>The NYSE does not provide an exemption for FPIs.</p>	

# Stock Exchange Governance

COMMITTEE REQUIREMENTS			
AUDIT COMMITTEE REQUIREMENTS (CONT.)			
	NASDAQ	NYSE	SEC
<b>FPI Exceptions</b>	FPIs must comply with the SEC's Rule 10A-3 regarding audit committee oversight but can otherwise rely on their home country practices for audit committees, as long as certain core requirements of 10A-3 are met.	FPIs must have an audit committee that satisfies the SEC's Rule 10A-3 but otherwise can follow its home country practice instead of the exchange rules related to the audit committee.	
<b>Other</b>			<p>The SEC requires reporting companies to disclose information about the audit committee, including: The members of the committee.</p> <p>A description of the committee's charter. A report of the audit committee's oversight of financial reporting and the external auditor.</p> <p>Disclosure of the audit committee's approval of non-audit services provided by the auditor.</p> <p>Any relevant information about the audit committee's independence and whether there are any conflicts of interest, and how those are addressed.</p>

# Stock Exchange Governance

COMMITTEE REQUIREMENTS			
COMPENSATION COMMITTEE			
	NASDAQ	NYSE	SEC
<b>Committee Requirement</b>	Yes, a compensation committee is required.	Yes, a compensation committee is required.	
<b>Director Requirements</b>	<p>Compensation committee must be comprised of at least two independent directors, each of whom:</p> <ul style="list-style-type: none"> <li>Meets the exchange's general independence requirements for all directors.</li> <li>Is evaluated under an enhanced independence review for compensation members, including the sources of their compensation and any affiliations between the director and the company.</li> </ul>	<p>Compensation committee must be comprised of independent directors, each of whom:</p> <ul style="list-style-type: none"> <li>Meets the exchanges general independence for all directors</li> <li>Is evaluated under and enhanced independence review for compensation committee members, including the sources of their compensation and any affiliations between the director and the company.</li> </ul>	
<b>Charter Requirements</b>	<p>The compensation committee's written charter must include the following responsibilities:</p> <p>Determining (or recommending) CEO compensation.</p> <p>Reviewing and approving CEO compensation goals and evaluating performance. Ensuring the CEO is not present during deliberations or voting on their compensation.</p> <p>Retaining and overseeing compensation consultants, legal counsel, and advisors. Ensuring company funding for these consultants and advisors.</p> <p>Evaluating the independence of consultants, legal counsel (excluding in-house), and advisors.</p>	<p>The compensation committee's written charter must include the following responsibilities:</p> <p>Determining (or recommending) CEO compensation.</p> <p>Reviewing and approving CEO compensation goals and evaluating performance.</p> <p>Determining or recommending compensation for other executives and board approved incentive/equity plans.</p> <p>Retaining and overseeing compensation consultants, legal counsel, and advisors.</p> <p>Ensuring company funding for these consultants and advisors.</p> <p>Evaluating the independence of compensation consultants, legal counsel (excluding in house), and advisors.</p>	

# Stock Exchange Governance

## COMMITTEE REQUIREMENTS

### COMPENSATION COMMITTEE (CONT.)

	NASDAQ	NYSE	SEC
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<b>Exception to the Independent Director Requirement</b>	Nasdaq allows one member to be non-independent under specific circumstances, with appropriate disclosure under Rule 5605(d)(2)(B).	NYSE does not have an exception.	
<b>Other</b>			<p>The SEC requires reporting companies to disclose information about the compensation committee, including:</p> <ul style="list-style-type: none"> <li>The members of the committee.</li> <li>A description of the committee's charter. A description of the executive compensation process.</li> <li>A discussion of compensation policies and practices that may cause material risks to the company.</li> <li>Disclosure of fees paid to compensation consultants for services in addition to advice or recommendations on the amount or form of executive or director compensation under certain circumstances.</li> <li>Information about any conflicts of interest of compensation consultants, if applicable, including the nature of the conflict and how it is being addressed.</li> </ul>

<b>FPI Exceptions</b>	Nasdaq allows FPIs to follow their home country practice instead of Nasdaq's exchange rules related to the compensation committee. If an FPI does not have an independent compensation committee, Nasdaq mandates that the company must provide an explanation in its annual SEC report for the absence of such a committee.	The NYSE allows FPIs to follow their home country practice instead of the NYSE's rules related to the compensation committee.	
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# Stock Exchange Governance

COMMITTEE REQUIREMENTS			
NOMINATING/CORPORATE GOVERNANCE COMMITTEE			
	NASDAQ	NYSE	SEC
<b>Committee Requirement</b>	A nominating/ corporate governance committee is not required. Either the company has a nominations committee or certain decisions regarding director candidates must be made by a group consisting of a majority of the independent directors on the board.	Yes, a nominating/ corporate governance committee is required.	
<b>Director Requirements</b>	<p>If the company has a nominating/ corporate governance committee, the committee must be composed entirely of independent directors, each of whom:</p> <ul style="list-style-type: none"> <li>Meets the exchange's general independence requirements for all directors.</li> </ul> <p>The nominating/ corporate governance committee may include one non-independent director only under exceptional and limited circumstances.</p>	Requires listed companies to have a nominating/corporate governance committee comprised entirely of independent directors that is responsible for director nominations as well as developing and overseeing the corporate governance policies of the company.	
<b>Charter Requirements</b>	Nasdaq mandates that companies must either adopt a written charter for an independent nominating committee or establish formal board resolutions if nominating decisions are made by a majority of independent directors. These documents should outline the company's nominating process.	<p>Requires the nominating/corporate governance committee to have a written charter that establishes the committee's purpose, duties and responsibilities, including:</p> <ul style="list-style-type: none"> <li>Identification of people qualified to become company directors.</li> <li>Selection of director nominees.</li> <li>Development of the company's corporate governance guidelines.</li> </ul>	

# Stock Exchange Governance

COMMITTEE REQUIREMENTS			
NOMINATING/CORPORATE GOVERNANCE COMMITTEE (CONT.)			
	NASDAQ	NYSE	SEC
Other			<p>The SEC requires a reporting company to disclose its process for nominating directors, including:</p> <p>Whether the company has a nominating committee, if not, why not, and whether the committee has a charter.</p> <p>The committee's process to identify and select director nominees and any minimum qualifications for directors.</p> <p>Whether the company will consider director candidates recommended by stockholders, and if so, how stockholders can recommend candidates.</p> <p>Whether and how the company considers diversity as a factor in identifying nominees for director.</p> <p>A description of the specific experience, qualifications and skills of each director and director nominee that caused the committee and/or the board to determine that each such person should be a director.</p>
FPI Exceptions	Nasdaq allows FPIs to follow their home country practice instead of Nasdaq's exchange rules related to the nominating and corporate governance committee.	The NYSE allows FPIs to follow their home country practice instead of the NYSE's rules related to the nominating and corporate governance committee.	

# Stock Exchange Governance

FOREIGN PRIVATE ISSUERS		
DISCLOSURE REQUIREMENTS		
	NASDAQ	NYSE

**Public Disclosure  
FPI Elects to  
Follow Home  
Country Practice**

Requires FPIs to disclose in their annual SEC reports any Nasdaq requirements it does not follow, along with a description of the home country practices it adheres to instead. If an FPI is not required to file an annual report on Form 20-F, this disclosure may be made solely on its website. Specifically, if an FPI opts for a home country practice over the requirement for an independent compensation committee, it must explain the absence of such a committee in its SEC annual report.

For FPIs making their initial public offering or first US listing on Nasdaq, they must disclose in their registration statement or on their website which Nasdaq requirements they do not follow and describe the alternative home country practices.

Requires FPIs listed on the exchange to disclose any significant differences between their corporate governance practices and those required for US companies under NYSE standards.

This disclosure should be a brief summary of the differences. If an FPI files an annual report on Form 20-F, it must include this information in that report. Alternatively, the disclosure can be made either in the annual SEC report or on the company's website. If the disclosure is made on the website, the company must mention this fact in its annual SEC report and provide the website address.

# Stock Exchange Governance

ADDITIONAL REQUIREMENTS			
CODE OF CONDUCT/ BUSINESS CONDUCT AND ETHICS			
	NASDAQ	NYSE	OTHER
<b>Disclosure Requirements</b>	Nasdaq requires each listed company to adopt a code of conduct that applies to all of its directors, officers and employees. The code of conduct should provide a practical set of business, compliance and ethical standards for the participants.	NYSE requires each listed company to adopt a code of business conduct and ethics that applies to all of its directors, officers and employees. The code of conduct should provide a practical set of business, compliance and ethical standards for the participants.	Under Item 406 of Regulation S-K, the SEC mandates that companies disclose whether they have adopted a code of ethics for key executives, including the principal executive officer, principal financial officer, and principal accounting officer. If a company has not adopted such a code, it must publicly explain why. The code should outline written standards aimed at preventing misconduct.
<b>Substance Requirements</b>	Nasdaq requires that a code of conduct meet SEC standards and include a mechanism for enforcement.	<p>The NYSE code of business conduct and ethics should address the following:</p> <ul style="list-style-type: none"> <li>• Conflicts of interest.</li> <li>• Corporate opportunities.</li> <li>• Confidentiality.</li> <li>• Fair dealing.</li> <li>• Proper use and protection of company assets.</li> <li>• Compliance with laws, rules and regulations, including insider trading laws.</li> <li>• Reporting of any illegal or unethical behavior, including any violations of the code.</li> </ul>	
<b>Waiver of the Code</b>	If the board of directors or a board committee approves a waiver of the code for a director or executive officer, the waiver and the reasons for the waiver must be disclosed within four business days by filing a Form 8-K (for foreign private issuers, a Form 6-K), in a press release or on the company's website (Rule 5610 and IM-5610).	If the board of directors or a board committee grants a waiver of the code for an executive officer or director, the waiver must be disclosed to stockholders within four business days in a press release, on the company's website or by filing a Form 8-K (Section 303A.10).	
<b>FPI Exceptions</b>	Nasdaq allows FPIs to follow their home country practice instead of the code of ethics or conduct requirement.	The NYSE allows FPIs to follow their home country practice instead of the code of ethics or conduct requirement.	If an FPI lacks a code of ethics for its principal executive officer, principal financial officer, principal accounting officer, controller, or individuals in similar roles, Form 20-F mandates an explanation for the absence of such a code.

# Stock Exchange Governance

ADDITIONAL REQUIREMENTS		
OFFICER CERTIFICATIONS		
	NASDAQ	NYSE
<b>Notification Requirements</b>	Nasdaq only requires the CEO to promptly inform Nasdaq if any executive officer becomes aware of non compliance with its corporate governance standards.	The NYSE mandates that the CEO annually certify that they are not aware of any violations of the NYSE's corporate governance standards. Additionally, the CEO must promptly notify the NYSE in writing if any executive officer becomes aware of non-compliance with these standards.
<b>FPI Exceptions</b>		The NYSE allows FPIs to follow their home country practice instead of the CEO certification requirement. The NYSE also mandates that listed companies, including FPIs, submit a written affirmation of compliance with corporate governance rules annually and as required. While FPIs must also provide this affirmation, their affirmation form typically covers fewer items compared to the form used by other listed companies.