

NYSE Comes to Texas

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The New York Stock Exchange (NYSE) has relocated its Chicago-based electronic exchange to Dallas, Texas, rebranding it as NYSE Texas (NYSE Texas). The move is intended to capitalize on Texas's pro-business environment and the state's significant concentration of NYSE-listed companies.

OVERVIEW OF NYSE TEXAS

NYSE Texas was originally established on March 21, 1882, as the Chicago Stock Exchange, and operated independently until it was acquired by Intercontinental Exchange (ICE) in 2018. On February 12, 2025, ICE announced plans to reincorporate the 143-year-old Chicago trading operation in Texas, and by March 31, 2025, it had officially commenced operations at its new headquarters in Dallas. ICE says the move is intended to enhance visibility and access to a broader investor base, particularly within the southwestern United States.

Texas hosts more NYSE-listed companies than any other state in the United States, representing over \$3.7 trillion in market value. By relocating, NYSE aims to strengthen ties with this significant market and leverage Texas's favorable business climate. According to NYSE, NYSE Texas will deliver a "listing exchange to companies incorporated in both Texas and around the world that are attracted to Texas' growing population, strong economy and business-friendly regulatory agenda." NYSE Texas will function as a fully electronic equities exchange.

LISTING ON NYSE TEXAS

Listings on NYSE Texas are most suitable for dual-listed issuers. NYSE Texas's regulatory framework (the Rules) exempts companies already listed on NYSE or Nasdaq from many of its governance requirements, reducing the additional compliance burden.

Notably, NYSE Texas only allows companies with existing operations to list on the exchange. For an initial listing on NYSE Texas, issuers must submit an Original Listing Application and the NYSE Texas Listing Agreement.

On NYSE Texas, a security is either designated as a Tier I or Tier II security and must meet the following listing requirements pursuant to the NYSE Texas Rules:

Category	Tier I – Common Stock	Tier I – Preferred Stock	Tier II – Common Stock, Preferred Stock, Bonds and Debentures, and Warrants
Assets	At least \$4 million in net tangible assets	Same as for common stock, plus issuer must have apparent ability to service dividends	Same as for common stock, plus issuer must have apparent ability to service dividends
Earnings	Pre-tax income of at least \$750,000 and net earnings of at least \$400,000 in the corporation's last fiscal year or in two of the last three fiscal years	Same as for common stock, plus issuer must have apparent ability to service dividends	No earnings requirements, but the company must have three consecutive years of operating history
Public Distribution	At least 800 public shareholders if the issuer has between 500,000 and 1 million shares publicly held, or at least 400 public shareholders if the issuer has either (A) at least 1 million shares publicly held or (B) at least 500,000 shares publicly held and average daily trading volume of in excess of 2,000 shares per day for the six months preceding the date of application.	<p>If the company's common stock is listed and traded on the Exchange or on either NYSE or NYSE American, the following public distribution requirements must be met: At least 100,000 preferred shares publicly held, an aggregate market value of at least \$2 million, and a minimum closing bid price of \$10.</p> <p>If the company's common stock is not listed and traded on NYSE or NYSE American, the requirements are:</p>	At least 250,000 publicly held shares and at least 500 public shareholders

		At least 400,000 preferred shares publicly held, an aggregate market value of at least \$4 million, and a minimum closing bid price of \$10. At least 800 public shareholders of 100 shares or more will also be required.	
Stock Price	At least \$5 per share at the time of application, and a closing bid price of at least \$5 per share for a majority of business days for the most recent six-month period prior to the date of application by the issuer.	Closing bid price of \$10.	N/A.
Market Value	At least \$3,000,000 aggregate market value.	N/A.	N/A.

In addition, the Rules provide for various corporate governance requirements for Tier I and Tier II securities, as summarized below. Companies wishing to dual-list on NYSE Texas are exempt from the Rules governing board composition and meeting requirements, nominating committees, compensation committees and codes of business conduct and ethics, provided that the other exchange on which such company is listed has substantially similar requirements. However, dual-listed companies are required to separately comply with the Rules regarding the company's audit committee.

Requirement	Description	Tier
Board Composition	At least 51% of the board must be comprised of independent directors; however, small business issuers (as defined by	Tier I & II

Rule 12b-2 under the Securities Exchange Act of 1934, as amended)^[1] must only have at least 50% independent directors.

To be considered independent, a director must, in the judgment of the company's board of directors, not have any relationship with the company that would interfere with the exercise of independent judgment, and must not:

- be an employee of the company or its affiliates during the last three years
- have any immediate family member employed by the company in an executive capacity during the last three years
- be, or have an immediate family member who is, a controlling shareholder or executive of any organization to which the company paid or received the greater of \$200,000 or 5% of the company's revenue, during any of the last three years
- be, or have an immediate family member who is, employed as an executive of another entity where, during the last three years, any executive of the issuer served on the compensation committee
- be, or have an immediate family member who is, a current partner of the company's outside auditor, or who was a partner or employee of the company's outside auditor who worked on the company's audit at any time in the past three years

Executive Sessions	Independent directors must have regularly scheduled meetings at which only independent directors are present.	Tier I & II
Audit Committee	Must have an audit committee composed of at least three independent directors.	Tier I & II
Audit Committee Charter	Must adopt a formal written audit committee charter specifying the committee's purpose and duties.	Tier I & II
Nominating Committee	Nomination of directors must be determined by a majority of independent directors or a nominating committee composed solely of independent directors.	Tier I & II
Compensation Committee	Must have a compensation committee composed entirely of independent directors, with specific responsibilities and authority. In addition to the independence requirements for independent directors, the board should consider the following factors for members of the compensation committee: (a) the source of compensation of such director, including any fees paid by the company to such director, or whether such director receives compensation from any person that would compromise their independence; and (b) whether such director is affiliated with the company, or any of the company's subsidiaries or affiliates, in such a way that would place the director under the control of the company's management.	Tier I & II

Code of Conduct	Must adopt a code of conduct and ethics compliant with Section 406(c) of the Sarbanes-Oxley Act applicable to all directors, officers, and employees, with an enforcement mechanism.	Tier I & II
CEO Certification	Annual CEO certification of compliance with NYSE Texas corporate governance standards.	Tier I & II
Shareholder Approval	Shareholder approval required for equity compensation plans, change of control, acquisitions involving significant interests or directors, officers or substantial shareholders and other transactions involving issuance of common stock at a price less than book or market value.	Tier I & II
Related Party Transactions	Must conduct an “appropriate” review of all related party transactions using the audit committee or another independent body.	Tier I & II
Voting Rights	Voting rights of existing shareholders cannot be disparately reduced or restricted through corporate actions or issuances.	Tier I & II
Notification of Changes	Must notify the Exchange of changes in business character, disposal of property that impairs or materially affects the financial position or the nature or extent of the company’s operations, changes in accounting policies, and issuance of securities.	Tier II

CONCLUSION

Listing on NYSE Texas may enhance visibility and strengthen brand image in Texas. For dual-listed companies, exemptions from many of the corporate governance requirements streamline the listing process. However, the exchange’s limitation to companies with an operating history bars some issuers from listing.

Winston’s Capital Markets and Securities Law Watch will continue to monitor developments and provide updates on NYSE Texas as they become available.

[1]When the Rules were published, the term “small business issuer” was formally defined in Rule 12b-2 as a company that: (i) had revenues of less than \$25 million; and (ii) had a public float of less than \$25 million, or if no public float, had less than \$25 million in revenue. The term is no longer used in Rule 12b-2, and the Rules have not been amended to reflect a new framework.

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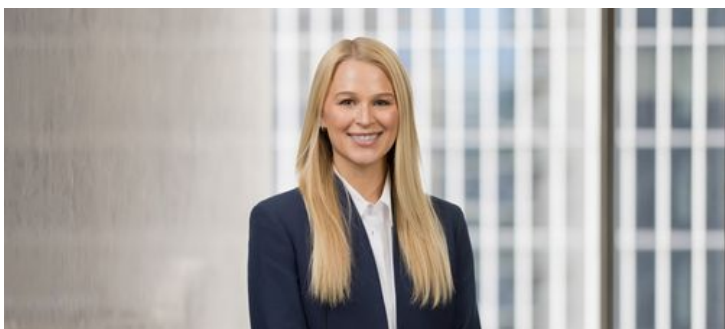
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