
SEC Approves Nasdaq Rule Change to Permit Direct Listings Without an IPO

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Effective as of February 15, 2019, the Securities and Exchange Commission (SEC) approved new Nasdaq rule changes to permit direct listings without an initial public offering (IPO), similar to the New York Stock Exchange (NYSE) rule changes approved in 2018. This new rule clarifies the criteria for direct listings of companies that desire to go public without raising new capital in a traditional IPO, including the calculation of price-based initial listing requirements and foreign exchange listings. Nasdaq's new rule comes about a year after Spotify used a direct listing to go public on the NYSE. The direct listing alternative to an IPO may appeal to cash-rich companies that do not need the publicity or new capital associated with a traditional IPO.

Attached please find the memorandum discussing the new rule regarding direct listings.

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