

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102979; File No. SR-NYSE-2024-47]

**Self-Regulatory Organizations; New York Stock Exchange LLC; Order Granting
Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Amend Section
102.01 of the NYSE Listed Company Manual to Provide that the Stockholder
Requirements Set Forth Therein Will Be Calculated on a Worldwide Basis When Listing a
Company From Outside North America That is Listing in Connection with its Initial
Public Offering and is Not Listed on Any Other Regulated Stock Exchange**

May 2, 2025

I. Introduction

On August 22, 2024, New York Stock Exchange LLC (“NYSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Section 102.01 of the NYSE Listed Company Manual (“Manual”) to provide that the distribution standard therein would be calculated on a worldwide basis. The proposed rule change was published for comment in the Federal Register on September 10, 2024.³ On October 22, 2024, pursuant to Section 19(b)(2) of the Exchange Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 100918 (Sept. 4, 2024), 89 FR 73463.

⁴ 15 U.S.C. 78s(b)(2).

rule change.⁵ On November 18, 2024, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and replaced the proposed rule change as originally filed and superseded such filing in its entirety. On December 9, 2024, the Commission published notice of the proposed rule change, as modified by Amendment No. 1, and issued an order instituting proceedings under Section 19(b)(2) of the Exchange Act⁶ to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.⁷ On March 5, 2025, the Commission issued a notice of designation of a longer period of time for Commission action on proceedings to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.⁸ The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

Section 102.01A of the Manual (“Section 102.01A”) sets forth the Exchange’s minimum initial listing requirements with respect to distribution criteria for companies seeking to list under the Exchange’s domestic company initial listing standards.⁹ Specifically, Section 102.01A sets forth distribution criteria for the initial listing of domestic companies based on number of stockholders, number of publicly held shares, and/or average monthly trading volume, as

⁵ See Securities Exchange Act Release No. 101402, 89 FR 85574 (Oct. 18, 2024). The Commission designated December 9, 2024, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁶ 15 U.S.C. 78s(b)(2).

⁷ See Securities Exchange Act Release No. 101844, 89 FR 101064 (Dec. 13, 2024) (“Notice and OIP”).

⁸ See Securities Exchange Act Release No. 102530, 90 FR 11760 (Mar. 11, 2025). The Commission designated May 8, 2025, as the date by which the Commission shall either approve or disapprove the proposed rule change, as modified by Amendment No. 1.

⁹ See Section 102.01A.

applicable.¹⁰ Section 102.01B of the Manual (“Section 102.01B”), under the heading “Calculations under the Distribution Criteria,” describes how the Exchange determines the number of stockholders and trading volume of a domestic company when applying the initial listing criteria. Section 102.01B currently provides that, when considering a listing application from a company organized under the laws of Canada, Mexico, or the United States (“North America”), the Exchange will include all North American holders and North American trading volume in applying the minimum stockholder and trading volume requirements of Section 102.01A.¹¹ Section 102.01B further provides that when listing a company from outside North America, the Exchange may, in its discretion, include holders and trading volume in the company’s home country or primary trading market outside the United States in applying the applicable listing standards, provided that such market is a regulated stock exchange.¹² Section 102.01B provides that in exercising this discretion, the Exchange will consider all relevant factors including: (i) whether the information is derived from a reliable source, preferably either a government-regulated securities market or a transfer agent that is subject to governmental regulation; (ii) whether there exist efficient mechanisms for the transfer of securities between the company’s non-U.S. trading market and the United States; and (iii) the number of stockholders and the extent of trading in the company’s securities in the United States prior to the listing.¹³

The Exchange proposes to amend Section 102.01B under the heading “Calculations under the Distribution Criteria” to provide that, when listing a company from outside North

¹⁰ A company seeking to list under the Exchange’s domestic company equity listing standards would be required to meet additional minimum initial listing requirements, including minimum aggregate market value of publicly-held shares, minimum closing price (or offering price) per share, and minimum financial standards as set forth in Section 102.01 of the Manual.

¹¹ See Section 102.01B. See also Notice and OIP at 101065.

¹² See Section 102.01B. See also Notice and OIP at 101065.

¹³ See Section 102.01B. See also Notice and OIP at 101065.

America when such company is listing in connection with its initial public offering (“IPO”) and is not listed on any other regulated stock exchange, the Exchange will include all holders on a global basis in applying the minimum stockholder requirements of Section 102.01A.¹⁴ In addition, the Exchange proposes to amend Section 102.01B under the heading “Calculations under the Distribution Criteria” to clarify that the current rule text, which provides the Exchange discretion when listing a company from outside North America to include stockholders and trading volume from the company’s home country or primary trading market outside North America in applying the applicable requirements of Section 102.01A,¹⁵ is applicable only when the company is listed on another regulated stock exchange.¹⁶

The Exchange states that the current rule, which does not allow the Exchange to include stockholders outside of North America in determining compliance with the stockholder distribution requirements of Section 102.01A when the company is from outside North America and is not listed on a regulated stock exchange, does not reflect the speed and reliability of links that enable investors who hold securities in brokerage accounts in countries outside North America to trade in the U.S. listing markets.¹⁷ The Exchange also states that given the ease of transfer of securities between different countries in the contemporary securities markets, there is no reason why the holders of a listed company’s securities outside of North America cannot be

¹⁴ See Notice and OIP at 101065. The Exchange states that the trading volume requirements contained in Section 102.01A are not relevant to the listing of a company from outside North America when such company is listing in connection with its IPO and is not listed on any other regulated stock exchange because the trading volume requirements are only applicable in the case of a quotation listing or transfer or upon exchange of a common equity security for a listed Equity Investment Tracking Stock and are not applicable in the case of an IPO. See id.

¹⁵ See supra notes 12-13 and accompanying text.

¹⁶ See Notice and OIP at 101065.

¹⁷ See id.

active real time participants in the U.S. trading market.¹⁸ The Exchange further states that this is particularly relevant to the listing of a foreign company listed on the Exchange when it does not have an exchange listing in its home market because the Exchange will be the only exchange trading market for such company and any investor wishing to trade in such company's securities on a regulated exchange market will have to do so on the Exchange.¹⁹

In addition, Section 102.01B under the heading "Calculations under the Distribution Criteria" currently includes a statement that, for securities that trade in the format of American Depository Receipts ("ADRs"), volume in the ordinary shares will be adjusted to be on an ADR-equivalent basis.²⁰ The Exchange states that it has long been its practice to adopt this same approach to include holders of ordinary shares on an ADR-equivalent basis in calculating the compliance of companies with the stockholder requirements of Section 102.01A and that the Exchange will continue to include holders of ordinary shares on an ADR-equivalent basis when applying the proposed amendment to Section 102.01B concerning a company listing from outside North America in connection with an IPO of ADRs where the ordinary shares are not listed on any other regulated stock exchange.²¹

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Exchange Act and the rules and

¹⁸ See id.

¹⁹ See id.

²⁰ See Section 102.01B. See also Notice and OIP at 101066. The Exchange states that a large majority of the companies from outside North America that list on the Exchange do so in the form of ADRs. See Notice and OIP at 101066. The Exchange also states that the speed and ease with which shares can be deposited into an ADR facility to create new ADRs (and withdrawn from such facility) makes an issuer's ordinary shares "essentially fungible" with its ADRs for trading purposes. See id.

²¹ See Notice and OIP at 101066.

regulations thereunder applicable to a national securities exchange.²² In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Exchange Act,²³ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers; and Section 6(b)(8) of the Exchange Act,²⁴ which requires that the rules of a national securities exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

The development and enforcement of meaningful listing standards²⁵ for an exchange is of critical importance to financial markets and the investing public. Among other things, such listing standards help ensure that exchange-listed companies will have sufficient public float, investor base, and trading interest to provide the depth and liquidity to promote fair and orderly markets.²⁶ Meaningful listing standards also are important given investor expectations regarding

²² 15 U.S.C. 78f(b). In approving this proposed rule change, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²³ 15 U.S.C. 78f(b)(5).

²⁴ 15 U.S.C. 78f(b)(8).

²⁵ The Commission notes that this reference to "listing standards" is referring to both initial and continued listing standards.

²⁶ Adequate listing standards, by promoting fair and orderly markets, are consistent with Section 6(b)(5) of the Exchange Act, in that they are, among other things, designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest. See, e.g., Securities Exchange Act Release No. 100816 (Aug. 26, 2024), 89 FR 70674, 70677 n.47 (Aug. 30, 2024) (SR-NASDAQ-2024-019).

the nature of securities that have achieved an exchange listing, and the role of an exchange in overseeing its market and assuring compliance with its listing standards.²⁷

The Exchange’s proposal would allow the Exchange to include all holders on a global basis in applying the minimum initial stockholder requirements set forth in Section 102.01A in instances where the company being considered for listing under the domestic company equity listing standards is from outside North America, is listing in connection with its IPO, and is not listed on another regulated stock exchange.²⁸ When considering a listing application from a company from outside North America, the current rule provides the Exchange with discretion, under certain circumstances, to include holders and trading volume in a company’s home country or primary trading market outside the United States when applying the distribution requirements

²⁷ See, e.g., Securities Exchange Act Release Nos. 101271 (Oct. 7, 2024), 89 FR 82652, 82653 n.23 and accompanying text (Oct. 11, 2024) (SR-NASDAQ-2024-029) (Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 2, to Modify the Application of Bid Price Compliance Periods); 88716 (Apr. 21, 2020), 85 FR 23393 (Apr. 27, 2020) (SR-NASDAQ-2020-001) (Order Approving a Proposed Rule Change To Modify the Delisting Process for Securities With a Bid Price at or Below \$0.10 and for Securities That Have Had One or More Reverse Stock Splits With a Cumulative Ratio of 250 Shares or More to One Over the Prior Two-Year Period); 88389 (Mar. 16, 2020), 85 FR 16163 (Mar. 20, 2020) (SR-NASDAQ-2019-089) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Rule 5815 To Preclude Stay During Hearing Panel Review of Staff Delisting Determinations in Certain Circumstances). See also Securities Exchange Act Release No. 81856 (Oct. 11, 2017), 82 FR 48296, 48298 (Oct. 17, 2017) (SR-NYSE-2017-31) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend the Listed Company Manual To Adopt Initial and Continued Listing Standards for Subscription Receipts) (stating that “[a]dequate standards are especially important given the expectations of investors regarding exchange trading and the imprimatur of listing on a particular market” and that “[o]nce a security has been approved for initial listing, maintenance criteria allow an exchange to monitor the status and trading characteristics of that issue … so that fair and orderly markets can be maintained”).

²⁸ Section 102.01 (Minimum Numerical Standards—Domestic Companies—Equity Listings) of the Manual sets forth the minimum quantitative standards for the listing of common equity securities of domestic companies. In addition, the Exchange lists applicants that are foreign private issuers under Section 102.01 of the Manual where such applicants are qualified to list thereunder. See Section 101.01 of the Manual. See also Section 103.00 of the Manual (Foreign Private Issuers) (defining “foreign private issuer” and “non-U.S. company”). However, if a foreign private issuer applicant does not meet all of the requirements for the listing of common equity securities applicable to domestic issuers under Section 102.01 of the Manual, the Exchange will consider whether the applicant qualifies for listing under the quantitative listing standards for the listing of common equity securities of non-U.S. companies set forth in Section 103.01 of the Manual (Minimum Numerical Standards Non-U.S. Companies Equity Listings). See Section 101.01 of the Manual. The Exchange is not proposing any changes to the standards for listing equity of non-U.S. companies set forth in Section 103.01 of the Manual.

in Section 102.01A when that market is a regulated stock exchange. However, the current rule does not allow the Exchange to include stockholders outside of North America in determining compliance with the stockholder distribution requirements of Section 102.01A when the company is not listed on a regulated stock exchange outside North America, which, according to the Exchange, makes it more difficult for such a company to meet the distribution requirements.²⁹

The Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Exchange Act,³⁰ including, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The proposed rule change will provide the Exchange with the ability to consider all holders on a global basis when determining whether a company from outside North America that is listing in connection with its IPO and that is not listed on another regulated stock exchange satisfies the initial listing distribution requirements, without compromising the effectiveness of the Exchange's initial listing standards. Because such companies do not have a regulated exchange listing in their home market and the NYSE will be the only regulated listing exchange for such companies, any investor wishing to trade in such companies' securities on a regulated exchange will have to do so in the U.S. market.³¹ As a result, all holders, including foreign holders, of such companies will be sources of liquidity in the

²⁹ See Notice and OIP at 101066.

³⁰ 15 U.S.C. 78f(b)(5).

³¹ While NYSE will be the primary listing exchange for the listed securities, other national securities exchanges in the U.S. market will be able to provide for the trading of these securities based on unlisted trading privileges.

U.S. trading market and it is reasonable for the Exchange to consider such holders when determining whether to list such companies. In addition, as the Exchange states, contemporary securities markets are global and interconnected, and investors who hold securities in brokerage accounts outside North America are generally able to trade such securities in the U.S. markets.³²

The Exchange's proposal reasonably reflects the role played by stockholders located outside North America in the development of a liquid trading market in the United States for the securities of non-U.S. companies listing in connection with an IPO that are not listed on any regulated stock exchange other than the NYSE.

The Exchange's proposal to include holders of ordinary shares on an ADR-equivalent basis in determining whether non-U.S. companies listing ADRs in connection with an IPO, where the companies' ordinary shares are not listed on any regulated stock exchange other than the NYSE, comply with the initial listing stockholder criteria of Section 102.01A is consistent with its current practice and consistent with the requirements of Section 6(b)(5) of the Exchange Act.³³ In the case of a non-U.S. company listing in connection with an IPO of its ADRs where the ordinary shares are not listed on any regulated stock exchange, there is no home market to serve as a concentrated market for the trading of ordinary shares. The ordinary shares of a non-U.S. company can be deposited into an ADR program at a depositary to create new ADRs and those ADRs can be surrendered to the depositary that maintains the ADR program in exchange for the non-U.S. company's ordinary shares.³⁴ As a result, holders of the ordinary shares who

³² See Notice and OIP at 101066. The Commission has highlighted the multinational nature of securities markets, as well as the ease of transfer of securities between different countries. See Rule 15a-6 Adopting Release, Securities Exchange Act Release No. 27017 (Jul. 11, 1989), 54 FR 30013 (Jul. 18, 1989) (Registration Requirements for Foreign Broker-Dealers).

³³ 15 U.S.C. 78f(b)(5).

³⁴ See, e.g., SEC Investor Bulletin: American Depository Receipts, available at <https://www.sec.gov/investor/alerts/adr-bulletin.pdf>.

deposit their shares into the ADR program will be expected to contribute to the liquidity of the ADRs in the U.S. market and the Exchange's practice with respect to ADRs is reasonably designed to ensure adequate liquidity and distribution and sufficient investor interest to support the listing of ADRs in the United States. Further, adjusting the number of holders of ordinary shares on an ADR-equivalent basis will more accurately reflect the holders of the instrument trading on the Exchange because each ordinary share of the non-U.S. company deposited into the ADR program may be equivalent to a fraction of the ADR.

The Commission finds that proposed rule change is also consistent with the requirement of Section 6(b)(5) of the Exchange Act³⁵ that the rules of a national securities exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. It is reasonable for the Exchange to limit its proposal to companies from outside North America listing in connection with an IPO that are not listed on any regulated stock exchange other than the NYSE because the absence of any alternative regulated exchange market for investors in those companies will help to ensure that trading liquidity in their securities is concentrated in the U.S. market.³⁶ In addition, as highlighted by the Exchange, the current rule already provides a means for companies from outside North America that are listed on another regulated stock exchange to include stockholders outside North America when meeting the stockholder distribution requirements.³⁷

The Exchange is responding to competitive pressures in the market for listings in making this proposal. As the Exchange states, the rules of the Nasdaq Stock Market LLC ("Nasdaq") do not contain any geographic limitation on its total stockholder initial listing criteria when listing a

³⁵ 15 U.S.C. 78f(b)(5).

³⁶ See Notice and OIP at 101066.

³⁷ See supra notes 12-13 and accompanying text. See also Notice and OIP at 101067.

company from outside North America.³⁸ The Exchange states that the proposal would remove a significant competitive disadvantage faced by the Exchange in competing with Nasdaq for the listing of companies from outside North America that are listing in connection with an IPO and are not listed on any other regulated stock exchange.³⁹ Therefore the Exchange’s proposal should allow it to better compete with Nasdaq for such listings. Accordingly, the Commission finds that the Exchange’s proposal reflects the current competitive environment for exchange listings among national securities exchanges and is appropriate and consistent with Section 6(b)(8) of the Exchange Act,⁴⁰ which requires that the rules of a national securities exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

The Exchange’s proposal would also amend Section 102.01B to clarify that the current rule text, which provides the Exchange discretion when listing a company from outside North America to include stockholders and trading volume from the company’s home country or primary trading market outside North America in applying the applicable requirements of Section 102.01A,⁴¹ is applicable only when the applicant issuer is listed on another regulated stock exchange. This clarification is consistent with the Exchange’s current rule text and will help ensure that the Exchange’s rules are sufficiently clear to market participants.

For these reasons, the proposal is reasonably designed to help ensure that the Exchange lists only those companies with sufficient public float, investor base, and trading interest to provide the depth and liquidity to promote fair and orderly markets. Therefore, the Commission

³⁸ See Notice and OIP at 101066 (citing Nasdaq Rule 5315(f)).

³⁹ See *id.* at 101066.

⁴⁰ 15 U.S.C. 78f(b)(8).

⁴¹ See *supra* notes 12-13 and accompanying text.

finds that the Exchange's proposal, as modified by Amendment No. 1, is consistent with Sections 6(b)(5) and 6(b)(8) of the Exchange Act.⁴²

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,⁴³ that the proposed rule change (SR-NYSE-2024-47), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁴

Sherry R. Haywood,

Assistant Secretary.

⁴² 15 U.S.C. 78f(b)(5), (8).

⁴³ 15 U.S.C. 78s(b)(2).

⁴⁴ 17 CFR 200.30-3(a)(12).