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SEC Rejects NYSE's Proposed Rules on Direct Listings

If you have any questions regarding the matters discussed in this memorandum, please contact the attorneys listed on the last page or call your regular Skadden contact.

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On November 26, 2019, the New York Stock Exchange (NYSE) filed a notice of proposed rule change with the Securities and Exchange Commission (SEC) that would have modified NYSE's direct listing rules to (1) permit companies to raise capital through a direct listing and (2) relax the distribution requirements applicable to the process. (See our previous [client alert "NYSE Proposes New Rules on Direct Listings"](#) for more information about the NYSE proposal.) On December 6, 2019, the SEC rejected NYSE's proposal without further comment.

Upon news of the rejection, NYSE confirmed its intention to submit a revised proposal. Separately, Nasdaq has stated that it is collaborating with the SEC and various stakeholders on the viability of capital raises by companies in the context of direct listings. Until further development, direct listings remain an alternative to an underwritten initial public offering for companies registering solely the resales of existing securities by selling shareholders.

Capital Markets Alert

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