



**NYSE RM-22-18**  
**NYSE American RM-22-10**  
**NYSE American Options RM-22-08**  
**NYSE Arca Equities RM-22-11**  
**NYSE Arca Options RM-22-10**  
**NYSE National RM-22-11**  
**NYSE Chicago RM-22-10**

**NOVEMBER 17, 2022**

**To:** NEW YORK STOCK EXCHANGE LLC (“NYSE”) MEMBERS and MEMBER ORGANIZATIONS

NYSE AMERICAN LLC (“NYSE AMERICAN”) MEMBERS, MEMBER ORGANIZATIONS and ATP HOLDERS

NYSE ARCA, INC. (“NYSE ARCA”) ETP HOLDERS, OTP HOLDERS and OTP FIRMS

NYSE NATIONAL, INC. (“NYSE NATIONAL”) ETP HOLDERS

NYSE CHICAGO STOCK EXCHANGE, INC. (“CHX”) PARTICIPANT FIRMS and PARTICIPANTS

**From:** NYSE REGULATION

**Subject:** **REGULATORY SCRUTINY IN CONNECTION WITH IPOs**

---

NYSE Regulation is part of a robust regulatory ecosystem that serves to protect investors and preserve the integrity of the U.S. capital markets. NYSE Regulation takes seriously its roles and responsibilities in that ecosystem, including the responsibility to monitor and respond appropriately to market trends and developments. To that end, NYSE Regulation is issuing this memorandum in response to recent instances of unusual price movement following certain initial public offerings (“IPOs”) on U.S. exchanges. FINRA and Nasdaq also have issued related advisories today.

**Pre-IPO: Listing Considerations**

Only those companies that meet relevant eligibility requirements and are suited for auction market trading may be listed on the NYSE Exchanges. As such, NYSE Regulation engages in a rigorous review of the suitability of all applicants for listing, including a consideration of whether the shares sold in the IPO are distributed in a manner that will

result in a liquid trading market. In light of extreme volatility in the immediate aftermath of certain recent IPOs, NYSE Regulation believes it is helpful to enumerate some of the issues that may be relevant to its initial listing decisions. NYSE Regulation encourages underwriters and other broker-dealers that are members of the NYSE Exchanges or other self-regulatory organizations to consider these factors in their capacity as gatekeepers in the IPO process.

The following is a non-exhaustive list of factors that, depending on the specific circumstances of the offering, may be lines of inquiry during NYSE Regulation's listing review:

- whether the proposed size of the offering and disclosed price range are appropriate in light of the potential market for the offering and the issuer's likely public market value;
- the nature and scale of the selling efforts being undertaken in connection with the IPO;
- the anticipated public demand for the offering and whether there are other recent comparable transactions;
- whether the underwriting group or syndicate includes foreign broker-dealers and the percentage of the offering that is anticipated to be placed outside the United States;
- whether the underwriter has experience successfully marketing an IPO of the proposed size and type in the United States;
- whether the issuer and any of the underwriters are under common ownership or otherwise affiliated with each other;
- whether there are any relationships between the issuer (and its affiliates) and investors receiving allocations in the offering;
- the percentage of the pre-IPO shares that will be subject to lock-up agreements and the terms of those agreements;
- whether the shares will be allocated broadly or whether there will be significant concentrations in the allocations of the offering;
- whether the underwriter has any conflicts of interest with respect to the IPO, and, if so, whether they have been clearly disclosed;
- whether the underwriter is confident that sufficient liquidity will exist to ensure price stability when the security is released for trading in the IPO cross;

- whether the underwriter is prepared to make appropriate efforts to fulfill its price stabilization obligations after the IPO has been priced;
- comparisons to prior IPOs that experienced unusual price movements; and
- whether the underwriter is taking appropriate efforts to mitigate the risks of unusual price movements in upcoming IPOs.

### **Post-IPO: Review of Trading Activity**

Following an IPO, NYSE Regulation monitors listed companies' compliance with applicable listing standards. In addition, NYSE Regulation investigates and enforces broker-dealer members' compliance with the rules of the NYSE Exchanges and applicable federal securities laws. NYSE Regulation will continue to vigorously investigate potential manipulation, potential failures to supervise for possible manipulation or other misconduct, and other potential violations of exchange rules and securities laws, whether by member firms or other market participants. NYSE Regulation remains committed to fulfilling its responsibilities as an essential part of the regulatory ecosystem, to ensuring the integrity of the U.S. capital markets, and to protecting investors.