

## Public Statement

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# Statement on NYSE Primary Direct Listing Proposal



**Commissioner Elad L. Roisman**

**Dec. 22, 2020**

While many aspects of our equity markets have long benefited from innovation, innovation has managed to elude, to any significant extent, the primary offering process. Until today. NYSE's proposal would provide an alternative means for companies listed on their exchange to raise equity capital in our public markets. I support the approval of the exchange's proposed rule change.

A firm commitment underwriting may be the right option for many companies seeking to access the public markets. However, it is not necessarily the right option for every company. Nor does it need to be the only option. Primary direct listings represent an alternative way for companies to fairly and efficiently offer shares to the public in a manner that preserves important investor protections.

I recognize that a primary direct listing may not feature all of the services we have come to associate with traditional underwriting. This is certainly a change. However, we must keep in mind that these are still registered offerings, the anti-manipulation provisions of the federal securities laws will still apply, and there will be a variety of participants involved in the initial offering who will all be performing important gatekeeper functions, including an issuer's financial adviser, which in the direct listings to date have been the same investment banking firms that are also involved in traditional initial public offerings ("IPOs").

In addition, as a company that chooses to utilize a primary direct listing would sell its shares directly on the exchange in an auction, investors would be able to participate in a single on-exchange transaction that would match buyers and sellers in a transparent manner. While this represents a different price discovery method compared to traditional IPOs, the proposed auction mechanism is designed to provide fair and efficient pricing for participating investors. Utilizing such an auction may have the additional benefit of increasing opportunities for investors to purchase shares at the initial offering price, rather than having to wait to buy in the aftermarket.

Thank you to the staff in the Divisions of Trading and Markets, Corporation Finance, Economic and Risk Analysis, and the Office of the General Counsel for your work on this order.