

Direct Listing with Capital Raise

Nasdaq continues to innovate within the capital markets ecosystem and is excited to be the first market to enact meaningful enhancements enabling companies to conduct a Direct Listing with Capital Raise (DLCR).

The DLCR offering is not replacing the traditional IPO or Direct Listing, rather it adds a new innovative solution for capital formation. A DLCR may be the preferred structure for those that prefer a dynamic, market-based solution where supply and demand set the offering price at which a company sells their shares.

Highlights:

- Similar to an IPO, a price range will be disclosed in the company's registration statement. The opening trade can occur at a price up to 80% above or 20% below the range .
- In a DLCR a company will sell shares in the Nasdaq opening auction on their listing day. The actual price the company receives for its share sale will be determined by a market-based price discovery solution.
- Any investor that wants to purchase shares will be able to do so in the opening trade, thereby expanding access and democratizing the offering process.
- The same proprietary technology that exists for pricing the first trade of IPOs and Direct Listings will be available to provide transparent real-time order status.

New Features:

- While the company will sell shares directly to the public in the Nasdaq opening auction and not through the underwriter, companies will need to identify an underwriter in the offering process. This investment bank will act as a selling agent in the offering and will be subject to underwriter liability.
- System-programmed volatility tests maximize the opportunity for investors to participate in the auction and understand when the auction will occur.
- The ability to enter market orders will be restricted. Since there is no official offering price, and the offering can be priced outside of the stated range, this will require investors to consider the maximum price level at which they are willing to participate.
- If the offering is priced outside the range disclosed in the company's registration statement (but within the permitted DLCR range), the issuer must confirm to Nasdaq that no additional disclosures are required based on the actual price.
- Enhanced price-formation transparency will provide investors with real-time information about the status of the auction and anticipated pricing.

For questions,
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