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NYSE American Proposes Significant Tightening of Initial Listing Standards

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Overview

On January 8, NYSE American LLC filed a rule proposal with the Securities and Exchange Commission (SEC) that would materially tighten its initial listing standards in Sections 101 and 102 of the *NYSE American Company Guide*. If approved, the changes would bring NYSE American's criteria much closer to the initial listing framework for Nasdaq listings, particularly around liquidity, public float composition, and minimum price requirements.

This alert summarizes the proposal and highlights practical implications for companies considering a NYSE American listing.

Corporate Proposal Detail

1. New “Unrestricted Publicly Held Shares” Concept

The filing would amend Section 101 to adopt four defined terms, modeled on Nasdaq's rules:

- **Publicly held shares:** Issued and outstanding shares *excluding* those held by directors, officers, their immediate families, and holders of 10% or more of the outstanding shares.
- **Restricted securities:** Securities subject to resale limitations for any reason (e.g., securities issued in private placements and Regulation D offerings, compensatory issuances of securities, Regulation S offerings of securities by domestic issuers, securities subject to lockups or other contractual restrictions, and restricted securities under Rule 144).
- **Unrestricted securities:** Securities that are not restricted securities.
- **Unrestricted publicly held shares:** The subset of publicly held shares that are also unrestricted securities (*i.e.*, *both* widely held *and* freely tradable at listing).

Under the proposal:

- In order to better reflect the liquidity of an issuer's shares, all *market value of publicly held shares* tests in Section 101 would be recalibrated so they can be satisfied only with unrestricted publicly held shares.
- Restricted securities (including those not held by insiders or 10% holders) would no longer count toward initial listing float requirements.

2. Higher Float Requirements Across All Initial Listing Standards

Each of the four initial listing standards in Section 101 would require a minimum market value of unrestricted publicly held shares as follows:

- **Standard 1 (earnings-based):** Increase float requirement from \$3 million to \$15 million, now measured as the value of unrestricted publicly held shares.
- **Standard 2 (equity/operating history):** Retain the existing \$15 million float requirement but require that it be met solely with unrestricted publicly held shares.
- **Standard 3 (market cap-based):** Retain the existing \$15 million float requirement, again measured as the value of unrestricted publicly held shares.
- **Standard 4 (market cap/assets and revenue):** Retain the \$20 million float requirement again measured as the value of unrestricted publicly held shares.

Practically, this:

- Raises the bar most sharply for Standard 1 issuers (from \$3 million to \$15 million of qualifying, freely tradable float).
- For Standards 2–4, tightens the quality of float (unrestricted and widely held), even where nominal dollar thresholds do not change.

3. Minimum Offering Size for IPO/Underwritten Listings

For any company seeking to list in connection with an initial public offering (IPO), including American depository receipts (ADRs), or another underwritten public offering, the company would be required to:

- Have at least \$15 million in market value of unrestricted publicly held shares, and
- Satisfy this requirement entirely from offering proceeds.

In other words:

- The offering itself must generate at least \$15 million of freely tradable public float based on the IPO pricing (in practice, typically tested against the low end of the price range).
- Issuers can no longer rely on previously issued shares (even if not held by insiders) to “top up” public float to meet the initial listing threshold if those shares are restricted.

This change is particularly significant for:

- Smaller deals or “mini-IPO” structures,
- Listings that historically relied on a mix of old and new shares to meet float tests, and
- Companies with a meaningful percentage of pre-IPO shareholders subject to lock-up or other restrictions.

4. Uniform \$4 Minimum Initial Listing Price and 90-Day Track Record

Section 102 currently permits minimum initial listing prices of \$2 or \$3 per share depending on the listing standard. The proposal would:

- Replace those thresholds with a single \$4 minimum initial listing price applicable to all initial listings.

- For Standards 3 and 4 for companies that are already publicly traded on the over-the-counter markets or those transferring from another national securities exchange, require that:
 - The issuer's total market capitalization be at or above the applicable threshold, for at least 90 consecutive trading days prior to the listing application, and
 - The issuer's share price be at or above \$4, for at least 90 consecutive trading days prior to the listing application.

This change is intended to be both a market quality measure and a means of aligning NYSE American–listed securities with the federal penny stock regulatory framework, and

- Aligns NYSE American with the \$4 minimum price widely used by Nasdaq and others, and
- Introduces a seasoning requirement that makes it harder to rely on short-lived price spikes or recent uplifts immediately before listing.

Practical Implications for Issuers and Sponsors

For pre-IPO companies and sponsors:

- Reassess listing feasibility and timing
 - Companies that previously targeted NYSE American because of comparatively flexible float and price requirements will need to revisit these assumptions.
 - Capital raising plans, lock-up arrangements, and pre-IPO shareholder structures may need adjustment to deliver sufficient unrestricted publicly held shares.
- Plan for larger primary offerings
 - To meet the \$15 million IPO/underwritten listing requirement, many issuers will need to consider increasing deal size or price range, or reconsider concurrent/secondary components that do not contribute to qualifying float.
- Scrutinize lock-ups and resale restrictions
 - Any shares subject to contractual lock-up, registration rights timing constraints, or other restrictions are unlikely to qualify as unrestricted publicly held shares at listing.
 - Early structuring of pre-IPO rounds, PIPEs, and sponsor investments will be more important to avoid inadvertently shrinking qualifying float.

For companies targeting Standards 3 and 4:

- Start the 90-day clock early
 - Issuers will need to maintain both the required market cap and the \$4 price for 90 trading days, which may affect when they can realistically file to list.
 - Volatile issuers may need to build in a buffer beyond the minimum thresholds.

For currently listed companies:

- The proposal primarily addresses initial listing; it does not directly amend continued listing standards. However, it is part of a broader regulatory trend at NYSE American to:
 - Tighten both initial and continued listing criteria, and
 - Address concerns about micro-cap and low-float securities.

Regulatory Status and Next Steps

- The proposal was filed as **SR-NYSEAMER-2026-02** on January 8, 2026.
- The SEC will issue a formal notice, solicit public comments, and decide whether to approve, disapprove, or require modifications.
- No effective date will be set until the SEC acts; however, issuers with near-term NYSE American listing plans should assume these standards could be in place in the relatively near term and plan accordingly.

How Troutman Pepper Locke Can Help

Our Capital Markets and Securities team can:

- Evaluate how the proposed standards would apply to your specific capital structure and shareholder base.
- Help structure or resize offerings to satisfy the unrestricted publicly held shares and minimum price requirements.
- Advise boards and sponsors on alternative listing venues, timing strategies, and contingency planning if NYSE American listing becomes more challenging.

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