

AT A GLANCE:

# THE PROMISE OF MARKET REFORM

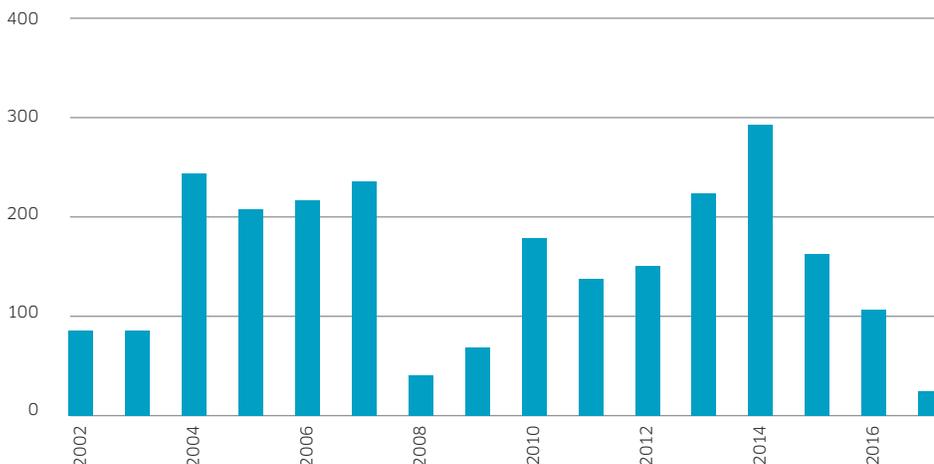


## Overview of Nasdaq's Roadmap to Reignite America's Economic Engine

The number of public companies in the U.S. is on the decline, which creates a host of concerns that impact the health of our economy, our job market, and the prospect for wealth creation for our citizens. Nasdaq is uniquely positioned—and is committed to—drive improvements in the U.S. equity markets to address these challenges. Key to this effort is reducing unnecessary burdens for public companies, while creating a favorable environment for investors. We also believe that these improvements will repave the path for more companies to go public. Our May 2017 report titled *The Promise of Market Reform: Reigniting America's Economic Engine* catalyzes action and dialogue among policymakers, industry groups, public and private companies, and investors.

Nasdaq's blueprint for revitalizing the U.S. capital markets will create a vibrant ecosystem that delivers enhanced capital formation opportunities, a more inviting environment for growth and innovation, and accelerated job formation and wealth creation.

NUMBER OF IPOs



## Current Market Conditions

Robust public markets are the fuel that ignites America's economic engine. Companies list on U.S. exchanges to access a steady, dependable stream of capital to grow and create jobs, and investors choose our markets because they are a trusted venue for long-term wealth creation.

However, over the past several years, companies are beginning to question whether the benefits of public ownership are worth the burdens due to fundamental structural concerns—including onerous regulation, increasing costs and complexity, and outdated market structure. If not addressed, these structural concerns could ultimately represent an existential threat to our markets.

## Nasdaq's Plan for a Path Forward

Over many years of helping lead our markets, Nasdaq has developed unique perspectives on how to achieve the goal of a strong and growing economy. In the paper, Nasdaq offers a broad range of policy recommendations that reflect our perspectives on what is necessary to build safer, stronger and more robust public markets in order to help revitalize the broader U.S. economy.

Nasdaq recognizes that comprehensive market reform is extraordinarily complex. The summary below denotes both reforms that are ready for immediate action, and those that are part of a longer-term vision.

## Reconstructing the Regulatory Framework

### Immediate Action:

- Reform the proxy process
  - + Raise minimum ownership amount and holding period
  - + Streamline the SEC process for removing nuisance proxy proposals from the docket
  - + Create transparency and fairness in the proxy advisory industry
- Reduce the burden of corporate disclosure
  - + Offer flexibility on quarterly reporting
  - + Eliminate 10-Qs and reconsider XBRL tagging requirement while keeping annual 10-Ks.
  - + Expand and harmonize classifications for disclosure relief
  - + Roll back politically-motivated disclosure requirements
- Litigation reform
  - + Reduce the burden of litigation
  - + Support Congressional action
  - + Expand scope of provisions under Congressional consideration
- Tax Reform
  - + Enact 100% dividends received deduction
  - + Eliminate net investment income tax
  - + Exclude dividends and capital gains from income for purposes of determining the phase-out of itemized deductions

### Further Study:

- + Investment Accounts
- + Expand tax exemption on sale of small business stock
- + Study longer-term comprehensive litigation reform (loser pays)
- + Mandatory arbitration

## Modernizing Market Structure

### Immediate Action:

- Allow issuer choice to revoke UTP for small and medium companies with select exemptions
- Deploy intelligent tick sizes for small and medium growth companies
- Cultivate innovative market level solutions that improve the trading of small and medium growth
- Incentivize quality market making

### Further Study:

- Broader market structure review

## Promoting Long-Termism

### Immediate Action:

- + Continue to provide choice on share class structure
- + Equalize short interest transparency

### Further Study:

- Address concerns regarding activist investors specific to tactics that coerce companies into short-term actions to the detriment of long-term planning and actions

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## Stay Informed

We look forward to navigating the path forward alongside issuers, investors, market participants and regulators as we partner to ensure the long term health and success of the U.S. financial markets.

Download the white paper, show your support for economic growth, and learn more about our plan to revitalize the markets at [www.nasdaq.com/revitalize](http://www.nasdaq.com/revitalize).