HOW DOES AN IPO WORK AT THE NYSE?

1. **THE DECISION:**
   A privately-owned company decides to seek outside investors in order to raise money.

2. **NOTIFYING THE U.S. GOVERNMENT:**
   A company must submit a detailed disclosure document explaining its business, financial results, strategies and risk factors to the SEC.

3. **GENERATING INTEREST:**
   The company goes on an investor roadshow where management shares a presentation about the company with institutional investors. The presentation is also made available online.

4. **THE PRICE IS SET:**
   The night before the exchange listing, the price of the stock is set based on investor interest. Money is given to the company and, in exchange, investors receive shares, some portion of which will be sold on the stock market the next morning.

5. **NYSE BELL RINGING**
   NYSE Opening Bell® signals the start of trading for the U.S. stock market, but not for the shares of an IPO. Before the IPO begins trading, a price discovery process occurs, which is unique to the NYSE.

6. **WAIT FOR IT:**
   The indication can be updated several times throughout the auction process and ultimately narrowed to a single price, which is then locked in, and the stock opens for trading.

7. **A HUMAN TOUCH:**
   Human involvement and transparency are key to the NYSE process. The Designated Market Maker, or DMM, leads the price discovery process to find the right price at which the stock should open and begin trading. This requires close communication with key constituents in the market regarding supply and demand.

8. **PRICE DISCOVERY:**
   The DMM runs an “auction” for the stock before it opens for trading. The auction process positions the DMM in the center, with buyers on one side and sellers on the other. This process may use an opening price range — or a pricing indication — which is a dollar range that gives buyers and sellers visibility into interest and an opportunity to weigh their desire to participate in early trading.

9. **OPENING THE STOCK:**
   The indication can be updated several times throughout the auction process and ultimately narrowed to a single price, which is then locked in, and the stock opens for trading.

The stock is open for trading and a new chapter in a company's life begins.