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U.S. Financial Markets Require Comprehensive Market Reform to Reignite Job Growth and Create a Healthier Economic Ecosystem

Nasdaq Report Offers Blueprint for Dialogue and Action

NEW YORK, May 04, 2017 (GLOBE NEWSWIRE) -- The U.S. equities markets are the world's greatest driver of innovation, economic growth, and wealth creation for investors of all sizes. However, according to a new report from Nasdaq, [The Promise of Market Reform: Reigniting America's Economic Engine](#), the continued strength of U.S. financial markets is far from certain.

A photo accompanying this announcement is available at <http://www.globenewswire.com/NewsRoom/AttachmentNg/2a00f01e-f881-4c4f-a97b-8552b34ac8e5>

"While our markets and our economy are fundamentally healthier than they were a decade ago, there is a growing need to address structural concerns even amid steadily rising indexes and market tranquility," said [Adena Friedman, President and Chief Executive Officer, Nasdaq](#). "The challenges impeding the success of the public markets are complex. The U.S. market has nearly 1,000 fewer publicly traded companies than over a decade ago and we are currently experiencing a near ten-year low for U.S. initial public offerings. This has negative consequences for job creation and economic growth and threatens to worsen income inequality as average investors become increasingly shut out of attractive investment opportunities. We have outlined a blueprint for reform designed to create a dialogue and facilitate common sense action steps that help reignite America's economic engine by modernizing market structure, reconstructing the regulatory framework and reorienting to a longer term view."

To maintain healthy markets, we need to understand these concerns and take action now to preserve U.S. financial leadership. The case for strong public markets is overwhelming - [92% of job creation](#) takes place after a company goes public and the vast majority of Americans are invested in, and count on, public markets, either directly through stock ownership or through pension funds and retirement accounts.

Based on extensive research and insights in [The Promise of Market Reform: Reigniting America's Economic Engine](#), the call to action for the U.S. financial markets fall into three categories:

- I **Modernizing market structure** - In recent years, U.S. equities markets have benefited from enormous technological advances. However, the regulatory infrastructure upon which our markets are built has not kept pace. Technology gives us new tools to make markets work better. We need to consolidate liquidity for lower-volume issuers, allow for flexible tick sizes, and consider a broad range of updates that would bring our markets into the 21st century.
- I **Reconstructing the regulatory framework** - Regulations enacted during and in the immediate aftermath of the 2008 financial crisis accomplished some important goals, but nearly a decade later, there is broad agreement that our regulatory patchwork is outdated and, in some cases, arbitrary. Nasdaq proposes solutions such as reforming the proxy proposal process to reduce the burden on companies, allowing flexibility and reducing the bureaucratic burden associated with quarterly reporting, and rolling back politically-motivated disclosure requirements that do not pertain to a company's financial and business performance. Nasdaq also strongly supports comprehensive tax and litigation reform. All of these steps will free up resources so that companies can focus on innovation, growth, and job creation, rather than on red tape and unnecessary distractions.
- I **Promoting long-termism** - One of the greatest threats to modern markets is the rising pressure to think and plan around the trading day and quarterly report, rather than to invest in sustainable long-term growth and profits. The

 The Promise of Market Reform: Reigniting America's Economic Engine

Cover image of the Nasdaq report published on May 4, 2017.

rise of short-termism harms companies, investors, and the broader U.S. economy. In addition to increasing the flexibility of reporting obligations, Nasdaq supports enhancing transparency around activist investing, equalizing short interest transparency, and we continue to believe that dual class structure is critical to attracting the most innovative and growing companies to participate in public markets.

Market reform is extraordinarily complex. Nasdaq recognizes that it would be unrealistic and imprudent to enact all the reforms recommended at once. Some are "shovel-ready" and could be implemented immediately with great benefit, while other reforms we support require additional study and industry engagement.

This report is meant to be a blueprint that catalyzes dialogue and action. To download the full report and engage with Nasdaq on these topics, please visit: <http://business.nasdaq.com/revitalize>.

About Nasdaq

Nasdaq (Nasdaq:NDAQ) is a leading global provider of trading, clearing, exchange technology, listing, information and public company services. Through its diverse portfolio of solutions, Nasdaq enables customers to plan, optimize and execute their business vision with confidence, using proven technologies that provide transparency and insight for navigating today's global capital markets. As the creator of the world's first electronic stock market, its technology powers more than 89 marketplaces in 50 countries, and 1 in 10 of the world's securities transactions. Nasdaq is home to 3,800 total listings with a market value of \$11 trillion. To learn more, visit: <http://business.nasdaq.com>.

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