

WFE Research

The WFE Listing Stringency Index (LSI)

A global metric for IPO accessibility

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Executive summary

This paper introduces the Listing Stringency Index (LSI), a novel, survey-based composite measure developed using data from 40 World Federation of Exchanges (WFE) member exchanges. The LSI quantifies and compares IPO listing requirements across nine regulatory dimensions, including financial thresholds, governance, disclosure, and operational compliance. It provides a standardized framework to analyse the relative stringency of listing regimes without prescribing optimal regulatory design.

Our findings reveal substantial cross-jurisdictional variation in how market entry is regulated, with particularly wide differences in voting rights, financial criteria, and corporate governance rules. The LSI also captures changes over time, documenting both tightening and relaxation of rules across dimensions—particularly in response to ESG pressures and SME access priorities.

Key findings:

- The average LSI score across all exchanges is 58.67, with scores ranging from 33.33 to 88.89, where higher scores reflect more stringent IPO listing requirements. This suggests that most exchanges adopt a moderately comprehensive regulatory framework.
- IPO fees (92.5%) and disclosure requirements (81.25%) are the most widely enforced dimensions, while financial (31.25%) and voting rights (25%) are the least commonly applied, reflecting a general preference for issuer flexibility in early-stage or high-growth markets.
- Exchanges in advanced economies tend to score higher in governance and regulatory approvals, while emerging markets and developing economies often emphasize operational criteria or tax incentives to attract listings.
- 20 exchanges have implemented more stringent rules over the past 15 years, particularly in ESG disclosure and corporate governance, while 7 exchanges have relaxed regulations, mainly by reducing minimum share price and free float requirements.
- The cross-exchange analysis of the relationship between the LSI and IPO activity suggests that while more stringent listing requirements tend to attract larger IPOs—likely because only more established firms can meet higher regulatory thresholds—they do not significantly impact IPO frequency. This indicates that stricter listing regimes may influence the type of firms that list, rather than the overall number. Conversely, relaxing listing requirements within exchanges over time is associated with a statistically significant increase in both IPO participation and offering size. This within-exchange evidence suggests that lowering regulatory barriers, such as minimum share price or free float requirements, can directly expand access to public markets and support larger offerings—enhancing both the inclusivity and depth of capital formation.

The LSI does not prescribe specific regulatory standards, but it enables benchmarking and comparative insights to support informed policy dialogue. It allows regulators, exchanges, and stakeholders to examine how different jurisdictions emphasize accessibility versus investor safeguards. By offering a structured basis for comparison, the index helps identify potential regulatory balancing points, without evaluating their effectiveness or suggesting what the balance should be, and supports reflection on how frameworks evolve in response to global trends.

In summary, the LSI offers a data-driven foundation for policymakers and regulators to make informed decisions about regulatory reforms that can enhance inclusivity of public equity markets. By enabling comparative analysis, the LSI contributes to a more nuanced understanding of regulatory variation, fostering greater transparency, cross-border investment, and regulatory cooperation while respecting local market conditions.

1. Introduction

Initial Public Offerings (IPOs) are a cornerstone of financial development. They provide companies with access to capital markets, enabling expansion, innovation, and broader ownership. For investors, IPOs offer new investment opportunities and foster deeper market liquidity. For policymakers, vibrant IPO markets are often viewed as indicators of financial dynamism and economic growth.

Yet, the path to becoming a public company is far from uniform. Listing requirements, rules that firms must satisfy to be admitted to trading on an exchange, play a central role in shaping IPO activity. These requirements are meant to ensure transparency, governance, and investor protection, but they can also introduce frictions and barriers. The stringency and structure of these rules vary substantially across jurisdictions, reflecting different legal traditions, policy priorities, and market maturity.

While most academic literature focuses on IPO outcomes such as underpricing, aftermarket performance, and investor sentiment, a smaller but growing body of research directly explores how listing requirements affect IPO activity. Takahashi and Yamada (2015) examine the impact of relaxed listing standards on Japan’s junior stock markets and find that liberalization increased IPO frequency but had mixed effects on post-IPO performance. Cattaneo et al. (2015) show that regulatory tightening in Italy led to higher quality listings with improved survival rates. Piotroski and Srinivasan (2008) explore how the Sarbanes–Oxley Act discouraged small foreign firms from listing in the U.S., pushing them toward exchanges with less stringent disclosure requirements.

Despite these insights, comparative analysis remains limited by the absence of standardized, cross-country measures of IPO stringency. To address this gap, we introduce the Listing Stringency Index (LSI)—a standardized, survey-based tool developed from data collected from 40 WFE member stock exchanges worldwide¹. The LSI enables direct, quantitative comparisons of IPO listing requirements across nine regulatory dimensions. It offers a new lens to assess how different regulatory environments may influence IPO activity—both in terms of who lists and how much capital is raised. It sheds light on the areas where exchanges converge, where they diverge, and how these patterns evolve over time.

This paper presents the methodology behind the LSI, analyses its distribution across regions and economies, and discusses its implications for market participants and policymakers. It also provides a cross-exchange comparison of listing requirements and analyse how changes in listing requirements within exchanges over time affect IPO activity. The index provides not only a snapshot of current practices but also a platform for ongoing benchmarking, dialogue, and reform in the architecture of public capital markets.

¹ The survey was distributed in Q4 of 2024.

1. Data and methodology

1.1. Survey design

We designed and disseminated a two-part questionnaire to stock exchanges globally in Q4 2024. The first section focused on current IPO listing requirements and related factors (including listing fees, which, while not regulatory requirements, are incorporated into the LSI to capture their practical role in shaping market access), while the second examined changes in regulations over the past 15 years. Each participating exchange provided binary responses (1 = requirement exists; 0 = no requirement) to a set of sub-questions grouped under nine regulatory dimensions. Of the 40 exchanges that responded, 18 were from the EMEA region, 13 from APAC, and 9 from the Americas, representing a diverse set of capital markets by size, structure, and development stage. Table 4 in the appendix reports the participating exchanges.

1.2. Dimensions of listing requirements

The nine dimensions included in the survey are:

- **Financial requirements:** Minimum thresholds for revenue, income, market capitalization, cash flows, profitability, and working capital.
- **Voting rights:** Provisions on shareholder voting structures.
- **IPO Fees:** Fees charged by the exchange during the IPO process².
- **Share price and distribution:** Minimum share price, free float, and number of shareholders.
- **Corporate governance:** Board structure, independent directors, audit committee, and governance practices.
- **Disclosure obligations:** Financial reports, material event disclosures, management transactions, ESG disclosures.
- **Operational requirements:** Business continuity planning and legal compliance.
- **Regulatory approvals:** Prospectus approvals, securities law compliance, and visa/authorization.
- **Tax incentives or obligations:** Tax measures that influence IPO decision-making.

Each exchange's response within each dimension was averaged and then combined with equal weighting to construct the final index.

1.3. Constructing the LSI

The Listing Stringency Index (LSI) quantifies the relative restrictiveness of IPO admission criteria across exchanges by measuring the proportion of regulatory requirements imposed. It is constructed using binary (yes/no) responses to detailed sub-questions across nine regulatory dimensions.

² This paper discusses only the fees charged by stock exchanges. However, an IPO typically involves additional costs such as legal and regulatory, accounting, auditing, underwriting, advisory, and marketing expenses, which are not covered in this analysis.

Within each dimension, the exchange’s score is calculated as the percentage of sub-criteria that apply. For example, if an exchange enforces three out of six possible financial restrictions, it receives a score of 50 for the financial dimension. This step is repeated across all nine dimensions.

The overall LSI is then computed as the ratio of the total number of restrictions imposed to the total number of applicable restrictions across all dimensions, expressed as a percentage:

$$LSI = \left(\frac{\text{Number of restrictions imposed}}{\text{Total number of restrictions across all dimension}} \right) * 100$$

This yields an index value ranging from 0 (no restrictions imposed in any category) to 100 (all restrictions applied).

By using a simple, additive structure with equal treatment of each sub-question, the index ensures transparency and comparability across jurisdictions. It enables exchanges, researchers, and policymakers to evaluate the relative breadth of listing requirements and benchmark regulatory environments without prescribing what an ideal regime should look like.

2. Key findings

2.1. Distribution of LSI scores

Table 1 presents the summary statistics for the LSI and its nine constituent criteria. The LSI is measured on a 0–100 scale, where a value of 0 indicates that an exchange imposes none of the surveyed listing requirements, and a value of 100 indicates that it imposes all applicable requirements across the nine categories. Within our survey sample, the minimum observed LSI is 33.33, suggesting that the least stringent exchange applies roughly one-third of the possible requirements. The maximum LSI is 88.89, indicating that no single exchange imposes the full set of restrictions. The mean value of the LSI is 58.67, implying that, on average, exchanges impose slightly more than half of the regulatory criteria assessed in the survey.

Table 1 Summary Statistics of Survey results

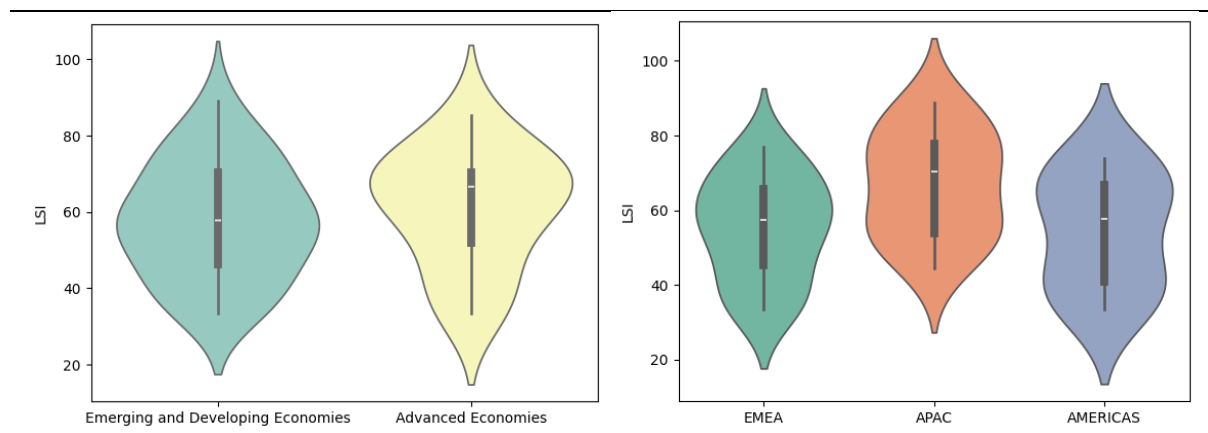
	Mean	Std	Median	Min	Max	Nob
LSI	58.67	15.19	59.26	33.33	88.89	40
Financial	31.25	26.20	33.33	0	100	40
Voting rights	25.00	43.85	0	0	100	40
IPO fees	92.50	26.67	100	0	100	40
Share price	60.00	29.43	66.67	0	100	40
Corporate						
Governance	64.38	41.56	87.50	0	100	40
Disclosure	81.25	19.31	83.33	33.33	100	40
Operational	58.75	35.60	50.00	0	100	40
Regulatory approvals	65.83	28.73	66.67	0	100	40
Tax incentives	35.90	48.60	0	0	100	39

This table presents the summary statistics of the IPO survey results. The Listing Stringency Index (LSI) represents the average score across nine criteria: financial requirements, voting rights, IPO fees, share price and distribution, corporate governance, disclosure obligations, operational requirements, regulatory approvals, and tax incentives or obligations. For each criterion, exchanges provided a binary response: adhere to the criterion, or not. Data source: WFE Survey.

Figure 1 presents the distribution of Listing Stringency Index (LSI) scores by economy level and geographic region, offering insight into the dispersion and clustering of regulatory practices³.

Among economy groups, exchanges in Advanced Economies exhibit a more compressed distribution, with most LSI scores concentrated between 55 and 75. This suggests a relatively harmonised regulatory environment, where listing frameworks are consistently moderate to stringent. In contrast, Emerging and Developing Economies (EMDEs) display a wider spread, ranging from highly permissive regimes (LSI < 40) to some of the most stringent observed cases (LSI > 85). This broader variation reflects heterogeneous institutional development, differing strategic priorities (e.g., SME access vs. investor protection), and evolving market structures.

Figure 1 Distribution of LSI Scores



The violin plots the distribution of LSI scores for exchanges classified by IMF Economy level and region. The width of the plot represents the density of LSI scores, with wider sections indicating higher concentrations of data points. The box inside each violin corresponds to the interquartile range (IQR), with the line within the box marking the median. The whiskers extend to 1.5 times the IQR beyond Q1 and Q3, indicating the range of the data, and any points outside the whiskers are considered outliers.

Data source: WFE Survey

Across regions, APAC exchanges exhibit a bimodal distribution, with two distinct peaks in the LSI scores, reflecting the region's regulatory diversity. One peak corresponds to exchanges with more stringent regulations, while the other represents those with more moderate frameworks. This dual distribution highlights the contrasting regulatory approaches within the APAC region, where both emerging and developed markets contribute to the variation. Additionally, APAC has the highest median LSI scores, indicating that, on average, exchanges in this region tend to adopt more stringent regulatory frameworks compared to other regions. EMEA exchanges span a wide LSI range, reflecting both developed European markets and less regulated frontier exchanges in the Middle East and Africa. Americas show the most compact distribution, suggesting a convergence around moderately stringent frameworks, likely anchored by North and South American exchanges with similar disclosure and governance norms.

³ The economy level classification follows the International Monetary Fund (IMF) standards, last updated: April 2023. For more details, see: <https://www.imf.org/en/Publications/WEO/weo-database/2023/April/groups-and-aggregates>

2.2. Most and least common requirements

Among the nine criteria, IPO fees exhibit the highest average compliance, with a mean score of 92.50. Specifically, 37 out of 40 exchanges reported that they impose some form of cost during the IPO process. Disclosure requirements also show a relatively high level of adoption, with a mean score of 81.25, indicating that most exchanges require issuers to disclose key information during and after the IPO.

In line with the high average compliance on IPO fees, exchanges adopt varying fee structures. Nine exchanges reported imposing a fixed IPO listing fee, where the amount is predetermined and does not vary with the issuer's size, capital raised, or market capitalization. For example, the Saudi Exchange charges a one-time fee of SAR 50,000 for initial listings on the main market⁴. In contrast, 13 exchanges impose a variable, value-based fee structure, where charges depend on factors such as the issuer's paid-up capital, offering size, or market capitalization. These variable fees are often expressed as a percentage (typically ranging from 0.01% to 3% of the relevant base) and often include minimum or maximum caps. As a result, the total cost to issuers can therefore vary substantially across jurisdictions. For instance, Bursa Malaysia charges 0.01% of the total market value of share capital, subject to a minimum listing fee of RM 20,000 and a maximum of RM 200,000⁵. The Stock Exchange of Thailand (SET) applies a rate of 0.05% of paid-up capital, with a minimum fee of THB 100,000 and a cap of THB 3,000,000⁶.

In contrast, the most limited adoption is found in financial and voting rights criteria. The average score for financial requirements is 31.25, while voting rights average just 25.00, suggesting that many exchanges do not impose restrictions in these areas. These results highlight substantial variation in how stringently different dimensions are applied across jurisdictions. Such divergence may reflect underlying regulatory philosophies: whereas some exchanges prioritize accessibility and issuer flexibility, others emphasize investor protection and market transparency.

2.3. Specific regulatory practices

Six out of the nine IPO criteria comprise multiple survey questions, which we aggregate to compute criterion-level scores for each exchange as shown in Table 1. Figure 2 and Figure 3 plot the percentage of exchanges meeting individual requirements within these criteria, allowing for a more granular examination of specific regulatory practices. As illustrated by the figures, notable heterogeneity emerges in how exchanges operationalize IPO requirements across regulatory dimensions:

- **Financial requirements:** While 62.5% of exchanges require a minimum market capitalization, only 10.53% mandate positive cash flows. Requirements related to financial performance are relatively limited: 41.03% of exchanges impose a minimum profitability threshold, 27.5% require minimum working capital, 23.08% require minimum revenue, and 20.51% require minimum net income. This suggests a reliance on firm size as a proxy for viability, rather than strict thresholds for

⁴ <https://www.saudiexchange.sa/wps/portal/saudiexchange/rules-guidance/fees?locale=en>

⁵ https://www.bursamalaysia.com/listing/get_listed/cost_of_listing

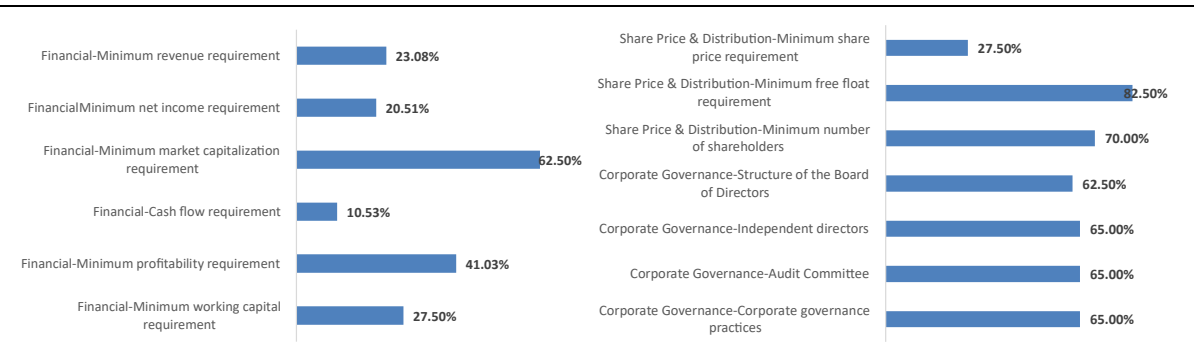
⁶ <https://www.set.or.th/en/listing/equities/fees-and-taxes>

profitability or liquidity. The pattern reflects a relatively permissive stance on financial fundamentals, potentially accommodating early-stage or high-growth firms in pursuit of public capital.

- **Share price and distribution:** Regulatory expectations in this area are more widely enforced. Specifically, 82.5% of exchanges require a minimum free float, and 70% stipulate a minimum number of shareholders. In contrast, only 27.5% impose a minimum share price, suggesting that most exchanges adopt a more flexible stance on the nominal pricing of shares at the time of listing.
- **Corporate governance:** Governance-related requirements are imposed with moderate consistency. Between 62.5% and 65% of exchanges require structures such as an independent board of directors, audit committees, and broader corporate governance protocols. These requirements reflect a growing emphasis on institutional accountability and the responsibility of corporate leadership to act in the best interests of shareholders.
- **Disclosure obligations:** This dimension shows the highest degree of convergence across jurisdictions. All participating exchanges require issuers to disclose material changes during the listing process, and 95% mandate ongoing transparency regarding firm operations and financial performance. These practices underscore a shared baseline around disclosure as essential to investor confidence and market integrity and transparency.
- **Operational requirements:** Legal compliance is the most commonly enforced operational requirement, with 70% of exchanges mandating that listing applicants meet relevant legal standards. In contrast, only 46.15% require assurances related to business continuity or operational stability. This indicates that while exchanges broadly expect firms to operate within a lawful framework, fewer impose formal requirements regarding the robustness or resilience of operational infrastructure.
- **Regulatory approvals:** Formal regulatory approval mechanisms are widely embedded in exchange listing frameworks. Specifically, 87.5% of exchanges explicitly require compliance with specific securities-law provisions as part of their listing rules, and 80% mandate formal prospectus approval by a regulatory authority as a condition for listing. In other jurisdictions, these requirements can be enforced outside the exchange listing process through broader legal or supervisory frameworks. More administratively complex procedures, such as obtaining a regulatory visa or governmental authorization, are less common, with only 30% of exchanges requiring them. This suggests that while most exchanges emphasize legal conformity and investor disclosure, fewer impose additional layers of bureaucratic oversight.

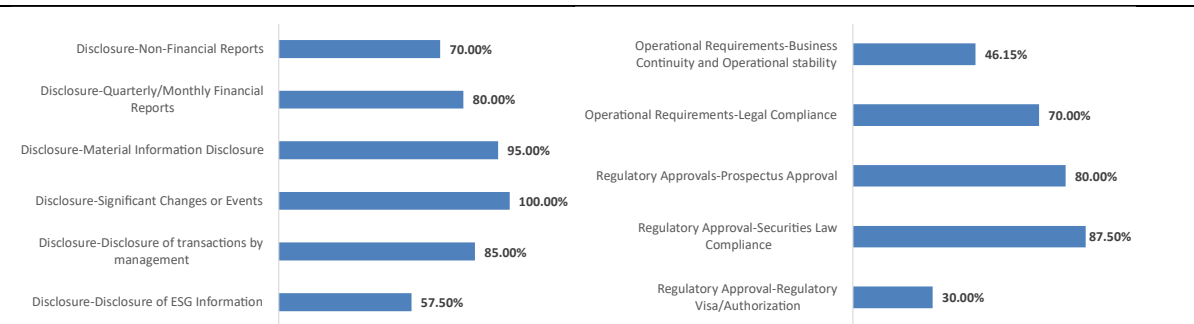
Taken together, these patterns reveal areas of strong convergence, particularly in disclosure and legal compliance, alongside divergence in areas more influenced by local regulatory philosophies, institutional capacity, and strategic priorities. The LSI captures these contrasts by quantifying the breadth and depth of listing rules, providing a comparative lens for evaluating regulatory scope rather than prescribing specific design.

Figure 2 Financial, share price and distribution and corporate governance requirements in IPO



This figure illustrates the percentage of exchanges that impose different aspects of financial, share price and distribution and corporate governance requirements in IPO. Data source: WFE

Figure 3 Disclosure, operational and regulatory approval requirements in IPO

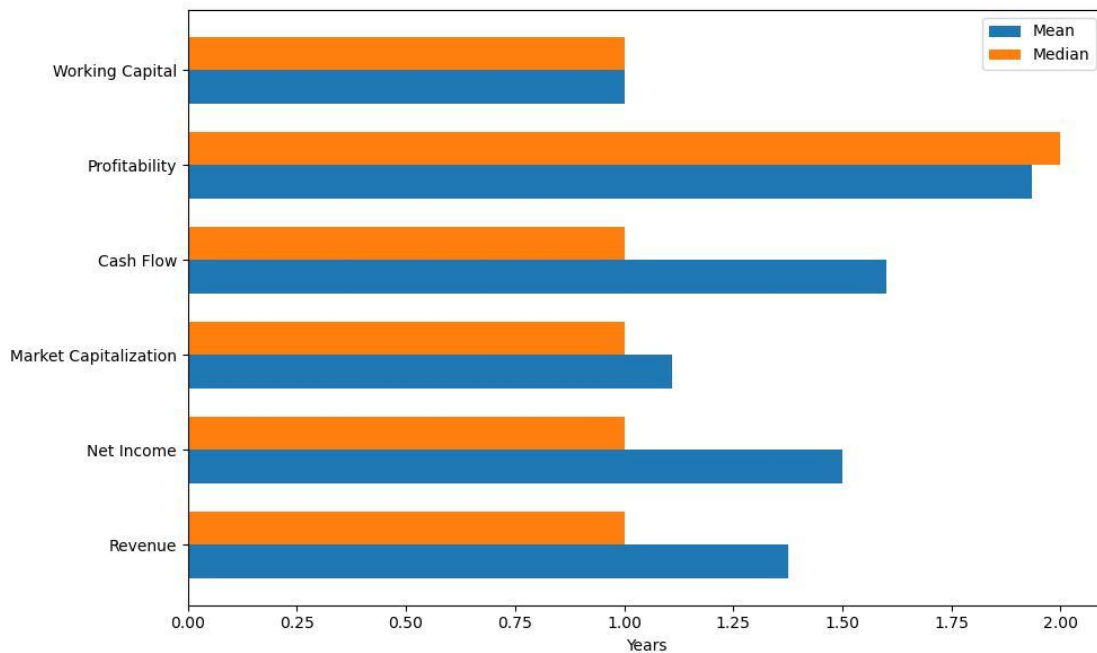


This figure illustrates the percentage of exchanges that impose different aspects of disclosure, operational and regulatory approval requirements in IPO. Data source: WFE Survey

Building on the analysis of financial requirements, Figure 4 provides further detail on the duration over which exchanges require issuers to meet specific financial thresholds prior to listing⁷. Among the six financial metrics, profitability has the longest average requirement period, with a mean of approximately 1.9 years and median of 2 years, suggesting a strong regulatory emphasis on sustained earnings. This is followed by cash flow, with an average requirement of around 1.6 years, and net income, averaging roughly 1.5 years. Revenue requirements are typically imposed over about 1.3 years, while market capitalization requirements average just over 1 year. Working capital exhibits the shortest average duration, at approximately 1 year. The variation in these timeframes indicates that exchanges tend to place greater weight on the issuer’s ability to generate consistent profits and cash flows over time, while requirements related to firm size or liquidity are assessed over shorter or more flexible periods. This pattern suggests that profitability is the most emphasized dimension of financial viability in IPO eligibility criteria.

⁷ If an exchange reports that the financial requirement must be met at the time of IPO application without specifying a duration, we assume a one-year requirement.

Figure 4 The number of years for which exchanges require financial thresholds to be met prior to IPO



This figure illustrates the mean and median number of consecutive years the exchange requires each financial requirement to be met prior to an IPO. Data source: WFE survey

2.4. Variation by economy level and region

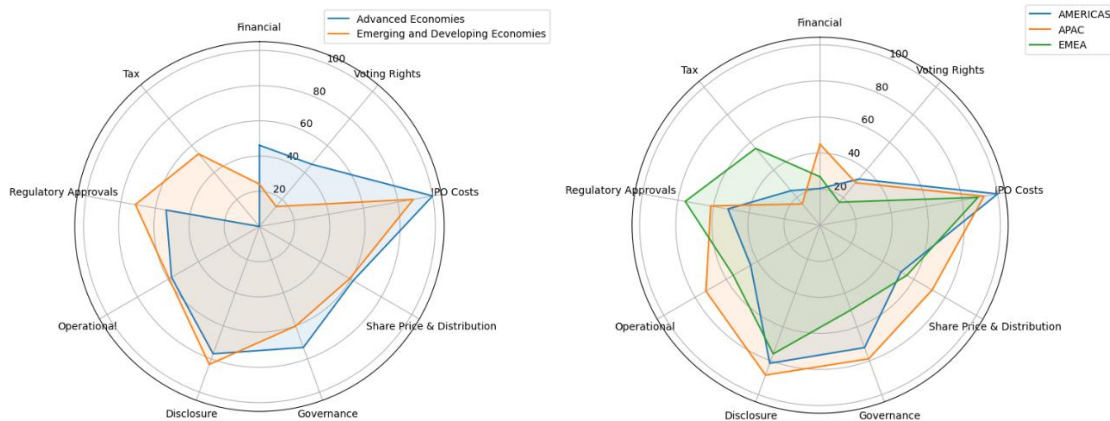
Figure 5 illustrates average LSI scores across the nine regulatory dimensions for both economy classifications and regional groupings, enabling a multidimensional view of how regulatory emphasis varies across jurisdictions.

Consistent with earlier findings, Disclosure requirements and IPO fees emerge as the most universally applied dimensions across all groups. These are often mandated by securities laws and are foundational to ensuring market transparency and operational feasibility.

More nuanced differences across the nine regulatory dimensions reveal distinct regulatory priorities between economy groups. Exchanges in Advanced Economies tend to impose stricter requirements in areas such as corporate governance and regulatory approvals, reflecting stronger institutional oversight and more mature legal infrastructures. In contrast, exchanges in Emerging and Developing economies demonstrate slightly higher emphasis on operational requirements and tax obligations, potentially indicating a focus on establishing basic legal compliance or leveraging fiscal tools to attract listings. Meanwhile, financial requirements and voting rights are among the least frequently applied dimensions overall but are particularly underutilized in EMDEs—suggesting a policy inclination toward maximizing accessibility and lowering entry barriers for early-stage or non-traditional issuers.

Regionally, APAC stands out with higher average scores in operational requirements, governance, share distribution, and disclosure, indicative of a strong regulatory presence. EMEA displays relatively balanced stringency across most categories, while Americas demonstrate moderate emphasis on governance and tax, with comparatively lower levels in operational and financial criteria.

Figure 5 Average LSI score across 9 IPO Dimensions



This figure compares average LSI scores for 9 IPO listing requirements across exchanges classified by the IMF Economy level and regions. Data source: WFE Survey

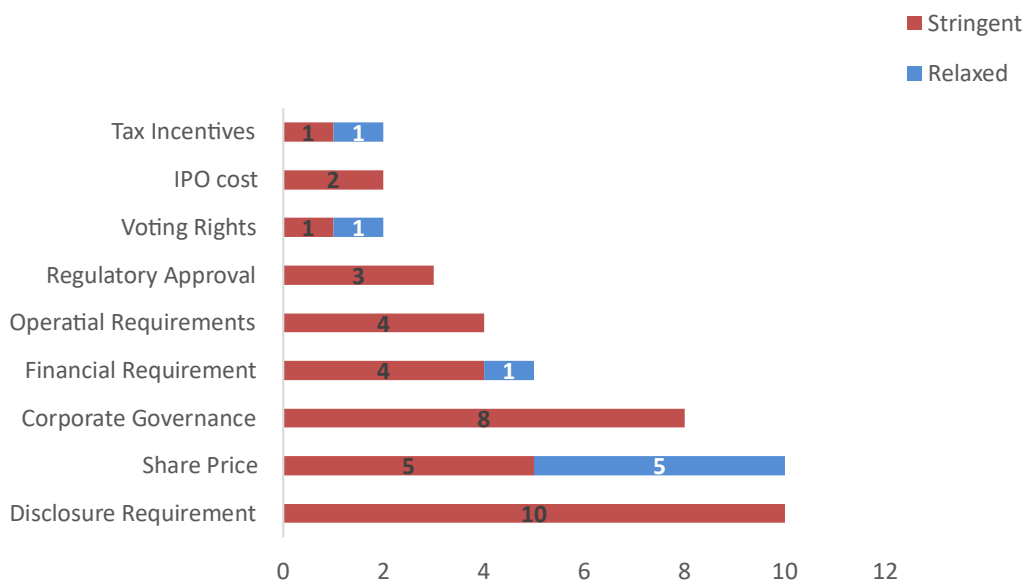
2.5. Evolution of listing requirements over time

Beyond the static cross-sectional measure of the LSI, the second section of the survey captured the evolution of IPO listing frameworks by asking whether exchanges had modified their requirements over the past 15 years. In cases where exchanges indicated that modifications had occurred, they were asked to provide detailed descriptions of the specific rule changes implemented. Based on these narratives, we assessed whether the changes resulted in greater regulatory stringency or a relaxation of existing requirements. Out of the 40 exchanges surveyed, 20 reported having implemented at least one rule that increased regulatory stringency, while 7 exchanges indicated that they had relaxed certain criteria. Figure 6 plots the number of exchanges that have implemented regulatory change across the nine IPO requirements.

The stringent regulatory changes primarily concentrated on two dimensions: disclosure obligations and corporate governance standards. Among the 38 reported changes, 10 pertained to enhanced disclosure requirements for non-financial information, particularly in relation to Environmental, Social, and Governance (ESG) reporting. This aligns with findings from the World Federation of Exchanges annual sustainability survey (World Federation of Exchanges, 2024), which indicates that exchanges are increasingly encouraging or requiring listed companies to disclose their sustainability data. This shift reflects a broader global trend emphasizing sustainability-related transparency, largely driven by evolving investor expectations and regulatory initiatives. Additionally, eight exchanges reported tightening corporate governance frameworks—most frequently by introducing or reinforcing mandates for independent directors and audit committees.

In contrast, seven exchanges reported at least one relaxed rule change, where listing requirements became less restrictive. These deregulatory changes occurred between June 2019 and December 2023. Among the eight total relaxed rules reported, five were related to share price and distribution criteria, such as reductions in minimum share price thresholds or free float requirements. These adjustments were often introduced with the objective of improving access to public markets for smaller firms and startups, particularly in jurisdictions seeking to stimulate SME financing or foster innovation-led growth.

Figure 6 Evolution of IPO listing requirements



This figure shows the number of exchanges that implemented either more stringent (red) or more relaxed (blue) IPO requirements between 2009 and 2024. Source: WFE Survey.

While this paper does not examine the outcomes of such changes, related work by Demir et al. (2025) analyses their association with variations in IPO frequency and average capital raised—highlighting the potential policy relevance of regulatory recalibration. Capturing the direction of change allows for a richer understanding of how listing frameworks evolve—not only in structure, but also in regulatory intent—offering important context to the broader patterns of convergence and divergence across jurisdictions.

Chronologically, the period between 2019 and 2024 saw heightened regulatory activity, with 2022 emerging as a peak year for reform. This may be attributed to post-pandemic market recalibrations, heightened global focus on ESG compliance, and efforts to improve investor confidence in uncertain macroeconomic conditions.

Overall, the pattern of changes underscores a dual movement in global IPO regulation: while many exchanges are converging toward higher standards in disclosure and governance, a subset are experimenting with calibrated flexibility to enhance market inclusiveness—particularly targeting nascent or high-growth firms, as inferred from the nature of the relaxed rules (e.g., reductions in minimum share price thresholds and free float requirements) which typically lower entry barriers for such entities.

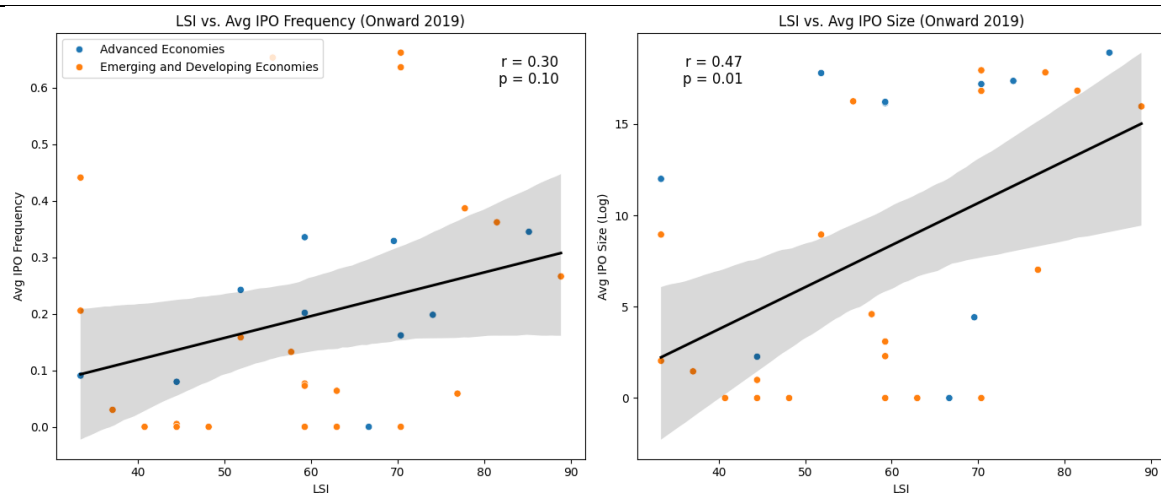
2.6. Correlation analysis between LSI and IPO activity

To investigate the relationship between listing regulations and IPO activity, we analyse the correlation between the LSI and two key IPO activity measures: IPO frequency (the number of IPOs per quarter relative to the total number of listed firms) and capital raised per IPO (log-transformed)⁸.

The correlation analysis demonstrates a moderate positive and statistically significant relationship between LSI and average IPO size, with a Pearson correlation coefficient of 0.47 (p-value = 0.01). This suggests that in cross-exchange comparisons, exchanges with more stringent listing requirements are associated with larger IPOs. In contrast, the relationship between LSI and IPO frequency is positive but weaker, with a correlation coefficient of 0.30 (p-value = 0.10), indicating that while more stringent listing requirements may have some influence on the number of IPOs, this effect is not strong enough to reach statistical significance.

These findings suggest that while stringent listing frameworks may not directly increase the number of IPOs, they likely serve as a signal of market quality, potentially attracting larger and more established firms to the public markets, thereby influencing the IPO size rather than the frequency of IPOs.

Figure 7 Correlation between LSI and IPO activity



This figure presents scatter plots showing the relationship between the LSI and IPO activity metrics: (a) IPO frequency, and (b) Typical IPO size (log), with 95% confidence bands. Exchanges are coloured by economy group to highlight cross-jurisdictional variations. Data source: WFE Database and WFE Survey

The scatter plots in Figure 7 further illustrate these findings, visually depicting the relationship between the LSI and both IPO frequency and IPO size. While a positive correlation is observed between LSI and IPO size—indicating that stricter listing requirements correlate with higher capital raised per IPO—the relationship with IPO frequency remains marginal. These plots help to underscore the findings from the correlation analysis.

⁸ the log transformation of the capital raised per IPO helps smooth out extreme values and provides a more stable representation of typical IPO size across exchanges.

To complement this static cross-sectional relationship analysis, Demir et al. (2025) provide valuable insights into how within-exchange changes in the LSI affect IPO outcomes over time. Their empirical analysis, using panel data from 2002 to 2024, distinguishes between regulatory tightening and relaxation, categorizing exchanges based on whether their listing rules became more stringent or more relaxed.

The findings from Demir et al. (2025) reveal that relaxing listing requirements is associated with a statistically significant increase in IPO activity, both in terms of the number of listings and the capital raised per IPO (See Table 2). In contrast, tightening listing requirements is not significantly associated with IPO frequency, nor with IPO size, although the positive point estimates are in line with a potential selection effect whereby only larger firms can meet more demanding standards.

These results suggest that relaxed regulatory frameworks—especially those that reduce minimum thresholds for share price or free float—are likely to lower barriers to entry, thereby encouraging more firms, particularly smaller or high-growth firms, to go public. This finding aligns with the view that regulatory flexibility can expand access to public markets without necessarily reducing deal size.

Table 2 Estimation Results for the changes in LSI (Demir et al., 2025)

Dep. Variable:	$\frac{N_{i,t}^{IPO}}{N_{i,t-1}^{Listed}}$		$\log(K_{i,t}^{IPO}/N_{i,t}^{IPO})$	
	(1)	(2)	(3)	(4)
$d_{i,t-4}^{StringentReg}$	0.0482 (0.0946)	0.163 (0.123)	0.447 (0.702)	0.442 (0.938)
$d_{i,t-4}^{RelaxedReg}$	0.753*** (0.216)	0.615*** (0.203)	4.082*** (1.176)	1.465** (0.616)
Controls:	✓	✓	✓	✓
Fixed Effect:				
Exchange:	✓	✓	✓	✓
Region × Time:	×	✓	×	✓
Observations	1,602	1,509	1,556	1,456
R-squared	0.280	0.551	0.457	0.755

This table presents the results from a panel regression model assessing the relationship between changes in listing requirements (both stringent and relaxed) and IPO activity. The model is $Y_{i,t} = \beta_1 d_{i,t-4}^{StringentReg} + \beta_2 d_{i,t-4}^{RelaxedReg} + \Gamma X_{i,t-4} + \Lambda Z_{c,t-4} + F_i + G_{r,t} + \epsilon_{i,t}$. $Y_{i,t}$ denotes the main dependent variables, which measure IPO activity. These include the number of new IPOs relative to listed firms (N^{IPO}/N^{Listed}) and the average capital raised, measured as the log of capital raised per IPO ($\log(K^{IPO}/N^{IPO})$). The model includes control variables for exchange-level factors ($X_{i,t}$), macroeconomic factors ($Z_{c,t}$), exchange fixed effect (F_i), and regional fixed effects ($G_{r,t}$). The analysis covers the period from 2002 to 2023. All variables are winsorised at the 1st and 99th percentiles, and control variables are lagged by one year. Robust standard errors are reported in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Source: Demir et al. (2025)

Taken together, the evidence suggests a dual role for listing regulation: cross-exchange comparisons indicate that stringent frameworks correlate with larger offerings, while within-exchange reforms show that relaxing standards can directly increase both participation and deal size by lowering entry barriers. These insights highlight the nuanced impact that regulatory adjustments have on IPO

markets, underscoring the importance of calibrating listing requirements to balance market access and investor protection.

3. Policy implications

The development of the Listing Stringency Index (LSI) provides a useful framework for observing how IPO-related regulations vary across jurisdictions. It allows policymakers, regulators, and market stakeholders to assess their exchange's position relative to others and evaluate whether their regulatory approach aligns with capital market development goals.

Our analysis suggests that while more stringent listing requirements tend to attract larger IPOs on average, they do not necessarily increase IPO frequency. This indicates that regulatory frameworks may serve as a signal of market quality, encouraging established firms to list, but they may not be a primary driver of IPO volume. At the same time, relaxing listing requirements within exchanges is associated with statistically significant increases in both IPO frequency and capital raised per offering, suggesting that easing entry barriers can broaden participation and deepen capital formation particularly in jurisdictions seeking to encourage new market entrants.

In some contexts, relatively stringent listing frameworks may pose challenges for smaller or early-stage firms by increasing the cost and complexity of going public. However, this does not imply that relaxing listing criteria would undermine investor protection or market integrity. Empirical evidence shows that well-calibrated adjustments—particularly to requirements like share price or free float—can expand access without compromising offering size. This may be particularly relevant for underdeveloped markets or regions seeking more new entrants.

Moreover, the cross-sectional and temporal perspectives offered by the LSI may help stakeholders reflect on past reforms and anticipate areas for refinement. For instance, jurisdictions aiming to deepen their markets or broaden their issuer base may benefit from reviewing their listing requirements in light of international practices—while keeping in mind local economic conditions, institutional capacity, and policy priorities.

While the LSI does not prescribe optimal standards, it can help identify patterns and facilitate informed dialogue about trade-offs between accessibility and regulatory rigour. Our findings suggest that easing listing requirements can boost both the size and frequency of IPOs, while tighter frameworks are associated with larger listings but do not significantly reduce IPO activity.

Furthermore, the LSI serves as a self-assessment or benchmarking tool for regulators and exchanges, enabling periodic review and recalibration of listing policies in line with evolving market conditions, investor preferences, and global regulatory trends—especially as ESG disclosure and digital innovation reshape the IPO landscape.

Finally, by enabling comparisons across a diverse set of exchanges, the LSI may support broader efforts toward regulatory transparency and mutual learning. Rather than promoting uniformity, the index aims to inform a more nuanced understanding of how regulatory variation shapes access to public capital across markets. This facilitates a more informed policy dialogue by highlighting these trade-offs in a comparative, data-driven manner.

In a global context, the LSI also supports the harmonisation of listing practices across jurisdictions by identifying areas of convergence and divergence. This fosters greater transparency, cross-border investment, and regulatory cooperation, while respecting local market specificities.

In summary, the LSI provides an actionable foundation for data-informed policy decisions that improve inclusivity of public equity markets.

4. Conclusion

This paper introduces the Listing Stringency Index (LSI), a novel, data-driven framework designed to compare the regulatory environments surrounding IPO listings across a diverse group of global exchanges. The LSI provides policymakers, regulators, and market stakeholders with a structured means of assessing the regulatory stringency of their IPO requirements, allowing for comparisons across jurisdictions and insights into how regulatory frameworks may influence market outcomes.

While the cross-exchange analysis of the relationship between the LSI and IPO activity suggests that more stringent listing requirements correlate with larger IPOs, it does not indicate a significant relationship with IPO frequency. This may underscore the idea that stringent regulatory frameworks, while serving as a signal of market quality and investor confidence, may not directly influence the volume of IPO activity. On the other hand, relaxing listing requirements has the potential to lower barriers to entry for smaller firms, suggesting that easing certain regulatory criteria could stimulate IPO activity, particularly in markets seeking to attract new issuers. Evidence from within-exchange reforms shows that such relaxation is associated with a statistically significant increase in both IPO frequency and capital raised per listing, reinforcing the role of regulatory flexibility in expanding market access and enabling deeper offerings.

By offering both cross-sectional and temporal perspectives, the LSI facilitates reflection on regulatory reforms and helps identify patterns of convergence and divergence. These insights can foster informed policy dialogue on how to balance accessibility with oversight. Jurisdictions may benefit from recalibrating their listing requirements in light of international best practices while considering local economic conditions, institutional capacity, and market priorities.

In summary, the LSI provides an actionable foundation for data-informed policy decisions aimed at improving the inclusivity of public equity markets. While the evidence suggests that easing listing requirements can enhance both IPO participation and deal size, maintaining investor confidence may still require a careful balance between regulatory flexibility and investor protection. The LSI offers valuable insights for regulators seeking to align their frameworks with evolving market needs, global trends, and investor preferences.

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Appendix

Table 3 Survey Questions

IPO criteria	Requirement	Main Question
Financial Requirements	Minimum Revenue Requirements	Is there a minimum revenue requirement for listing on the mainboard?
	Minimum Net Income Requirements	Is there a minimum net income requirement for listing on the mainboard?
	Minimum Market Capitalization Requirements	Is there a minimum market capitalization requirement for listing on the mainboard?
	Cash Flow Requirements	Are there specific cash flow requirements for listing on the mainboard?
	Minimum Profitability Requirements	Is there a minimum profitability requirement for listing on the mainboard?
	Minimum Working Capital	Is there a minimum working capital requirement for listing on the mainboard?
Voting Rights	Voting Rights	Are there specific voting rights requirements that affect the control of the firm on the mainboard?
IPO Fees	IPO Fees	Is there any typical costs associated with an IPO charged by your exchange?
Share Price and Distribution	Minimum Share Price	Is there a minimum share price requirement for listing on the mainboard?
	Minimum Free Float Requirements	Is there a minimum free float requirement for listing on the mainboard?

	Minimum Number of Shareholders	Is there a minimum number of shareholders required for listing on the mainboard?
Corporate Governance	Board of Directors	Are there specific requirements regarding the structure of the Board of Directors for listing on the mainboard?
	Independent Directors	Are there specific requirements for independent directors on the mainboard?
	Audit Committee	Are there specific requirements for the Audit Committee on the mainboard?
	Corporate Governance Practices	Are there specific corporate governance practices required for listing on the mainboard?
Disclosure Requirements	Non-Financial Reports	Are non financial reports required for listing on the mainboard?
	Quarterly/Monthly Financial Reports	Are quarterly or monthly financial reports required for listing on the mainboard?
	Material Information Disclosure	Is there a protocol for disclosing material information affecting the company on the mainboard?
	Significant Changes or Events	Are there requirements for notifying when ownership thresholds are crossed on the mainboard?
	Disclosure of Transactions by Management	Are there requirements for disclosing transactions made by management on the mainboard?
	Disclosure of ESG Information	Are companies listed on your exchange required to disclose ESG information?
Operational Requirements	Business Continuity and Operational Stability	Are there requirements for business continuity and operational stability for listing on the mainboard?
	Legal Compliance	Are there specific legal compliance requirements for listing on the mainboard?
Regulatory Approvals	Prospectus Approval	Is a prospectus approval by a regulatory body required for listing on the mainboard?
	Securities Law Compliance	Are there specific securities laws that must be complied with for listing on the mainboard?

	Regulatory Visa/Authorization	Is a regulatory visa or special authorization required for listing on your exchange?
Tax Incentives or Obligations	Tax Incentives or Obligations	Are there any tax incentives or obligations that affect the decision to go public on the mainboard?

Table 4 List of exchanges that participated in the survey

Exchange Name	Jurisdiction	Region	Economy Level
Abu Dhabi Securities Exchange	United Arab Emirates	EMEA	Emerging and Developing Economies
Amman Stock Exchange	Jordan	EMEA	Emerging and Developing Economies
Astana International Exchange	The Republic of Kazakhstan	EMEA	Emerging and Developing Economies
ASX Australian Securities Exchange	Australia	APAC	Advanced Economies
B3 - Brasil Bolsa Balcão	Brazil	Americas	Emerging and Developing Economies
Bolsa de Comercio de Santiago	Chile	Americas	Emerging and Developing Economies
Bolsa de Valores de Colombia	Colombia	Americas	Emerging and Developing Economies
Bolsa de Valores de Lima	Peru	Americas	Emerging and Developing Economies
Bolsa Latinoamericana de Valores (Latinex)	Republic of Panama	Americas	Emerging and Developing Economies
Bolsa Mexicana de Valores	Mexico	Americas	Emerging and Developing Economies
Borsa Istanbul	Turkey	EMEA	Emerging and Developing Economies
Botswana Stock Exchange	Botswana	EMEA	Emerging and Developing Economies
Boursa Kuwait	Kuwait	EMEA	Emerging and Developing Economies
Bourse de Casablanca	Maroc	EMEA	Emerging and Developing Economies
BRVM	Côte d'Ivoire	EMEA	Emerging and Developing Economies
Bursa Malaysia	Malaysia	APAC	Emerging and Developing Economies
Canadian Securities Exchange	Canada	Americas	Advanced Economies
Cboe Canada	Canada	Americas	Advanced Economies
Chittagong Stock Exchange	Bangladesh	APAC	Emerging and Developing Economies
Cyprus Stock Exchange	Cyprus	EMEA	Advanced Economies
Deutsche Boerse AG	Germany	EMEA	Advanced Economies
Ghana Stock Exchange	Ghana	EMEA	Emerging and Developing Economies

Hong Kong Exchanges and Clearing	Hong Kong	APAC	Advanced Economies
Indonesia Stock Exchange	Indonesia	APAC	Emerging and Developing Economies
Japan Exchange Group	Japan	APAC	Advanced Economies
Kazakhstan Stock Exchange	Republic of Kazakhstan	EMEA	Emerging and Developing Economies
Korea Exchange	Republic of Korea	APAC	Advanced Economies
Malta Stock Exchange	Malta	EMEA	Advanced Economies
National Stock Exchange of India	India	APAC	Emerging and Developing Economies
Palestine Exchange	Palestine	EMEA	Emerging and Developing Economies
Philippine Stock Exchange	Philippines	APAC	Emerging and Developing Economies
Saudi Exchange (Tadawul)	Saudi Arabia	EMEA	Emerging and Developing Economies
SIX Swiss Exchange	Switzerland	EMEA	Advanced Economies
Stock Exchange of Mauritius	Republic of Mauritius	EMEA	Emerging and Developing Economies
Taipei Exchange	Chinese Taipei	APAC	Advanced Economies
Taiwan Stock Exchange	Chinese Taipei	APAC	Advanced Economies
The Egyptian Exchange	Egypt	EMEA	Emerging and Developing Economies
The Stock Exchange of Thailand	Thailand	APAC	Emerging and Developing Economies
TMX Group	Canada	Americas	Advanced Economies
Tunis Stock Exchange	Tunisia	EMEA	Emerging and Developing Economies

This table lists the exchanges that participated in the IPO survey. Exchanges are ordered alphabetically by name.
