What is Nasdaq's compliance process for companies failing to meet the $1.00 minimum bid price requirement?

If a company trades for 30 consecutive business days below the $1.00 minimum closing bid price requirement, Nasdaq will send a deficiency notice to the company, advising that it has been afforded a "compliance period" of 180 calendar days to regain compliance with the applicable requirements.

Thereafter, if such a company does not regain compliance with the bid price requirement a second 180-day compliance period may be available. A company listed on the Nasdaq Capital Market may be eligible for an additional 180-day compliance period if it meets the market value of publicly held shares requirement for continued listing, all other initial inclusion requirements for the Capital Market, except for the bid price requirement, and provides written notice that it intends to regain compliance with the bid price requirement during the second 180-day compliance period, by effecting a reverse stock split if necessary.

Similarly, if a company listed on the Nasdaq Global Select Market or Global Market company is unable to comply with the bid price requirement prior to the expiration of its 180-day compliance period, it may transfer to the Nasdaq Capital Market, so as to take advantage of the additional compliance period offered on that market. Such a company must meet the $1 million market value of publicly held shares requirement for continued listing, and all other requirements for initial listing on the Nasdaq Capital Market (except for the bid price requirement), and provide written notice that it intends to regain compliance with the bid price requirement during the second 180-day compliance period, by effecting a reverse stock split if necessary. If a company does not provide written notice of its intent to cure the deficiency, or if it does not appear to Nasdaq that it is possible for the company to cure the deficiency, the company will not be eligible for the second compliance period.

A Nasdaq Global or Global Select Market company that is in the Hearings Process for the minimum $1.00 bid price requirement can submit a transfer application ONLY if it meets the continued listing requirement for market value of publicly held shares and all other initial listing criteria (except initial bid price) for the Capital Market. If the application is approved, the company's securities will be transferred to the Capital Market. The company will be granted the balance of the second 180-day compliance period to resolve its $1.00 bid price deficiency.

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How does Nasdaq measure the bid price of a security?

Nasdaq uses the consolidated closing bid price as of 4 PM Eastern Time to determine whether a company complies with the bid price requirements for continued listing. A Nasdaq company can view its security's relevant closing bid price on Nasdaq Online (www.nasdaq.net). This information is under the “4:00 Close” column in the “Bids and Asks” tab of the “Trade History.” Nasdaq-listed companies can also call their representative at Nasdaq's Market Intelligence Desk. Companies can find the telephone number for their representative by logging into Nasdaq Online and clicking on "My MID." When requesting this information, please be sure to specify the consolidated closing bid price.

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How does a company regain compliance with the minimum bid price requirement?

In order to regain compliance with the minimum bid price requirement, a security must have a closing bid price of $1.00 or more for 10
consecutive business days.

Although an automated computer system tracks each company's bid price on a daily basis, it is suggested that the company contact its Listing Qualifications Analyst via email continuedlisting@nasdaq.com or by phone at +1 301 978 8008 when it believes compliance has been achieved. Nasdaq will provide all compliance determinations, in writing, to the company.

Under certain circumstances, to ensure that the company can sustain long-term compliance, Nasdaq may require the closing bid price to equal or to exceed the $1.00 minimum bid price requirement for more than 10 consecutive business days before determining that a company complies. In determining whether to look beyond the 10 days, Nasdaq will consider, but is not limited to, the following factors:

- Margin of compliance (the amount by which the price is above the $1.00 minimum standard);
- Trading volume (a lack of trading volume may indicate a lack of bona fide market interest in the security at the posted bid price);
- The market maker montage (e.g., if only one of eight market makers is quoting at or above the minimum bid price and the quote is only for 100 shares, then added scrutiny may be appropriate); and
- The trend of the stock price (is it moving up or down?).
financial strengths and weaknesses, the overall market conditions, the company's historical bid price, and impending disclosures, corporate actions and strategic business plans that the company believes may impact its bid price.