How does the change to the bid price rule in SR-NASDAQ-2024-45 effect a company that completed a reverse stock split or was noncompliant with the bid price requirement prior to the rule change?

Identification Number 1874

The rule changes became effective upon SEC approval on January 17. Any new notifications of non-compliance with the $1 bid price rule after that date will reflect the new rule, even if the prior reverse split came before the date of approval. Companies previously notified about non-compliance are eligible to continue to receive the grace period provided under the prior rule.

Publication Date*: 1/23/2025 Identification Number: 1874

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

Identification Number 354

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.

However, if a company has effected a reverse stock split within one year of noncompliance or has effected one or more reverse stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to one, then the Company shall not be eligible for a 180 -day compliance period and the Listing Qualifications Department shall issue a Staff Delisting Determination.

If the 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.

A company that fails to regain compliance with the bid price requirement following the expiration of the second 180-day compliance period will be issued a delisting letter and will have its securities suspended from trading on the Nasdaq Stock Market, effective on the seventh calendar day following receipt of Staff's delist determination. The company may still appeal Staff's determination which will stay the delisting, but the company's securities will remain suspended from trading on Nasdaq through the duration of the Hearings Process.

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.

Publication Date*: 7/31/2012 Identification Number: 354

How does Nasdaq measure the bid price of a security? Identification Number 355

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.

Publication Date*: 7/31/2012 Identification Number: 355

How does a company regain compliance with the minimum bid price requirement? Identification Number 356

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?).

Publication Date*: 7/31/2012 Identification Number: 356

Does Nasdaq accept reverse stock splits as a method to regain compliance with the minimum bid price requirement? Identification Number 357

Yes. Nasdaq views reverse stock splits as an acceptable method to regain compliance. If the company determines to implement a reverse stock split, it will need to log in to the Listing Center and complete a Company Event Notification at least 15 calendar days prior to the implementation of the reverse split.

Note that Nasdaq does not assess a fee for a reverse stock split or any other substitution listing event. Please contact Corporate Data Operations at +1 877 308 0523 if you need assistance.

Publication Date*: 11/30/2017 Identification Number: 357

Is there a limit to the number of times a listed company may effect a reverse stock split to maintain or regain compliance with the bid price requirement? Identification Number 1516

While Nasdaq rules do not impose a specific limit on the number of times a listed company may effect a reverse stock split to maintain

or regain compliance with the bid price requirement, a series of reverse stock splits may undermine investor confidence in securities listed on Nasdaq, especially where the reverse stock splits follow dilutive transactions.

However, pursuant to Listing Rule 5810(c)(3)(A)(iv), if a Company's security fails to meet the continued listing requirement for minimum bid price and the Company has effected a reverse stock split over the prior one-year period or one or more reverse stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to one, then the Company shall not be eligible for a 180-day compliance period and the Listing Qualifications Department shall issue a Staff Delisting Determination.

A company considering whether a reverse stock split or proposed transaction raises such concerns is encouraged to contact its Listing Qualifications analyst by phone at +1 301 978 8008 to discuss the transaction prior to entering into a definitive agreement.

Publication Date*: 4/10/2023 Identification Number: 1516

What happens if a company does not regain compliance with the minimum bid price requirement during the compliance period?

Identification Number 358

If a company is unable to resolve its bid price deficiency during the applicable compliance period, Nasdaq Staff will issue a delisting letter. At that time, the company may request a hearing before a Hearing Panel, which will stay the delisting. The company's securities will, generally, continue trading on Nasdaq for the duration of the Hearings Process.

However, A company that fails to regain compliance with the bid price requirement following the expiration of the second 180-day compliance period will have its securities suspended from trading on the Nasdaq Stock Market effective on the seventh calendar day following the date of Staff's delist determination. The company's securities will continue to be listed, but will remain suspended from trading on the Nasdaq Stock Market through the duration of the Hearings Process.

The company will have the opportunity to present its plan to regain compliance to the Panel. This plan of compliance should include the implementation of a reverse stock split in the near term. In appropriate cases, and so long as a company commits to implementation of a reverse split within 180 days of the delisting notification, Panels may also consider other factors, such as the company's fundamental 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.

Publication Date*: 7/31/2012 Identification Number: 358

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