

# CONTINUED LISTING GUIDE

EXCHANGE-TRADED FUNDS



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## Introduction

This guide was developed in order to provide issuers of Exchange-Traded Funds (“ETF”) with an overview of the continued listing compliance program at Nasdaq. Although Nasdaq rules allow for the listing of a variety of Exchange-Traded Products (“ETP”), this particular guide focuses on the requirements specific to ETFs. For questions regarding this guide or the requirements regarding other types of ETPs, please contact Nasdaq Listing Qualification Department directly at [ETP\\_Regulation@nasdaq.com](mailto:ETP_Regulation@nasdaq.com).

If Nasdaq determines that an ETF does not meet one of the requirements, the ETF may be subject to the delisting process. Please see the “Deficiency Process” section of this guide for further details. Nasdaq may also halt trading for certain deficiencies, as described in the “Trading Halts” section of this guide.

## Continued Listing Requirements

All ETFs listed on Nasdaq must meet the following listing requirements:

- **Shareholders:** Following the initial twelve month period after product launch, the ETF must have at least 50 beneficial shareholders.
- **Information Dissemination:** Information relating to the value of the underlying portfolio and the index on which the ETF is based must be disseminated at the following minimum intervals:

Value	Minimum Dissemination Interval
Intraday Indicative Value (IIV)	Every 15 seconds
Index Value (U.S. Equity)*	Every 15 seconds
Index Value (Non-U.S. Equity)*	Every 60 seconds
Index Value (Combination of multiple indices)*	U.S. Equity: Every 15 seconds Non-U.S. Equity: Every 60 seconds
Net Asset Value or value of underlying portfolio, as applicable	Disseminated daily to all market participants at the same time

- **Issuer Filings:** Issuers must file required reports with the Securities and Exchange Commission (“SEC”).

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\* Applies to ETFs that qualified under the listing standards in Listing Rule 5705(b), which allows for the listing of certain index-based products without Nasdaq making a product-specific rule filing.

In addition, certain types of ETFs must meet the following additional requirements:

- **Leveraged ETFs – Website Disclosure** : ETFs which seek a return based upon a multiple (positive or inverse) of the underlying index performance, must disclose the following information regarding the portfolio on their website on a daily basis:
  - The identity and number of shares held of each specific equity security
  - The identity and amount held for each specific fixed income security
  - The specific types of financial instruments<sup>†</sup> and characteristics of such financial instruments
  - Cash equivalents and the amount of cash held in the portfolio
- **19b4 Rule Filings**: ETFs that require Nasdaq to obtain approval of the Securities and Exchange Commission in order to list the product, are subject to the following additional requirements:

In the rule filing made with the SEC to list the product, Nasdaq includes the portfolio description and limitations on the portfolio's holdings or underlying reference asset as provided by the issuer (collectively, the "Issuer's Representations"). Issuers are required to comply with these descriptions and limitations.

- Nasdaq asks each ETF to provide an annual certification that the ETF satisfies the applicable Issuer Representations and did not have any instances of non-compliance that were not already reported to Nasdaq.
  - Nasdaq may also request that the ETF provide an annual list of the portfolio components as of a certain date in order to confirm compliance with the applicable requirements.
- **"Generic" Managed Fund Shares (Active ETFs)**: ETFs listed pursuant to the "generic" listing requirements of Rule 5735 must provide the following within 5 days of the end of each calendar quarter:
    - The number of active authorized participants and a description of any failure of the Fund or of an authorized participant to deliver shares, cash, or cash and financial instruments in connection with creation or redemption orders.

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<sup>†</sup> Including, but not limited to, stock index futures contracts; options on futures contracts; options on securities and indices; equity caps, collars and floors; swap agreements; forward contracts; repurchase agreements and reverse repurchase agreements.

## Corporate Governance

Issuers of ETFs that are registered under the Investment Company Act of 1940 (the “40 Act”) must comply with certain of Nasdaq’s corporate governance requirements.

ETF Issuers are required to be in compliance with the provisions of SEC Rule 10A-3, including those incorporated in the Nasdaq rules below:

Listing Rule	Description
5605(c)(1)	Audit Committee Charter
5605(c)(2)(A)(ii)	Audit Committee Independence Requirements of Rule 10A-3
5605(c)(3)	Audit Committee Responsibilities and Authority

In addition, ETF Issuers are also subject to the following requirements in Listing Rule 5600:

Listing Rule	Description
5620(b)	Proxy Solicitation
5620(c)	Quorum
5625	Notification of Material Non-Compliance
5630	Review of Related Party Transactions
5635	Shareholder Approval
5640	Voting Rights

**Exemptions:** ETF Issuers are exempt from the following provisions of Listing Rule 5600:

Listing Rule	Description	Exemption Source
5605(b)	Independent Directors	IM-5615-4
5605(c)(2)	Audit Committee – 3 member minimum	IM-5615-4
5605(c)(2)(A)(i)	Audit Committee – Independent under Listing Rule 5605(a)(2)	IM-5615-4
5605(c)(2)(A)(iii)	Audit Committee – Participation in Financial Statement Preparation	IM-5615-4
5605(c)(2)(A)(iv)	Audit Committee – Financial Sophistication	IM-5615-4
5605(d)	Compensation Committee	IM-5615-4
5605(e)	Nominating Committee	IM-5615-4
5610	Code of Conduct	IM-5615-4
5620(a)	Shareholder Meetings	IM-5620

## Disclosure of Material News

ETF issuers make prompt disclosure to the public through any [Regulation FD](#) compliant method (or combination of methods) of disclosure of any material information that would reasonably be expected to affect the value of its securities or influence investors' decisions. ETF Issuers must, prior to the release of the information, provide notice of such disclosure to Nasdaq's MarketWatch Department (“MarketWatch”).

- **Events Requiring Disclosure:** In addition to the events included in [Listing Rule IM-5250-1](#), ETF issuers should also notify MarketWatch of material events relating to the listed ETF. These events include, but are not limited to:
  1. Liquidation of the trust or ETF
  2. Suspension of the creation or redemption process
  3. Restatement of the NAV
- **Disclosure Instructions:** Issuers should notify Nasdaq of the pending release of material information based on the following schedule:

Release Time	Notification Requirement
7:00 a.m. to 8:00 p.m. ET	At least 10 minutes prior to release
All other times	Prior to 6:50 a.m. ET

Notification must be provided to MarketWatch through the Electronic Disclosure submission system accessible at <https://www.nasdaq.net/ED/IssuerEntry.aspx>. MarketWatch does not accept material news disclosures by fax or phone, except in emergency situations.

MarketWatch reviews material news notifications and, when appropriate, may implement a temporary trading halt to permit the public dissemination of the material news. See the “Trading Halts” section of this guide or our [frequently asked questions](#) for further information.

## Trading Halts

Trading halts may be implemented for a variety of reasons. For ETFs, the most common reasons are below.

- **Material News Disclosure:** A trading halt benefits current and potential shareholders by halting all trading in any Nasdaq securities until there has been an opportunity for the information to be disseminated to the public and provides the public with an opportunity to evaluate the information and consider it in making investment decisions.

This decreases the possibility of some investors acting on information known only to them and alerts the marketplace to the fact that news has been released.

MarketWatch takes into account the timing of the disclosure by the company, the relative importance of the material news and any other factors that might necessitate a temporary trading halt in its evaluation of the material disclosure. Nasdaq usually reaches out to the issuer before making a halt determination.

MarketWatch generally implements trading halts from 7:00 a.m. – 8:00 p.m. ET. Between 4:00 a.m. and 7:00 a.m. ET, MarketWatch may implement temporary trading halts at the request of a Nasdaq company when related to material news or in conjunction with a regulatory trading halt imposed by a foreign listing market.

Trading is normally resumed in a stock about thirty minutes following dissemination of the material disclosure through a Regulation FD compliant method, although Nasdaq may vary the length of the trading halt in consultation with the company or when Nasdaq is scheduling trading resummptions around the open or close of regular market hours.

- **ETF Related Issues:** Trading may also be halted in an ETF due to the consideration of, among other factors:
  - 1) The extent to which trading has ceased in underlying securities;
  - 2) Whether trading has been halted or suspended in the primary market(s) for any combination of underlying securities accounting for 20% or more of the applicable current index group value;
  - 3) If the Intraday Indicative Value is not being disseminated at the required frequency or has stopped being disseminated;
  - 4) If the NAV is not being disseminated to all market participants at the same time or at all; or
  - 5) The presence of other unusual conditions or circumstances deemed to be detrimental to the maintenance of a fair and orderly market.
  
- **Deficiency:** Trading may be halted due to an ETF's non-compliance with certain of Nasdaq's listing requirements.

For a complete list of halt reasons and the related codes please see [Nasdaq Trader](#).

## Deficiency Process

ETFs that fail to meet the continued listing standards are subject to possible delisting from Nasdaq. Nasdaq will notify issuers in writing that the ETF is deficient and provide the ETF issuer an opportunity to present a plan to regain compliance. Issuers are required to disclose all notices of deficiency, delisting determination letters and public reprimand letters. See [Listing Rule IM-5810-1](#) for further information.

If an ETF receives a delisting determination, it may appeal the determination. In order to appeal, the ETF issuer must provide notice to Nasdaq within seven days of receipt of the determination letter and pay a fee of \$10,000.

Please see our [frequently asked questions](#) for further information.

## Corporate Actions and Other Notifications

ETF issuers are required to notify Nasdaq in connection with certain corporate actions. To complete one of these forms, users must have a Listing Center Account. If you need to create a new account, please follow these [Instructions](#).

Company Action	Notification Form	Due Date
Replacement of, or any significant modification to, the index, portfolio or Reference Asset underlying a security listed under the Rule 5700 Series (including, but not limited to, a significant modification to the index methodology, a change in the index provider, or a change in control of the index provider).	<a href="#">Listing Center: Company Event Notification</a>	No later than 15 calendar days prior to effective date
Reverse Stock Split	<a href="#">Listing Center: Company Event Notification</a>	No later than 15 calendar days prior to record date for change
Change in ETF Name	<a href="#">Listing Center: Company Event Notification</a>	No later than 10 calendar days after the change

Company Action	Notification Form	Due Date
Change in Trading Symbol	<a href="#">Listing Center: Company Event Notification</a>	No later than two business days prior to desired change
Cash Dividends and Other Distributions Forward Stock Splits and Share Dividends	<a href="#">Listing Center: Dividend/Distribution/Interest Payment Form</a>	No later than 10 calendar days prior to record date
Change in Par Value	<a href="#">Listing Center: Company Event Notification</a>	No later than 10 calendar days after the change
Change in State of Incorporation or Place of Organization Change Requiring Updated Listing Agreement	<a href="#">Listing Center: Company Event Notification</a>	As soon as practicable after change
Formation of a Holding Company that Replaces a Listed Company Listing a New Class of Securities in Substitution for a Previously Listed Class of Securities	<a href="#">Listing Center: Company Event Notification</a>	No later than 15 calendar days prior to record date for change
Hearing Request	<a href="#">Listing Center: Hearing Request Form</a>	No later than 7 calendar days following Staff Determination
Increase or Decrease of 5% or More in the Number of Shares Outstanding	<a href="#">Listing Center: Change in Shares Outstanding</a>	No later than 10 calendar days after occurrence
Request Rule Interpretation	<a href="#">Listing Center: Rule Interpretation Request</a>	Upon company request

## Listing Fees

The annual fee schedule for ETFs and Managed Fund Shares are below. Please contact Nasdaq for information regarding fees for other types of ETPs.

Entry Fee (Per Fund)	
\$5,000, including \$1,000 non-refundable application fee.	
Annual Fee (Aggregated by Sponsor)	
Total Shares Outstanding	Fee
Up to 1 million shares	\$6,500
1+ to 2 million shares	\$7,000
2+ to 3 million shares	\$7,500
3+ to 4 million shares	\$8,000
4+ to 5 million shares	\$8,500
5+ to 6 million shares	\$9,000
6+ to 7 million shares	\$9,500
7+ to 8 million shares	\$10,000
8+ to 9 million shares	\$10,500
9+ to 10 million shares	\$11,000
10+ to 11 million shares	\$11,500
11+ to 12 million shares	\$12,000
12+ to 13 million shares	\$12,500
13+ to 14 million shares	\$13,000
14+ to 15 million shares	\$13,500
15+ to 16 million shares	\$14,000
Over 16 million shares	\$14,500

## Contact Information and Useful Links

Contact	For Questions Regarding	By Phone or Email
ETP Listing Services and Sales	ETP Listings Benefits of a Nasdaq Liquidity Programs	Paul Roland Head of ETP Listings & Services +1 215 496 5209 <a href="mailto:paul.roland@nasdaq.com">paul.roland@nasdaq.com</a>
ETP Listing Services and Sales	ETP Listings Benefits of a Nasdaq Liquidity Programs	Steve Oh Director of ETP Listings & Services +1 215 496 5117 <a href="mailto:steve.oh@nasdaq.com">steve.oh@nasdaq.com</a>
Listing Qualifications -Initial and Continued Listings	ETP Listing Applications (including Switches from other Exchanges) ETP initial and continued listing standards and processes	Ben Haskell Director of ETP Regulation +1 301 978 8092 <a href="mailto:benjamin.haskell@nasdaq.com">benjamin.haskell@nasdaq.com</a>
Office of General Counsel (“OGC”)	ETP Rule Filings	Jonathan Cayne Senior Associate General Counsel +1 301 978 8493 <a href="mailto:jonathan.cayne@nasdaq.com">jonathan.cayne@nasdaq.com</a>
Symbol Reservations	Reserving or changing a symbol for trading on The Nasdaq Stock Market	Phone: +1 212 231 5530 Email: <a href="mailto:symbol.reservation@nasdaq.com">symbol.reservation@nasdaq.com</a>
MarketWatch	Disclosure of Material News, Company Press Releases, Regulation FD Compliance, Trading Halts	Phone: +1 301 978 8500 or +1 800 537 3929 Email: <a href="mailto:nasdaqmarketwatch@nasdaq.com">nasdaqmarketwatch@nasdaq.com</a>
Corporate Data Operations	Stock Splits/Dividends, Company Reorganizations, Name and Symbol Changes	Phone: +1 203 926 3501 or +1 877 308 0523 Email: <a href="mailto:nasdaqreorgs@nasdaq.com">nasdaqreorgs@nasdaq.com</a>
Listing Center Support Desk	Problems Logging In and Other Technical Questions	Phone: +1 301 978 8001 Email: <a href="mailto:CorporateCommunications@nasdaq.com">CorporateCommunications@nasdaq.com</a>
Corporate Communications	General Press and Photo Inquiries	Phone: +1 301 978 8203 Email: <a href="mailto:hearings@nasdaq.com">hearings@nasdaq.com</a>
OGC, Hearings Department	Hearing Requests and Process	Phone: +1 301 978 8203 Email: <a href="mailto:hearings@nasdaq.com">hearings@nasdaq.com</a>

## Useful Links

[Nasdaq ETP Regulation](#): Complete information about the initial and continued listing of ETPs on Nasdaq.

[Nasdaq Listing Center](#): Portal for completing listing applications and forms. Also includes information relating to listing on Nasdaq, associated fees, and other useful material.

[Nasdaq Listing Rules](#): Complete rule book regarding Nasdaq listing.

[Frequently Asked Questions](#): Searchable list of frequently asked questions regarding Nasdaq rules and listing procedures.

[Nasdaq Trader](#): Complete information relating to trading on Nasdaq's markets.

[Nasdaq Governance Clearinghouse](#): Forum to promote dialogue and exchange ideas across a variety of topics of interest to listed companies.