

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 27	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2020 - * 060 Amendment No. (req. for Amendments *)
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Filing by The Nasdaq Stock Market LLC  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Proposal to treat as an Eligible Switch for purposes of IM-5900-7 an Acquisition Company that switches from NYSE to Nasdaq after announcing a business combination

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Arnold Last Name \* Golub  
 Title \* Deputy General Counsel  
 E-mail \* arnold.golub@nasdaq.com  
 Telephone \* (301) 978-8075 Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)  
 Date 09/01/2020  
 By John Zecca (Name \*)  
 EVP and Chief Legal Officer  
 john.zecca@nasdaq.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to treat as an Eligible Switch, for purposes of IM-5900-7, an Acquisition Company that switches from NYSE to Nasdaq after announcing a business combination.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of the Exchange on September 25, 2019. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Arnold Golub  
Deputy General Counsel  
Nasdaq, Inc.  
301-978-8075

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

Nasdaq proposes to modify IM-5900-7 to treat as an Eligible Switch under that rule any Acquisition Company (as defined below) that both: (i) switched its listing from the New York Stock Exchange (“NYSE”) to list on Nasdaq under IM-5101-2 after the company publicly announced that it entered into a binding agreement for a business combination; and (ii) subsequently satisfies the conditions in IM-5101-2(b) and lists on the Nasdaq Global or Global Select Markets in conjunction with that business combination.

Nasdaq Rule IM-5101-2 imposes additional listing requirements on a company whose business plan is to complete an initial public offering (“IPO”) and engage in a merger or acquisition with one or more unidentified companies within a specific period of time (“Acquisition Companies”).<sup>3</sup> An Acquisition Company does not have an operating businesses and tends to trade infrequently and in a tight range until the company complete an acquisition. Therefore, these Acquisition Companies do not generally need shareholder communication services, market analytic tools or market advisory tools and, upon listing (whether as an IPO or when switching from another market), these Acquisition Companies do not receive complimentary services from Nasdaq under IM-5900-7.<sup>4</sup> However, a former Acquisition Company is eligible to receive services under IM-5900-7 when it lists on the Nasdaq Global or Global Select

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<sup>3</sup> Securities Exchange Act Release No. 58228 (July 25, 2008), 73 FR 44794 (July 31, 2008) (adopting the predecessor to IM-5101-2).

<sup>4</sup> See Securities Exchange Act Release No. 79366 (November 21, 2016), 81 FR 85663 (November 28, 2016).

Market in conjunction with a business combination that satisfies the conditions in IM-5101-2(b).<sup>5</sup> At this point, the Acquisition Company transitions to being an operating company and has a similar need as other companies for shareholder communication services, market analytic tools and market advisory tools. For this purpose, the Acquisition Company is treated as an “Eligible New Listing” under the rule, similar to a company listing in connection with its IPO.<sup>6</sup>

Nasdaq treats a company that switches its listing from NYSE to the Nasdaq Global or Global Select Market as an “Eligible Switch” and offers such companies a package of services that can be more valuable than the package of services offered to Eligible New Listings.<sup>7</sup> This enhanced package, in part, reflects the competition in the market for listing services.

Under this construct, an Acquisition Company listed on NYSE that switches to Nasdaq would receive services as an Eligible New Listing if it switches while still an Acquisition Company, even if it has already announced its business combination, but would receive services with a higher value if it switches at or after the time of its business

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<sup>5</sup> IM-5900-7(e).

<sup>6</sup> Under IM-5900-7 “Eligible New Listings” include “companies listing on the Global or Global Select Markets in connection with their initial public offering in the United States, including American Depository Receipts (other than a company listed under IM-5101-2), upon emerging from bankruptcy, in connection with a spin-off or carve-out from another company, in connection with a Direct Listing as defined in IM-5315-1 (including the listing of American Depository Receipts), or in conjunction with a business combination that satisfies the conditions in IM-5101-2(b).”

<sup>7</sup> An Eligible Switch with a market capitalization less than \$750 million receives the same package of services for the same two year term as an Eligible New Listing. An Eligible Switch with a market capitalization of \$750 million or more receives service with a higher total retail value than a comparably sized Eligible New Listing and will receive those services for four years instead of two years.

combination. However, Nasdaq believes that certain companies may prefer to switch markets after they announce their business combination, but before they consummate it, and that the competition for listing such a company is similar to the competition for a company that qualifies as an Eligible Switch today. Accordingly, Nasdaq proposes to treat as an Eligible Switch any company that switches its listing from NYSE and lists on Nasdaq under IM-5101-2 after the company has publicly announced that it entered into a binding agreement for a business combination and that subsequently satisfies the conditions in IM-5101-2(b) and lists on the Global or Global Select Market in conjunction with that business combination.<sup>8</sup>

Removing the existing incentive for an Acquisition Company to delay switching until the time of its business combination will allow Nasdaq to process both the removal of the Acquisition Company and the simultaneous addition of the operating company, which will help ensure that the transaction is processed smoothly for the benefit of the company's investors. Otherwise, multiple markets would need to carefully choreograph the removal of the company's securities from one market, a change in the name and symbol of the securities, and the addition of securities to another market, which all occurs in conjunction with a significant corporate event – the closing of the business combination.

Of course an Acquisition Company could only switch its listing to Nasdaq if it satisfies all of Nasdaq's initial listing requirements. In addition, the combined company

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<sup>8</sup> In the event that the Acquisition Company terminates the business combination that was announced when it switched it would not be eligible to receive services as an Eligible Switch under the proposed rule; however, if the Acquisition Company subsequently completes a different business combination it may be eligible to receive services as an Eligible New Listing as described in existing IM-5900-7(e).

would again have to satisfy all initial listing requirements at the time of the business combination.<sup>9</sup> As under existing rules, the Acquisition Company itself would not receive services as an Eligible Switch under the proposed rule and the services would only be available to the company upon completing its business combination and listing on the Nasdaq Global or Global Select Markets pursuant to the conditions described in IM-5900-7(e).<sup>10</sup>

Nasdaq notes that no other company will be required to pay higher fees as a result of the proposed amendments and represents that providing these services will have no impact on the resources available for its regulatory programs.

Finally, Nasdaq proposes non-substantive technical amendments to the rule. Specifically, Nasdaq proposes to eliminate most of the description of the history of the rule from the rule text because it is no longer applicable to any companies. However, Nasdaq proposes to relocate the discussion about the 2018 change to the services offered to a new paragraph (g) because some companies are still eligible to receive services under the rule in effect prior to the 2018 change.<sup>11</sup> Nasdaq also proposes to renumber other paragraphs of the rule in order to improve the rules' readability.

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<sup>9</sup> See IM-5102-2(d) and (e).

<sup>10</sup> Nasdaq has proposed to offer Acquisition Companies listed on Nasdaq a complimentary global targeting tool. See Exchange Act Release No. 89413 (July 28, 2020), 85 FR 46759 (August 3, 2020) (SR-Nasdaq-2020-044). If approved, an Acquisition Company that switches its listing to Nasdaq after the public announcement that the company entered into a binding agreement for the business combination intended to satisfy the conditions in IM-5101-2(b), as described herein, would be eligible to receive that tool from the date of listing until 60 days following the completion of the business combination, or such time that the Acquisition Company publicly announces that such agreement is terminated.

<sup>11</sup> See Securities Exchange Act Release No. 82976 (March 30, 2018), 83 FR 14683 (April 5, 2018) (SR-NASDAQ-2018-023). This rule change became operative for

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Exchange Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Exchange Act,<sup>13</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between issuers.

Nasdaq also believes that the proposed rule change is consistent with the provisions of Sections 6(b)(4),<sup>14</sup> and 6(b)(8),<sup>15</sup> in that the proposal is designed, among other things, to provide for the equitable allocation of reasonable dues, fees, and other charges among Exchange members and issuers and other persons using its facilities and that the rules of the Exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

Nasdaq faces competition in the market for listing services,<sup>16</sup> and competes, in part, by offering valuable services to companies. Nasdaq believes that it is reasonable to

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new listings on or after April 23, 2018. An Eligible Switch that listed under the rule in effect before this date could receive services under the prior rule for up to four years from its listing date.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

<sup>14</sup> 15 U.S.C. 78f(4).

<sup>15</sup> 15 U.S.C. 78f(8).

<sup>16</sup> The Justice Department has noted the intense competitive environment for exchange listings. See “NASDAQ OMX Group Inc. and IntercontinentalExchange Inc. Abandon Their Proposed Acquisition Of NYSE



offer complimentary services to attract and retain listings as part of this competition. In particular, Nasdaq believes it is reasonable, and not unfairly discriminatory, to treat an Acquisition Company as an Eligible Switch for purposes of IM-5900-7 following the public announcement of the business combination that is intended to satisfy the conditions in Listing Rule IM-5101-2(b) because the Acquisition Company may reconsider its listing market at that time, in connection with its rebranding and the launch of the operating company as a public company. Nasdaq believes that treating the company as an Eligible Switch would provide an incentive to the company to list on Nasdaq.

In addition, Nasdaq believes that in most instances involving an Acquisition Company that has announced a business combination, the operating company plays a significant role in deciding where to list the combined company. Accordingly, it is not unfair to treat an Acquisition Company that has announced a business combination differently from one that has not yet made such an announcement. Nasdaq believes it is not an inequitable allocation of fees to treat an Acquisition Company as an Eligible Switch following the public announcement of the business combination that is intended to satisfy the conditions in Listing Rule IM-5101-2(b) for these same reasons and because the consideration about whether to switch markets is roughly the same for an Acquisition Company that has publicly announced a business combination as it is for other companies that are considered Eligible Switches.

Nasdaq also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5) because it will remove an impediment to a free and open

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Euronext After Justice Department Threatens Lawsuit” (May 16, 2011), available at [http://www.justice.gov/atr/public/press\\_releases/2011/271214.htm](http://www.justice.gov/atr/public/press_releases/2011/271214.htm).

market and a national market system, and will help to protect investors by removing an impediment for an Acquisition Company to switch its listing prior to the closing of its business combination. If a company is forced to wait to switch to Nasdaq until the time it closes the business combination in order to be treated as an Eligible Switch, additional risks can be introduced into the process because both the exchange transfer and the closing of the transaction, which will typically includes a concurrent name and symbol change, must be coordinated between two exchanges. In contrast, if the Acquisition Company is able to switch earlier, then there is no additional cross-market coordination required at the time of closing, which is a significant step in the company's life-cycle. The ability to switch before the closing without an adverse effect in the services that the company will receive from Nasdaq reduces potential risks for the company and its investors at the time of closing of the business combination and it will thereby remove an impediment to a free and open market and a national market system and help to better protect investors.

The non-substantive changes to eliminate non-applicable history from the rule text and renumber and reorganize the rule will improve the rule's readability and thereby remove an impediment to a free and open market and a national market system and help to better protect investors.

Nasdaq further represents, and this proposed rule change will help ensure, that individual listed companies are not given specially negotiated packages of products or

services to list, or remain listed, which the Commission has previously stated would raise unfair discrimination issues under the Exchange Act.<sup>17</sup>

Finally, Nasdaq also believes it is reasonable to balance its need to remain competitive with other listing venues, while at the same time ensuring adequate revenue to meet its regulatory responsibilities. Nasdaq notes that no other company will be required to pay higher fees as a result of the proposed amendments and it represents that providing this service will have no impact on the resources available for its regulatory programs.

#### 4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As noted above, Nasdaq faces competition in the market for listing services, and competes, in part, by offering valuable services to companies. The proposed rule change reflects that competition, but it does not impose any burden on the competition with other exchanges. Rather, Nasdaq believes the proposed changes will enhance competition for listings of Acquisition Companies.

Other exchanges can also offer similar services to companies, thereby increasing competition to the benefit of those companies and their shareholders. Accordingly, Nasdaq does not believe the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, as amended.

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<sup>17</sup> See Exchange Act Release No. 79366, 81 FR 85663 at 85665 (citing Securities Exchange Act Release No. 65127 (August 12, 2011), 76 FR 51449, 51452 (August 18, 2011) (approving NYSE-2011-20)).

Nasdaq also notes that Nasdaq Corporate Solutions competes with other service providers in providing the services that are offered to Eligible Switches. To the extent that these other providers believe that Nasdaq offering a complimentary services for a limited time creates a competitive burden on their offerings, they are able to craft a similar program to attract Acquisition Companies that have publicly announced a business combination to their services.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.

5. Text of the proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2020-060)

September \_\_, 2020

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Treat as an Eligible Switch, for Purposes of IM-5900-7, an Acquisition Company that Switches from NYSE to Nasdaq After Announcing a Business Combination

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 1, 2020, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to treat as an Eligible Switch, for purposes of IM-5900-7, an Acquisition Company that switches from NYSE to Nasdaq after announcing a business combination.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq proposes to modify IM-5900-7 to treat as an Eligible Switch under that rule any Acquisition Company (as defined below) that both: (i) switched its listing from the New York Stock Exchange ("NYSE") to list on Nasdaq under IM-5101-2 after the company publicly announced that it entered into a binding agreement for a business combination; and (ii) subsequently satisfies the conditions in IM-5101-2(b) and lists on the Nasdaq Global or Global Select Markets in conjunction with that business combination.

Nasdaq Rule IM-5101-2 imposes additional listing requirements on a company whose business plan is to complete an initial public offering ("IPO") and engage in a merger or acquisition with one or more unidentified companies within a specific period of time ("Acquisition Companies").<sup>3</sup> An Acquisition Company does not have an operating businesses and tends to trade infrequently and in a tight range until the company complete an acquisition. Therefore, these Acquisition Companies do not

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<sup>3</sup> Securities Exchange Act Release No. 58228 (July 25, 2008), 73 FR 44794 (July 31, 2008) (adopting the predecessor to IM-5101-2).

generally need shareholder communication services, market analytic tools or market advisory tools and, upon listing (whether as an IPO or when switching from another market), these Acquisition Companies do not receive complimentary services from Nasdaq under IM-5900-7.<sup>4</sup> However, a former Acquisition Company is eligible to receive services under IM-5900-7 when it lists on the Nasdaq Global or Global Select Market in conjunction with a business combination that satisfies the conditions in IM-5101-2(b).<sup>5</sup> At this point, the Acquisition Company transitions to being an operating company and has a similar need as other companies for shareholder communication services, market analytic tools and market advisory tools. For this purpose, the Acquisition Company is treated as an “Eligible New Listing” under the rule, similar to a company listing in connection with its IPO.<sup>6</sup>

Nasdaq treats a company that switches its listing from NYSE to the Nasdaq Global or Global Select Market as an “Eligible Switch” and offers such companies a package of services that can be more valuable than the package of services offered to

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<sup>4</sup> See Securities Exchange Act Release No. 79366 (November 21, 2016), 81 FR 85663 (November 28, 2016).

<sup>5</sup> IM-5900-7(e).

<sup>6</sup> Under IM-5900-7 “Eligible New Listings” include “companies listing on the Global or Global Select Markets in connection with their initial public offering in the United States, including American Depository Receipts (other than a company listed under IM-5101-2), upon emerging from bankruptcy, in connection with a spin-off or carve-out from another company, in connection with a Direct Listing as defined in IM-5315-1 (including the listing of American Depository Receipts), or in conjunction with a business combination that satisfies the conditions in IM-5101-2(b).”

Eligible New Listings.<sup>7</sup> This enhanced package, in part, reflects the competition in the market for listing services.

Under this construct, an Acquisition Company listed on NYSE that switches to Nasdaq would receive services as an Eligible New Listing if it switches while still an Acquisition Company, even if it has already announced its business combination, but would receive services with a higher value if it switches at or after the time of its business combination. However, Nasdaq believes that certain companies may prefer to switch markets after they announce their business combination, but before they consummate it, and that the competition for listing such a company is similar to the competition for a company that qualifies as an Eligible Switch today. Accordingly, Nasdaq proposes to treat as an Eligible Switch any company that switches its listing from NYSE and lists on Nasdaq under IM-5101-2 after the company has publicly announced that it entered into a binding agreement for a business combination and that subsequently satisfies the conditions in IM-5101-2(b) and lists on the Global or Global Select Market in conjunction with that business combination.<sup>8</sup>

Removing the existing incentive for an Acquisition Company to delay switching until the time of its business combination will allow Nasdaq to process both the removal

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<sup>7</sup> An Eligible Switch with a market capitalization less than \$750 million receives the same package of services for the same two year term as an Eligible New Listing. An Eligible Switch with a market capitalization of \$750 million or more receives service with a higher total retail value than a comparably sized Eligible New Listing and will receive those services for four years instead of two years.

<sup>8</sup> In the event that the Acquisition Company terminates the business combination that was announced when it switched it would not be eligible to receive services as an Eligible Switch under the proposed rule; however, if the Acquisition Company subsequently completes a different business combination it may be eligible to receive services as an Eligible New Listing as described in existing IM-5900-7(e).



of the Acquisition Company and the simultaneous addition of the operating company, which will help ensure that the transaction is processed smoothly for the benefit of the company's investors. Otherwise, multiple markets would need to carefully choreograph the removal of the company's securities from one market, a change in the name and symbol of the securities, and the addition of securities to another market, which all occurs in conjunction with a significant corporate event – the closing of the business combination.

Of course an Acquisition Company could only switch its listing to Nasdaq if it satisfies all of Nasdaq's initial listing requirements. In addition, the combined company would again have to satisfy all initial listing requirements at the time of the business combination.<sup>9</sup> As under existing rules, the Acquisition Company itself would not receive services as an Eligible Switch under the proposed rule and the services would only be available to the company upon completing its business combination and listing on the Nasdaq Global or Global Select Markets pursuant to the conditions described in IM-5900-7(e).<sup>10</sup>

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<sup>9</sup> See IM-5102-2(d) and (e).

<sup>10</sup> Nasdaq has proposed to offer Acquisition Companies listed on Nasdaq a complimentary global targeting tool. See Exchange Act Release No. 89413 (July 28, 2020), 85 FR 46759 (August 3, 2020) (SR-Nasdaq-2020-044). If approved, an Acquisition Company that switches its listing to Nasdaq after the public announcement that the company entered into a binding agreement for the business combination intended to satisfy the conditions in IM-5101-2(b), as described herein, would be eligible to receive that tool from the date of listing until 60 days following the completion of the business combination, or such time that the Acquisition Company publicly announces that such agreement is terminated.

Nasdaq notes that no other company will be required to pay higher fees as a result of the proposed amendments and represents that providing these services will have no impact on the resources available for its regulatory programs.

Finally, Nasdaq proposes non-substantive technical amendments to the rule. Specifically, Nasdaq proposes to eliminate most of the description of the history of the rule from the rule text because it is no longer applicable to any companies. However, Nasdaq proposes to relocate the discussion about the 2018 change to the services offered to a new paragraph (g) because some companies are still eligible to receive services under the rule in effect prior to the 2018 change.<sup>11</sup> Nasdaq also proposes to renumber other paragraphs of the rule in order to improve the rules' readability.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Exchange Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Exchange Act,<sup>13</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between issuers.

Nasdaq also believes that the proposed rule change is consistent with the provisions of

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<sup>11</sup> See Securities Exchange Act Release No. 82976 (March 30, 2018), 83 FR 14683 (April 5, 2018) (SR-NASDAQ-2018-023). This rule change became operative for new listings on or after April 23, 2018. An Eligible Switch that listed under the rule in effect before this date could receive services under the prior rule for up to four years from its listing date.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

Sections 6(b)(4),<sup>14</sup> and 6(b)(8),<sup>15</sup> in that the proposal is designed, among other things, to provide for the equitable allocation of reasonable dues, fees, and other charges among Exchange members and issuers and other persons using its facilities and that the rules of the Exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

Nasdaq faces competition in the market for listing services,<sup>16</sup> and competes, in part, by offering valuable services to companies. Nasdaq believes that it is reasonable to offer complimentary services to attract and retain listings as part of this competition. In particular, Nasdaq believes it is reasonable, and not unfairly discriminatory, to treat an Acquisition Company as an Eligible Switch for purposes of IM-5900-7 following the public announcement of the business combination that is intended to satisfy the conditions in Listing Rule IM-5101-2(b) because the Acquisition Company may reconsider its listing market at that time, in connection with its rebranding and the launch of the operating company as a public company. Nasdaq believes that treating the company as an Eligible Switch would provide an incentive to the company to list on Nasdaq.

In addition, Nasdaq believes that in most instances involving an Acquisition Company that has announced a business combination, the operating company plays a

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<sup>14</sup> 15 U.S.C. 78f(4).

<sup>15</sup> 15 U.S.C. 78f(8).

<sup>16</sup> The Justice Department has noted the intense competitive environment for exchange listings. See “NASDAQ OMX Group Inc. and IntercontinentalExchange Inc. Abandon Their Proposed Acquisition Of NYSE Euronext After Justice Department Threatens Lawsuit” (May 16, 2011), available at [http://www.justice.gov/atr/public/press\\_releases/2011/271214.htm](http://www.justice.gov/atr/public/press_releases/2011/271214.htm).

significant role in deciding where to list the combined company. Accordingly, it is not unfair to treat an Acquisition Company that has announced a business combination differently from one that has not yet made such an announcement. Nasdaq believes it is not an inequitable allocation of fees to treat an Acquisition Company as an Eligible Switch following the public announcement of the business combination that is intended to satisfy the conditions in Listing Rule IM-5101-2(b) for these same reasons and because the consideration about whether to switch markets is roughly the same for an Acquisition Company that has publicly announced a business combination as it is for other companies that are considered Eligible Switches.

Nasdaq also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5) because it will remove an impediment to a free and open market and a national market system, and will help to protect investors by removing an impediment for an Acquisition Company to switch its listing prior to the closing of its business combination. If a company is forced to wait to switch to Nasdaq until the time it closes the business combination in order to be treated as an Eligible Switch, additional risks can be introduced into the process because both the exchange transfer and the closing of the transaction, which will typically includes a concurrent name and symbol change, must be coordinated between two exchanges. In contrast, if the Acquisition Company is able to switch earlier, then there is no additional cross-market coordination required at the time of closing, which is a significant step in the company's life-cycle. The ability to switch before the closing without an adverse effect in the services that the company will receive from Nasdaq reduces potential risks for the company and its investors at the time of closing of the business combination and it will thereby remove an

impediment to a free and open market and a national market system and help to better protect investors.

The non-substantive changes to eliminate non-applicable history from the rule text and renumber and reorganize the rule will improve the rule's readability and thereby remove an impediment to a free and open market and a national market system and help to better protect investors.

Nasdaq further represents, and this proposed rule change will help ensure, that individual listed companies are not given specially negotiated packages of products or services to list, or remain listed, which the Commission has previously stated would raise unfair discrimination issues under the Exchange Act.<sup>17</sup>

Finally, Nasdaq also believes it is reasonable to balance its need to remain competitive with other listing venues, while at the same time ensuring adequate revenue to meet its regulatory responsibilities. Nasdaq notes that no other company will be required to pay higher fees as a result of the proposed amendments and it represents that providing this service will have no impact on the resources available for its regulatory programs.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As noted above, Nasdaq faces competition in the market for listing services, and competes, in part, by offering valuable services to companies. The proposed rule change

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<sup>17</sup> See Exchange Act Release No. 79366, 81 FR 85663 at 85665 (citing Securities Exchange Act Release No. 65127 (August 12, 2011), 76 FR 51449, 51452 (August 18, 2011) (approving NYSE-2011-20)).

reflects that competition, but it does not impose any burden on the competition with other exchanges. Rather, Nasdaq believes the proposed changes will enhance competition for listings of Acquisition Companies.

Other exchanges can also offer similar services to companies, thereby increasing competition to the benefit of those companies and their shareholders. Accordingly, Nasdaq does not believe the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, as amended.

Nasdaq also notes that Nasdaq Corporate Solutions competes with other service providers in providing the services that are offered to Eligible Switches. To the extent that these other providers believe that Nasdaq offering a complimentary services for a limited time creates a competitive burden on their offerings, they are able to craft a similar program to attract Acquisition Companies that have publicly announced a business combination to their services.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2020-060 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2020-060. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing

also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2020-060 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).



**EXHIBIT 5**

Deleted text is [bracketed]. New text is underlined.

**The Nasdaq Stock Market LLC Rules**

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**IM-5900-7. Services Offered to Certain Newly Listing Companies**

(a) [INTRODUCTORY NOTE: ]Nasdaq offers certain newly listing companies complimentary services to help them satisfy their obligations as public companies related to governance and communications, and to provide intelligence about their securities. These services are offered to [companies listing on the Global or Global Select Market in connection with their]the following types of Companies:

- (1) An “Eligible New Listing,” which is a Company listing on the Global or Global Select Market in connection with: (i) an initial public offering in the United States, including American Depository Receipts (other than a [company]Company listed under IM-5101-2), (ii) upon emerging from bankruptcy, (iii) in connection with a spin-off or carve-out from another [company]Company, (iv) in connection with a Direct Listing as defined in IM-5315-1 (including the listing of American Depository Receipts), or (v) in conjunction with a business combination that satisfies the conditions in IM-5101-2(b) [ (“Eligible New Listings”)].
- (2) [They are also offered to companies]An “Eligible Switch,” which is a Company: (i) (other than a [company]Company listed under IM-5101-2) switching [their]its listing from the New York Stock Exchange to the Global or Global Select Markets, or (ii) that has switched its listing from the New York Stock Exchange and listed on Nasdaq under IM-5101-2 after the Company publicly announced that it entered into a binding agreement for a business combination and that subsequently satisfies the conditions in IM-5101-2(b) and lists on the Global or Global Select Market in conjunction with that business combination.[ (“Eligible Switches”).]

[Nasdaq initially adopted a rule providing Eligible New Listings and Eligible Switches with services effective December 15, 2011 (the "Original Service Package"). The Original Service Package is described in the rule text available at <http://nasdaq.cchwallstreet.com/Nasdaq/pdf/nasdaq-filings/2011/SR-Nasdaq-2011-122.pdf>.

Nasdaq modified the service package effective for new listings after July 24, 2014 (the "2014 Service Package"). If, however, a Company submitted its Nasdaq listing application before July 31, 2014, and listed before September 30, 2014, then the Company was still eligible to receive the Original Service Package. The 2014 Service

Package is described in the rule text available at <http://nasdaq.cchwallstreet.com/Nasdaq/pdf/nasdaq-filings/2014/SR-Nasdaq-2014-058.pdf>.

Nasdaq also modified the service package effective for new listings after September 9, 2016 (the "2016 Service Package"). Any Company receiving services under the Original Service Package or the 2014 Service Package on September 9, 2016, the approval date of the 2016 Service Package, was allowed to continue to receive services under the terms of the Original Service Package or the 2014 Service Package, as applicable, or elect to receive services under the 2016 Service Package (even if those services were not available at the time the company listed on Nasdaq). If a Company elected to receive the 2016 Service Package, the services that the Company is eligible to receive will be determined based on its status and market capitalization at the time of its original listing. The length of time that services are available to the Company under the 2016 Service Package will be calculated from the Company's original listing date. For example, if an Eligible Switch listed on July 22, 2015, when its market capitalization was \$4 billion, that Company would receive services for four years from date of its listing (or until July 22, 2019), as provided in paragraph (c)(2) of the 2016 Service Package, instead of for three years, as provided in paragraph (c) of the 2014 Service Package. The 2016 Service Package is described in the rule text available at <http://nasdaq.cchwallstreet.com/NASDAQ/pdf/nasdaq-filings/2016/SRNASDAQ-2016-098.pdf>.

Nasdaq again modified the service package for new listings on or after April 23, 2018 and on or after the effective date of SR-NASDAQ-2019-040. The only changes in these modifications were to the Disclosure Services offered in the package, which was previously an annual stipend of either \$15,000 or \$20,000 for use by the Company on Disclosure Services and to the Market Advisory Tools to remove Monthly Ownership Analytics and Event Driven Targeting as one of the offered services. The current service package is described in paragraphs (a) - (e) below.]

[(a)](b) The services offered to certain newly listing Companies, which are offered through Nasdaq Corporate Solutions, LLC, an affiliate of Nasdaq, or a third-party provider selected by Nasdaq, are the following, as more specifically set forth in paragraphs [(b) and] (c) and (d) below:

**Whistleblower Hotline:** No change.

**Investor Relations Website:** No change

**Disclosure Services:** No change.

**Audio Webcasting:** No change.

**Market Analytic Tools:** No change.

**Market Advisory Tools: No change**

## [(b)](c) Eligible New Listings

(1) – (3) No change.

## [(c)](d) Eligible Switches

(1) – (3) No change.

[(d)](e) If an Eligible New Listing or Eligible Switch begins to use a particular service provided under this IM-5900-7 within 30 days after the date of listing, the complimentary period for that service will begin on the date of first use. In all other cases, the period for each complimentary service shall commence on the listing date. Where a Company can elect from a choice of services, once the Company elects a service it cannot subsequently change to a different alternative, including in a subsequent year. If a company does not use a service in the applicable time period there shall be no refund or other credit for the unused service.

[(e)](f) A Company will be considered to be listing on the Global or Global Select Market in conjunction with a business combination that satisfies the conditions in IM-5101-2(b) if:

(i) – (ii) No change.

(g) In lieu of the Disclosure Services described above, a Company that listed before April 23, 2018 and that is still receiving services under the rule in effect at that time receives an annual stipend of either \$15,000 or \$20,000 for use by the Company on Disclosure Services. Such Companies were also offered Monthly Ownership Analytics and Event Driven Targeting as one of the Market Advisory Tools they could have chosen.