

NASDAQ Capital Market Securities receive exemption from state "blue sky" law registration requirements

NASDAQ

Please Route To: NASDAQ Capital Market-Listed Companies

What You Need to Know:

- The Securities and Exchange Commission has designated securities listed, or authorized for listing, on the NASDAQ Capital Market as covered securities, exempt from state "blue sky" law registration requirements.
- To facilitate this action by the SEC, NASDAQ has modified certain requirements for initial and continued listing on the NASDAQ Capital Market.

Exemption from State "Blue Sky" Law Registration Requirements

In response to a petition filed by NASDAQ, the Securities and Exchange Commission has approved amendments to Rule 146(b) to specify that securities listed, or authorized for listing, on the NASDAQ Capital Market are covered securities. As a result, under Section 18 of the Securities Act of 1933, these securities are exempt from state "blue sky" laws concerning the registration or qualification of securities. This is a very significant step in the evolution of the NASDAQ Capital Market.

In the [final rule](#) approving these amendments, the SEC found that this change will remove a layer of duplicative regulation, "should reduce substantial costs for investors" and "will reduce the cost of raising capital because it will streamline the registration process for issuers listing on the [NASDAQ Capital Market]."

The SEC's rule will be effective May 24, 2007.

Capital Market Listing Requirement Changes

To facilitate the SEC's rulemaking, NASDAQ strengthened several of the requirements for initial and continued listing on the NASDAQ Capital Market. The SEC also approved these changes on April 18, 2007. **Please note that none of these changes affect the continued listing of a company's primary class of common stock.**

The continued listing requirements for the NASDAQ Capital Market were changed as follows:

- Secondary Class of Common Stock or Preferred Stock: the market value of publicly held shares requirement was increased from \$500,000 to \$1 million.
- Rights and Warrants: the underlying security must now be listed on NASDAQ or be a covered security.

- Convertible Debt: current last sale information must be available in the United States with respect to the underlying security.

NASDAQ will be posting a revised version of the [Listing Standards and Fees](#) publication in the near future, which will include the revised initial and continued listing requirements. You can also view NASDAQ's [rule filing](#) and the Commission's [approval order](#) for additional information regarding each of these changes.

If you have any questions, please contact your Listing Qualifications Analyst

NASDAQ is the largest U.S. electronic stock market. With approximately 3,200 companies, it lists more companies and, on average, trades more shares per day than any other U.S. market. It is home to companies that are leaders across all areas of business including technology, retail, communications, financial services, transportation, media and biotechnology industries. NASDAQ is the primary market for trading NASDAQ-listed stocks. For more information about NASDAQ, visit the NASDAQ website at www.NASDAQ.com, the NASDAQ Newsroom at www.NASDAQnews.com or www.NASDAQfacts.com.

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