

## NASDAQ Amends Rules Followed When a Listed Company Falls Below Certain Listing Standards



**Please Route To:** All NASDAQ-Listed Companies

### What You Need to Know:

- NASDAQ has made changes to the time frames used to determine compliance with the market value of listed securities and market value of publicly held shares requirements.
- NASDAQ has also made changes to the time frames applicable when a company can submit a plan to NASDAQ Staff to regain compliance with a listing standard.
- These changes were made because the prior periods were considered too short, especially in light of the recent volatile market conditions.

On January 29, 2010, the Securities and Exchange Commission approved NASDAQ's rule change to conform the process for determining compliance with rules based on a security's market value to the bid price rules. Previously, the market value of listed securities and market value of publicly held shares rules had differing timelines for both triggering non-compliance and for regaining compliance. In addition, the timelines were too short when compared to the bid price rule, something which proved confusing to both companies and investors. NASDAQ determined that because compliance with each of these rules is directly related to the security's bid price, the timelines to trigger non-compliance and the corresponding compliance period should be the same as those in the bid price rules.

The new rules also modify NASDAQ rules regarding plans of compliance to allow companies more time to prepare and submit plans for Staff review and to allow Staff to grant more time for companies to regain compliance. For example, a company that is non-compliant with the stockholders' equity requirement will now have 45 calendar days to submit a plan and, if accepted, Staff can grant up to 180 calendar days for the company to regain compliance. These changes are applicable to quantitative deficiencies that do not provide an automatic compliance period and reflect NASDAQ's experience that the prior rules did not give companies enough time, especially given the recent volatile market conditions.

A summary of the new rules is presented in the table below:

<b>Criteria</b>	<b>Old Rule</b>	<b>New Rule</b>
<b>Days to trigger non-compliance with Market Value of Listed Securities requirement</b>	10 days below criteria	30 days below criteria
<b>Days granted to regain compliance with Market Value of Listed Securities requirement</b>	90 calendar days	180 calendar days
<b>Days granted to regain compliance with Market Value of Publicly Held Securities requirement</b>	90 calendar days	180 calendar days
<b>Days to submit a plan of compliance to Staff</b>	15 calendar days	45 calendar days
<b>Maximum days NASDAQ Staff can grant for an extension</b>	105 calendar days	180 calendar days

Any company that has already been notified that it is non-compliant with either the Market Value of Listed Securities or the Market Value of Publicly Held Securities requirement and that is still in the 90 calendar day compliance period will have their compliance period extended until 180 calendar days from the date they were originally notified of the deficiency.

For companies that are deficient in a listing standard that allows the submission of a plan of compliance, if the company has not yet submitted its plan the submission due date will be extended to 45 days from the date of Staff's original notification. If a company has already received an extension, at the end of that extension Staff could, based on a review of the company at that time, grant additional time for the company to regain compliance, up to 180 days from the original notification of the deficiency.

### **Additional Information**

For more detailed information, please see the following internet links:

- [Rule Filing](#)
- [NASDAQ Listing Rules](#)

If you have any questions, please contact your NASDAQ Listing Qualifications Analyst or your NASDAQ Relationship Manager.

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