



**SECURITIES AND EXCHANGE COMMISSION**  
**[Release No. 34-99734; File No. SR-NASDAQ-2024-010]**

**Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Clarify Its Listing Standards Related to Notification and Disclosure of Reverse Stock Splits**

March 14, 2024.

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 March 1, 2024, 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 and II 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 clarify its listing standards related to notification and disclosure of reverse stock splits.

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.

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

---

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

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

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

On June 21, 2023, Nasdaq filed with the Commission a proposed rule change related to notification and disclosure of reverse stock splits.<sup>3</sup> On November 1, 2023, the Commission approved the proposed rule changes.<sup>4</sup> Nasdaq is proposing to amend Rule IM-5250-3 without changing the substance of the rule. Nasdaq also is proposing an additional change to the Company Event Notification Form to further clarify the requirement for companies to submit a complete form.

Nasdaq Rule 5250(e)(7) already provides that if a company takes legal action to effect a reverse stock split notwithstanding its failure to timely satisfy the requirements of Rules 5250(b)(4) and (e)(7), or provides incomplete or inaccurate information about the timing or ratio of the reverse stock split in its public disclosure, Nasdaq will halt the stock in accordance with the procedure set forth in Equity 4, Rule 4120(a)(1).<sup>5</sup> Nasdaq IM-5250-3 contains similar language, but does not specifically reference the halt authority in Equity 4, Rule 4120(a)(1). Nasdaq now proposes to clarify in IM-5250-3 by including a reference to the halt procedure set forth in Equity 4, Rule 4120(a)(1).

Nasdaq is also attaching an updated Company Event Notification Form as Exhibit 3 to the rule filing. Based on Nasdaq’s experience to date with company filings under the rule, Nasdaq is making changes to the form to clarify that the company must have already obtained a new CUSIP number and that CUSIP number must be made eligible by DTC before the

---

<sup>3</sup> See Securities Exchange Act Release No. 98014 (July 28, 2023), 88 FR 51376 (August 3, 2023).

<sup>4</sup> See Securities Exchange Act Release No. 98843 (November 1, 2023), 88 FR 76867 (November 7, 2023).

<sup>5</sup> Equity 4, Rule 4120(a)(1) provides Nasdaq with the authority to halt trading to permit the dissemination of material news under Equity 4, Rule 4120(a)(1). Equity 4, 4120(a)(14) provides Nasdaq with the authority to halt trading of a security for which Nasdaq is the Primary Listing Market before the end of Post-Market Hours on the day immediately before the market effective date of a reverse stock split.

submission of the form. Nasdaq also is making minor wording changes to clarify that shareholder approval must be obtained (as opposed to be planned) before the form can be submitted, similar to other dates collected on the form such as the date that DTC made the new CUSIP eligible.<sup>6</sup> These changes are consistent with the existing requirements of Rule 5250(e)(7), which requires the company to submit a complete Company Event Notification Form no later than 12:00 p.m. ET five (5) business days prior to the proposed market effective date, and which provides that Nasdaq will not process a reverse stock split unless all information required by the form is timely provided.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of section 6(b)(5) of the Act,<sup>8</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, by eliminating potential confusion and enhancing clarity and transparency in its rules. The proposal is consistent with the Exchange's original proposal, as approved by the Commission, and does not have any substantive effect on IM-5250-3.

The proposal intends to clarify that Nasdaq will use its material news halt under Equity 4, Rule 4120(a)(1) to halt trading in the security of any issuer that effects a reverse stock split without meeting the requirements set forth in Rules 5250(b)(4) and (e)(7). Nasdaq believes that this will help promote clarity, transparency and consistency for market participants and companies.

The proposal also intends to clarify on the Company Event Notification Form that a company must file a complete Company Event Notification Form no later than 12:00 p.m. ET

---

<sup>6</sup> We are also making some minor typographical edits in the Corporate Events Notification Form, that do not change the substance of the rule.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

five (5) business days prior to the proposed market effective date, and such submission must include all the relevant information required by the form. Nasdaq believes that these changes will memorialize changes to our current process and better reflect the original intent of the rule, which will in turn help promote clarity, transparency and consistency for companies submitting the form.

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. The proposed change is designed to more clearly describe the current operation and original intent of an existing rule and related Company Event Notification Form, without changing its substance and, therefore, Nasdaq believes that the proposed change will not impose a burden on competition.

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

The Exchange has filed the proposed rule change pursuant to section 19(b)(3)(A)(iii) of the Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(A)(iii) of the Act<sup>11</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>12</sup>

---

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed

A proposed rule change filed under Rule 19b-4(f)(6)<sup>13</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>14</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange asked that the Commission waive the 30 day operative delay so that the proposal may become operative immediately upon filing and states that the waiver will allow it to reflect the Exchange's original intent and reduce potential confusion for companies and investors. As the proposed rule change raises no new or novel issues and promotes clarity and consistency with the original intent of Rule IM-5250-3, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.<sup>15</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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:

---

rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>15</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2024-010 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-2024-010. This file number should be included on the subject line if email 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 website (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-NASDAQ-2024-010 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2024-05833 Filed: 3/19/2024 8:45 am; Publication Date: 3/20/2024]