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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2018 - * 059
Amendment No. (req. for Amendments *)

Filing by The Nasdaq Stock Market LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

- Initial * ☑
- Amendment * ☐
- Withdrawal ☐
- Section 19(b)(2) * ☐
- Section 19(b)(3)(A) * ☑
- Section 19(b)(3)(B) * ☐
- Pilot ☐
- Extension of Time Period for Commission Action * ☐
- Date Expires *

Rule

- 19b-4(f)(1) ☐
- 19b-4(f)(2) ☐
- 19b-4(f)(3) ☐
- 19b-4(f)(4) ☐
- 19b-4(f)(5) ☐
- 19b-4(f)(6) ☑

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

- Section 806(e)(1) * ☐
- Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

- Section 3C(b)(2) * ☐

- Exhibit 2 Sent As Paper Document
- Exhibit 3 Sent As Paper Document

Description

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

Proposal to adopt initial and continued listing standards for subscription receipts and fees for their listing

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.

Date 08/03/2018

By Edward S. Knight

(Name *)

(Title *) Executive Vice President and General Counsel

edward.knight@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.

Required fields are shown with yellow backgrounds and asterisks.

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 * 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, 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 Add Remove View 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 Add Remove View 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 Add Remove View	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 Add Remove View	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 Add Remove View	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")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to adopt initial and continued listing standards for subscription receipts and fees for their listing.

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 senior management of the Exchange pursuant to authority delegated by the Board of Directors of The Nasdaq Stock Market (the "Board") on September 19, 2017. No other action is necessary for the filing of the rule change.

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

Lisa P. Johnson
Director, Regulatory Compliance
Nasdaq, Inc.
301 978 8346

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

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1 15 U.S.C. 78s (b) (1).

2 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

The Exchange proposes to adopt initial and continued listing standards for the listing of Subscription Receipts on the Nasdaq Capital Market and fees for their listing.

Subscription Receipts are a financing technique that has been used for many years by Canadian public companies. Typically, Canadian companies use Subscription Receipts as a means of providing cash consideration in merger or acquisition transactions. Subscription Receipts are sold in a public offering that occurs after the execution of an acquisition agreement. The proceeds of the Subscription Receipt offering are held in a custody account and, if the related acquisition closes, the Subscription Receipt holders receive a specified number of shares of the issuer. If the acquisition does not close, then the Subscription Receipts are redeemed for their original purchase price plus any interest accrued on the custody account. The benefit of Subscription Receipts to the issuer is that they provide a contingent form of financing that only becomes permanent if the acquisition is completed. By contrast, a company financing the cash consideration for an acquisition by means of a traditional equity or debt offering is at risk of having incurred unnecessary dilution of its shareholders or indebtedness if the related acquisition fails to close. Subscription Receipts provide investors with flexibility to elect to invest in the post merger company and not in the company in its pre-merger form.

Nasdaq has received inquiries from market participants about the possibility of the use of Subscription Receipts as a fundraising alternative for listed companies. As a result of this interest, the Exchange is now proposing to adopt listing standards for Subscription Receipts. Under the proposed rule, Nasdaq will initially list Subscription

Receipts on the Capital Market pursuant to proposed Rule 5520 if they meet the following requirements[3]:

(a) The security that the Subscription Receipts are exchangeable for must be listed on the Nasdaq Global Select, Global or Capital Market.

(b) The issuer of the Subscription Receipts must not have received a Staff Delisting Determination with respect to the security the Subscription Receipts are exchangeable for and must not have been notified about a deficiency in any continued listing standard with respect to the issuer of the Subscription Receipts or the security the Subscription Receipts are exchangeable for, except with respect to a corporate governance requirement where the issuer has received a grace period under Rule 5810(c)(3)(E).[4]

(c) The proceeds of the Subscription Receipts offering must be designated solely for use in connection with the consummation of a specified acquisition that is the subject of a binding acquisition agreement (the "Specified Acquisition).

(d) The proceeds of the Subscription Receipts offering must be held in an interest-bearing custody account by an independent custodian.

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3 As described in more detail below, these requirements are each either identical or substantially similar to those in Section 102.08 of the NYSE Listed Company Manual for the initial listing of Subscription Receipts.

4 Rule 5810(c)(3)(E) provides a grace period for a company to regain compliance if the company fails to meet the majority board independence or the audit committee composition requirements due to one vacancy, or fails to meet the audit committee composition requirements because an audit committee member ceases to be independent for reasons outside of her control. The grace period is until the earlier of the company's next annual shareholders meeting or one year from the event that caused the deficiency to cure the deficiency. However, if the company's next annual shareholders' meeting is held sooner than 180 days after the event that caused the deficiency, then the company has 180 days from the event that caused the deficiency to cure it.

(e) The Subscription Receipts will promptly be redeemed for cash (i) at any time the Specified Acquisition is terminated, or (ii) if the Specified Acquisition does not close within twelve months from the date of issuance of the Subscription Receipts, or such earlier time as is specified in the operative agreements. If the Subscription Receipts are redeemed, the holders will receive cash payments equal to their proportionate share of the funds in the custody account, including any interest earned on those funds.

(f) If the Specified Acquisition is consummated, the holders of the Subscription Receipts will receive the shares of common stock for which their Subscription Receipts are exchangeable.

(g) At the time of initial listing, the Subscription Receipts must have a price per Subscription Receipt of at least $4.00, a minimum Market Value of Publicly Held Shares of $100 million, 1,100,000 Publicly Held Shares[5] and 400 holders of round lots (i.e., 100 securities).

(h) The sale of the Subscription Receipts and the issuance of the common stock of the issuer in exchange for the Subscription Receipts must both be registered under the Securities Act.

Listed Subscription Receipts will be convertible into the primary listed class of common stock of the listed company issuing the Subscription Receipts and will thereafter be subject to all of the continued listing requirements applicable to a primary class of common stock listed on the Nasdaq.

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5 Listing Rule 5005(a)(34) defines publicly held shares as “shares not held directly or indirectly by an officer, director or any person who is the beneficial owner of more than 10 percent of the total shares outstanding.”

Nasdaq proposes to adopt Rule 5565 to include continued listing standards applicable to Subscription Receipts. The Exchange will immediately initiate suspension and delisting procedures under the Rule 5800 Series when (i) the number of publicly held shares is less than 100,000, (ii) the number of public holders is less than 100, (iii) the total market value of the listed Subscription Receipts is below $15 million over 30 consecutive trading days, (iv) the related common equity security ceases to be listed or receives a delisting determination from Nasdaq staff, or (v) the issuer announces that the Specified Acquisition has been terminated.[6] An issuer of Subscription Receipts that fails these requirements will be issued a delisting letter under Rule 5810(c)(1) and will not be eligible to provide a plan to regain compliance.

Because the issuer of the Subscription Receipt is already listing its primary common stock on Nasdaq, it must comply with the continued listing standards for common stock as well as the corporate governance requirements applicable to listed companies. In addition to the foregoing, Subscription Receipts will be subject to potential delisting for all of the reasons generally applicable to operating companies under the Rule 5800 Series. The Exchange notes that an issuer of Subscription Receipts may be subject to delisting at the time of closing of the related acquisition pursuant to Rule 5110(a), which requires a company to meet the initial listing standards following a business combination with a non-Nasdaq entity resulting in a change of control of the listed company and potentially allowing the non-Nasdaq entity to obtain a Nasdaq listing.

Nasdaq proposes to amend Rule 4120(a) and IM-5250-1 to provide that whenever it halts trading in a security of a listed company pending dissemination of material news

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6 These requirements are substantially similar to those in Section 802.01B of the NYSE Listed Company Manual for the continued listing of Subscription Receipts.

or implements any other required regulatory trading halt, the Exchange will also halt trading in any listed Subscription Receipt that is exchangeable by its terms into the common stock of such company. The Exchange will monitor activity in Subscription Receipts to identify and deter any potential improper trading activity in such securities and will adopt surveillance procedures, and make any enhancements necessary, to enable it to monitor Subscription Receipts alongside the common equity securities into which they are convertible. Additionally, the Exchange will rely on its existing trading surveillances, administered by the Exchange, or the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange,[7] which are designed to detect violations of Exchange rules and applicable federal securities laws.

Finally, Nasdaq proposes to adopt fees for Subscription Receipts in proposed Rule 5920. Specifically, Nasdaq proposes to charge a $25,000 entry fee, which would include a $5,000 application fee, for the listing of a class of Subscription Receipts on the Nasdaq Capital Market. Given their short-term nature, Nasdaq does not propose to charge a separate annual fee to list Subscription Receipts and Subscription Receipts would not be included in the shares considered when calculating Nasdaq's All-inclusive Annual Listing Fee.[8] While other securities listed on Nasdaq may have short terms, such as

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[7] FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

[8] See IM-5910-1(e) and IM-5920-1(e), which impose the All-Inclusive Annual Fee based on total shares outstanding and define "total shares outstanding" to mean "the aggregate number of all securities outstanding for each class of equity securities (*not otherwise identified in this Rule 5900 Series*) listed [on Nasdaq] …." (emphasis added). Because proposed Rule 5920(a)(7) would identify Subscription Receipts and subject them to a different fee schedule, the Subscription Receipts would not be included in total shares outstanding for this purpose.

warrants, these securities are not required to have a short defined life and may have terms that extend for many years. In fact, no other security that can be listed on Nasdaq is required, as a condition for listing, to have a term of twelve months from issuance or less. For this reason, Nasdaq believes it is appropriate to adopt a different fee schedule for Subscription Receipts, which recognizes their required short-term nature.[9]

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Section 6(b)(5) of the Act,[11] 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.

The Exchange believes that the proposed listing standard is consistent with Section 6(b)(5) of the Act in that it contains requirements in relation to the listing of Subscription Receipts that provide adequate protections for investors and the public interest. In particular, the Exchange believes that the quantitative requirements, which require that Subscription Receipts must have a price per share of at least $4.00, a minimum total market value of publicly held shares of $100 million, 1,100,000 publicly held shares, and 400 holders of round lots (collectively, the “Distribution Criteria”), are designed to protect investors in that they are identical to the requirements the

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9 Nasdaq also proposes to make a non-substantive change to eliminate a duplicate phrase in Rule 5501.

10 15 U.S.C. 78f (b).

11 15 U.S.C. 78f (b)(5).

Commission recently approved for NYSE to list Subscription Receipts.[12] In approving that filing, the Commission noted that the Distribution Criteria is the same that currently applies to the listing of common stock in connection with an initial public offering under NYSE listing rules and that the $100 million market value of publicly held shares requirement is similar to the requirements for other initial listing of securities on NYSE, which should help ensure that a sufficient market, with adequate depth and liquidity, exists for the initial listing of Subscription Receipts.

Similarly, the Exchange believes that the proposed continued listing standards for Subscription Receipts are consistent with the requirements of the Act and the protection of investors. Under the proposal, the Exchange will immediately initiate suspension and delisting procedures when (i) the number of publicly held shares is less than 100,000, (ii) the number of public holders is less than 100, (iii) the total market value of listed Subscription Receipts is below $15 million over 30 consecutive trading days, (iv) the related common equity security ceases to be listed or receives a delisting determination from Nasdaq staff, or (v) the issuer announces that the Specified Acquisition has been terminated. In addition, Subscription Receipts will be subject to potential delisting for all of the reasons generally applicable to operating companies, including those outlined in the Rule 5800 Series of Nasdaq's rules, and may also be subject to delisting at the time of closing of the related acquisition pursuant to Rule 5110(a), which requires a company to meet the initial listing standards following a business combination with a non-Nasdaq entity resulting in a change of control of the listed company and potentially allowing the non-Nasdaq entity to obtain a Nasdaq listing. The Exchange believes the application of

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12 See Exchange Act Release No. 81856 (October 11, 2017), 82 FR 48296 (October 17, 2017) (approving SR-NYSE-2017-31).

Rule 5110(a), which requires a company to meet the initial listing standards following a business combination with a non-Nasdaq entity resulting in a change of control of the listed company and potentially allowing the non-Nasdaq entity to obtain a Nasdaq listing, will help to ensure that companies that would not otherwise qualify for original listing on the Exchange could not list, for example, by merging with a listed company. Taken as a whole, Nasdaq believes that these standards should help ensure that a sufficient market, with adequate depth and liquidity, exists for the continued listing of Subscription Receipts and are similar to the continued listing standards for other securities that have similar characteristics.

Nasdaq also notes that once the Specified Acquisition has occurred and a Subscription Receipt is converted to common stock, that common stock is subject to the continued listing requirements for such common stock under Rules 5450 or 5550, as applicable. In addition to the quantitative listing requirements proposed for Subscription Receipts, the proposed initial and continued listing standards also include additional protections for Subscription Receipt holders. For example, the issuer of Subscription Receipts must be a Nasdaq-listed company that is not currently non-compliant with any applicable continued listing standard and must continue to be listed on the Exchange throughout the time the Subscription Receipts are traded on the Exchange. The proposed rules also provide that whenever Nasdaq halts trading in a security of a listed company pending dissemination of material news or implements any other required regulatory trading halt, Nasdaq will also halt trading in any listed Subscription Receipt that is exchangeable by its terms into the common stock of such company.

Nasdaq believes that these additional requirements should protect investors and the public interest, consistent with Section 6(b)(5) of the Act, by assuring that information with respect to the listed company issuing the Subscription Receipts is publicly available and that the issuing company is meeting all continued listing standards, including corporate governance requirements, of the Exchange. In addition, these requirements should help assure that the Exchange has a listing relationship with, and direct access to information from, the issuer of the Subscription Receipts. Among other things, this direct relationship the Exchange has with the listed company issuing the Subscription Receipts will help to ensure that the Exchange will receive information in a timely manner to halt trading in the Subscription Receipts when there is a material news, or other regulatory, trading halt imposed on the common stock, and other securities, of the listed company.

There are additional protections for investors in the proposed standards. These include that all the proceeds of the Subscription Receipts offering must be designated solely for use in connection with the consummation of a Specified Acquisition pursuant to a definitive acquisition agreement, the material terms of which would be subject to disclosure. Additionally, the proceeds of the Subscription Receipts offering must also be held in an interest-bearing custody account by an independent custodian and holders will promptly redeem the Subscription Receipts for cash, equal to the holder's proportionate share of the funds in the custody account plus any interest earned, at any time the Specified Acquisition is terminated or if the Specified Acquisition does not close within twelve months from the date of issuance of the Subscription Receipts (or such earlier time as specified in the operative agreements). If the Specified Acquisition is consummated, the holders of the Subscription Receipts will receive the shares of common stock for which their Subscription Receipts are exchangeable. Finally, the listing standards specifically state and remind issuers that the sale of Subscription Receipts and the issuance of the common stock of the issuer in exchange for the Subscription Receipts must both be registered under the Securities Act of 1933. This is important because shareholders, at the time they purchase a Subscription Receipt, are making an investment decision to also purchase the common stock of the merged listed company should the Specified Acquisition be consummated within twelve months or such shorter specified time period. Therefore, it is important to have registration and disclosure under the Securities Act of both the Subscription Receipt and the related common stock. Based on the above, Nasdaq believes that specifically setting forth the Securities Act registration requirements in its rules for listing Subscription Receipts is consistent with the requirements of Section 6(b)(5) of the Act to further investor protection and the public interest.

The Exchange will also monitor activity in Subscription Receipts to identify and deter any potential improper trading activity in such securities and will adopt surveillance procedures, and make any enhancements necessary, to enable it to monitor Subscription Receipts alongside the common equity securities into which they are convertible. Since the Subscription Receipts are related to, and represent an interest in, the common stock of the post-acquisition listed company, this surveillance should help to monitor the trading activity in both the issuer’s listed common stock and the Subscription Receipts. Nasdaq believes that these safeguards and standards should help to ensure that the listing, and continued listing, of any Subscription Receipts will be consistent with investor protection, the public interest, and the maintenance of fair and orderly markets.

For the above reasons, Nasdaq believes that the proposed initial and continued listing standards are consistent with the Act.

Nasdaq also believes that the proposed fee set forth in Rule 5920 is consistent with Section 6(b)(4) and 6(b)(5) of the Act in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges and is not designed to permit unfair discrimination among its members and issuers and other persons using its facilities. Subscription Receipts are designed to be used for the limited purpose of raising capital for an announced merger transaction and by their terms must be redeemed within 12 months if the transaction does not close. While other securities listed on Nasdaq can have short terms, no other security that can be listed on Nasdaq is required, as a condition for listing, to have a term of twelve months from issuance or less. As such, Nasdaq believes it is not unfairly discriminatory under Section 6(b)(5) of the Act as between issuers listing other types of securities, to charge a fee that differs from its fee for other equity securities, which generally have longer terms or no fixed term, and that it is equitable and reasonable under Section 6(b)(4) of the Act to charge a single $25,000 fee, which includes a $5,000 application fee, for the listing of these securities during their lifetime. This fee is also not unfairly discriminatory because the same fee will apply to all issuers seeking to list Subscription Receipts. Further, Nasdaq operates in a competitive environment and its fees are constrained by competition in the marketplace. Other venues currently list Subscription Receipts and if a company believes that

Nasdaq's fee is unreasonable it can decide either not to list the Subscription Receipts or to list them on an alternative venue.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The purpose of the proposed rule is to enhance competition by providing issuers and investors with an additional type of listed security that is not currently available on Nasdaq, but that is available on another domestic listing exchange. As such, the Exchange does not believe the proposed rule change imposes any burden on competition but instead will enhance competition.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)[13] of the Act and Rule 19b-4(f)(6) thereunder[14] in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not

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13 15 U.S.C. 78s(b)(3)(A)(iii).

14 17 CFR 240.19b-4(f)(6).

become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposed rule change adopts listing requirements for Subscription Receipts that are substantially identical to those of the NYSE and in approving the NYSE requirements the Commission found the rules were consistent with Section (6)(b)(5) of the Act, which requires that an exchange have rules designed to, among other things, protect investors and the public interest.[15] Nasdaq's proposal to also list Subscription Receipts, using the same requirements and providing the same investor protections, will not significantly affect the protection of investors or the public interest. Further, by expanding the venues on which a company may list Subscription Receipts the proposed rule change will enhance competition among exchanges and will not impose any significant burden on competition.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If

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15 Exchange Act Release No. 81856, supra note 12, 52 FR 48296 at 48298.

the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

The proposal is similar to SR-NYSE-2017-31,[16] but there are minor differences. First, Nasdaq proposes to initiate suspension and delisting procedures when the total market value of listed Subscription Receipts is below $15 million over 30 consecutive trading days, instead of a market capitalization of $15 million over 30 days as is required for continued listing on NYSE. While market capitalization and market value of listed securities will generally be the same, in cases where there are both listed and unlisted securities market capitalization can be a higher number. Nasdaq listing standards are generally based on market value of listed securities, as opposed to market capitalization, because it can be unclear whether certain convertible or untraded securities are included in market capitalization and different data vendors report market capitalization in different ways, resulting in confusion by issuers and investors.[17]

Second, while the NYSE rule would not permit a company to list a Subscription Receipt if the company is non-compliant with any applicable continued listing standard, Nasdaq proposes to allow a company to list a Subscription Receipt while the company is in a grace period under Rule 5810(c)(3)(E) for the majority independent director or audit

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16 Exchange Act Release No. 81856, supra.

17 See Exchange Act Release No. 45283 (January 15, 2002), 67 FR 3520 (January 24, 2002) (approving SR-NASD-2001-84, changing the predecessor to Nasdaq's current listing rules from market capitalization to market value of listed securities).

committee requirements. This is the same approach Nasdaq adopted in Rule 5222 with respect to listing Equity Investment Tracking Stocks.[18]

Third, under the proposed rule Nasdaq would initiate proceedings to delist a Subscription Receipt when the related common equity security receives a delisting determination from Nasdaq staff. As such, review of both securities will occur in parallel. The NYSE rule does not have a comparable requirement.

Finally, Nasdaq proposes to adopt a single $25,000 fee, which includes a $5,000 application fee, for the listing of Subscription Receipts. NYSE charges a separate listing fee and annual fee, based on the number of securities issued and outstanding, computed under the fee schedule applicable to short-term securities. The minimum NYSE listing fee is $2,500 and the minimum NYSE annual fee is $20,000.

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.

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18 See Exchange Act Release No. 80994 (June 21, 2017), 82 FR 29132 (June 27, 2017) (SR-NASDAQ-2017-058).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2018-059)

August __, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt Initial and Continued Listing Standards for Subscription Receipts and Fees for Their Listing

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on August 3, 2018, 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 adopt initial and continued listing standards for subscription receipts and fees for their listing.

The text of the proposed rule change is available on the Exchange's Website at http://nasdaq.cchwallstreet.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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1 15 U.S.C. 78s(b)(1).

2 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

The Exchange proposes to adopt initial and continued listing standards for the listing of Subscription Receipts on the Nasdaq Capital Market and fees for their listing.

Subscription Receipts are a financing technique that has been used for many years by Canadian public companies. Typically, Canadian companies use Subscription Receipts as a means of providing cash consideration in merger or acquisition transactions. Subscription Receipts are sold in a public offering that occurs after the execution of an acquisition agreement. The proceeds of the Subscription Receipt offering are held in a custody account and, if the related acquisition closes, the Subscription Receipt holders receive a specified number of shares of the issuer. If the acquisition does not close, then the Subscription Receipts are redeemed for their original purchase price plus any interest accrued on the custody account. The benefit of Subscription Receipts to the issuer is that they provide a contingent form of financing that only becomes permanent if the acquisition is completed. By contrast, a company financing the cash consideration for an acquisition by means of a traditional equity or debt offering is at risk of having incurred unnecessary dilution of its shareholders or indebtedness if the related acquisition fails to close. Subscription Receipts provide investors with flexibility to elect to invest in the post merger company and not in the company in its pre-merger form.

Nasdaq has received inquiries from market participants about the possibility of the use of Subscription Receipts as a fundraising alternative for listed companies. As a result of this interest, the Exchange is now proposing to adopt listing standards for Subscription Receipts. Under the proposed rule, Nasdaq will initially list Subscription Receipts on the Capital Market pursuant to proposed Rule 5520 if they meet the following requirements[3]:

(a) The security that the Subscription Receipts are exchangeable for must be listed on the Nasdaq Global Select, Global or Capital Market.

(b) The issuer of the Subscription Receipts must not have received a Staff Delisting Determination with respect to the security the Subscription Receipts are exchangeable for and must not have been notified about a deficiency in any continued listing standard with respect to the issuer of the Subscription Receipts or the security the Subscription Receipts are exchangeable for, except with respect to a corporate governance requirement where the issuer has received a grace period under Rule 5810(c)(3)(E).[4]

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3 As described in more detail below, these requirements are each either identical or substantially similar to those in Section 102.08 of the NYSE Listed Company Manual for the initial listing of Subscription Receipts.

4 Rule 5810(c)(3)(E) provides a grace period for a company to regain compliance if the company fails to meet the majority board independence or the audit committee composition requirements due to one vacancy, or fails to meet the audit committee composition requirements because an audit committee member ceases to be independent for reasons outside of her control. The grace period is until the earlier of the company’s next annual shareholders meeting or one year from the event that caused the deficiency to cure the deficiency. However, if the company's next annual shareholders' meeting is held sooner than 180 days after the event that

(c) The proceeds of the Subscription Receipts offering must be designated solely for use in connection with the consummation of a specified acquisition that is the subject of a binding acquisition agreement (the “Specified Acquisition).

(d) The proceeds of the Subscription Receipts offering must be held in an interest-bearing custody account by an independent custodian.

(e) The Subscription Receipts will promptly be redeemed for cash (i) at any time the Specified Acquisition is terminated, or (ii) if the Specified Acquisition does not close within twelve months from the date of issuance of the Subscription Receipts, or such earlier time as is specified in the operative agreements. If the Subscription Receipts are redeemed, the holders will receive cash payments equal to their proportionate share of the funds in the custody account, including any interest earned on those funds.

(f) If the Specified Acquisition is consummated, the holders of the Subscription Receipts will receive the shares of common stock for which their Subscription Receipts are exchangeable.

(g) At the time of initial listing, the Subscription Receipts must have a price per Subscription Receipt of at least $4.00, a minimum Market Value of Publicly Held Shares of $100 million, 1,100,000 Publicly Held Shares[5] and 400 holders of round lots (i.e., 100 securities).

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caused the deficiency, then the company has 180 days from the event that caused the deficiency to cure it.

5 Listing Rule 5005(a)(34) defines publicly held shares as “shares not held directly or indirectly by an officer, director or any person who is the beneficial owner of more than 10 percent of the total shares outstanding.”

(h) The sale of the Subscription Receipts and the issuance of the common stock of the issuer in exchange for the Subscription Receipts must both be registered under the Securities Act.

Listed Subscription Receipts will be convertible into the primary listed class of common stock of the listed company issuing the Subscription Receipts and will thereafter be subject to all of the continued listing requirements applicable to a primary class of common stock listed on the Nasdaq.

Nasdaq proposes to adopt Rule 5565 to include continued listing standards applicable to Subscription Receipts. The Exchange will immediately initiate suspension and delisting procedures under the Rule 5800 Series when (i) the number of publicly held shares is less than 100,000, (ii) the number of public holders is less than 100, (iii) the total market value of the listed Subscription Receipts is below $15 million over 30 consecutive trading days, (iv) the related common equity security ceases to be listed or receives a delisting determination from Nasdaq staff, or (v) the issuer announces that the Specified Acquisition has been terminated.[6] An issuer of Subscription Receipts that fails these requirements will be issued a delisting letter under Rule 5810(c)(1) and will not be eligible to provide a plan to regain compliance.

Because the issuer of the Subscription Receipt is already listing its primary common stock on Nasdaq, it must comply with the continued listing standards for common stock as well as the corporate governance requirements applicable to listed companies. In addition to the foregoing, Subscription Receipts will be subject to potential delisting for all of the reasons generally applicable to operating companies

6 These requirements are substantially similar to those in Section 802.01B of the NYSE Listed Company Manual for the continued listing of Subscription Receipts.

under the Rule 5800 Series. The Exchange notes that an issuer of Subscription Receipts may be subject to delisting at the time of closing of the related acquisition pursuant to Rule 5110(a), which requires a company to meet the initial listing standards following a business combination with a non-Nasdaq entity resulting in a change of control of the listed company and potentially allowing the non-Nasdaq entity to obtain a Nasdaq listing.

Nasdaq proposes to amend Rule 4120(a) and IM-5250-1 to provide that whenever it halts trading in a security of a listed company pending dissemination of material news or implements any other required regulatory trading halt, the Exchange will also halt trading in any listed Subscription Receipt that is exchangeable by its terms into the common stock of such company. The Exchange will monitor activity in Subscription Receipts to identify and deter any potential improper trading activity in such securities and will adopt surveillance procedures, and make any enhancements necessary, to enable it to monitor Subscription Receipts alongside the common equity securities into which they are convertible. Additionally, the Exchange will rely on its existing trading surveillances, administered by the Exchange, or the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange,[7] which are designed to detect violations of Exchange rules and applicable federal securities laws.

Finally, Nasdaq proposes to adopt fees for Subscription Receipts in proposed Rule 5920. Specifically, Nasdaq proposes to charge a $25,000 entry fee, which would include a $5,000 application fee, for the listing of a class of Subscription Receipts on the Nasdaq Capital Market. Given their short-term nature, Nasdaq does not propose to charge a

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7 FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

separate annual fee to list Subscription Receipts and Subscription Receipts would not be included in the shares considered when calculating Nasdaq's All-inclusive Annual Listing Fee.[8] While other securities listed on Nasdaq may have short terms, such as warrants, these securities are not required to have a short defined life and may have terms that extend for many years. In fact, no other security that can be listed on Nasdaq is required, as a condition for listing, to have a term of twelve months from issuance or less. For this reason, Nasdaq believes it is appropriate to adopt a different fee schedule for Subscription Receipts, which recognizes their required short-term nature.[9]

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Section 6(b)(5) of the Act,[11] 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.

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8 See IM-5910-1(e) and IM-5920-1(e), which impose the All-Inclusive Annual Fee based on total shares outstanding and define "total shares outstanding" to mean "the aggregate number of all securities outstanding for each class of equity securities (*not otherwise identified in this Rule 5900 Series*) listed [on Nasdaq] …." (emphasis added). Because proposed Rule 5920(a)(7) would identify Subscription Receipts and subject them to a different fee schedule, the Subscription Receipts would not be included in total shares outstanding for this purpose.

9 Nasdaq also proposes to make a non-substantive change to eliminate a duplicate phrase in Rule 5501.

10 15 U.S.C. 78f (b).

11 15 U.S.C. 78f (b)(5).

The Exchange believes that the proposed listing standard is consistent with Section 6(b)(5) of the Act in that it contains requirements in relation to the listing of Subscription Receipts that provide adequate protections for investors and the public interest. In particular, the Exchange believes that the quantitative requirements, which require that Subscription Receipts must have a price per share of at least $4.00, a minimum total market value of publicly held shares of $100 million, 1,100,000 publicly held shares, and 400 holders of round lots (collectively, the "Distribution Criteria"), are designed to protect investors in that they are identical to the requirements the Commission recently approved for NYSE to list Subscription Receipts.[12] In approving that filing, the Commission noted that the Distribution Criteria is the same that currently applies to the listing of common stock in connection with an initial public offering under NYSE listing rules and that the $100 million market value of publicly held shares requirement is similar to the requirements for other initial listing of securities on NYSE, which should help ensure that a sufficient market, with adequate depth and liquidity, exists for the initial listing of Subscription Receipts.

Similarly, the Exchange believes that the proposed continued listing standards for Subscription Receipts are consistent with the requirements of the Act and the protection of investors. Under the proposal, the Exchange will immediately initiate suspension and delisting procedures when (i) the number of publicly held shares is less than 100,000, (ii) the number of public holders is less than 100, (iii) the total market value of listed Subscription Receipts is below $15 million over 30 consecutive trading days, (iv) the related common equity security ceases to be listed or receives a delisting determination

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[12] See Exchange Act Release No. 81856 (October 11, 2017), 82 FR 48296 (October 17, 2017) (approving SR-NYSE-2017-31).

from Nasdaq staff, or (v) the issuer announces that the Specified Acquisition has been terminated. In addition, Subscription Receipts will be subject to potential delisting for all of the reasons generally applicable to operating companies, including those outlined in the Rule 5800 Series of Nasdaq's rules, and may also be subject to delisting at the time of closing of the related acquisition pursuant to Rule 5110(a), which requires a company to meet the initial listing standards following a business combination with a non-Nasdaq entity resulting in a change of control of the listed company and potentially allowing the non-Nasdaq entity to obtain a Nasdaq listing. The Exchange believes the application of Rule 5110(a), which requires a company to meet the initial listing standards following a business combination with a non-Nasdaq entity resulting in a change of control of the listed company and potentially allowing the non-Nasdaq entity to obtain a Nasdaq listing, will help to ensure that companies that would not otherwise qualify for original listing on the Exchange could not list, for example, by merging with a listed company. Taken as a whole, Nasdaq believes that these standards should help ensure that a sufficient market, with adequate depth and liquidity, exists for the continued listing of Subscription Receipts and are similar to the continued listing standards for other securities that have similar characteristics.

Nasdaq also notes that once the Specified Acquisition has occurred and a Subscription Receipt is converted to common stock, that common stock is subject to the continued listing requirements for such common stock under Rules 5450 or 5550, as applicable. In addition to the quantitative listing requirements proposed for Subscription Receipts, the proposed initial and continued listing standards also include additional protections for Subscription Receipt holders. For example, the issuer of Subscription

Receipts must be a Nasdaq-listed company that is not currently non-compliant with any applicable continued listing standard and must continue to be listed on the Exchange throughout the time the Subscription Receipts are traded on the Exchange. The proposed rules also provide that whenever Nasdaq halts trading in a security of a listed company pending dissemination of material news or implements any other required regulatory trading halt, Nasdaq will also halt trading in any listed Subscription Receipt that is exchangeable by its terms into the common stock of such company.

Nasdaq believes that these additional requirements should protect investors and the public interest, consistent with Section 6(b)(5) of the Act, by assuring that information with respect to the listed company issuing the Subscription Receipts is publicly available and that the issuing company is meeting all continued listing standards, including corporate governance requirements, of the Exchange. In addition, these requirements should help assure that the Exchange has a listing relationship with, and direct access to information from, the issuer of the Subscription Receipts. Among other things, this direct relationship the Exchange has with the listed company issuing the Subscription Receipts will help to ensure that the Exchange will receive information in a timely manner to halt trading in the Subscription Receipts when there is a material news, or other regulatory, trading halt imposed on the common stock, and other securities, of the listed company.

There are additional protections for investors in the proposed standards. These include that all the proceeds of the Subscription Receipts offering must be designated solely for use in connection with the consummation of a Specified Acquisition pursuant to a definitive acquisition agreement, the material terms of which would be subject to disclosure. Additionally, the proceeds of the Subscription Receipts offering must also be held in an interest-bearing custody account by an independent custodian and holders will promptly redeem the Subscription Receipts for cash, equal to the holder's proportionate share of the funds in the custody account plus any interest earned, at any time the Specified Acquisition is terminated or if the Specified Acquisition does not close within twelve months from the date of issuance of the Subscription Receipts (or such earlier time as specified in the operative agreements). If the Specified Acquisition is consummated, the holders of the Subscription Receipts will receive the shares of common stock for which their Subscription Receipts are exchangeable. Finally, the listing standards specifically state and remind issuers that the sale of Subscription Receipts and the issuance of the common stock of the issuer in exchange for the Subscription Receipts must both be registered under the Securities Act of 1933. This is important because shareholders, at the time they purchase a Subscription Receipt, are making an investment decision to also purchase the common stock of the merged listed company should the Specified Acquisition be consummated within twelve months or such shorter specified time period. Therefore, it is important to have registration and disclosure under the Securities Act of both the Subscription Receipt and the related common stock. Based on the above, Nasdaq believes that specifically setting forth the Securities Act registration requirements in its rules for listing Subscription Receipts is consistent with the requirements of Section 6(b)(5) of the Act to further investor protection and the public interest.

The Exchange will also monitor activity in Subscription Receipts to identify and deter any potential improper trading activity in such securities and will adopt surveillance procedures, and make any enhancements necessary, to enable it to monitor Subscription Receipts alongside the common equity securities into which they are convertible. Since the Subscription Receipts are related to, and represent an interest in, the common stock of the post-acquisition listed company, this surveillance should help to monitor the trading activity in both the issuer's listed common stock and the Subscription Receipts. Nasdaq believes that these safeguards and standards should help to ensure that the listing, and continued listing, of any Subscription Receipts will be consistent with investor protection, the public interest, and the maintenance of fair and orderly markets.

For the above reasons, Nasdaq believes that the proposed initial and continued listing standards are consistent with the Act.

Nasdaq also believes that the proposed fee set forth in Rule 5920 is consistent with Section 6(b)(4) and 6(b)(5) of the Act in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges and is not designed to permit unfair discrimination among its members and issuers and other persons using its facilities. Subscription Receipts are designed to be used for the limited purpose of raising capital for an announced merger transaction and by their terms must be redeemed within 12 months if the transaction does not close. While other securities listed on Nasdaq can have short terms, no other security that can be listed on Nasdaq is required, as a condition for listing, to have a term of twelve months from issuance or less. As such, Nasdaq believes it is not unfairly discriminatory under Section 6(b)(5) of the Act as between issuers listing other types of securities, to charge a fee that differs from its fee for other equity securities, which generally have longer terms or no fixed term, and that it is equitable and reasonable under Section 6(b)(4) of the Act to charge a single $25,000 fee, which includes a $5,000 application fee, for the listing of these securities during their lifetime. This fee is also not unfairly discriminatory because the same fee will apply to all issuers seeking to list Subscription Receipts. Further, Nasdaq operates in a competitive environment and its fees are constrained by competition in the marketplace. Other venues currently list Subscription Receipts and if a company believes that Nasdaq's fee is unreasonable it can decide either not to list the Subscription Receipts or to list them on an alternative venue.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The purpose of the proposed rule is to enhance competition by providing issuers and investors with an additional type of listed security that is not currently available on Nasdaq, but that is available on another domestic listing exchange. As such, the Exchange does not believe the proposed rule change imposes any burden on competition but instead will enhance 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

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[13] and subparagraph (f)(6) of Rule 19b-4 thereunder.[14]

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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:

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. Please include File Number SR-NASDAQ-2018-059 on the subject line.

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13 15 U.S.C. 78s(b)(3)(A)(iii).

14 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2018-059. 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-2018-059 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.[15]

Eduardo A. Aleman
Assistant Secretary

[15] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

The Nasdaq Stock Market Rules

* * * * *

4120. Limit Up-Limit Down Plan and Trading Halts

(a) Authority to Initiate Trading Halts or Pauses

In circumstances in which Nasdaq deems it necessary to protect investors and the public interest, Nasdaq, pursuant to the procedures set forth in paragraph (c):

(1) - (12) No change.

(13) shall halt trading in an Equity Investment Tracking Stock (as defined in Rule 5005) or Subscription Receipt (listed under Rule 5520) whenever Nasdaq halts or suspends trading in a security such Equity Investment Tracking Stock tracks or the common stock into which the Subscription Receipt is exchangeable.

(b) - (c) No change.

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IM-5250-1. Disclosure of Material Information

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Notification to Nasdaq MarketWatch Department

No change.

Trading Halts

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. This decreases the possibility of some investors acting on information known only to them. A trading halt provides the public with an opportunity to evaluate the information and consider it in making investment decisions. It also alerts the marketplace to the fact that news has been released.

Nasdaq's MarketWatch Department monitors real time trading in all Nasdaq securities during the trading day for price and volume activity. In the event of certain price and volume movements, the MarketWatch Department may contact a Company and its Market Makers in order to ascertain the cause of the unusual market activity. The

MarketWatch Department treats the information provided by the Company and other sources in a highly confidential manner, and uses it to assess market activity and assist in maintaining fair and orderly markets. A Nasdaq listing includes an obligation to disclose to the MarketWatch Department information that the Company is not otherwise disclosing to the investing public or the financial community. On, occasion, changes in market activity prior to the Company's release of material information may indicate that the information has become known to the investing public. Changes in market activity also may occur when there is a release of material information by a source other than the Company, such as when a Nasdaq Company is subject to an unsolicited take-over bid by another company. Depending on the nature of the event and the Company's views regarding the business advisability of disclosing the information, the MarketWatch Department may work with the Company to accomplish a timely release of the information. Furthermore, depending on the materiality of the information and the anticipated affect of the information on the price of the Company's securities, the MarketWatch Department may advise the Company that a temporary trading halt is appropriate to allow for full dissemination of the information and to maintain an orderly market. The institution of a temporary trading halt pending the release of information is not a reflection on the value of the securities halted. Such trading halts are instituted, among other reasons, to insure that material information is fairly and adequately disseminated to the investing public and the marketplace, and to provide investors with the opportunity to evaluate the information in making investment decisions. A trading halt normally lasts one half hour but may last longer if a determination is made that news has not been adequately disseminated or that the original or an additional basis under Rule 4120 exists for continuing the trading halt.

The MarketWatch Department is required to keep non-public information, confidential and to use such information only for regulatory purposes.

Companies are required to notify the MarketWatch Department of the release of material information included in the following list of events at least ten minutes prior to the release of such information to the public when the public release of the information is made from 7:00 a.m. to 8:00 pm. ET. If the public release of the material information is made outside of 7:00 a.m. to 8:00 p.m, Nasdaq Companies must notify MarketWatch of the material information prior to 6:50 a.m. ET. It should also be noted that every development that might be reported to Nasdaq in these areas would not necessarily be deemed to warrant a trading halt. In addition to the following list of events, Nasdaq encourages Companies to avail themselves of the opportunity for advance notification to the MarketWatch Department in situations where they believe, based upon their knowledge of the significance of the information, that a temporary trading halt may be necessary or appropriate.

(a) - (h) No change.

Whenever Nasdaq halts trading in a security of a listed company for any of the reasons set forth above or implements any other regulatory trading halt, Nasdaq will also halt trading in any listed Equity Investment Tracking Stock that tracks the performance of such listed company and any Subscription Receipt that is exchangeable into that security.

Use of Regulation FD Compliant Methods in the Disclosure of Material Information

No change.

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5501. Preamble to The Nasdaq Capital Market Listing Requirements

This section contains the initial and continued listing requirements and standards for listing a Company's Primary Equity Security on The Nasdaq Capital Market. This section also contains the initial and continued listing requirements for [Rights and Warrants;] Preferred and Secondary Classes of Common Stock; [and] Convertible Debt, Rights and Warrants; and Subscription Receipts on the Capital Market. An Equity Investment Tracking Stock may be listed as a Primary Equity Security or as a Secondary Class of Common Stock, as applicable, provided it must also meet the initial and continued listing requirements, as applicable, set forth in Rule 5222.

In addition to meeting the quantitative requirements in this section, a Company must meet the requirements of the Rule 5100 Series, the disclosure obligations set forth in the Rule 5200 Series, the Corporate Governance requirements set forth in the Rule 5600 Series, and pay any applicable fees in the Rule 5900 Series. A Company's failure to meet any of the continued listing requirements will be processed in accordance with the provisions set forth in the Rule 5800 Series.

Companies that meet these requirements, but are not listed on the Nasdaq Global Market, are listed on the Nasdaq Capital Market.

* * * * *

5520. Initial Listing Requirements for Subscription Receipts

Subscription Receipts are securities used to raise money for a specific acquisition. Nasdaq will list Subscription Receipts on The Nasdaq Capital Market subject to the following requirements:

(a) The security that the Subscription Receipts are exchangeable for must be listed on the Nasdaq Global Select, Global or Capital Market.

(b) At the time of listing the Subscription Receipts, the issuer must not have received a Staff Delisting Determination with respect to the security the Subscription Receipt is exchangeable for and must not have been notified about a deficiency in any continued listing standard with respect to the issuer of the security or the security that the Subscription Receipt is exchangeable for, except with respect to a corporate governance requirement where the issuer of the Subscription Receipt has received a grace period under Rule 5810(c)(3)(E).

(c) The proceeds of the Subscription Receipts offering must be designated solely for use in connection with the consummation of a specified acquisition that is the subject of a binding acquisition agreement (the “Specified Acquisition”).

(d) The proceeds of the Subscription Receipts offering must be held in an interest-bearing custody account controlled by an independent custodian.

(e) The Subscription Receipts will promptly be redeemed for cash: (i) at any time that the acquisition agreement in relation to the Specified Acquisition is terminated; or (ii) if the Specified Acquisition does not close within twelve months from the date of issuance of the Subscription Receipts, or such earlier time as is specified in the operative agreements. If the Subscription Receipts are redeemed, the holders will receive cash payments equal to their pro rata share of the funds in the custody account, including any interest earned on those funds.

(f) If the Specified Acquisition is consummated, the holders of the Subscription Receipts will receive the shares of common stock for which their Subscription Receipts are exchangeable.

(g) At the time of initial listing, the Subscription Receipts must have:

(1) a price per Subscription Receipt of at least $4.00;
(2) a minimum Market Value of Publicly Held Shares of $100 million;
(3) At least 1,100,000 Publicly Held Shares; and
(4) At least 400 Round Lot Holders.

(h) The sale of the Subscription Receipts and the issuance of the common stock of the issuer in exchange for the Subscription Receipts must both be registered under the Securities Act.

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5565. Continued Listing Requirements for Subscription Receipts

Subscription Receipts must meet all of the requirements in paragraphs (a) through (e) below in order to remain listed. Failure to meet any of the continued listing requirements will be processed in accordance with the provisions set forth in the Rule 5800 Series.

(a) At least 100,000 Publicly Held Shares;

(b) At least 100 Public Holders;

(c) At least $15 million Market Value of Listed Securities for the Subscription Receipts over 30 consecutive trading days;

(d) the common equity security that the Subscription Receipt is exchangeable for must remain listed on Nasdaq and not have received a Staff Delisting Determination with respect to the security such Subscription Receipt is exchangeable for; and

(e) the Company must not have announced that the Specified Acquisition (as defined in Rule 5520) has been terminated.

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5810. Notification of Deficiency by the Listing Qualifications Department

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(c) Types of Deficiencies and Notifications

The type of deficiency at issue determines whether the Company will be immediately suspended and delisted, or whether it may submit a compliance plan for review or is entitled to an automatic cure or compliance period before a Staff Delisting Determination is issued. In the case of a deficiency not specified below, Staff will issue the Company a Staff Delisting Determination or a Public Reprimand Letter.

(1) Deficiencies that Immediately Result in a Staff Delisting Determination

Staff's notice will inform the Company that its securities are immediately subject to suspension and delisting when:

- a Company fails to timely solicit proxies;
- an Equity Investment Tracking Stock fails to comply with the additional continued listing requirements in Rule 5222(c) or a Staff Delisting Determination has been issued with respect to the security such Equity Investment Tracking Stock tracks;
- the common stock of the REIT in a Paired Share Unit listed under Rule 5226 becomes separately tradable from the common stock of the Parent;
- a Subscription Receipt listed under Rule 5520 fails to comply with the continued listing requirements in Rule 5565 or a Staff Delisting Determination has been issued with respect to the security such Subscription Receipt is exchangeable for; or
- Staff has determined, under its discretionary authority in the Rule 5100 Series, that the Company's continued listing raises a public interest concern.

(2) No change.

IM-5810-2 No change.

(3) - (4) No change.

(d) No change.

* * * * *

5920. The Nasdaq Capital Market

(a) Entry Fee

(1) – (6) No change.

(7) A Company that lists a class of Subscription Receipts on the Nasdaq Capital Market shall pay a $25,000 fee, which includes a $5,000 application fee. Note that there is no separate annual fee applicable to classes of Subscription Receipts.

[(7)](8) No change.

[(8)](9) No change.

[(9)](10) No change.

[(10)](11) No change.

[(11)](12) No change.

(b) – (e) No change.