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Page 1 of \* 22

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

File No. \* SR 2021 - \* 082

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
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 \*).

A proposal to amend Rule 5815 regarding the use of a Panel Monitor following a compliance determination by a Nasdaq Listings Qualification Hearings Panel.

### 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 \* aravind Last Name \* Menon

Title \* Senior Associate General Counsel

E-mail \* Aravind.Menon@nasdaq.com

Telephone \* (301) 978-8416 Fax

### Signature

Pursuant to the requirements of the Securities Exchange of 1934, The Nasdaq Stock Market LLC has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 10/21/2021


(Title \*)

By John A. Zecca

EVP and Chief Legal Officer

(Name \*)

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

 Date: 2021.10.21 12:57:53 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

Add Remove View

SR-NASDAQ-2021-082 19b-4.doc

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

SR-NASDAQ-2021-082 Exhibit 1.doc

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 Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change 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

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 Sent As Paper Document

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

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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 Sent As Paper Document

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

Add Remove View

SR-NASDAQ-2021-082 Exhibit 5.doc

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

**Partial Amendment**

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

1. Text of the Proposed Rule Change

(a) The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Rule 5815 regarding the use of a Panel Monitor following a compliance determination by a Nasdaq Listings Qualification Hearings Panel.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of the Exchange on September 7, 2021. No other action is necessary for the filing of the rule change.

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

Aravind Menon  
Senior Associate General Counsel  
Nasdaq, Inc.  
301-978-8416

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

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

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

a. Purpose

Nasdaq administers a series of rules that govern the initial and continued listing qualifications required of companies listed on the Exchange.<sup>3</sup> In the event that a company fails to maintain compliance with the Listing Rules, Nasdaq Listings Qualifications Staff (“Staff”) will issue a notification informing the company of the deficiency. Where allowed by Nasdaq’s rules, Staff’s notification may provide for a cure or compliance period or allow the company to submit a plan of compliance for Staff to review.

However, where a company has previously been deficient with a listing requirement and regained compliance pursuant to an exception from an industry hearings panel (“Hearings Panel”), under certain circumstances, Nasdaq rules do not allow that company a cure or compliance period or the opportunity to submit a plan to regain compliance in the event it incurs another deficiency within one year of regaining compliance with the previous deficiency. Instead, Exchange Rules 5815(d)(4)(A) or (B) apply. Both rules set out a process by which Staff will issue a delist determination for a company that fails to maintain compliance with one or more listing requirements within one year of having regained compliance with one or more listing requirements pursuant to an exception granted by a Hearings Panel. Once a delist determination letter has been issued to a company pursuant to Rules 5815(d)(4)(A) or 5815(d)(4)(B), the company may

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<sup>3</sup> See Nasdaq Rules 5300, 5400, and 5500 Series, outlining requirements for companies seeking to conduct an initial listing on Nasdaq Global Select Market, Nasdaq Global Market and Nasdaq Capital Market, respectively, as well as requirements for continued listing once an initial listing has been completed.

then request a hearing before a Hearings Panel to argue in favor of maintaining its Exchange listing.

Rule 5815(d)(4)(A), entitled “Hearings Panel Monitor,” provides a Hearings Panel with discretion to monitor a company for a period of up to one year after the compliance date if it concludes that there is a likelihood that a company will fail to maintain compliance with one or more listing standards during that period (including requirements with which the company was not previously deficient). During this one-year period, Staff will monitor the company, as it does all listed companies, to confirm compliance with all listing requirements. If Staff identifies a deficiency with any listing requirement, Staff may not provide the company with a cure or compliance period, nor the opportunity to submit a plan to regain compliance with the deficiency. Instead, Staff will issue a delist determination.

Rule 5815(d)(4)(B) provides that a company that received an exception from a Hearings Panel with respect to the stockholder’s equity requirement, periodic filing requirement or a bid price requirement where the company was ineligible for a bid price compliance period under Listing Rule 5810(c)(3)(A)(iii) or (iv)<sup>4</sup>, and subsequently regained compliance with the requirement, will not be allowed a cure or compliance period or the opportunity to submit a plan of compliance for Staff to review as allowed under Listing Rule 5810(c)(2) if, within one year of regaining compliance, the company subsequently becomes deficient in the same requirement that was the subject of the exception. While limiting the grounds for an immediate delist determination to a

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<sup>4</sup> Pursuant to SR-NASDAQ-2020-001, companies that received notification of non-compliance with Nasdaq Listing rules 5315(e)(1), 5405(a)(1), 5450(a)(1), 5505(a)(1)(A) or 5550(a)(2), the bid price rules, before September 1, 2020, will not be subject to Listing Rule 5815(d)(4)(B).

recurrence of the initial deficiency that gave rise to the previous hearing before the Hearings Panel, Rule 5815(d)(4)(B) also requires Staff to issue a delist determination to the company without providing an opportunity for a cure or compliance period or the opportunity to submit a plan of compliance for Staff to review. While entitled “No Hearings Panel Monitor,” the rule amounts to what is in effect a mandatory Hearings Panel Monitor.

The Exchange proposes to amend Rule 5815(d)(4) to clarify the instances under which a Hearings Panel may impose a Panel Monitor and when the implementation of a Panel Monitor is mandatory. In particular, the Exchange proposes to modify the headings to Rules 5815(d)(4)(A) and (B) to “Discretionary” and “Mandatory,” respectively, to accurately describe the scope of the Panel’s authority to implement the Panel Monitor.<sup>5</sup>

Rules 5815(d)(4)(A) and (B) each describe the specific procedures for use of a Panel Monitor. Rule 5815(d)(4)(A) states that in the event a company under a Panel Monitor fails to maintain compliance with a listing requirement, the Hearings Department will schedule a new hearing, with the original hearing panel or a new panel if the original panel is unavailable. The rule text also notes that the hearing may be oral or written, at the company’s election. The text finally notes that the Hearings Panel will consider the company’s compliance history when rendering a decision. The Exchange proposes to amend Rule 5815(d)(4)(A) to remove each of these provisions.

Under the proposed language, in the event a company under a Panel Monitor fails to maintain compliance with any listing standard, Staff will issue a delist determination.

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<sup>5</sup> Staff is not aware of the reason for the original language in the Rule 5815(d)(4)(B) stating that that rule would not call for a Panel Monitor.

The company must then determine if it wishes to seek an appeal from this determination. The proposed rule change will correct the erroneous inclusion of language in the rule requiring the Hearings Department to promptly schedule a hearing without first receiving a request for appeal from the company.<sup>6</sup> The Exchange proposes removing the language regarding whether the hearing will be oral or written and the language noting that the Hearings Panel may consider the company's compliance history when rendering a decision in order to add that language to proposed Rule 5815(d)(4)(C), a new subparagraph that will outline procedures applicable to both instances in which a Panel Monitor has been employed.

The Exchange proposes amending Rule 5815(d)(4)(B) to change the heading from "No Hearings Panel Monitor" to "Mandatory Panel Monitor." While the rule sets out a process to be employed when there is no Hearings Panel Monitor, the rule itself outlines a process that calls for the mandatory use of a Panel Monitor. The proposed rule will remove any confusion brought about by this language. The proposed changes also include adding language to the body of the rule specifically calling for the Hearings Panel to impose a Panel Monitor for a period of one year from the date the company regained compliance with the stockholders' equity, periodic filing or certain bid price listing standards. The Exchange also proposes adding language that will align the language in both Rules 5815(d)(4)(A) and (B) regarding the inability of Staff to grant the company a cure or compliance period or submit a plan to regain compliance. These provisions will

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<sup>6</sup> Historically the Hearings Department has not immediately scheduled a new hearing for a company under a Panel Monitor that has received a delist determination from Staff. A new hearing would not be scheduled until the company in question had requested an appeal from the delist determination. The proposed rule change will simply codify the previous and existing practice of the Hearings Department.

be addressed in Propose Rule 5815(d)(4)(C) as they are applicable to both Panel Monitor scenarios.

Proposed 5815(d)(4)(C) will add language outlining the process that will apply to either situation in which a Panel Monitor has been implemented. Specifically, the proposed language will outline how a company may seek an appeal of a Staff delist determination, that the Hearings Department will schedule a hearing with the original Hearings Panel or a new Hearings Panel if the original Hearings Panel is unavailable, that the hearing may be written or oral, and that the Hearings Panel will consider the company's compliance history when rendering its decision.

b. 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 removing any ambiguity as to when a Hearings Panel has the discretion to implement a Panel Monitor and when the use of a Panel Monitor is mandatory. The proposed rule will not change the core requirements of either Listing Rule 5815(d)(4)(A) or 5815(d)(4)(B), which are designed to protect investors and the public interest. Under the proposed change to Rule 5815(d)(4)(A), the ability of a Panel to continue to monitor a company's continued compliance for up to one year after the compliance date will remain unchanged

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

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



during which time the company will not be permitted to provide the Listing Qualifications Department with a plan of compliance with respect to any deficiency that arises during the monitor period, and the Listing Qualifications Department will not be permitted to grant additional time for the Company to regain compliance with respect to any deficiency. Similarly, under the proposed change to Rule 5815(d)(4)(B), companies that regain compliance with the shareholder equity, periodic filing or certain bid price requirements will continue to be prohibited from submitting a plan of compliance or being afforded a compliance period to cure the deficiency under Listing Rule 5810(c)(2) within one year of regaining compliance with the listing requirement in question. The rule change will simply clarify that Rule 5815(d)(4)(B) calls for the mandatory use of a Panel Monitor.

Nasdaq believes that the proposed rule change's clarification of the mandatory nature of the Panel Monitor when a company has regained compliance with the shareholders' equity, periodic filing or certain bid price rules will promote fair and orderly markets by eliminating confusion. Nasdaq also believes that the alignment of language used in Rules 5815(d)(4)(A) and (B), including creating a new Rule 5815(d)(4)(C), will also eliminate confusion that could arise due to previous differences in the wording between the similar sections and will ensure that all companies that are subject to a monitor, whether required by rule or imposed at the discretion of the Panel, will be treated in the same manner.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not expected to have any impact on competition among

listed companies nor on competition between exchanges. The proposed rule change will apply equally to all companies that are subject to Panel Monitors.

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

Not applicable.

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

The Exchange requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act.<sup>9</sup>

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

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<sup>9</sup> 15 U.S.C. 78s(b)(2).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2021-082)

October \_\_, 2021

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Amend Rule 5815

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 October 21, 2021, 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 amend Rule 5815 regarding the use of a Panel Monitor following a compliance determination by a Nasdaq Listings Qualification Hearings Panel.

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

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

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

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

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

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

1. Purpose

Nasdaq administers a series of rules that govern the initial and continued listing qualifications required of companies listed on the Exchange.<sup>3</sup> In the event that a company fails to maintain compliance with the Listing Rules, Nasdaq Listings Qualifications Staff ("Staff") will issue a notification informing the company of the deficiency. Where allowed by Nasdaq's rules, Staff's notification may provide for a cure or compliance period or allow the company to submit a plan of compliance for Staff to review.

However, where a company has previously been deficient with a listing requirement and regained compliance pursuant to an exception from an industry hearings panel ("Hearings Panel"), under certain circumstances, Nasdaq rules do not allow that company a cure or compliance period or the opportunity to submit a plan to regain compliance in the event it incurs another deficiency within one year of regaining

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<sup>3</sup> See Nasdaq Rules 5300, 5400, and 5500 Series, outlining requirements for companies seeking to conduct an initial listing on Nasdaq Global Select Market, Nasdaq Global Market and Nasdaq Capital Market, respectively, as well as requirements for continued listing once an initial listing has been completed.

compliance with the previous deficiency. Instead, Exchange Rules 5815(d)(4)(A) or (B) apply. Both rules set out a process by which Staff will issue a delist determination for a company that fails to maintain compliance with one or more listing requirements within one year of having regained compliance with one or more listing requirements pursuant to an exception granted by a Hearings Panel. Once a delist determination letter has been issued to a company pursuant to Rules 5815(d)(4)(A) or 5815(d)(4)(B), the company may then request a hearing before a Hearings Panel to argue in favor of maintaining its Exchange listing.

Rule 5815(d)(4)(A), entitled “Hearings Panel Monitor,” provides a Hearings Panel with discretion to monitor a company for a period of up to one year after the compliance date if it concludes that there is a likelihood that a company will fail to maintain compliance with one or more listing standards during that period (including requirements with which the company was not previously deficient). During this one-year period, Staff will monitor the company, as it does all listed companies, to confirm compliance with all listing requirements. If Staff identifies a deficiency with any listing requirement, Staff may not provide the company with a cure or compliance period, nor the opportunity to submit a plan to regain compliance with the deficiency. Instead, Staff will issue a delist determination.

Rule 5815(d)(4)(B) provides that a company that received an exception from a Hearings Panel with respect to the stockholder’s equity requirement, periodic filing requirement or a bid price requirement where the company was ineligible for a bid price

compliance period under Listing Rule 5810(c)(3)(A)(iii) or (iv)<sup>4</sup>, and subsequently regained compliance with the requirement, will not be allowed a cure or compliance period or the opportunity to submit a plan of compliance for Staff to review as allowed under Listing Rule 5810(c)(2) if, within one year of regaining compliance, the company subsequently becomes deficient in the same requirement that was the subject of the exception. While limiting the grounds for an immediate delist determination to a recurrence of the initial deficiency that gave rise to the previous hearing before the Hearings Panel, Rule 5815(d)(4)(B) also requires Staff to issue a delist determination to the company without providing an opportunity for a cure or compliance period or the opportunity to submit a plan of compliance for Staff to review. While entitled “No Hearings Panel Monitor,” the rule amounts to what is in effect a mandatory Hearings Panel Monitor.

The Exchange proposes to amend Rule 5815(d)(4) to clarify the instances under which a Hearings Panel may impose a Panel Monitor and when the implementation of a Panel Monitor is mandatory. In particular, the Exchange proposes to modify the headings to Rules 5815(d)(4)(A) and (B) to “Discretionary” and “Mandatory,” respectively, to accurately describe the scope of the Panel’s authority to implement the Panel Monitor.<sup>5</sup>

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<sup>4</sup> Pursuant to SR-NASDAQ-2020-001, companies that received notification of non-compliance with Nasdaq Listing rules 5315(e)(1), 5405(a)(1), 5450(a)(1), 5505(a)(1)(A) or 5550(a)(2), the bid price rules, before September 1, 2020, will not be subject to Listing Rule 5815(d)(4)(B).

<sup>5</sup> Staff is not aware of the reason for the original language in the Rule 5815(d)(4)(B) stating that that rule would not call for a Panel Monitor.

Rules 5815(d)(4)(A) and (B) each describe the specific procedures for use of a Panel Monitor. Rule 5815(d)(4)(A) states that in the event a company under a Panel Monitor fails to maintain compliance with a listing requirement, the Hearings Department will schedule a new hearing, with the original hearing panel or a new panel if the original panel is unavailable. The rule text also notes that the hearing may be oral or written, at the company's election. The text finally notes that the Hearings Panel will consider the company's compliance history when rendering a decision. The Exchange proposes to amend Rule 5815(d)(4)(A) to remove each of these provisions.

Under the proposed language, in the event a company under a Panel Monitor fails to maintain compliance with any listing standard, Staff will issue a delist determination. The company must then determine if it wishes to seek an appeal from this determination. The proposed rule change will correct the erroneous inclusion of language in the rule requiring the Hearings Department to promptly schedule a hearing without first receiving a request for appeal from the company.<sup>6</sup> The Exchange proposes removing the language regarding whether the hearing will be oral or written and the language noting that the Hearings Panel may consider the company's compliance history when rendering a decision in order to add that language to proposed Rule 5815(d)(4)(C), a new subparagraph that will outline procedures applicable to both instances in which a Panel Monitor has been employed.

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<sup>6</sup> Historically the Hearings Department has not immediately scheduled a new hearing for a company under a Panel Monitor that has received a delist determination from Staff. A new hearing would not be scheduled until the company in question had requested an appeal from the delist determination. The proposed rule change will simply codify the previous and existing practice of the Hearings Department.

The Exchange proposes amending Rule 5815(d)(4)(B) to change the heading from “No Hearings Panel Monitor” to “Mandatory Panel Monitor.” While the rule sets out a process to be employed when there is no Hearings Panel Monitor, the rule itself outlines a process that calls for the mandatory use of a Panel Monitor. The proposed rule will remove any confusion brought about by this language. The proposed changes also include adding language to the body of the rule specifically calling for the Hearings Panel to impose a Panel Monitor for a period of one year from the date the company regained compliance with the stockholders’ equity, periodic filing or certain bid price listing standards. The Exchange also proposes adding language that will align the language in both Rules 5815(d)(4)(A) and (B) regarding the inability of Staff to grant the company a cure or compliance period or submit a plan to regain compliance. These provisions will be addressed in Proposed Rule 5815(d)(4)(C) as they are applicable to both Panel Monitor scenarios.

Proposed 5815(d)(4)(C) will add language outlining the process that will apply to either situation in which a Panel Monitor has been implemented. Specifically, the proposed language will outline how a company may seek an appeal of a Staff delist determination, that the Hearings Department will schedule a hearing with the original Hearings Panel or a new Hearings Panel if the original Hearings Panel is unavailable, that the hearing may be written or oral, and that the Hearings Panel will consider the company’s compliance history when rendering its decision.



## 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 removing any ambiguity as to when a Hearings Panel has the discretion to implement a Panel Monitor and when the use of a Panel Monitor is mandatory. The proposed rule will not change the core requirements of either Listing Rule 5815(d)(4)(A) or 5815(d)(4)(B), which are designed to protect investors and the public interest. Under the proposed change to Rule 5815(d)(4)(A), the ability of a Panel to continue to monitor a company's continued compliance for up to one year after the compliance date will remain unchanged during which time the company will not be permitted to provide the Listing Qualifications Department with a plan of compliance with respect to any deficiency that arises during the monitor period, and the Listing Qualifications Department will not be permitted to grant additional time for the Company to regain compliance with respect to any deficiency. Similarly, under the proposed change to Rule 5815(d)(4)(B), companies that regain compliance with the shareholder equity, periodic filing or certain bid price requirements will continue to be prohibited from submitting a plan of compliance or being afforded a compliance period to cure the deficiency under Listing Rule 5810(c)(2) within one year of regaining compliance with the listing requirement in question. The

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

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

rule change will simply clarify that Rule 5815(d)(4)(B) calls for the mandatory use of a Panel Monitor.

Nasdaq believes that the proposed rule change's clarification of the mandatory nature of the Panel Monitor when a company has regained compliance with the shareholders' equity, periodic filing or certain bid price rules will promote fair and orderly markets by eliminating confusion. Nasdaq also believes that the alignment of language used in Rules 5815(d)(4)(A) and (B), including creating a new Rule 5815(d)(4)(C), will also eliminate confusion that could arise due to previous differences in the wording between the similar sections and will ensure that all companies that are subject to a monitor, whether required by rule or imposed at the discretion of the Panel, will be treated in the same manner.

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 rule change is not expected to have any impact on competition among listed companies nor on competition between exchanges. The proposed rule change will apply equally to all companies that are subject to Panel Monitors.

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

No written comments were either solicited or received.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or

(ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

#### IV. Solicitation of Comments

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

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2021-082 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-2021-082. 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-2021-082 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**The Nasdaq Stock Market LLC Rules**

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**The Qualification, Listing and Delisting of Companies**

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**5815. Review of Staff Determinations by Hearings Panel**

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When a Company receives a Staff Delisting Determination or a Public Reprimand Letter issued by the Listing Qualifications Department, or when its application for initial listing is denied, it may request in writing that the Hearings Panel review the matter in a written or an oral hearing. This section sets forth the procedures for requesting a hearing before a Hearings Panel, describes the Hearings Panel and the possible outcomes of a hearing, and sets forth Hearings Panel procedures.

(a) – (c) No change.

**(d) Hearings Panel Procedures**

(1) – (3) No change.

**(4) Procedures Applicable for Recurring Deficiencies****(A) Discretionary Hearings Panel Monitor**

A Hearings Panel may, after a Company regains compliance with all applicable listing standards, monitor the Company's continued compliance for up to one year after the compliance date, if the Hearings Panel concludes that there is a likelihood that the issuer will fail to maintain compliance with one or more listing standards during that period. If the Hearings Panel or the Listing Qualifications Department determines that a Company under a Hearings Panel monitor fails any listing standard during the monitor period, [the Staff will issue a Staff Delisting Determination and the Hearings Department will promptly schedule a new hearing, with the initial Hearings Panel or a newly convened Hearings Panel if the initial Hearings Panel is unavailable. The hearing may be oral or written, at the Company's election. Notwithstanding] then, notwithstanding Rule 5810(c)(2), the Company will not be permitted to provide the Listing Qualifications Department with a plan of compliance with respect to any deficiency that arises during the

monitor period and the Listing Qualifications Department will not be permitted to grant additional time for the Company to regain compliance with respect to any deficiency, nor will the company be afforded a cure or compliance period pursuant to Rule 5810(c)(3). Rather, the Listing Qualifications Department will promptly issue a Staff Delisting Determination.[The Hearings Panel will consider the Company's compliance history when rendering its Decision.]

**(B) Mandatory [No] Hearings Panel Monitor**

In the case of a Company that was granted an exception by the Hearing Panel for failure [If a Hearings Panel has not opted to monitor a Company that has regained compliance with the listing standards requiring the Company] to maintain certain levels of stockholders' equity, to timely file periodic reports, or with the bid price requirement where the company was ineligible for a compliance period under Rule 5810(c)(3)(A)(iii) or (iv), the Hearings Panel will impose a Panel Monitor for a period of one year from the date the company regains compliance. [and] If, within that one year period[of the date the Company regained compliance with such listing standard,] the Listing Qualifications Department finds the Company again out of compliance with the requirement that was the subject of the exception, then, notwithstanding Rule 5810(c)(2), [the Listing Qualifications Department will not allow ]the Company will not be permitted to provide the Listings Qualifications Department [it] with a plan of compliance [or] with respect to that deficiency and the Listings Qualifications Department will not be permitted to grant additional time for the Company to regain compliance with respect to that deficiency, nor will the company be afforded a cure or compliance period pursuant to Rule 5810(c)(3). Rather, the Listing Qualifications Department will promptly issue a Staff Delisting Determination[, and the Company may request review by a Hearings Panel. The Hearings Panel will consider the Company's compliance history when rendering its Decision].

**(C) Panel Monitor Procedures**

If a Company receives a Staff Delisting Determination pursuant to a Panel Monitor under paragraph (d)(4)(A) or (B) of this Rule, the Company may request review by a Hearings Panel. Upon such a request, the Hearings Department will promptly schedule a new hearing, with the initial Hearings Panel or a newly convened Hearings Panel if the initial Hearings Panel is unavailable. The hearing may be oral or written, at the Company's election. The Hearings Panel will consider the Company's compliance history when rendering its Decision. If the Company does not request review of the Staff Delisting Determination then the Company's securities will be suspended as described in the Staff Delisting Determination.

(5) No change.

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