

NASDAQ Changes Process Related to Filing Delinquencies



Please Route To: All NASDAQ-Listed Companies

What You Need to Know:

- Effective immediately, NASDAQ will provide a company that is delinquent in its periodic filing obligations with the opportunity to submit a plan of compliance and staff may grant an exception for up to 180 calendar days from the due date of the filing for the company to evidence compliance. A company that regains compliance within that time would not receive a delisting determination.

Historically, when a listed company was late in filing a required periodic report with the SEC or other appropriate regulatory authority, NASDAQ immediately sent a delisting letter. The rules did not afford any time to the company to regain compliance.

This notice announces a significant change to this policy. In that regard, NASDAQ generally believes that delisting a company that is taking all appropriate steps to regain compliance and file financial statements, while keeping the public informed, is not in the best interest of the company or its investors. Therefore, effective immediately, we have modified these rules to allow companies to submit a plan to regain compliance to the staff of the Listing Qualifications Department and to allow staff to grant the company up to 180 days from the due date for the periodic report (as extended by Exchange Act Rule 12b-25, if applicable) to regain compliance.

If a company fails to regain compliance prior to the expiration of a staff exception or if staff does not accept the plan of compliance, staff will issue a Staff Determination, as defined in our rules, indicating that the company is subject to delisting. If that occurs, the company may request a hearing before a NASDAQ Listing Qualifications Panel ("Panel") to review the determination. However, in this circumstance only, that request will operate to stay the delisting action for only 15 calendar days from the deadline to request a hearing. In order to obtain a longer stay, the company must, in its request for a hearing, ask that the Panel grant such a longer stay. If it does, the Panel can permit the company to remain listed for up to 180 days from the date the Staff Determination letter, but in no event more than 360 days from the due date of the company's first late filing.

NASDAQ believes that the availability of timely financial statements is vitally important for investors; however, recent changes in the regulatory environment have made it increasingly difficult for companies to prepare, obtain auditor review, and file their periodic financial statements on time. We believe that these rule changes will allow companies that become delinquent in their filing obligations a greater ability to focus on any necessary reviews and the completion of its financial statements without the immediate threat of delisting.

Finally, this rule change does not affect those companies that have already received a delisting notification and are already in the review process. These companies will continue through the Panel process under the rules at the time they started the process.

Please review the [rule filing](#) for complete details about these changes. NASDAQ's online [rulebook](#) will be updated shortly to reflect these changes.

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

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