Nasdaq Proposes Changes to its Listing Standards

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NEW YORK, Sept. 03, 2025 (GLOBE NEWSWIRE) -- Today, Nasdaq proposed a new set of enhancements to its initial and continued listing standards, reinforcing its long-standing commitment to capital formation while ensuring investor protection and upholding market integrity. These proposed updates introduce enhanced requirements for minimum company public float and capital raised during initial public offerings, alongside stricter suspension and delisting procedures for companies failing to meet Nasdaq's continued listings standards.

The revised standards include:

- A $15 million minimum market value of public float, applicable to new listings on Nasdaq under the net income standard.
- An accelerated process for suspending and delisting companies with a listings deficiency that also have a Market Value of Listed Securities below $5 million.
- A $25 million minimum public offering proceeds requirement for new listings of companies principally operating in China.

"Investor protection and market integrity are central to Nasdaq's mission," said John Zecca, Executive Vice President and Global Chief Legal, Risk & Regulatory Officer. "These enhancements reflect our ongoing commitment to evolve our standards in step with market realities and to lead by example in promoting fair and orderly markets. By increasing our standards for the minimum public float and the public offering raise in certain new listings, it provides a healthier liquidity profile for public investors, while still making emerging companies available to investors through our exchange. These new listing standards represent one step in a necessary, industry-wide effort—alongside regulators, U.S. exchanges, and market participants—to closely examine trading behaviors in small company securities, with the goal of safeguarding market integrity and enhancing protections for investors."

The actions announced today follow Nasdaq's proactive review of trading activity, particularly emerging patterns associated with potential pump-and-dump schemes in U.S. cross-market trading environments. The proposed updates are also reflective of how market dynamics and company valuations have evolved over time, prompting the need to recalibrate Nasdaq's minimum liquidity standards to suit today's environment. These enhancements ensure that the thresholds for public listings remain relevant and effective as markets evolve.

As part of these changes, Nasdaq is reintroducing a minimum public offering proceeds requirement specifically for companies principally operating in China, building on previous standards set for "restrictive markets," in which the Public Company Accounting Oversight Board (PCAOB) could not inspect auditors.[1] By applying this threshold, Nasdaq strengthens investor protections and enhances the liquidity profile of companies to reflect today's market environment.

In addition to the enhanced listing standards, Nasdaq will continue to actively refer cases to the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) on potentially manipulative trading activities, while strengthening our cooperation with both domestic and international regulators to reinforce effective oversight and maintain high standards across U.S. markets.

Nasdaq is submitting the proposed rules to the SEC for review and, if approved, is proposing to implement the changes to the initial listing requirements promptly. Nasdaq is proposing to give companies already in the initial listing process a period of 30 days to complete the process under the prior standards, and thereafter all new listings will have to meet the new requirements. Regarding the accelerated process for suspending and delisting companies, Nasdaq is proposing to implement the new requirements 60 days after SEC approval.

These changes build upon Nasdaq's history of regulatory leadership that have been followed by others, including prior changes aimed at improving liquidity, tightening compliance timelines, and curbing abusive practices such as excessive reverse stock splits. Previous changes include:

- **Restrictive Markets**:
  - In May 2020, Nasdaq proposed, and the SEC approved in October 2021, new rules for IPOs from "restrictive markets" that imposed higher requirements for companies, mainly from China, to list on its markets. The rules required that companies from restrictive markets have a minimum public offering size of $25 million, or 25% of the value of their securities. The new rule that Nasdaq is currently proposing regarding the $25 million minimum public offering proceeds is consistent with the $25 million standard established in the 2020 rule change.
- **Liquidity requirement changes:**
  - In July 2019, Nasdaq changed its liquidity requirements to exclude restricted holdings from the shareholder count and public float calculation, and to require at least half of the minimum number of round lot holders to own unrestricted securities with a minimum value of $2,500. This change also requires average daily volume requirements for companies that uplist from the Over-the-Counter market.
  - In September 2022, Nasdaq enhanced its review of smaller IPOs to help ensure underwriters are focused on placing shares in a manner expected to provide adequate liquidity.

    - In July 2023, Nasdaq proposed a new rule, approved in March 2024, providing additional oversight of a principal underwriter in a Nasdaq IPO.
    - In April 2025, Nasdaq required newly listed companies to satisfy adjusted rules related to meeting market value thresholds solely from shares sold in the IPO, thereby excluding shares held by selling shareholders. These adjustments were made to increase liquidity of the new securities in the marketplace.

- **Enhancements addressing non-compliance**:
    - In September 2021, Nasdaq implemented a new rule that limited companies' ability to effect excessive reverse stock splits. Nasdaq also made rule changes that would allow it to move a company into the delisting process immediately if its share price is below $0.10 for ten consecutive trading days.
    - In November 2023, Nasdaq made additional changes to require additional disclosures regarding reverse splits and the process for halting stocks undergoing reverse splits.
    - In October 2024, Nasdaq further limited the time provided to companies to cure a listing deficiency if that deficiency was caused by a reverse split enacted to regain compliance with bid price requirements.
    - In January 2025, Nasdaq decreased the time a company could trade on Nasdaq while below $1 to 360 days and prohibited further compliance periods to any company that effected a reverse stock split within the prior year.
    - In August 2025, Nasdaq proposed new rules to suspend and more quickly delist companies trading below $0.10, for ten consecutive trading days, even if they are not otherwise already in a compliance period.

Additionally, today, Nasdaq has responded to the SEC's request for comments regarding the eligibility of foreign companies trading in the U.S. to benefit from less burdensome U.S. reporting obligations. In the letter, Nasdaq emphasized the need to balance the interest in attracting foreign companies to the U.S., with the need to protect all investors in the U.S. public markets, which are the envy of the world.

Together, these efforts underscore Nasdaq's leadership in fostering a resilient and transparent marketplace that supports appropriate listing standards for issuers and safeguards investor interests. The official filings related to the proposed changes can be accessed via the following links:

- https://listingcenter.nasdaq.com/assets/rulebook/nasdaq/filings/SR-NASDAQ-2025-068.pdf
- https://listingcenter.nasdaq.com/assets/rulebook/nasdaq/filings/SR-NASDAQ-2025-069.pdf

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information related to Nasdaq and the proposed enhancements to its initial and continued listing standards, including with respect to microcap companies and companies based in China, Hong Kong, and Macau. When used in this communication, words such as "will", "propose", "intends", "plans", "expected" and similar expressions and any other statements that are not historical facts are intended to identify forward-looking statements. These actions involve risk, uncertainties and assumptions that could cause actual results and the anticipated benefits to differ materially from those expressed or implied by such statements. Further information on risks and uncertainties relating to Nasdaq can be found in its reports filed on Forms 10-K, 10-Q and 8-K and in other filings Nasdaq makes with the SEC from time to time and available at www.sec.gov. These documents are also available under the Investor Relations section of Nasdaq's website at http://ir.nasdaq.com/investor-relations. The forward-looking statements included in this communication are made only as of the date hereof. Nasdaq disclaims any obligation to update these forward-looking statements, except as required by law.

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Foot Notes

1 - The application of this rule to Chinese issuers became null when the PCAOB was able to inspect auditors based in China starting in December 2022. See https://pcaobus.org/news-events/news-releases/news-release-detail/pcaob-secures-complete-access-to-inspect-investigate-chinese-firms-for-first-time-in-history.

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