The Nasdaq Stock Market LLC Rules

5005. Definitions

(a) The following is a list of definitions used throughout the Nasdaq Listing Rules. This section also lists various terms together with references to other rules where they are specifically defined. Unless otherwise specified by the Rules, these terms shall have the meanings set forth below. Defined terms are capitalized throughout the Listing Rules.

(1) – (36) No change.

(37) “Restrictive Market” means a jurisdiction that does not provide the Public Company Accounting Oversight Board with access to conduct inspections of public accounting firms that audit Nasdaq-listed companies. A Company’s business will be considered to be principally administered in a Restrictive Market if: (i) the Company’s books and records are located in that jurisdiction; (ii) at least 50% of the Company’s assets are located in such jurisdiction; or (iii) at least 50% of the Company’s revenues are derived from such jurisdiction.

(38) “Restricted Securities” means securities that are subject to resale restrictions for any reason, including, but not limited to, securities: (1) acquired directly or indirectly from the issuer or an affiliate of the issuer in unregistered offerings such as private placements or Regulation D offerings; (2) acquired through an employee stock benefit plan or as compensation for professional services; (3) acquired in reliance on Regulation S, which cannot be resold within the United States; (4) subject to a lockup agreement or a similar contractual restriction; or (5) considered “restricted securities” under Rule 144.

(39) “Reverse Merger” means any transaction whereby an operating company becomes an Exchange Act reporting company by combining, either directly or indirectly, with a shell company which is an Exchange Act reporting company, whether through a reverse merger, exchange offer, or otherwise. However, a Reverse Merger does not include the acquisition of an operating company by a listed company satisfying the requirements of IM-5101-2 or a business combination described in Rule 5110(a). In determining whether a Company is a shell company, Nasdaq will look to a number of factors, including but not limited to: whether the Company is considered a “shell company” as defined in Rule 12b-2 under the Act; what percentage of the Company's assets are active versus passive; whether the Company generates revenues, and if so, whether the revenues are passively or actively generated; whether the Company's expenses are reasonably related to the revenues being generated; how many employees support the Company's revenue-generating business operations; how long the Company has been without material business operations; and whether the Company has publicly
announced a plan to begin operating activities or generate revenues, including through a near-term acquisition or transaction.

(40) “Round Lot” or “Normal Unit of Trading” means 100 shares of a security unless, with respect to a particular security, Nasdaq determines that a normal unit of trading shall constitute other than 100 shares. If a normal unit of trading is other than 100 shares, a special identifier shall be appended to the Company's Nasdaq symbol.

(41) “Round Lot Holder” means a holder of a Normal Unit of Trading of Unrestricted Securities. The number of beneficial holders will be considered in addition to holders of record.

(42) “Shareholder” means a record or beneficial owner of a security listed or applying to list. For purposes of the Rule 5000 Series, the term “Shareholder” includes, for example, a limited partner, the owner of a depository receipt, or unit.

(43) “Substantial Shareholder” is defined in Rule 5635(e)(3).

(44) “Substitution Listing Event” means: a reverse stock split, re-incorporation or a change in the Company's place of organization, the formation of a holding company that replaces a listed Company, reclassification or exchange of a Company's listed shares for another security, the listing of a new class of securities in substitution for a previously-listed class of securities, a business combination described in IM-5101-2, a change in the obligor of a listed debt security, or any technical change whereby the Shareholders of the original Company receive a share-for-share interest in the new Company without any change in their equity position or rights. A Substitution Listing Event also includes the replacement of, or any significant modification to, the index, portfolio or Reference Asset underlying a security listed under the Rule 5700 Series (including, but not limited to, a significant modification to the index methodology, a change in the index provider, or a change in control of the index provider).

(45) “Total Holders” means holders of a security that includes both beneficial holders and holders of record.

(46) “Unrestricted Publicly Held Shares” means the Publicly Held Shares that are Unrestricted Securities.

(47) “Unrestricted Securities” are securities that are not Restricted Securities.

* * * * *

5210. Prerequisites for Applying to List on The Nasdaq Stock Market

All Companies applying to list on The Nasdaq Stock Market must meet the following prerequisites:

(a) - (j) No change.
(k) **Restrictive Market Requirements**

(i) Any Company that is listing its Primary Equity Security on Nasdaq in connection with its initial public offering, and that principally administers its business in a Restrictive Market, must offer a minimum amount of securities in a Firm Commitment Offering in the United States to Public Holders that: (a) will result in gross proceeds to the Company of at least $25 million; or (b) will represent at least 25% of the Company’s post-offering Market Value of Listed Securities, whichever is lower.

(ii) Any Company that is conducting a business combination, as described in Rule 5110(a) or IM-5101-2, with an entity that principally administers its business in a Restrictive Market, must have a minimum Market Value of Unrestricted Publicly Held Shares following the business combination equal to the lesser of: (a) $25 million; or (b) 25% of the post-business combination entity’s Market Value of Listed Securities.

(iii) Any Company that is listing its Primary Equity Security on Nasdaq in connection with a Direct Listing, as defined in IM-5315-1, and that principally administers its business in a Restrictive Market, is permitted to list on the Nasdaq Global Select Market or Nasdaq Global Market, provided that the Company meets all applicable listing requirements for the Nasdaq Global Select Market and the additional requirements of IM-5315-1, or the applicable listing requirements for the Nasdaq Global Market and the additional requirements of IM-5405-1. A Company that principally administers its business in a Restrictive Market will not be permitted to list on the Nasdaq Capital Market in connection with a Direct Listing notwithstanding the fact that the company may meet the applicable initial listing requirements for the Nasdaq Capital Market and the additional requirements of IM-5505-1.

* * * * *