

POLICY & REGULATION Nasdaq Proposes to Adopt Additional Initial Listing Requirements for Restrictive Markets Companies

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On May 18, 2020, Nasdaq submitted three proposals to the SEC adopt additional criteria applicable to companies that primarily operate in countries where there are secrecy laws, blocking statutes, national security laws or other laws or regulations restricting access to information by regulators of U.S. listed companies (“Restrictive Markets”).

The first proposal would codify Nasdaq’s discretionary authority to apply additional listing criteria if a company is primarily operating in a Restrictive Market as well as in situations where a company’s auditor does not demonstrate sufficient PCAOB inspection history, quality controls, resources, geographic reach and experience to adequately perform the company’s audit.

The second proposal would require companies listing via an IPO on Nasdaq to have a minimum offering size or public float percentage if they are primarily operating in a Restrictive Market. Nasdaq would also impose higher requirements on direct listings and business combinations of companies primarily operating in Restrictive Markets.

Lastly, Nasdaq proposes to require Restrictive Market companies listing on Nasdaq to have one member of senior management or a director that has past experience at a U.S. listed public company or familiarity with the U.S. public company regulatory framework or, alternatively, a third party advisor to provide the company with guidance on an ongoing basis.

Nasdaq believes the proposed changes will promote investor protection by helping to mitigate risks unique to Restrictive Market Companies, including a lack of transparency, accountability and access to information. The proposals remain subject to the SEC’s review and will be open for public comment after the SEC publishes the proposals.

[View the Auditor Qualifications Proposal Here >>](#)

[View the Offering Size/Public Float Proposal Here >>](#)

[View the Management Qualifications Proposal Here >>](#)

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