

# Nasdaq Proposes Stricter SPAC Suspension and Delisting Rules

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On July 15, 2024, Nasdaq formally submitted a proposed rule change to the Securities and Exchange Commission (SEC) relating to the suspension and delisting of special purpose acquisition companies (SPACs). If the revised rules are approved by the SEC, they are scheduled to become effective on October 7, 2024.

Under current Nasdaq rules, if (a) a SPAC does not complete its initial business combination within 36 months of its initial public offering or (b) following a SPAC's initial business combination, the combined company has a residual value of less than 80% of the money in its deposit account within 36 months of its IPO, the SPAC may be granted up to a 180-day stay from suspension if it requests a review by Nasdaq's Hearings Panel. The new Nasdaq rules provide for suspension "from trading on Nasdaq during the pendency of the Hearings Panel's review," removing this 180-day stay regardless of a request by the SPAC for a Hearings Panel review.

Nasdaq also proposes to limit Hearings Panel reviews of its SPAC delisting decisions to instances of factual error by the Nasdaq staff. In its announcement of the proposed rule change, Nasdaq notes that its "proposal is consistent with the rules of the NYSE."

Those interested in commenting on whether the SEC should approve or deny Nasdaq's proposed rule change will have 21 days to provide comments after notice is published in the Federal Register and should follow the instructions provided by the SEC in Section IV of the order.

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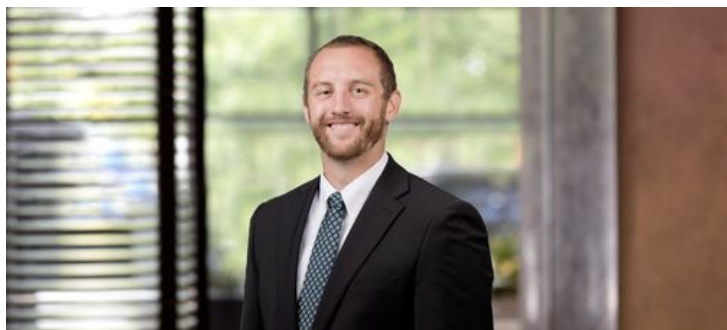
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