CITADEL | Securities

December 3, 2025

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549–1090

Re: Nasdaq Initial and Continued Listing Requirements (File No. SR-NASDAQ-2025-068)

Dear Ms. Countryman:

Citadel Securities appreciates the opportunity to comment on the Nasdaq proposed rule change relating to its listing requirements for public companies (the "Proposal").[1] Unfortunately, the Proposal does not meaningfully address the growing problems associated with trading activity in highly speculative, low-priced securities. We are in fact concerned that the proposal may create the illusion of progress while continuing to enable illegitimate trading schemes in securities that should be delisted, undermining the integrity of the markets and harming investors.

The number of highly speculative, low-priced securities has surged in recent years, with overall trading activity in those names now accounting for a material percentage (by shares) of total market volume. These highly speculative, low-priced securities pose heightened risks to investors, including of fraud and manipulative trading schemes, yet Nasdaq has effectively refused to make credible efforts to protect the markets or investors by appropriately enhancing listing standards.[2] Instead, its listing standards do not effectively prevent circumvention, including via strategically-timed reverse stock splits or sham corporate reorganizations. It is not the responsibility of market makers, brokers, and other industry participants to surveil, police, and discipline problematic trading activity on a listing market. Listing exchanges must ensure that their listing standards are appropriately designed to protect investors and promote market integrity, and are consistently and transparently enforced. Nasdaq is not doing so.

Although the Proposal claims to enhance Nasdaq's listing standards to address these concerning trends, in practice, it would do little more than maintain the status quo. In particular, the Proposal establishes a new requirement that a public company maintain a "market value of listed securities" of at least $5 million. However, instead of automatically suspending issuers that fall below this new threshold—as occurs with Nasdaq's other continued listing standards—the

[1] Notice of Filing of Proposed Rule Change to Modify Certain Initial and Continued Listing Requirements, 90 Fed. Reg. 45280 (Sept. 19, 2025) available at https://www.govinfo.gov/content/pkg/FR-2025-09-19/pdf/2025-18143.pdf.

[2] *See* Nasdaq Has Become the Market of Choice for Dubious Penny-Stock IPOs, Wall St. Jr. (Oct. 6, 2025) available at https://www.wsj.com/finance/stocks/nasdaq-has-become-the-market-of-choice-for-dubious-penny-stock-ipos-a01cae19?mod=finance_lead_pos2. In enacting the Penny Stock Reform Act, Congress found that "unscrupulous market practices and market participants have pervaded the 'penny stock' market with an overwhelming amount of fraud and abuse" and emphasized that "protecting investors in new securities is a critical component in the maintenance of an honest and healthy market." Penny Stock Reform Act (Public Law 101-429, 104 Stat. 951 (Oct. 15, 1990)) and Exchange Act Rules 15g-2 through 15g-6.

Proposal would only suspend an issuer if it is *also non-compliant* with one or more of Nasdaq's other continued listing standards. This renders the Proposal ineffective in raising the bar, as the existing continued listing standards continue to be determinative.

We instead recommend that Nasdaq establish a true $5 million market capitalization threshold as part of its continued listing standards. Consistent with the minimum listing standards established by the Commission for "penny stocks," this threshold should be based on the market value of publicly-held securities, which excludes closely-held or restricted stock that is not available for public trading. In addition, to further respond to the number of low-priced securities, a 10 (or more) to 1 reverse stock split should be required if a given symbol trades under $1 on average over a 90-day period. A mandatory reverse stock split requirement would curb speculative and manipulative activity in low-priced securities and ensure companies are adhering to the minimum bid price requirement of $1 under Nasdaq's continued listing standards. These enhancements would protect investors and promote market integrity when trading exchange-listed public companies.

We thank the Commission for considering our comments.

Please feel free to call the undersigned with any questions regarding these comments.

Respectfully,

/s/ Stephen John Berger

Managing Director

Global Head of Government & Regulatory Policy