

THE BENEFITS OF A NASDAQ UPLISTING AND HOW TO QUALIFY



 MEDICAL FUNDING
PROFESSIONALS

MEDICAL FUNDING PROFESSIONALS

Nasdaq is a significant milestone for companies looking to go public and expand access to capital. Read about the benefits of a Nasdaq uplisting and how to qualify.

We provide Nasdaq uplisting solutions for companies trading on over-the-counter (OTC) markets and/or companies who have recently completed a Regulation A+ (Reg A+) offering.

A stock uplisting is when a stock goes from being traded on a lower-tier OTC market to a major exchange like the Nasdaq or NYSE and is a significant milestone for companies looking to go public or increase their visibility to a broader pool of investors. Uplisting to Nasdaq offers a variety of benefits to founders and business owners, however the process of uplisting to a standard exchange can be complex and challenging as it requires companies to meet strict financial and regulatory requirements and pay high fees depending on company size and the quantity of shares being listed.

This white paper provides an overview of Nasdaq uplistings and the benefits they offer to companies and issuers. It explains the process of uplisting to Nasdaq and the various requirements that must be met, including financial, regulatory, and corporate governance standards. It also offers insights into the types of companies that are best suited for Nasdaq uplistings, as well as statistics demonstrating Nasdaq's growth in recent years. By the end of this white paper, you will have a deeper understanding of the advantages of a Nasdaq listing and the steps you can take to make your company a strong candidate for this prestigious exchange.

Benefits of Nasdaq Uplistings

OTC markets are broker-dealer networks that tend to be volatile, and trading on a standard exchange often means more trading volume, less volatility, and more liquidity. The benefits of Nasdaq uplistings include:



Visibility and Credibility: Listing on a major exchange provides opportunities for institutional analysts to cover the company with research that can expand visibility to new investors. In addition, a Nasdaq listing creates higher levels of perceived credibility for companies that meet the exchange's strict reporting and regulatory standards.

Liquidity: Nasdaq is the largest stock exchange in the world by volume of shares traded with hundreds of millions of securities traded daily by institutional investors, high-net worth individuals, and retail investors. This range of access enhances liquidity which can be a driving factor in an institutional fund's decision to invest in a company.

Valuation: Increased visibility and liquidity often increases demand for a company's stock, resulting in a higher valuation. Although valuation depends on a wide variety of company-specific and financial market factors, uplisting is an opportunity for companies to demonstrate that a higher valuation is justified through performance.

Capital Opportunities: Listing on a major exchange can expand access to capital with institutional investors who often have mandates that preclude them from investing in non-exchange traded companies or companies with lower levels of liquidity, such as those traded on OTC markets and other small, unlisted private companies.

Greater Compliance Value: Companies on the OTCQX that are already in compliance with GAAP and SEC regulations for financial reporting and disclosure can get the most out of their compliance efforts by uplisting to the Nasdaq which imposes the same or similar standards for financial reporting and audit review.

Source: Eventus Advisory Group



Overall, uplisting to Nasdaq can offer significant benefits to companies seeking to increase their visibility, credibility, and access to capital. However, in order to be eligible for a Nasdaq uplisting, companies must meet strict listing and regulatory obligations that are impractical for many startups. The next section discusses some of these requirements in greater detail.

Nasdaq Listing and Regulatory Requirements

In order to qualify for the Nasdaq a company must meet at least one of the four financial requirements, depending on the type of security being listed, as described below:

Standard No. 1 – Earnings: Aggregate pre-tax earnings in the prior three years of at least \$11 million, in the previous two years at least \$2.2 million, and no single year in the prior three years can have a net loss.

Standard No. 2 – Capitalization With Cash Flow: Minimum aggregate cash flow of at least \$27.5 million for the past three fiscal years, with no negative cash flow in any of those three years. Average market capitalization over the prior 12 months must be at least \$550 million, and revenues in the previous fiscal year must be \$110 million, minimum.

Standard No. 3 – Capitalization With Revenue: Companies can be removed from the cash flow requirement of the second standard if their average market capitalization over the past 12 months is at least \$850 million and revenues over the prior fiscal year are at least \$90 million.

Standard No. 4 – Assets With Equity: Companies can eliminate the cash flow and revenue requirements and decrease their market capitalization requirements to \$160 million if their total assets total at least \$80 million and their stockholders' equity is at least \$55 million.



In addition, a company comply with all relevant SEC listing and regulatory requirements which apply to all companies, including:

Minimum Bid Price: Companies must have a minimum bid price of \$4 per share for at least 30 consecutive business days before the application's submission.

Minimum Number of Shareholders: Companies must have at least 300 shareholders, with at least 100 round-lot holders holding 100 shares or more.

Public Float: Companies must have a minimum of 1,250,000 publicly traded shares outstanding upon listing, excluding those held by officers, directors, or any beneficial owners of more than 10% of the company.

Minimum Equity: Companies must have a minimum of \$5 million in stockholders' equity, or \$2 million in stockholders' equity with a two-year operating history.

Financial Reporting: Companies must meet specific financial reporting requirements, including having audited financial statements for the two most recent fiscal years and maintaining adequate internal controls over financial reporting.

Corporate Governance: Companies must meet corporate governance requirements, including having an independent board of directors and audit committee, and complying with Nasdaq's code of conduct.

Fees: Depending on the types of security listed and the company's size, an application fee of \$5,000 to \$25,000 could be assessed. Companies must also pay a listing fee based on the quantity of shares issued, which can range from \$100,000 to \$150,000.



Companies must continue to meet these minimum listing requirements or risk being delisted and removed from the Nasdaq exchange. Achieving compliance with these rules and regulations can be a challenge for early-stage companies with short operating histories and limited financial resources. However, companies that are able to meet these standards can establish a reputation for quality, transparency, and corporate governance and maximize capital opportunities available through a wide variety of institutional investors.

Types of Companies Best Suited for a Nasdaq Uplisting

While uplisting can offer tremendous opportunities for founders and business owners, Nasdaq uplistings are not appropriate for all companies. Founders considering an uplisting must weigh the costs and benefits and be mindful of their objectives in pursuing an uplisting in order to determine whether Nasdaq trading is right for their needs. Typically, companies best suited for a Nasdaq uplisting are:

Tech Companies: Nasdaq has lower fees than the NYSE and is generally a more flexible option for innovation-focused companies who want to keep costs low in the early stages of their development. A disproportionate share of the companies listed on the Nasdaq are tech companies.

High-Growth Companies: Companies with high growth potential that require additional capital to fund their expansion may benefit from a Nasdaq uplisting. Uplisting can provide access to a broader pool of investors and capital, allowing companies to raise additional funds and fuel their growth.

Companies with a Strong Track Record: Companies with a strong track record of financial performance, corporate governance, and compliance may benefit from a Nasdaq uplisting. Companies that meet Nasdaq's strict listing requirements benefit from increased credibility and investor confidence.

Investor-Focused Companies: Nasdaq is the largest stock exchange in the world by trading volume, making it ideal for companies looking to raise awareness and maximize visibility with investors which could lead to greater capital opportunities in the future.



Companies with a Global Focus: Nasdaq is a global exchange with a significant international investor base. Companies with a global focus that seek to attract international investors may benefit from a Nasdaq uplisting, as it can increase visibility and access to capital.

In summary, Nasdaq uplistings are a good fit for established, investor-focused companies with a strong track record of financial performance and corporate governance, as well as high-growth companies seeking to raise capital and maintain maximum flexibility throughout the fundraising process. Companies considering uplisting to Nasdaq should carefully evaluate their eligibility and seek expert advice to ensure a successful uplisting process.

Nasdaq Statistics

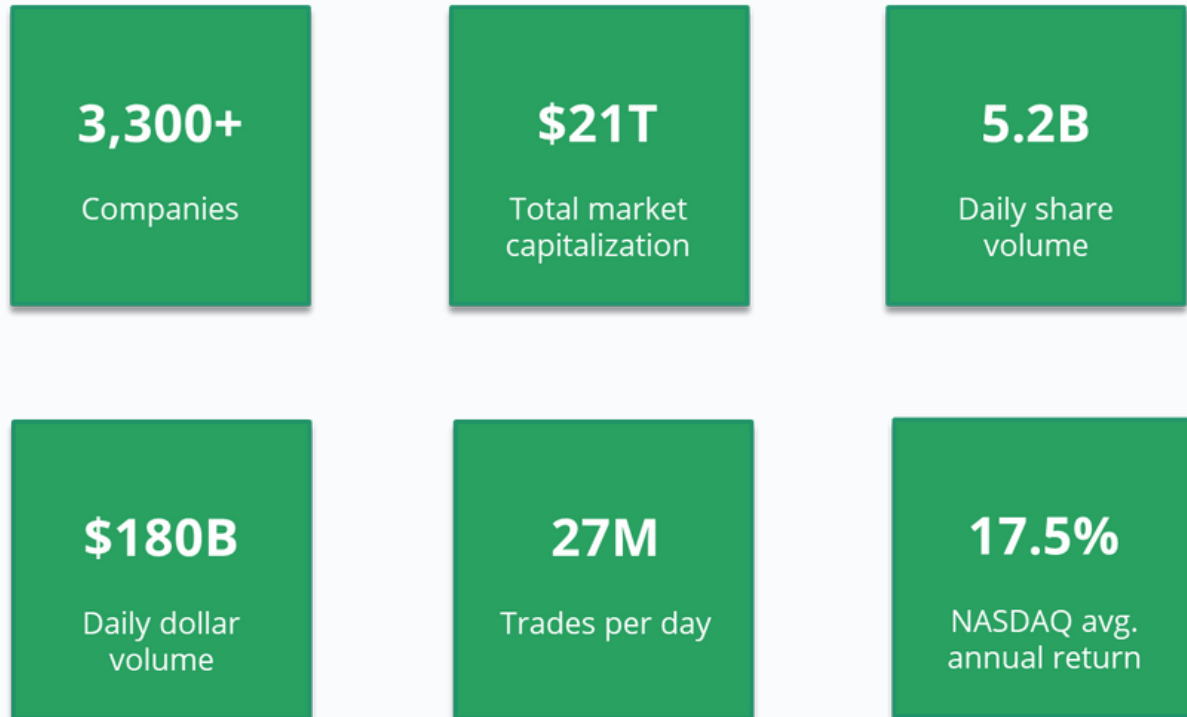
With more than 3,300 stocks worth a combined \$21 trillion in market capitalization, Nasdaq is the second largest stock market in the world and the leader by volume of shares traded. An estimated 5.2 billion shares are traded on the NASDAQ each day representing approximately \$180 billion in daily dollar volume.

The Nasdaq Composite Index, which tracks the aggregate performance publicly-listed Nasdaq companies, has grown steadily since its inception, generating an average return of 17.5% per year. In 2021 the index rose by more than 25%, on top of a 43% increase in 2020 and a 35% increase in 2019. Between 2015 and 2022 the total market value of Nasdaq-listed stocks increased more than 250%.

In both 2020 and 2021, Nasdaq was the leading stock market worldwide in terms of IPO proceeds. In 2021 there were 743 IPOs on the Nasdaq which raised approximately \$200 billion, a significant increase from the \$25 billion raised on the Nasdaq in 2019.



Nasdaq Summary Stats



Nasdaq's growth over the past decade can be attributed to several factors, including rising corporate profits, low interest rates, accommodative monetary policy, and increased investor demand for high-growth tech stocks which comprise a significant share of Nasdaq listings. While stock markets have cooled in the last year, Nasdaq remains one of the premier listing options for US and International companies looking to list securities on a public exchange.

Conclusion

In conclusion, uplisting to Nasdaq can be a significant milestone for companies seeking growth and expansion. Nasdaq's stature as one of the leading global exchanges offers a range of benefits, including access to a larger pool of investors, increased liquidity, greater credibility and visibility, and new capital opportunities.



However, the process of uplisting to Nasdaq can be expensive and challenging as it requires companies to meet stringent listing and regulatory requirements, and it's crucial that companies carefully evaluate their eligibility before pursuing an uplisting.

Looking ahead, Nasdaq's growth and expansion are likely to continue, and it will remain a key player in the global capital markets. Companies that meet the listing requirements and are well-prepared to uplist to Nasdaq will be well-positioned to take advantage of the opportunities it offers for growth and success.

To learn more about the Nasdaq Uplisting for your company, [Schedule a call](#), and let's talk!

Schedule A Call



Disclaimer: None of the information contained here constitutes an offer (or solicitation of an offer) to buy or sell any product or financial instrument, to make any investment, or to participate in any particular investment, offering, or trading strategy. The information and materials provided here, whether or not provided on Medical Funding Professionals emails, website/webpages, on third party websites, in marketing materials, newsletters or any form of publication are provided for general information and educational purposes, and do not constitute legal advice or investment advice. We are not an attorney or broker-dealer. Investment involves risk. Past performance is not indicative of future performance. If you have any questions, you should seek independent professional advice.