

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="16"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2011"/> - * <input type="text" value="056"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Proposed Rule Change by NASDAQ Stock Market
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

A proposed rule change to adopt additional listing requirements for a company that has become public through a reverse merger.

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Last Name *
 Title *
 E-mail *
 Telephone * Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date
 By Executive Vice President and General Counsel
 (Name *) (Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information (required)

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change (required)

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“Nasdaq”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to adopt additional listing requirements for a company that has become public through a reverse merger.

(a) The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.³

5110. Change of Control, Bankruptcy and Liquidation, and Reverse Mergers

(a) – (b) No change

(c) Reverse Mergers between a Private Operating Company and a Public Shell Company

A Company that is formed by a combination between a private operating company and a public shell company shall be eligible to submit an application for initial listing only after the combined entity has: (i) traded for at least six months in the over-the-counter market, on another national securities exchange, or on a listed foreign market, following the filing with the Commission or Other Regulatory Authority of audited financial statements for the combined entity; and (ii) maintained a Bid Price of \$4 per share or higher on at least 30 of the 60 trading days immediately preceding the filing of the initial listing application.

In addition, such a company may only be approved for listing if, following the business combination, it has timely filed: (i) in the case of a domestic issuer, at least two required periodic financial reports with the Commission or Other Regulatory Authority; or (ii) in the case of a Foreign Private Issuer, one or more reports including financial statements for a period not less than six months.

This Rule 5110(c) shall not apply if the Company lists in connection with a firm

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Changes are marked to the rule text that appears in the electronic manual of Nasdaq found at <http://nasdaqomx.cchwallstreet.com>.

commitment, underwritten public offering.

* * * * *

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

(a) – (h) No change

(i) Reverse Mergers between a Private Operating Company and a Public Shell Company

A security issued by a Company formed by a combination between a private operating company and a public shell company shall be eligible for initial listing only if the conditions set forth in Rule 5110(c) are satisfied.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Board of Directors of Nasdaq approved the proposed rule change on April 11, 2011, which authorized the filing of the rule change with the Commission. No other action by Nasdaq is necessary for the filing of the rule change.

Nasdaq will implement the proposed rule for applications received after approval.

Questions regarding this rule filing may be directed to Arnold Golub, Associate General Counsel, Nasdaq, at (301) 978-8075 (telephone) or (301) 978-8472 (fax).

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

In recent months there has been an extraordinary level of public attention to listed companies that went public via a reverse merger, where an unlisted operating company

becomes a public company by merging with a public shell.⁴ The financial press, short sellers and others have raised allegations of widespread fraudulent behavior by these companies, leading to concerns that their financial statements cannot be relied upon. Concerns have also been raised that certain individuals who aggressively promote these transactions have significant regulatory histories or have engaged in transactions that are disproportionately beneficial to them at the expense of public shareholders. The Public Company Accounting Oversight Board (“PCAOB”) has also identified issues with the audits of these companies and, in response, has issued Staff Audit Practice Alert No. 6/July 12, 2010 and Staff Research Note #2011-P1/March 2011, cautioning registered accounting firms to follow certain specified auditing practices. The SEC recently took an enforcement action based on a firm’s audit of a reverse merger company.⁵ In addition, Nasdaq is aware of situations where it appeared that promoters and others intended to manipulate prices higher to satisfy Nasdaq’s initial listing bid price requirement and where companies have, for example, gifted stock to artificially satisfy the 300 round lot public holder requirement. Nasdaq does not list companies in instances such as these, where it appears the company has achieved compliance with a requirement in an inappropriate manner.

⁴ See, e.g., Beware This Chinese Expor, Barron’s (August 28, 2010), available at <http://online.barrons.com/article/SB50001424052970204304404575449812943183940.html>. See also Speech by SEC Commissioner by Commissioner Luis A. Aguilar: Facilitating Real Capital Formation (April 4, 2011), available at <http://www.sec.gov/news/speech/2011/spch040411laa.htm>.

⁵ In re Moore Stephens Wurth Frazer and Torbet, Order Instituting Public Administrative and Cease-and-Desist Proceedings, Securities Act Release No. 9166 (December 20, 2010).

In response to these concerns, Nasdaq staff has, over the past year, adopted heightened review procedures for reverse merger applicants. However, Nasdaq also believes that additional requirements for listing reverse merger companies are appropriate to discourage inappropriate behavior on the part of companies, promoters and others. Accordingly, Nasdaq proposes to adopt certain “seasoning” requirements for reverse mergers.⁶

Specifically, Nasdaq proposes to prohibit a company going public via a reverse merger from applying to list until six months after the combined entity submits audited financial statements to the SEC.⁷ Further, Nasdaq proposes to require that the company maintain a \$4 bid price on at least 30 of the 60 trading days immediately prior to submitting the application. Finally, under the proposed rule, Nasdaq would not approve any reverse merger for listing until the company has filed at least two financial reports with the SEC if it is a domestic issuer (this could be two quarterly filings or a quarterly and an annual filing) or one financial report covering at least a six month period if it is a foreign private issuer (this could be an interim report on Form 6-K or an annual report on Form 20-F). While most companies will satisfy this requirement due to the six month delay before they can apply, Nasdaq believes that it is important to assure that this requirement be satisfied in all cases.

⁶ Reverse merger companies that list on Nasdaq in conjunction with a firm commitment underwritten public offering will not be subject to the proposed rule. These transactions are more similar to IPO’s, in that the SEC reviews the registration statement and the underwriters and other experts are strictly liable under the federal securities laws for any misstatements.

⁷ A company must file a Form 8-K within four days of completing a reverse merger. The Form 8-K must contain audited financial statements and information comparable to the information provided in a Form 10 for the registration of securities. See Form 8-K Items 2.01, 5.06, and 9.01(c).

Nasdaq believes that this proposal will result in significant investor protection benefits. Specifically, a six month seasoning requirement will allow FINRA more time to view trading patterns and uncover potentially manipulative trading. It will also result in a more bona fide shareholder base and assure that the \$4 bid price was not satisfied through a quick manipulative scheme. Requiring additional SEC filings will tend to improve the reliability of the reported financial results, since the auditors will have reviewed several quarters, at least, of the public company's operating results, as will the company's audit committee. To the extent the company had adopted new internal controls at the time of the merger, those too will have been in place and able to exert a corrective influence over any previous flaws in the company's financial reporting process.

b. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁸ in general and with Section 6(b)(5) of the Act,⁹ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The proposed rule change is designed to

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

enhance investor protection by imposing additional requirements on a category of companies that have raised regulatory concerns.

4. Self-Regulatory Organization's Statement on Burden on Competition

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Nasdaq does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2011-056)

April __, 2011

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change to Adopt Additional Listing Requirements for Reverse Mergers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 18, 2011, The NASDAQ Stock Market LLC (“Nasdaq”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by Nasdaq. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

Nasdaq proposes to adopt additional listing requirements for a company that has become public through a reverse merger. Nasdaq will implement the proposed rule for applications received after approval.

The text of the proposed rule change is below. Proposed new language is in italics; proposed deletions are in brackets.³

5110. Change of Control, Bankruptcy and Liquidation, and Reverse Mergers

(a) – (b) No change

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Changes are marked to the rule text that appears in the electronic manual of Nasdaq found at <http://nasdaqomx.cchwallstreet.com>.

(c) Reverse Mergers between a Private Operating Company and a Public Shell Company

A Company that is formed by a combination between a private operating company and a public shell company shall be eligible to submit an application for initial listing only after the combined entity has: (i) traded for at least six months in the over-the-counter market, on another national securities exchange, or on a listed foreign market, following the filing with the Commission or Other Regulatory Authority of audited financial statements for the combined entity; and (ii) maintained a Bid Price of \$4 per share or higher on at least 30 of the 60 trading days immediately preceding the filing of the initial listing application.

In addition, such a company may only be approved for listing if, following the business combination, it has timely filed: (i) in the case of a domestic issuer, at least two required periodic financial reports with the Commission or Other Regulatory Authority; or (ii) in the case of a Foreign Private Issuer, one or more reports including financial statements for a period not less than six months.

This Rule 5110(c) shall not apply if the Company lists in connection with a firm commitment, underwritten public offering.

* * * * *

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

(a) – (h) No change

(i) Reverse Mergers between a Private Operating Company and a Public Shell Company

A security issued by a Company formed by a combination between a private operating company and a public shell company shall be eligible for initial listing only if the conditions set forth in Rule 5110(c) are satisfied.

* * * * *

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Nasdaq included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at

the places specified in Item IV below. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In recent months there has been an extraordinary level of public attention to listed companies that went public via a reverse merger, where an unlisted operating company becomes a public company by merging with a public shell.⁴ The financial press, short sellers and others have raised allegations of widespread fraudulent behavior by these companies, leading to concerns that their financial statements cannot be relied upon. Concerns have also been raised that certain individuals who aggressively promote these transactions have significant regulatory histories or have engaged in transactions that are disproportionately beneficial to them at the expense of public shareholders. The Public Company Accounting Oversight Board ("PCAOB") has also identified issues with the audits of these companies and, in response, has issued Staff Audit Practice Alert No. 6/July 12, 2010 and Staff Research Note #2011-P1/March 2011, cautioning registered accounting firms to follow certain specified auditing practices. The SEC recently took an enforcement action based on a firm's audit of a reverse merger company.⁵ In addition, Nasdaq is aware of situations where it appeared that promoters and others intended to

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⁵ In re Moore Stephens Wurth Frazer and Torbet, Order Instituting Public Administrative and Cease-and-Desist Proceedings, Securities Act Release No. 9166 (December 20, 2010).

manipulate prices higher to satisfy Nasdaq's initial listing bid price requirement and where companies have, for example, gifted stock to artificially satisfy the 300 round lot public holder requirement. Nasdaq does not list companies in instances such as these, where it appears the company has achieved compliance with a requirement in an inappropriate manner.

In response to these concerns, Nasdaq staff has, over the past year, adopted heightened review procedures for reverse merger applicants. However, Nasdaq also believes that additional requirements for listing reverse merger companies are appropriate to discourage inappropriate behavior on the part of companies, promoters and others. Accordingly, Nasdaq proposes to adopt certain "seasoning" requirements for reverse mergers.⁶

Specifically, Nasdaq proposes to prohibit a company going public via a reverse merger from applying to list until six months after the combined entity submits audited financial statements to the SEC.⁷ Further, Nasdaq proposes to require that the company maintain a \$4 bid price on at least 30 of the 60 trading days immediately prior to submitting the application. Finally, under the proposed rule, Nasdaq would not approve any reverse merger for listing until the company has filed at least two financial reports with the SEC if it is a domestic issuer (this could be two quarterly filings or a quarterly

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⁷ A company must file a Form 8-K within four days of completing a reverse merger. The Form 8-K must contain audited financial statements and information comparable to the information provided in a Form 10 for the registration of securities. See Form 8-K Items 2.01, 5.06, and 9.01(c).

and an annual filing) or one financial report covering at least a six month period if it is a foreign private issuer (this could be an interim report on Form 6-K or an annual report on Form 20-F). While most companies will satisfy this requirement due to the six month delay before they can apply, Nasdaq believes that it is important to assure that this requirement be satisfied in all cases.

Nasdaq believes that this proposal will result in significant investor protection benefits. Specifically, a six month seasoning requirement will allow FINRA more time to view trading patterns and uncover potentially manipulative trading. It will also result in a more bona fide shareholder base and assure that the \$4 bid price was not satisfied through a quick manipulative scheme. Requiring additional SEC filings will tend to improve the reliability of the reported financial results, since the auditors will have reviewed several quarters, at least, of the public company's operating results, as will the company's audit committee. To the extent the company had adopted new internal controls at the time of the merger, those too will have been in place and able to exert a corrective influence over any previous flaws in the company's financial reporting process.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁸ in general and with Section 6(b)(5) of the Act,⁹ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The proposed rule change is designed to enhance investor protection by imposing additional requirements on a category of companies that have raised regulatory concerns.

B. Self-Regulatory Organization's Statement on Burden on Competition

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. by order approve such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change

should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2011-056 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2011-056. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be

available for inspection and copying at the principal office of Nasdaq. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2011-056 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Cathy H. Ahn
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).