



Will Canopy Growth's Migration From NYSE to NASDAQ Mean Anything for Stock Investors?

Description

Canadian marijuana firm **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) announced on Wednesday that it will move its U.S. stock listing from the **New York Stock Exchange** (NYSE) to the **Nasdaq Global Select Market** (NASDAQ). The transfer could happen after the market closes on Friday, November 13. Trade in WEED stock in the United States will resume under the same "CGC" ticker on NASDAQ on Monday.

Canopy Growth's latest move follows [a similar migration from the NYSE](#) to the NASDAQ by industry peer **Aphria** (TSX:APHA)(NASDAQ:APHA) on May 31, this year. Like Aphria, Canopy cited cost savings as one of its main reasons for migrating to the NASDAQ.

How much could Canopy Growth's save by moving stock from NYSE?

The New York Stock Exchange is arguably more prestigious for listed firms, but prestige comes at a cost. At times, the price paid for prestige can be significant, more so for a company struggling to break even.

The NYSE charges a minimum of US\$71,000 or US\$0.00113 per share in continued listing fees for 2020. Given Canopy's 372,046,112 issued and outstanding shares balance, this quotation could translate to over US\$420,000 (\$554,000) per annum in continued listing costs.

On the other hand, the NASDAQ charges a minimum of US\$46,000 in "all-inclusive" continued listing fees. Canopy Growth could expect to pay about US\$159,000 in listing fees for 2020. This could translate into significant savings of over US\$261,000 (about \$345,000) per year.

Will the cost savings be significant for investors?

I estimated that Aphria could save more than \$228,000 in annual listing expenses by shifting to the NASDAQ. The amount was about 4% of a previous quarter's adjusted EBITDA.

The operating expense savings won't be significant in Canopy Growth's case. The savings represent under 0.4% of quarterly Adjusted EBITDA loss during the three months to June 2020.

Management is wise to continue reducing the leading cannabis firm's operating expenses. The absolute number could be small for a company that spent over \$304.6 million in general and administrative expenses during fiscal 2020.

However, the saving is being made on a cash expense. This will be significant to the company's cash flow position and Adjusted EBITDA performance going forward. It's a small but incremental step towards profitability. Given CGC's ongoing struggle to contain operating costs and persistent operating losses, saving a third of a million dollars in annual operating expenses is a good idea.

Other proclaimed benefits

Management at Canopy Growth also claimed the company will gain access to a suite of investor relations services that "will help the company connect more efficiently" with current and future investors. It seems the company was referring to the NASDAQ's investor intelligence suite, the Nasdaq IR Insight®.

Perhaps the NASDAQ has a superior product, but the NYSE has a somewhat similar investor relations offering.

Foolish bottom line

Any cost savings, however small, are good for business if they don't negatively impact the firm's reputation and its productivity. The company should continue to look for any areas for small incremental improvements. Investors will eventually take notice.

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1. Cannabis Stocks
2. Investing

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2. TSX:WEED (Canopy Growth)

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