UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2015

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

Commission file number: 001-36019

TONIX PHARMACEUTICALS HOLDING CORP.
(Exact name of registrant as specified in its charter)

Nevada	**26-1434750**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

509 Madison Avenue, Suite 306
New York, New York 10022
(Address of principal executive offices) (zip code)

(212) 980-9155
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

As of May 7, 2015, there were 16,137,898 shares of registrant's common stock outstanding.

TONIX PHARMACEUTICALS HOLDING CORP.

INDEX

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TONIX PHARMACEUTICALS HOLDING CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars In Thousands, Except Share and Per Share Amounts)

	March 31, 2015 (unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash	$ 58,181	$ 38,184
Prepaid expenses and other	1,805	852
Total current assets	59,986	39,036
Property and equipment, net	306	328
Restricted cash	133	133
Deposits, long term	45	45
Total assets	$ 60,470	$ 39,542
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,986	$ 1,487
Accrued expenses	1,531	1,895
Total current liabilities	3,517	3,382
Deferred rent payable, long term	67	68
Total liabilities	3,584	3,450
Commitments (Note 7)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized, none issued or outstanding	-	-
Common stock, $0.001 par value; 150,000,000 shares authorized; 16,137,898 and 10,805,220 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	16	11
Additional paid in capital	120,890	90,423
Accumulated deficit	(64,025)	(54,344)
Accumulated other comprehensive income	5	2
Total stockholders' equity	56,886	36,092
Total liabilities and stockholders' equity	$ 60,470	$ 39,542

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars In Thousands, Except Share and Per Share Amounts)
(unaudited)

	Three months ended March 31,	
	2015	2014
COSTS AND EXPENSES:		
Research and development	$ 6,829	$ 3,550
General and administrative	2,867	1,619
	9,696	5,169
Operating Loss	(9,696)	(5,169)
Interest income, net	15	5
NET LOSS	$ (9,681)	$ (5,164)
Net loss per common share, basic and diluted	$ (0.71)	$ (0.59)
Weighted average common shares outstanding, basic and diluted	13,696,482	8,718,199

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Dollars In Thousands)
(unaudited)

	Three months ended March 31,	
	2015	2014
Net loss	$ (9,681)	$ (5,164)
Other comprehensive income:		
Foreign currency translation gain	3	2
Total other comprehensive income	3	2
Comprehensive loss	$ (9,678)	$ (5,162)

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2015
(Dollars In Thousands, Except Share and Per Share Amounts)
(unaudited)

	Preferred stock		Common stock		Additional Paid in	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Gain (loss)	Deficit	Total
Balance, December 31, 2014	-	$ -	10,805,220	$ 11	$ 90,423	$ 2	$ (54,344)	$36,092
Issuance of common stock in February 2015 ($5.85 per share) net of transaction expenses of $2,061	-	-	5,318,700	5	29,049	-	-	29,054
Issuance of common stock under employee benefit plan	-	-	13,978	-	70	-	-	70
Stock based compensation	-	-	-		1,348	-	-	1,348
Foreign currency translation adjustment	-	-	-	-	-	3	-	3
Net loss	-	-	-	-	-	-	(9,681)	(9,681)
Balance, March 31, 2015	-	$ -	16,137,898	$ 16	$ 120,890	$ 5	$ (64,025)	$56,886

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars In Thousands)
(unaudited)

	Three months ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (9,681)	$ (5,164)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	22	4
Stock based compensation	1,348	553
Common stock issued in exchange for intellectual property	-	608
Changes in operating assets and liabilities:		
Prepaid expenses	(953)	(126)
Accounts payable	502	635
Accrued interest	-	-
Accrued expenses	(289)	(572)
Deferred rent payable, long term	(2)	(2)
Net cash used in operating activities	(9,053)	(4,064)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and fixtures	-	(2)
Net cash used in investing activities	-	(2)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of warrants	-	4,758
Proceeds, net of expenses of $2,061 and $2,824 from sale of common stock	29,054	40,654
Net cash provided by financing activities	29,054	45,412
Effect of currency rate change on cash	(4)	(1)
Net increase in cash	19,997	41,345
Cash, beginning of the period	38,184	8,202
Cash, end of period	$ 58,181	$ 49,547
Supplemental disclosures of cash flow information:		
Noncash financing activities:		
Issuances of common stock under employee benefit plan	$ 70	$ -

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014 (UNAUDITED)

NOTE 1 – BUSINESS

Tonix Pharmaceuticals Holding Corp., through its wholly owned subsidiary Tonix Pharmaceuticals, Inc., or Tonix Sub, is a pharmaceutical company dedicated to the identification and development of novel pharmaceutical products for challenging disorders of the central nervous system.

The consolidated financial statements include the accounts of Tonix Pharmaceuticals Holding Corp. and its wholly owned subsidiaries, Tonix Sub, Krele LLC, Tonix Pharmaceuticals (Canada), Inc., Tonix Pharmaceuticals (Barbados) Ltd., Tonix Pharma Holdings Limited and Tonix Pharma Limited (collectively hereafter referred to as the "Company" or "Tonix").

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Interim financial statements

The unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The condensed consolidated balance sheet as of December 31, 2014 contained herein has been derived from audited financial statements.

Operating results for the three months ended March 31, 2015 are not necessarily indicative of results that may be expected for the year ending December 31, 2015. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2014 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on February 27, 2015.

Recent accounting pronouncements

There were various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Risks and uncertainties

The Company's primary efforts are devoted to conducting research and development for the treatment of disorders of the central nervous system. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. Further, the Company does not have any commercial products available for sale and has not generated revenues and there is no assurance that if its products are approved for sale that the Company will be able to generate cash flow to fund operations. In addition, there can be no assurance that the Company's research and development will be successfully completed or that any product will be approved or commercially viable.

At March 31, 2015, the Company had working capital of approximately $56.5 million, after raising approximately $29.1 million through the sale of common stock in an underwritten public offering in February 2015. Management believes that the Company has sufficient funds to meet its research and development and other funding requirements for at least the next 12 months. The Company expects that cash used in operations for research and development will increase significantly over the next several years. In the event the funding obtained is not sufficient to complete the development and commercialization of its current product candidates, the Company intends to raise additional funds through equity or debt financing. If the Company is unsuccessful in raising additional financing, it will need to reduce costs and operations in the future.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the useful life of fixed assets, assumptions used in the fair value of stock-based compensation and other equity instruments, and the percent of completion of research and development contracts.

Research and development costs

The Company outsources its research and development efforts and expenses these costs as incurred, including the cost of manufacturing products for testing, as well as licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired has been expensed as research and development costs, as such property related to particular research and development projects and had no alternative future uses (see Note 6).

Income taxes

Income tax provisions or benefits for interim periods are computed based on the Company's estimated annual effective tax rate. Based on the Company's historical losses and its expectation of continuation of losses for the foreseeable future, the Company has determined that it is more likely than not that deferred tax assets will not be realized and, accordingly, has provided a full valuation allowance. As the Company anticipates or anticipated that its net deferred tax assets at December 31, 2015 and 2014 would be fully offset by a valuation allowance, there is no federal or state income tax benefit for the periods ended March 31, 2015 and 2014 related to losses incurred during such periods.

Per share data

Basic and diluted net loss per common share is calculated by dividing net loss by the weighted average number of outstanding shares of common stock.

As of March 31, 2015 and 2014, there were outstanding warrants to purchase an aggregate of 1,731,217 and 2,006,160 shares, respectively, of the Company's common stock. In addition, the Company has issued to employees, directors and consultants, options to acquire shares of the Company's common stock, of which 1,649,443 and 550,000 were outstanding at March 31, 2015 and 2014, respectively, and restricted stock units issued to non-employee directors to acquire shares of the Company's common stock of which 42,000 and -0- were outstanding at March 31, 2015 and 2014, respectively (see Note 4). In computing diluted net loss per share for the three months ended March 31, 2015 and 2014, no effect has been given to such options, warrants and restricted stock units as their effect would be anti-dilutive.

NOTE 3 – FEBRUARY 2015 FINANCING

On February 4, 2015, the Company entered into an underwriting agreement with Roth Capital Partners, LLC and Oppenheimer & Co Inc., as representatives of several underwriters (collectively, the "Underwriters"), relating to the issuance and sale of 4,900,000 shares of the Company's common stock, in an underwritten public offering (the "February 2015 Financing"). The public offering price for each share of common stock was $5.85. The Company granted the Underwriters a 45-day option to purchase up to an additional 735,000 shares of common stock to cover over-allotments, if any.

The February 2015 Financing closed on February 9, 2015. The Underwriters purchased the shares at a six percent discount to the public offering price, for an aggregate discount of $1.7 million (or $0.35 per share). The Company also paid offering expenses of approximately $0.2 million. The Company received net proceeds of approximately $26.8 million. On February 24, 2015, the Underwriters partially exercised the over-allotment option and purchased 418,700 shares of common stock for net proceeds of approximately $2.3 million.

NOTE 4 – SHARE BASED COMPENSATION

2012 incentive stock option plan

In April, 2012, the Company's stockholders approved the 2012 Incentive Stock Option Plan (the "2012 Plan"). The 2012 Plan provides for the issuance of options to purchase up to 200,000 shares of the Company's common stock to officers, directors, employees and consultants of the Company. Under the terms of the 2012 Plan, the Company may issue incentive stock options as defined by the Internal Revenue Code of 1986, as amended (the "Code") to employees of the Company and may also issue nonstatutory options to employees and others. The Company's board of directors ("Board of Directors") determines the exercise price, vesting and expiration period of the grants under the 2012 Plan. However, the exercise price of an incentive stock option may not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more shareholder and 100% of fair value for a grantee who is not a 10% shareholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith. Additionally, the vesting period of the grants under the 2012 Plan may not be more than five years and expiration period not more than ten years. The Company reserved 200,000 shares of its common stock for future issuance under the terms of the 2012 Plan.

2014 incentive stock plan

On June 9, 2014, the Company's stockholders approved the Tonix Pharmaceuticals Holding Corp. 2014 Stock Incentive Plan (the "2014 Plan" and together with the 2012 Plan, the "Plans").

Under the terms of the 2014 Plan, the Company may issue (1) stock options (incentive and nonstatutory), (2) restricted stock, (3) stock appreciation rights, or SARs, (4) restricted stock units, or RSUs, (5) other stock-based awards, and (6) cash-based awards. The 2014 Plan provides for the issuance of up to 1,800,000 shares of common stock, provided, however, that, of the aggregate number of 2014 Plan shares authorized, no more than 200,000 of such shares may be issued pursuant to stock-settled awards other than options (that is, restricted stock, RSUs, SARs, performance awards, other stock-based awards and dividend equivalent awards, in each case to the extent settled in shares of common stock). The Board of Directors determines the exercise price, vesting and expiration period of the grants under the 2014 Plan. However, the exercise price of an incentive stock option may not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more shareholder and 100% of fair value for a grantee who is not a 10% shareholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith. Additionally, the vesting period of the grants under the 2014 Plan may not be more than five years and expiration period not more than ten years. The Company reserved 1,800,000 shares of its common stock for future issuance under the terms of the 2014 Plan.

Restricted stock units

On February 25, 2015, the Company granted an aggregate of 42,000 RSU's to its non-employee directors for board services in 2015, in lieu of cash, which vest one year from the grant date with a fair value of $6.24.

The following table summarizes the restricted stock activity for the three months ended March 31, 2015:

Restricted stock units as of January 1, 2015	-
Granted	42,000
Forfeited	-
Total Restricted stock units at March 31, 2015	42,000
Vested at March 31, 2015	-
Unvested restricted stock units as of March 31, 2015	42,000

Stock based compensation expense related to RSU grants was $21,480 and $-0- for the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, the stock-based compensation relating to RSU's of $0.2 million remains unamortized and is expected to be amortized over the remaining period of approximately eleven months.

General

A summary of the stock option activity and related information for the Plans for the three months ended March 31, 2015 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2015	1,226,800	$ 12.40	9.00	$
Grants	456,643	$ 5.95	9.91	$
Exercised	-			
Forfeitures or expirations	(34,000)	$ 8.09		
Outstanding at March 31, 2015	1,649,443	$ 10.71	9.06	$ 168,958
Vested and expected to vest at March 31, 2015	1,649,443	$ 10.71	9.06	$ 168,958
Exercisable at March 31, 2015	406,754	$ 18.69	7.79	$ 2,643

On February 25, 2015, 419,500 and 30,000 options were granted to employees/directors and consultants, respectively, under the 2014 Plan (all of which were outstanding at March 31, 2015) with an exercise price of $5.95, a 10 year life and fair value of $4.69. Additionally, the Company granted options to purchase 7,143 shares of the Company's common stock to Seth Lederman as a non-cash bonus, with an exercise price of $5.95, a 10 year life and fair value of $4.43. As of March 31, 2015, the fair value related to consultant grants was $5.42.

The Company measures the fair value of stock options on the date of grant, based on a Binomial option pricing model using certain assumptions discussed in the following paragraph, and the closing market price of the Company's common stock on the date of the grant. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. Stock options granted pursuant to the Plans vest 1/3rd 12 months from the date of grant and 1/36th each month thereafter for 24 months and expire ten years from the date of grant, with the exception of 7,143 stock options granted on February 25, 2015, which were fully vested at the date of grant. Share-based compensation expense related to awards is amortized over the applicable vesting period using the straight-line method.

The assumptions used in the valuation of stock options granted during the three months ended March 31, 2015 and 2014 were as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Risk-free interest rate	1.47% to 1.94%	2.19%
Expected term of option	6.0 to 9.91 years	6.0 years
Expected stock price volatility	90.35% to 92.13%	100.73%
Expected dividend yield	$ 0.0	$ 0.0

The risk-free interest rate is based on the yield of Daily U.S. Treasury Yield Curve Rates with terms equal to the expected term of the options as of the grant date. The expected term of options is determined using the simplified method, as provided in an SEC Staff Accounting Bulletin, and the expected stock price volatility is based on comparable companies' historical stock price volatility since the Company does not have sufficient historical exercise or volatility data because its equity shares have been publicly traded for only a limited period of time.

Share-based compensation expense relating to options granted of $1.3 million and $0.6 million was recognized for the three month periods ended March 31, 2015 and 2014, respectively.

As of March 31, 2015, the Company had approximately $7.1 million of total unrecognized compensation cost related to non-vested awards granted under the Plans, which the Company expects to recognize over a weighted average period of 2.31 years.

2014 employee stock purchase plan

On June 9, 2014, the Company's stockholders approved the Tonix Pharmaceuticals Holdings Corp. 2014 Employee Stock Purchase Plan (the "2014 ESPP"). The 2014 ESPP allows eligible employees to purchase up to an aggregate of 300,000 shares of the Company's common stock. Under the 2014 ESPP, on the first day of each offering period, each eligible employee for that offering period has the option to enroll for that offering period, which allows the eligible employees to purchase shares of the Company's common stock at the end of the offering period. Each offering period under the 2014 ESPP is for six months, which can be modified from time-to-time. Subject to limitations, each participant will be permitted to purchase a number of shares determined by dividing the employee's accumulated payroll deductions for the offering period by the applicable purchase price, which is equal to 85 percent of the fair market value of our common stock at the beginning or end of each offering period, whichever is less. A participant must designate in his or her enrollment package the percentage (if any) of compensation to be deducted during that offering period for the purchase of stock under the 2014 ESPP, subject to the statutory limit under the Code. As of December 31, 2014, after giving effect to shares purchased as described below, there were 286,022 shares available for future issuance under the 2014 ESPP.

The 2014 ESPP is considered a compensatory plan with the related compensation cost written off over the six month offering period. As of March 31, 2015, approximately $46,000 of employee payroll deductions which have been withheld since January 1, 2015, the commencement of the current offering period are included in accrued expenses in the accompanying balance sheet. The compensation expense related to the 2014 ESPP for the three months ended March 31, 2015 was $22,063. In February 2015, 13,978 shares that were purchased as of December 31, 2014, were issued under the 2014 ESPP, and approximately $70,000 of employee payroll deductions accumulated at December 31, 2014, related to acquiring such shares, were transferred from accrued expenses to additional paid in capital.

NOTE 5 – STOCK WARRANTS

The following table summarizes information with respect to outstanding warrants to purchase common stock of the Company at March 31, 2015:

Exercise Price	Number Outstanding	Expiration Date
$ 4.25	920,979	August 2018
12.00	456,009	December 2017 to February 2018
25.00	354,229	January 2017 to February 2019
	1,731,217	

In January 2015, 14,538 warrants with an exercise price of $20.00 expired.

NOTE 6 – RELATED PARTY TRANSACTIONS

Consulting agreement

Tonix previously entered into a consulting agreement with Lederman & Co., LLC (“Lederman & Co”), a company controlled by Dr. Seth Lederman, our Chief Executive Officer and Chairman of the Board. Total expenses paid under this agreement were $-0- and $37,723 during the three months ended March 31, 2015 and 2014, respectively. The agreement was terminated on February 11, 2014 and replaced with the employment agreement entered into on that date (see Note 7).

Intellectual property acquired

On March 18, 2014, Tonix Pharmaceuticals (Barbados) Ltd., or Tonix Barbados, entered into an agreement with Leder Laboratories, Inc. (“Leder”), to acquire intellectual property related to novel smallpox vaccines. As consideration, $0.1 million was paid in cash and 25,000 shares of the Company’s common stock valued at $0.3 million ($12.15 per share, which was the closing price of the common shares on the date of the transaction) were issued to Leder.

On March 18, 2014, Tonix Barbados entered into an agreement with Starling Pharmaceuticals, Inc. (“Starling”), to acquire intellectual property related to radio- and chemo-protective agents. As consideration, $0.1 million was paid in cash and 25,000 shares of the Company’s common stock valued at $0.3 million ($12.15 per share, which was the closing price of the common shares on the date of the transaction) were issued to Starling.

Seth Lederman is the Chairman, CEO and majority owner (through majority-owned entities) of Starling and Leder.

NOTE 7 – COMMITMENTS

Research and development contracts

The Company has entered into contracts with various contract research organizations with outstanding commitments aggregating approximately $26.7 million at March 31, 2015 for future work to be performed.

Operating leases

On February 11, 2014, the Company entered into a lease amendment and expansion agreement, whereby the Company agreed to lease additional premises for office space, commencing May 1, 2014 and expiring on April 30, 2019. In connection therewith, the original letter of credit was increased by $72,354 to $132,417 and the Company deposited an additional $72,354 into the restricted cash account maintained at the bank that issued the letter of credit.

On April 28, 2014, the Company entered into a lease for approximately 3,578 square feet of office space in San Jose, California, whereby the Company agreed to lease premises, commencing August 1, 2014 and expiring on October 31, 2018 (51 months). In connection therewith, the Company paid a security deposit of $44,546.

Future minimum lease payments under these two agreements are as follows (in thousands):

Year Ending December 31,		
2015	$	313
2016	$	446
2017	$	459
2018	$	442
2019	$	99
	$	1,759

Defined contribution plan

Approved by the Company's Board of Directors on March 3, 2014, effective April 1, 2014, the Company established a qualified defined contribution plan (the "401(k) Plan") pursuant to Section 401(k) of the Code, whereby all eligible employees may participate. Participants may elect to defer a percentage of their annual pretax compensation to the 401(k) plan, subject to defined limitations. The Company is required to make contributions to the 401(k) Plan equal to 100 percent of each participant's pretax contributions of up to 19 percent of his or her eligible compensation, and the Company is also required to make a contribution equal to six percent of each participant's salary, on an annual basis, subject to limitations under the Code. For the three months ended March 31, 2015, the Company charged operations $48,107 for contributions under the 401(k) Plan.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions. Factors that could cause differences include, but are not limited to, expected market demand for our products, fluctuations in pricing for materials, and competition.

Business Overview

We are a clinical-stage pharmaceutical company dedicated to the development of novel prescription products for common yet challenging medical disorders. Our clinical-stage product candidates, TNX-102 SL (cyclobenzaprine HCl sublingual tablet) and TNX-201 (dexisometheptene mucate), are directed toward conditions affecting the central nervous system, or CNS. In the second quarter of 2015, we expect to initiate a Phase 3 clinical study of our most advanced candidate, TNX-102 SL, for the treatment of fibromyalgia, or FM. We are also developing TNX-102 SL as a potential treatment for post-traumatic stress disorder, or PTSD, and we commenced a Phase 2 study for this indication in January 2015. We expect to begin a Phase 2 proof-of-concept study of TNX-201 in episodic tension-type headache, or ETTH, in the second quarter of 2015. Our pipeline includes a preclinical program for the treatment of alcohol abuse and dependence as well as two preclinical biodefense programs (for protection from smallpox virus and from radiation injury). We hold worldwide development and commercialization rights to all of our product candidates.

Our pipeline addresses disorders that are not well served by currently available therapies and represent large potential commercial opportunities. We believe that our product candidates offer innovative therapeutic approaches and may provide significant advantages relative to current therapies. Our clinical-stage product candidates are as follows:

TNX-102 SL

TNX-102 SL is a small, rapidly disintegrating tablet containing cyclobenzaprine for sublingual administration that we are developing for two indications, both of which are underserved by currently available therapies.

Fibromyalgia

Fibromyalgia is a debilitating syndrome that occurs in five to 15 million U.S. adults and is associated with a substantial negative impact on social and occupational function, including disrupted relationships with family and friends, social isolation, reduced activities of daily living and leisure activities, avoidance of physical activity, and loss of career or inability to advance in careers or education. Many patients fail to adequately respond to the medications approved for FM, or discontinue therapy due to poor tolerability. Prescription pain and sleep medications not approved for FM are frequently taken for symptomatic relief, despite the lack of evidence that such medications provide a meaningful or durable therapeutic effect. We believe that TNX-102 SL has the potential to broadly and effectively treat the core symptoms of FM with a tolerability profile that is suitable as a first-line therapy and for chronic use.

Phase 2b "BESTFIT" Study

In September 2013, we commenced enrollment of our BESTFIT study, a randomized, double-blind, placebo-controlled Phase 2b clinical study of TNX-102 SL in FM. We reported preliminary top-line results from the BESTFIT study in September 2014. In the BESTFIT study, 205 subjects with FM were randomized at 17 U.S. centers to treatment with either TNX-102 SL 2.8 mg or placebo sublingual tablets at bedtime daily for 12 weeks. The primary outcome measure of the BESTFIT study was the mean change in week 12 average daily pain intensity from baseline on the 11-point Numeric Rating Scale, using a daily telephonic diary. In the BESTFIT study, TNX-102 SL did not achieve statistical significance in the primary outcome measure (p=0.172). However, the study demonstrated that TNX-102 SL had a statistically significant effect on pain as measured by a 30% responder analysis of the primary pain data (p=0.033), in which a responder is defined as a subject for whom pain intensity was reduced by at least 30% at week 12 as compared to baseline. The 30% response rate in the final analysis was 34.0% in the active treatment arm as compared to 20.6% in the control arm. The BESTFIT study also showed statistically significant improvements with TNX-102 SL in the declared secondary analyses of the Patient Global Impression of Change (p=0.025) and the Fibromyalgia Impact Questionnaire-Revised, or FIQ-R (p=0.014). The study showed statistically significant improvement with TNX-102 SL on measures of sleep quality, including the Patient-Reported Outcomes Measurement Information System, or PROMIS, Sleep Disturbance instrument (p=0.005). In addition, statistically significant improvements with TNX-102 SL were observed on several FIQ-R items (pain, sleep quality, anxiety, stiffness, and sensitivity) as well as on the overall symptom subdomain.

TNX-102 SL was well tolerated in the BESTFIT study. Among subjects randomized to the active and control arms, 86% and 83%, respectively, completed the 12-week dosing period. The most common adverse events were local in nature, with transient tongue or mouth numbness occurring in 42% of participants on TNX-102 SL vs. 1% on placebo, and bitter taste in 8% on TNX-102 SL compared to none on placebo. These local adverse events did not appear to affect either rates of retention of study participants or their compliance with taking TNX-102 SL. Systemic adverse events were similar between TNX-102 SL and placebo. No serious adverse events were reported.

Long-Term Safety Exposure Study

In December 2013, we commenced Study F203, a 12-month open-label extension study of TNX-102 SL in subjects who had completed the BESTFIT study. The goal of Study F203 is to obtain the prerequisite six- and 12-month safety exposure data to support a new drug application, or NDA, filing for approval for the management of FM, a chronic indication. We believe that the cumulative exposure data that have been recorded in Study F203 will be sufficient to support the NDA filing for TNX-102 SL. We expect to complete Study F203 in August 2015.

Prospective First Phase 3 Study

Following our report of the results of the BESTFIT study, we requested guidance from the FDA on our proposed use of a 30% pain responder analysis as the primary efficacy endpoint in our prospective Phase 3 clinical study. In January 2015, we announced receipt of the written guidance, whereby the FDA accepted our proposal to use a 30% pain responder analysis as the primary efficacy endpoint in our Phase 3 study to support the approval of TNX-102 SL for the management of FM. We expect to initiate a randomized, double-blind, placebo-controlled, 12-week Phase 3 study of TNX-102 SL in 500 subjects with FM in the second quarter of 2015 (the AFFIRM study). We expect to report top line results from this study in the second half of 2016.

Post-Traumatic Stress Disorder

An estimated 3.5% of adults in the U.S. suffer from PTSD, a chronic disorder that is characterized by avoidance, emotional numbing, hyperarousal, and sleep disturbances. People with PTSD suffer significant impairment in their functioning, including occupational activities and social relations, and are at elevated risk for impulsive, violent behaviors toward others and themselves, including suicide. Many patients fail to adequately respond to the medications approved for PTSD. Antidepressants, anxiolytics, sedative-hypnotics, opiates and antipsychotics not approved for PTSD are commonly prescribed despite generally weak evidence in support of their use. We believe that TNX-102 SL may be ideally suited to address the need for a treatment for PTSD that is effective, safe, and well-tolerated.

Clinical Development Plan

In January 2015, we commenced the AtEase study, a 220-subject, randomized, double-blind, placebo-controlled, 12-week Phase 2 study of TNX-102 SL in subjects with military-related PTSD. This study is being conducted at approximately 25 U.S. centers. The AtEase study is designed to study the efficacy and safety of two doses of TNX-102 SL (2.8 mg and 5.6 mg) administered once daily at bedtime. The primary objective of the AtEase study is to evaluate the efficacy of TNX-102 SL 2.8 mg as compared to placebo sublingual tablet following eight weeks of treatment using the Clinician-Administered PTSD Scale. We expect to report top line results from this study in the first half of 2016.

If the results of the AtEase study are positive, we intend to meet with the FDA to finalize the design of the registration program that would be required to support approval of an NDA for the management of PTSD. Based on our communications with the FDA to date, we believe that positive results from two adequate, well-controlled efficacy and safety studies and long-term (six- and 12-month) safety exposure studies would support FDA approval of TNX-102 SL for the management of PTSD. If we achieve our primary outcome measure in the AtEase study, it could qualify as one of the two studies required to support the NDA. We expect that we can use the long-term safety exposure data generated by our clinical development of TNX-102 SL in FM to supplement the long-term safety exposure data required for the PTSD NDA.

TNX-201

TNX-201 is an oral formulation of dexisometheptene mucate, a pure optical isomer of isometheptene, or IMH, which we are developing for the treatment of ETTH. Although no form of IMH is currently approved for any indication, racemic IMH has been marketed as Octin® for conditions including tension and vascular headache, and combination products containing racemic IMH (e.g., Midrin®) have been marketed for the relief of tension and vascular headache. It is estimated that approximately 75 million U.S. adults experience frequent ETTH episodes (more than one but fewer than 15 tension-type headache days per month over a three-month period), and although the majority of people who suffer ETTH are able to adequately manage their symptoms through the use of over-the-counter products, many seek prescription options, all of which contain barbiturates. Although the approved prescription products for ETTH may have some therapeutic value in treating the primary headache condition, they are associated with significant safety liabilities and pose a risk of abuse and addiction. We are developing TNX-201 with the goal of introducing a safe, effective, and non-addictive prescription treatment option for ETTH.

Clinical Development Plan

In January 2014, we held a pre-IND meeting with the FDA to discuss the regulatory pathway for the development of TNX-201 for the treatment of ETTH. We have completed a comparative Phase 1 single ascending dose safety, tolerability, and pharmacokinetic study of TNX-201 in 45 healthy volunteers, from which we reported top line results in January 2015. The clinical results showed that TNX-201 was well-tolerated at all doses studied (35 mg, 70 mg, and 140 mg), and pharmacokinetic analyses demonstrated dose-proportionality of parameters including area under the curve and maximum concentration. The results also indicated the lack of conversion of dexisometheptene to its other optical isomer, a finding which supports the rationale of developing TNX-201, a single optical isomer of IMH.

We are preparing to commence a 200-subject Phase 2 proof-of-concept study in ETTH in the second quarter of 2015, in which subjects will be randomized at approximately eight U.S. centers to receive TNX-201 140 mg (4 x 35 mg) or placebo capsules. The study will evaluate the effect of TNX-201 on a variety of measures, including the proportion of subjects who report “pain free” at several intervals post-dose, the proportion of subjects who use rescue medication during the 24 hour period post-dose, and the change from baseline in pain severity score at several intervals post-dose. We expect to report top line results from this study in the fourth quarter of 2015. Although the clinical development of TNX-201 can be accelerated based on the available information on racemic IMH, approval of any NDA will be as a new chemical entity pursuant to Section 505(b)(1) of the FDCA.

Additional Product Candidates

We also have a pipeline of other product candidates, including TNX-301. TNX-301 is a fixed dose combination drug product, or CDP, containing two FDA-approved drugs, disulfiram and selegiline. We intend to develop TNX-301 CDP under Section 505(b)(2) of the FDCA as a potential treatment for alcohol abuse and dependence, and we have commenced development work on TNX-301 formulations. In addition, we own rights to intellectual property on two biodefense technologies: one relating to the development of novel smallpox vaccines; and the other to the development of protective agents against radiation exposure. We have begun non-clinical research and development on these programs. The FDA Animal Efficacy Rule provides a mechanism for product licensure when human efficacy studies are not feasible or ethical. As a result, the licensure of these biodefense products in the U.S. may not require human efficacy studies, which we believe will reduce our development costs and risks compared to the development of other NCEs or new biologic candidates.

Current Operating Trends

Our current research and development efforts are focused on developing TNX-102 SL and TNX-201, but we also expend increasing effort on our other pipeline programs, including TNX-301. Our research and development expenses consist of manufacturing work and the cost of drug ingredients used in such work, fees paid to consultants for work related to clinical trial design and regulatory activities, fees paid to providers for conducting various clinical studies as well as for the analysis of the results of such studies, and for other medical research addressing the potential efficacy and safety of our drugs. We believe that significant investment in product development is a competitive necessity, and we plan to continue these investments in order to be in a position to realize the potential of our product candidates and proprietary technologies.

We are currently conducting a Phase 2 clinical trial of TNX-102 SL in PTSD. In the second quarter of 2015, we plan to begin both a Phase 3 trial of TNX-102 SL in FM as well as a Phase 2 proof-of-concept trial of TNX-201 in ETTH. Clinical trials can be very expensive. If these and additional necessary clinical trials are successful, we plan to prepare and submit applications to the FDA for marketing approval for our drug candidates. This process entails significant costs. As a result of these and other factors, we expect our research and development expenses to increase significantly over the next 12 to 24 months.

We expect that all of our research and development expenses in the near-term future will be incurred in support of our current and future preclinical and clinical development programs rather than technology development. These expenditures are subject to numerous uncertainties relating to timing and cost to completion. We test compounds in numerous preclinical studies for safety, toxicology and efficacy. At the appropriate time, subject to the approval of regulatory authorities, we expect to conduct early-stage clinical trials for each drug candidate. We anticipate funding these trials ourselves, and possibly with the assistance of federal grants. As we obtain results from trials, we may elect to discontinue or delay clinical trials for certain products in order to focus our resources on more promising products. Completion of clinical trials may take several years, and the length of time generally varies substantially according to the type, complexity, novelty and intended use of a product candidate.

The commencement and completion of clinical trials for our products may be delayed by many factors, including lack of efficacy during clinical trials, unforeseen safety issues, slower than expected patient recruitment, or government delays. In addition, we may encounter regulatory delays or rejections as a result of many factors, including results that do not support the intended safety or efficacy of our product candidates, perceived defects in the design of clinical trials and changes in regulatory policy during the period of product development. As a result of these risks and uncertainties, we are unable to accurately estimate the specific timing and costs of our clinical development programs or the timing of material cash inflows, if any, from our product candidates. Our business, financial condition and results of operations may be materially adversely affected by any delays in, or termination of, our clinical trials or a determination by the FDA that the results of our trials are inadequate to justify regulatory approval, insofar as cash in-flows from the relevant drug or program would be delayed or would not occur.

Results of Operations

We anticipate that our results of operations will fluctuate for the foreseeable future due to several factors, such as the progress of our research and development efforts and the timing and outcome of regulatory submissions. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the three months ended March 31, 2015 and 2014.

Research and Development Expenses. Research and development expenses for the three months ended March 31, 2015 were $6.8 million, an increase of $3.3 million, or 94%, from $3.5 million for the three months ended March 31, 2014. This increase is due to increased development work related to TNX-102 SL and TNX-201, including formulation development, manufacturing, human safety and efficacy as well as pharmacokinetic studies. During the three months ended March 31, 2015, we incurred $0.6 million, $2.1 million and $1.3 million in manufacturing cost, clinical activities and cost, and non-clinical activities and cost, respectively, as compared to $0.3 million, $1.0 million and $0.4 million for the same period last year, respectively. During the three months ended March 31, 2014, we acquired intellectual property rights for $0.9 million as compared to $0 in the current period. Included in the three months ended March 31, 2015 was employee related compensation of $1.2 million as compared to $0.2 million for the three months ended March 31, 2014, the increase of $1.0 million as a result of added personnel.

General and Administrative Expenses. General and administrative expenses for the three months ended March 31, 2015 were $2.9 million, an increase of $1.3 million, or 82%, from $1.6 million incurred in the three months ended March 31, 2014. This increase is primarily due to compensation related expenses and professional services.

Compensation related expenses increased to $1.4 million for the three months ended March 31, 2015 from $0.7 million for the three months ended March 31, 2014, an increase of $0.7 million, or 100%. We incurred $0.9 million in stock-based compensation in connection with the vesting of stock options in the three months ended March 31, 2015 that were previously issued to board members, officers and consultants as compared to $0.5 million in stock based compensation for the same period last year. The increase in cash compensation related costs of $0.2 million was primarily a result of annual salary increases and added personnel.

Professional services for the three months ended March 31, 2015 totaled $0.8 million, an increase of $0.3 million or 60%, over the $0.5 million incurred for the three months ended March 31, 2014. Of professional services, legal fees totaled $0.4 million for the three months ended March 31, 2015, an increase of $0.2 million, or 100%, from $0.2 million incurred for the three months ended March 31, 2014. The increase is mainly due to international consulting. Other consulting fees and other professional fees totaled $0.4 million for the three months ended March 31, 2015, an increase of $0.1 million, or 33%, from $0.3 million incurred for the three months ended March 31, 2014. Other professional fees include audit and accounting fees; investor and public relation fees; human resources and corporate consultants.

Travel, meals and entertainment costs for the three months ended March 31, 2015 were $0.3 million, an increase of $0.2 million, or 200%, from $0.1 million incurred in the three months ended March 31, 2014. Travel, meals and entertainment costs include travel related to investor relations activities, which accounted for the primary increase from 2014. Office and other administrative expenses totaled $0.4 million for the three months ended March 31, 2015, an increase of $0.1 million, or 33%, over the expense of $0.3 million for the same period last year. Office and other administrative expenses include rent, insurance and other office related expenses.

Net Loss. As a result of the foregoing, the net loss for the three months ended March 31, 2015 was $9.7 million, compared to a net loss of $5.2 million for the three months ended March 31, 2014.

Liquidity and Capital Resources

As of March 31, 2015, we had working capital of $56.5 million, comprised primarily of cash of $58.2 million and prepaid expenses and other of $1.8 million offset by $2.0 million of accounts payable and $1.5 million of accrued expenses. A significant portion of the accounts payable and accrued expenses are due to work performed in relation to our ongoing clinical trials of TNX-102 SL in FM and PTSD. For the three months ended March 31, 2015 and 2014, we used approximately $9.1 million and $4.1 million of cash in operating activities, respectively, which represents cash outlays for research and development and general and administrative expenses in such periods. Increases in cash outlays principally resulted from manufacturing, pre-clinical and clinical cost and activities, regulatory cost, and payroll. For the three months ended March 31, 2015, net proceeds from financing activities were from the sale of our common stock of approximately $29.1 million. In the comparable 2014 period, approximately $40.7 million was raised through the sale of shares of common stock and the exercise of warrants of $4.8 million. Our cash is held in bank deposit accounts.

We did not have any material investing activities for the three months ended March 31, 2015 or 2014.

February 2015 Financing

On February 4, 2015, we entered into an underwriting agreement with Roth Capital Partners, LLC and Oppenheimer & Co Inc., as representatives of several underwriters (collectively, the "Underwriters"), relating to the issuance and sale of 4,900,000 shares of our common stock in an underwritten public offering (the "February 2015 Financing"). The public offering price for each share of common stock was $5.85. We granted the Underwriters a 45-day option to purchase up to an additional 735,000 shares of common stock to cover over-allotments, if any.

The February 2015 Financing closed on February 9, 2015. The Underwriters purchased the shares at a six percent discount to the public offering price, for an aggregate discount of approximately $1.7 million (or $0.35 per share). The Company also paid offering expenses of approximately $0.2 million. The Company received net proceeds of approximately $26.8 million. On February 24, 2015, the Underwriters partially exercised the over-allotment option and purchased 418,700 shares of common stock for net proceeds of approximately $2.3 million.

Future Liquidity Requirements

We expect to incur losses from operations for the near future. We expect to incur increasing research and development expenses, including expenses related to additional clinical trials. We expect that our general and administrative expenses will increase in the future as we expand our business development, add infrastructure and incur additional costs related to being a public company, including incremental audit fees, investor relations programs and increased professional services.

Our future capital requirements will depend on a number of factors, including the progress of our research and development of product candidates, the timing and outcome of regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing and our success in developing markets for our product candidates. We believe our existing cash is sufficient to fund our operating expenses and planned clinical trials for at least the next 12 months.

We presently do not have any available credit, bank financing or other external sources of liquidity. Due to our history and historical operating losses, our operations have not been a source of liquidity. We may need to obtain additional capital in order to fund future research and development activities. Future financing may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, shareholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock.

If additional financing is not available or is not available on acceptable terms, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently.

Transactions with Related Parties

Consulting Agreement

We previously entered into a consulting agreement with Lederman & Co., LLC ("Lederman & Co"), a company controlled by Dr. Seth Lederman, our Chief Executive Officer and Chairman of the Board. Total expenses paid under this agreement were $-0- and $37,723 during the three months ended March 31, 2015 and 2014, respectively. The agreement was terminated on February 11, 2014 and replaced with the employment agreement entered into on that date.

Intellectual Property Acquired

On March 18, 2014, Tonix Pharmaceuticals (Barbados) Ltd., or Tonix Barbados, entered into an agreement with Leder Laboratories, Inc. ("Leder"), to acquire intellectual property related to novel smallpox vaccines. As consideration, $0.1 million was paid in cash and 25,000 shares of the Company's common stock valued at $0.3 million ($12.15 per share, which was the closing price of the common shares on the date of the transaction) were issued to Leder.

On March 18, 2014, Tonix Barbados entered into an agreement with Starling Pharmaceuticals, Inc. ("Starling"), to acquire intellectual property related to radio- and chemo-protective agents. As consideration, $0.1 million was paid in cash and 25,000 shares of the Company's common stock valued at $0.3 million ($12.15 per share, which was the closing price of the common shares on the date of the transaction) were issued to Starling.

Seth Lederman is the Chairman, CEO and majority owner (through majority-owned entities) of Starling and Leder.

Stock Compensation

In February 2012, we approved the 2012 Incentive Stock Options Plan, which was amended and restated in February 2013 ("2012 Plan"). The 2012 Plan provides for the issuance of options to purchase up to 550,000 shares of our common stock to officers, directors, employees and consultants. Under the terms of the 2012 Plan, we may issue Incentive Stock Options, as defined by the Internal Revenue Code, and nonstatutory options. The Board of Directors determines the exercise price, vesting and expiration period of the options granted under the 2012 Plan. However, the exercise price of an Incentive Stock Option must be at least 100% of fair value of the common stock at the date of the grant (or 110% for any shareholder that owns 10% or more of our common stock). The fair market value of the common stock determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in a good faith. Additionally, the vesting period of the grants under the 2012 Plan should not be more than five years and expiration period not more than ten years. We reserved 550,000 shares of our common stock for future issuance under the terms of the 2012 Plan.

On June 9, 2014, we approved the Tonix Pharmaceuticals Holding Corp. 2014 Stock Incentive Plan (the "2014 Plan" and together with the 2012 Plan, the "Plans"). Under the terms of the 2014 Plan, the Company may issue (1) stock options (incentive and nonstatutory), (2) restricted stock, (3) stock appreciation rights, or SARs, (4) restricted stock units, or RSUs, (5) other stock-based awards, and (6) cash-based awards. The 2014 Plan provides for the issuance of up to 1,800,000 shares of common stock, provided, however, that, of the aggregate number of 2014 Plan shares authorized, no more than 200,000 of such shares may be issued pursuant to stock-settled awards other than options (that is, restricted stock, RSUs, SARs, performance awards, other stock-based awards and dividend equivalent awards, in each case to the extent settled in shares of common stock). The Board of Directors determines the exercise price, vesting and expiration period of the grants under the 2014 Plan. However, the exercise price of an incentive stock option may not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more shareholder and 100% of fair value for a grantee who is not a 10% shareholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith. Additionally, the vesting period of the grants under the 2014 Plan may not be more than five years and expiration period not more than ten years. The Company reserved 1,800,000 shares of its common stock for future issuance under the terms of the 2014 Plan.

On February 25, 2015, 419,500 and 30,000 options were granted to employees/directors and consultants, respectively, under the 2014 Plan with an exercise price of $5.95, a 10 year life and fair value of $4.69. Additionally, we granted options to purchase 7,143 shares of our common stock to Seth Lederman as a non-cash bonus, with an exercise price of $5.95, a 10 year life and fair value of $4.43. As of March 31, 2015, the fair value related to consultant grants was $5.42.

On March 31, 2015, 15,000 and 19,000 unvested options with exercise prices of $9.87 and $6.68, respectively, were cancelled.

On June 9, 2014, we approved the Tonix Pharmaceuticals Holdings Corp. 2014 Employee Stock Purchase Plan (the "2014 ESPP"). The 2014 ESPP allows eligible employees to purchase up to an aggregate of 300,000 shares of the Company's common stock. Under the 2014 ESPP, on the first day of each offering period, each eligible employee for that offering period has the option to enroll for that offering period, which allows the eligible employees to purchase shares of the Company's common stock at the end of the offering period. Each offering period under the 2014 ESPP is for six months, which can be modified from time-to-time. Subject to limitations, each participant will be permitted to purchase a number of shares determined by dividing the employee's accumulated payroll deductions for the offering period by the applicable purchase price, which is equal to 85 percent of the fair market value of our common stock at the beginning or end of each offering period, whichever is less. A participant must designate in his or her enrollment package the percentage (if any) of compensation to be deducted during that offering period for the purchase of stock under the 2014 ESPP, subject to the statutory limit under the Code. As of March 31, 2015, after giving effect to shares purchased as described below, there were 286,022 shares available for future purchase under the 2014 ESPP.

The 2014 ESPP is considered a compensatory plan with the related compensation cost written off over the six month offering period. As of March 31, 2015, approximately $46,000 of employee payroll deductions which have been withheld since January 1, 2015, the commencement of the current offering period, are included in accrued expenses in the accompanying balance sheet. The compensation expense related to the 2014 ESPP for the three months ended March 31, 2015 was $22,063. In February 2015, 13,978 shares that were purchased as of December 31, 2014, were issued under the 2014 ESPP.

On February 25, 2015, we granted an aggregate of 42,000 RSUs to our non-employee directors for board services in 2015, in lieu of cash, which vest one year from the grant date with a fair value of $6.24. Stock-based compensation expense related to the RSU grants was $21,480 for the three months ended March 31, 2015. As of March 31, 2015, the stock-based compensation relating to restricted stock of $0.2 million remains unamortized and is expected to be amortized over the remaining period of approximately eleven months.

Lease Commitments

On February 11, 2014, in connection with office space in New York City, we entered into a lease amendment and expansion agreement, whereby we agreed to lease additional premises for office space, commencing May 1, 2014 and expiring on April 30, 2019. In connection therewith, the original letter of credit was increased by $72,354 to $132,417 and we deposited an additional $72,354 into the restricted cash account maintained at the bank that issued the letter of credit.

On April 28, 2014, we entered into a lease for approximately 3,578 square feet of office space in San Jose, California, whereby we agreed to lease premises, commencing August 1, 2014 and expiring on October 31, 2018 (51 months). In connection therewith, we paid a security deposit of $44,546.

Future minimum lease payments under these two agreements are as follows (in thousands):

Year Ending December 31,	
2015	$ 313
2016	446
2017	459
2018	442
2019	99
	$ 1,759

Additionally, we rent a small office in Ireland on a month-to-month basis.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Research and Development. Tonix outsources its research and development efforts and expenses related costs as incurred, including the cost of manufacturing product for testing, licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired was expensed as research and development costs, as it related to particular research and development projects and had no alternative future uses.

Stock Based Compensation. All stock-based payments to employees and to nonemployee directors for their services as directors consisted of grants of restricted stock and stock options, which are measured at fair value on the grant date and recognized in the consolidated statements of operations as compensation expense over the relevant vesting period. Restricted stock payments to nonemployees are recognized as an expense over the period of performance. Such payments are measured at fair value at the earlier of the date a performance commitment is reached or the date performance is completed. In addition, for awards that vest immediately and are nonforfeitable, the measurement date is the date the award is issued.

Income Taxes. Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized. The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Recent Accounting Pronouncements

There were various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on our consolidated financial position, results of operations or cash flows.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our cash and cash equivalents primarily consist of securities issued by the U.S. government, deposits, and money market deposits managed by commercial banks. The goals of our investment policy are preservation of capital, fulfillment of liquidity needs and fiduciary control of cash and investments. We also seek to maximize income from our investments without assuming significant risk. As of March 31, 2015, we had cash and cash equivalents and short-term investments of $58.2 million consisting of cash and highly liquid investments deposited in highly rated financial institutions in the United States.

Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of interest rates, particularly because our investments are in short-term money marketable funds. Due to the short-term duration of our investment portfolio and the relatively low risk profile of our investments, we believe that our exposure to interest rate risk is not significant and a 1% movement in market interest rates would not have a significant impact on the total value of our portfolio.

Foreign Currency Risk

We do not hold more than a *de minimus* amount of foreign currency denominated financial instruments.

Effects of Inflation

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation and changing prices three month ended March 31, 2015 and 2014 had a significant impact on our results of operations.

ITEM 4 - CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2015, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are currently not a party to any material legal proceedings or claims.

Item 1A. Risk Factors

Information regarding risk factors appears in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 27, 2015. There have been no material changes from the risk factors previously disclosed in that Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

31.01	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS	XBRL Instance Document
101 SCH	XBRL Taxonomy Extension Schema Document
101 CAL	XBRL Taxonomy Calculation Linkbase Document
101 LAB	XBRL Taxonomy Labels Linkbase Document
101 PRE	XBRL Taxonomy Presentation Linkbase Document
101 DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TONIX PHARMACEUTICALS HOLDING CORP.

Date: May 8, 2015

By: /s/ SETH LEDERMAN
Seth Lederman
Chief Executive Officer (Principal Executive Officer)

Date: May 8, 2015

By: /s/ LELAND GERSHELL
Leland Gershell
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.01

CERTIFICATION

I, Seth Lederman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tonix Pharmaceuticals Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 8, 2015

/s/ SETH LEDERMAN
Seth Lederman
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION

I, Leland Gershell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tonix Pharmaceuticals Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 8, 2015

/s/ LELAND GERSHELL
Leland Gershell
Chief Financial Officer

Exhibit 32.01

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Seth Lederman, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Tonix Pharmaceuticals Holding Corp. on Form 10-Q for the fiscal quarter ended March 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Tonix Pharmaceuticals Holding Corp.

By: /s/ SETH LEDERMAN
Name: Seth Lederman
Title: *Chief Executive Officer*

Date: May 8, 2015

I, Leland Gershell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Tonix Pharmaceuticals Holding Corp. on Form 10-Q for the fiscal quarter ended March 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Tonix Pharmaceuticals Holding Corp.

By: /s/ LELAND GERSHELL
Name: Leland Gershell
Title: *Chief Financial Officer*

Date: May 8, 2015