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 September 30, 2013

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 November 12, 2013, there were 4,877,490 shares of registrant's common stock outstanding.

TONIX PHARMACEUTICALS HOLDING CORP.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TONIX PHARMACEUTICALS HOLDING CORP.
(a development stage company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash	$ 7,419,930	$ 1,785,390
Prepaid expenses and other	46,401	224,659
Total current assets	7,466,331	2,010,049
Furniture and equipment, net	42,801	46,894
Other assets:		
Restricted cash	60,335	60,267
Total assets	$ 7,569,467	$ 2,117,210
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, including $80,210 and $6,809 to related parties as of September 30, 2013 and December 31, 2012, respectively	$ 985,809	$ 825,837
Accrued expenses	853,859	309,800
Promissory notes, related parties	280,000	-
Accrued interest, related party	-	3,155
Total current liabilities	2,119,668	1,138,792
Deferred rent payable	13,750	19,710
Total liabilities	2,133,418	1,158,502
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; 4,877,490 and 2,159,156 shares issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	4,877	2,159
Additional paid in capital	28,452,448	16,800,829
Deficit accumulated during development stage	(23,021,276)	(15,844,280)
Total stockholders' equity	5,436,049	958,708
Total liabilities and stockholders' equity	$ 7,569,467	$ 2,117,210

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
(a development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30, 2013	2012	Nine months ended September 30, 2013	2012	From June 7, 2007 (date of inception) Through September 30, 2013
COSTS AND EXPENSES:					
Research and development	$ 1,636,827	$ 658,143	$ 3,321,451	$ 1,883,559	$ 7,856,713
General and administrative	1,454,853	1,076,199	3,857,143	2,862,086	12,190,492
	3,091,680	1,734,342	7,178,594	4,745,645	20,047,205
Operating Loss	(3,091,680)	(1,734,342)	(7,178,594)	(4,745,645)	(20,047,205)
Gain on extinguishment of debt	-	-	-	-	7,908
Other income	-	1,875	-	1,875	1,875
Change in fair value of warrant liability	-	-	-	(1,177,026)	(1,177,026)
Interest and other financing costs, net	1,548	440	1,598	(899,909)	(1,806,828)
NET LOSS	$ (3,090,132)	$ (1,732,027)	$ (7,176,996)	$ (6,820,705)	$ (23,021,276)
Net loss per common share, basic and diluted	$ (0.87)	$ (1.01)	$ (2.73)	$ (4.08)	
Weighted average common shares outstanding, basic and diluted	3,537,490	1,713,922	2,632,777	1,670,283	

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
(a development stage company)
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2013
(unaudited)

	Common stock Shares	Common stock Amount	Additional Paid in Capital	Deficit Accumulated During Development Stage	Total
Balance at December 31, 2012	2,159,156	$ 2,159	$ 16,800,829	$ (15,844,280)	$ 958,708
Stock based compensation	-	-	1,275,466	-	1,275,466
Issuance of common stock on exercise of warrants in April 2013 ($8.00 per share)	38,334	38	306,628	-	306,666
Issuance of common stock and warrants in August 2013 ($4.25 per share) net of transaction expenses of $1,351,987	2,680,000	2,680	10,039,353	-	10,042,033
Warrants issued for services rendered	-	-	30,172	-	30,172
Net loss	-	-	-	(7,176,996)	(7,176,996)
Balance at September 30, 2013	4,877,490	$ 4,877	$ 28,452,448	$ (23,021,276)	$ 5,436,049

See the accompanying notes to the condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
(a development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30, 2013	2012	From June 7, 2007 (date of inception) Through September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (7,176,996)	$ (6,820,705)	$ (23,021,276)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	12,233	10,192	43,874
Amortization and write off of deferred financing costs	-	196,166	249,543
Non cash interest, consisting of beneficial conversion feature in connection with convertible debentures	-	-	710,000
Non cash interest, consisting of common stock and warrants issued in connection with convertible debentures	-	426,152	426,152
Non-cash financing costs related to January and March 2012 financing	-	81,337	81,337
Warrants issued for services rendered	30,172	-	30,172
Stock based compensation	1,275,466	571,330	2,827,337
Change in fair value of warrant liability	-	1,177,026	1,177,026
Common stock issued in exchange for intellectual property	-	-	383,250
Gain on extinguishment of debt	-	-	(7,908)
Changes in operating assets and liabilities:			
Prepaid expenses	178,258	59,354	(46,401)
Accounts payable	159,972	2,185	985,809
Accrued interest	(3,155)	(35,195)	3,111
Accrued expenses	542,259	126,074	946,324
Deferred rent payable	(4,160)	(1,540)	21,996
Net cash used in operating activities	(4,985,951)	(4,207,624)	(15,189,654)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of furniture and fixtures	(8,140)	(35,673)	(86,675)
Payment of restricted cash and interest earned on restricted cash	(68)	(67)	(60,335)
Net cash used in investing activities	(8,208)	(35,740)	(147,010)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from demand notes	-	-	480,000
Proceeds from other notes payable	-	-	1,020,000
Proceeds from related party promissory notes	280,000	-	280,000
Proceeds from exercise of warrants ($8.00 per share)	306,666	-	306,666
Proceeds, net of expenses of $24,000, from Convertible Debentures	-	-	1,891,000
Repayment of Convertible Debentures	-	(150,000)	(150,000)
Proceeds, net of expenses of $1,351,987, $374,870, and $1,726,857, from sale of units consisting of common stock and warrants, respectively	10,042,033	4,387,894	16,974,927
Proceeds from the sale of capital stock	-	-	1,954,001
Net cash provided by financing activities	10,628,699	4,237,894	22,756,594
Net increase (decrease) increase in cash	5,634,540	(5,470)	7,419,930
Cash, beginning of the period	1,785,390	41,123	-
Cash, end of period	$ 7,419,930	$ 35,653	$ 7,419,930
Supplemental disclosures of cash flow information:			
Interest paid	$ 3,115	$ 35,195	$ 38,310
Non cash investing and financing activities:			
Senior convertible notes exchanged for preferred shares	$ -	$ -	$ 200,000
Capital contribution of accrued interest	$ -	$ -	$ 26,836
Demand notes together with accrued interest converted into capital stock	$ -	$ -	$ 549,078
Common stock issued for deferred financing costs	$ -	$ -	$ 144,000
Exchange of Notes Payable for Convertible Debenture	$ -	$ -	$ 820,000
Warrants Liability reclassified to Stockholders' Equity	$ -	$ 3,938,946	$ 3,938,946

Exchange of Convertible Debenture for Units consisting of common stock and warrants	$ -	$ 1,925,000	$ 2,635,000

See the accompanying notes to the condensed consolidated financial statements

NOTE 1 – BUSINESS

Tonix Pharmaceuticals Holding Corp., through its wholly owned subsidiary Tonix Pharmaceuticals, Inc., or Tonix Sub, is a specialty pharmaceutical company dedicated to the identification and development of novel pharmaceutical products for challenging disorders of the central nervous system ("CNS"), including fibromyalgia and post-traumatic stress disorder.

On April 23, 2013, Tonix Sub formed a wholly owned subsidiary, Tonix Pharmaceuticals (Canada), Inc., in the province of New Brunswick, Canada for the purpose of obtaining research and development credits from the Canadian government for any research and development studies performed in Canada.

Tonix Pharmaceutical Holding Corp. and its subsidiaries are hereafter referred to as the "Company".

The Company's primary efforts are devoted to conducting research and development for the treatment of CNS diseases. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. The Company does not have any commercial products available for sale and there is no assurance that if approval of its products is received 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. Management believes that the Company has sufficient funds to meet its research and development and other funding requirements through at least September 30, 2014.

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, 2012 contained herein has been derived from audited financial statements.

Operating results for the nine months ended September 30, 2013 are not necessarily indicative of results that may be expected for the year ending December 31, 2013. 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, 2012 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 11, 2013.

Basis of presentation

The Company is devoting substantially all of its efforts to establishing a new business and while planned principal operations have commenced there has been no revenue generated from sales, license fees or royalties; accordingly the Company is considered a development stage enterprise. The Company's consolidated financial statements are presented in accordance with authoritative accounting guidance related to a development stage enterprise and which provides that financial position, results of operations and cash flows of a development stage enterprise be presented in conformity with GAAP that apply to established operating enterprises.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Significant estimates include the useful life of fixed assets and assumptions used in the fair value of stock-based compensation.

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, licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired was expensed in 2007 and 2010 as research and development costs, as it related to particular research and development projects and had no alternative future uses.

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, 2013 and 2012 would be fully offset by a valuation allowance, there is no federal or state income tax benefit for the periods ended September 30, 2013 and 2012 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, adjusted to give effect to a 20-for-1 reverse stock split (see Note 3).

As of September 30, 2013 and 2012, there were outstanding warrants to purchase an aggregate of 4,421,600 and 369,515 shares, respectively, of the Company's common stock (see Note 6). In addition, the Company has issued to employees, options to acquire shares of the Company's common stock of which 376,500 and 175,000 were outstanding at September 30, 2013 and September 30, 2012, respectively (see Note 5). In computing diluted net loss per share for the three and nine months ended September 30, 2013 and 2012, no effect has been given to such options and warrants as their effect would be anti-dilutive.

NOTE 3 – REVERSE STOCK SPLIT

On May 1, 2013, the Company filed an amendment to its Articles of Incorporation and effected a 20-for-1 reverse stock split of its issued and outstanding shares of common stock, $0.001 par value, whereby 43,182,599 outstanding shares of the Company's common stock were exchanged for 2,159,156 shares of the Company's common stock. All per share amounts and number of shares in the consolidated financial statements and related notes have been retroactively restated to reflect the reverse stock split resulting in the transfer of $41,024 from common stock to additional paid in capital at December 31, 2012.

NOTE 4 – AUGUST 2013 FINANCING

On August 9, 2013, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Roth Capital Partners, LLC, as representative of the underwriters named therein (the "Underwriters"), pursuant to which the Company agreed to offer to the public through the Underwriters an aggregate of 2,680,000 units (each a "Unit", and collectively, the "Units") at a public offering price of $4.25 per Unit in an underwritten public offering (the "August 2013 Financing"). Each Unit consisted of (i) one share of common stock and (ii) one Series A Warrant (the "Warrants") to purchase one share of common stock. The Warrants are exercisable at an exercise price of $4.25 per share, subject to anti-dilutive adjustment, and expire on the fifth anniversary of the date of issuance. The Warrants will be exercisable on a "cashless" basis in certain circumstances. Pursuant to the Underwriting Agreement, the Company also granted the Underwriters an option for a period of 45 days to purchase up to (i) 402,000 additional Units or (ii) 402,000 additional shares of common stock and/or additional Warrants to purchase up to 402,000 shares of common stock, on the same terms, to cover over-allotments, if any.

The August 2013 Financing closed on August 14, 2013. The Underwriters purchased the Units at an eight-percent discount to the public offering price, for an aggregate discount of approximately $911,200 (or $0.34 per unit). The Company received net cash proceeds of $10,038,013 after deducting underwriting discounts and commissions and offering expenses of $440,787. On August 14, 2013, the Underwriters exercised their over-allotment option by purchasing for $4,020 additional Warrants to purchase 402,000 shares of common stock.

The Underwriters received warrants to purchase up to an aggregate of 107,200 shares of common stock, or four percent of the total number of shares included in the Units, which warrants have an exercise price of $4.25.

The Units were sold pursuant to the Registration Statement declared effective by the Securities and Exchange Commission on August 8, 2013.

NOTE 5 – STOCK OPTIONS

2012 Incentive Stock Option Plan

On February 12, 2012, the Company's board of directors ("Board of Directors") 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 to employees of the Company and may also issue nonstatutory options to employees and others. The Board of Directors of the Company 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. On May 9, 2012, 175,000 options had been granted under the 2012 Plan (of which 150,000 were outstanding at September 30, 2013) with an exercise price of $30.00, a 10 year life and fair value of $23.50. The options vest 1/3rd on May 9, 2013 and 1/36th on the 9th of each month thereafter for 24 months.

On February 12, 2013, the Board of Directors approved the Amended and Restated 2012 Incentive Stock Option Plan (the "Amended and Restated 2012 Plan") to increase the number of shares reserved under the plan to 550,000. On February 12, 2013, 226,500 options were granted under the Amended and Restated 2012 Plan (all of which were outstanding at September 30, 2013) with an exercise price of $10.20, a 10 year life and fair value of $7.83. The options vest 1/3rd on February 12, 2014 and 1/36th on the 12th of each month thereafter for 24 months.

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. Stock options granted vest over a three year period and expire ten years from 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 nine months ended September 30, 2013 were as follows:

Risk-free interest rate		2.02%
Expected term of option		6.0 years
Expected stock price volatility		99.96%
Expected dividend yield	$	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 of $441,571 and $1,275,466 was recognized for the three and nine month periods ended September 30, 2013, respectively; and $342,798 and $571,330 for the three and nine month periods ended September 30, 2012, respectively.

As of September 30, 2013, the Company had approximately $3,239,852 of total unrecognized compensation cost related to non-vested awards granted under the Company's option plan, which the Company expects to recognize over a weighted average period of 1.93 years.

NOTE 6 – STOCK WARRANTS

The following table summarizes information with respect to outstanding warrants to purchase common stock of the Company at September 30, 2013:

Exercise Price	Number Outstanding	Number Vested	Expiration Date
$ 4.25	3,189,200	3,189,200	August 2018
8.00	406,875	406,875	December 2013
12.00	456,009	453,309	December 2017 to January 2018
20.00	15,288	15,288	January 2014 to January 2015
25.00	354,228	354,228	January 2017 to March 2019
	4,421,600	4,418,900	

On January 1, 2013, the Company issued warrants to non-employees to purchase 10,800 shares of the Company's common stock at an exercise price of $12.00 per share expiring five years from the date of issuance vesting ratably over twelve months beginning January 1, 2013 in connection with services.

On April 26, 2013, the Company issued an aggregate of 38,334 shares of its common stock upon the exercise of warrants at $8.00 per share.

The Company measures the fair value of the vested portion of the issued warrants 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 fair value determination.

The assumptions used in the valuation of warrants, which vested during the three and nine months ended September 30, 2013, were as follows:

	Three Months Ended September 30, 2013	Weighted Average Nine Months Ended September 30, 2013
Risk-free interest rate	1.38 %	0.94 %
Life of warrant	4.25 years	4.50 years
Expected stock price volatility	91.31 %	96.69 %
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 life of the warrants as of the grant date. The expected stock price volatility is based on comparable companies' historical stock price volatility since the Company does not have sufficient historical volatility data because its equity shares have been publicly traded for only a limited period of time.

Compensation of $6,099 and $30,172 related to vested warrants was recognized for the three and nine month periods ended September 30, 2013, respectively.

As of September 30, 2013, unrecognized compensation related to unvested warrants based on the market price of the Company's common stock on such date was $6,099.

In connection with the August 2013 Financing, the Company issued to investors warrants to purchase 2,680,000 shares of the Company's common stock. The warrants are exercisable at $4.25 per share, expire five years from the date of issuance, and may be exercised on a cashless basis under certain circumstances. In addition, the Company issued to the Underwriters warrants to purchase 509,200 shares of the Company's common stock. The warrants are exercisable at $4.25 per share, expire five years from the date of issuance, and may be exercised on a cashless basis.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company has entered into an agreement with Lederman & Co., LLC ("Lederman & Co"), a company under the control of Dr. Seth Lederman, the Company's Chief Executive Officer and Chairman of the Board of Directors. Effective February 1, 2012, Lederman & Co received $250,000 per annum for its consulting services. The agreement renewed automatically for subsequent terms of one year at $250,000 per annum. Effective October 15, 2013, Lederman & Co receives $325,000 per annum for its consulting services, and the agreement renews automatically for subsequent terms of one year at $325,000 per annum (Note 8). Total expenses paid under this agreement were $62,500 and $187,500 during the three and nine month periods ended September 30, 2013, respectively; and $62,500 and $201,250 during the three and nine month periods ended September 30, 2012, respectively.

On July 31, 2013, the Company sold two promissory notes in the principal face amounts of $150,000 and $50,000 to Lederman & Co and Eli Lederman, respectively, in exchange for $150,000 and $50,000, respectively. On August 1, 2013, the Company sold a promissory note in the principal face amount of $80,000 to Lederman & Co in exchange for $80,000. The notes are payable on demand at any time after one year from issuance and bear no interest.

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 specialty pharmaceutical company dedicated to the identification and development of novel pharmaceutical products for challenging disorders of the central nervous system, or CNS, including fibromyalgia, or FM, and post-traumatic stress disorder, or PTSD.

TNX-102 SL

We are currently devoting the majority of our efforts to the development of our lead product candidate, TNX-102 sublingual tablet, or TNX-102 SL. TNX-102 SL is a novel dose and formulation of cyclobenzaprine, or CBP, the active pharmaceutical ingredient of two widely prescribed products, Flexeril® and Amrix®. We are pursuing the development of TNX-102 SL for indications distinct from those for which current CBP products are approved by the FDA. TNX-102 SL is in a Phase 2b/3 clinical trial for the improvement of pain in people with FM, from which we expect to report initial results in the second half of 2014. Our therapeutic strategy is supported by results from a randomized, double-blind, placebo-controlled Phase 2a study of low dose TNX-102 immediate release capsules, which we have also referred to as very low dose CBP, or VLD CBP, in subjects with FM, which demonstrated a significant decrease in pain and other symptoms after eight weeks of treatment. This study also demonstrated that low dose TNX-102 immediate release capsules led to a significant improvement in objective measures of sleep quality, which we believe relates to the mechanism by which CBP leads to improvement of FM symptoms. Our Phase 1 studies demonstrated TNX-102 SL to have a pharmacokinetic profile distinct from that of oral CBP products, which we believe supports chronic bedtime administration for the treatment of FM. We are developing TNX-102 SL for the treatment of FM under a U.S Investigational New Drug application, or IND, and have completed four Phase 1 studies under Canadian Clinical Trial Applications.

We are also advancing TNX-102 SL for the management of PTSD. We held a pre-IND meeting with the U.S. Food and Drug Administration, or FDA, and we plan to file an IND to pursue this indication in the first quarter of 2014. We expect to begin a Phase 2 trial of TNX-102 SL in subjects with military-related PTSD in the second quarter of 2014.

We expect that any applications we submit for FDA approval of TNX-102 SL will be submitted under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, which we believe will allow for a shorter timeline of clinical and non-clinical development as compared to that needed to fulfill the requirements of Section 505(b)(1), under which new chemical entities are generally developed to meet the FDA's requirements for new drug approvals.

Additional Product Candidates

We also have a pipeline of other product candidates, including TNX-201 and TNX-301. TNX-201 is based on isometheptene mucate (IMH) and is under development as a treatment for certain types of headaches. IMH is an active ingredient that has been reviewed by the FDA under the Drug Efficacy Study Implementation program for safety and efficacy. IMH has been marketed only as a mixture of two mirror-image forms. TNX-201 contains only one of these forms, which we believe may confer an improved clinical profile as compared to the mixture. IMH has been commercialized as a single agent (for example, Octin®) as well as a component in combination products (examples include Midrin® and MigraTen®). We intend to develop TNX-201 under the 505(b)(2) provision and we are scheduled to meet with the FDA in the first quarter of 2014 to discuss our development plans related to TNX-201. TNX-301 is a fixed dose combination of two FDA-approved drugs, disulfiram and selegiline. Although we intend to develop TNX-301 under the 505(b)(2) provision as a treatment for alcohol abuse and dependence, we currently have no plans for further development of TNX-301 at this time.

On October 7, 2011, we executed and consummated the Share Exchange Agreement with Tonix Sub. Pursuant to the Share Exchange, each share of Tonix Sub's common stock was exchanged for 0.045 shares of our common stock, and each share of Tonix Sub's Series A and B preferred stock was exchanged for 0.24 shares of our common stock. Upon completion of the Share Exchange, the Tonix Sub shareholders, including holders of 1,396,982 restricted shares, which were subject to accelerated vesting, received in exchange for all of their shares, an aggregate of 1,133,334 shares of our common stock and our existing shareholders retained 200,000 shares of common stock. The 1,133,334 shares issued to the Tonix Sub shareholders constituted approximately 85% of our 1,333,334 shares of common stock issued and outstanding after the Share Exchange. Upon completion of the Share Exchange, Tonix Sub became our wholly-owned subsidiary. For accounting purposes, the acquisition has been treated as a recapitalization of Tonix Sub, accompanied by the issuance of our common stock for the outstanding common stock of Toxic Sub, which was recorded at a nominal value. The historical financial statements are those of Tonix Sub. The accompanying financial statements give retroactive effect to the recapitalization as if it had occurred on June 7, 2007 (inception date). Also, professional services expenses were allocated to research and development and general and administrative expenses in the cumulative from inception through December 31, 2012 statement of operations to be consistent with the current period's presentation.

Current Operating Trends

Our current research and development efforts are focused on developing our lead product, TNX-102 SL, but we also expend some effort on our earlier pipeline programs. 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 2b/3 clinical trial of TNX-102 SL in FM. Clinical trials can be very expensive. If this 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 a larger percentage of our research and development expenses in the 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 September 30, 2013 Compared to Three Months Ended September 30, 2012

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the three month periods ended September 30, 2013 and 2012.

Research and Development Expenses. Research and development expenses for the three months ended September 30, 2013 were $1,636,827, an increase of $978,684, or 149%, from $658,143 for the three months ended September 30, 2012. The increase in clinical and non-clinical cost and activities is primarily due to additional development work related to TNX-102 SL, including manufacturing, market research, clinical and non-clinical development, offset by decreases in regulatory and medical and scientific services.

General and Administrative Expenses. General and administrative expenses for the three months ended September 30, 2013 were $1,454,853, an increase of $378,654, or 35%, from $1,076,199 incurred in the three months ended September 30, 2012. This increase is primarily due to increases in payroll-related expenses, accounting and auditing fees, legal professional fees, travel, meals and entertainment expenses and other general and administrative expenses, offset by a decrease in other professional and market research fees.

Payroll-related expenses increased to $633,707 in the current period from $554,753 for the three months ended September 30, 2012, an increase of $78,954, or 14%, primarily related to stock-based compensation, offset by a decrease in cash compensation due to reduced payroll in the three months ended September 30, 2013. Payroll-related expenses for the three months ended September 30, 2013 include non-cash compensation associated with options granted in 2012 and 2013 of $441,571, as compared to $342,798 for the same period last year.

Professional services for the three months ended September 30, 2013 totaled $469,300, an increase of $134,490, or 40%, over the $334,810 incurred for the three month period ended September 30, 2012. Investor and public relations fees incurred in the three months ended September 30, 2013 was $101,652, an increase of $3,551, or 4%, from $98,101 incurred in the three months ended September 30, 2012. Accounting and auditing fees incurred in the three months ended September 30, 2013 amounted to $36,495, an increase of $20,959, or 135%, from $15,536 incurred in the three months ended September 30, 2012 primarily due to the timing of our audit fees incurred. Legal fees totaled $307,253 for the three months ended September 30, 2013, an increase of $230,974, or 303%, from $76,279 incurred for the three months ended September 30, 2012. The increase in legal fees is due to legal expenses related to our patent filings. Other professional fees totaled $23,900 for the three months ended September 30, 2013, a decrease of $76,404, or 76%, from $100,304 for the three months ended September 30, 2012. The decrease in other professional fees is primarily due to decreases in investment banking and scientific advisory fees.

Market research was $790 for the three months ended September 30, 2013 as compared to $93,272 for the same period last year, decrease of $92,482, or 99%. The decrease was primarily due to a decrease in market research activity related to TNX-102 SL.

Travel, meals and entertainment costs for three months ended September 30, 2013 were $100,361, an increase of $80,986, or 418%, from $19,375 incurred in the three months ended September 30, 2012. Travel, meals and entertainment costs include investor relations activities as well as travel to contractors and consultants engaged in research and development activities related to TNX-102 SL. The increase was primarily due to activities related to our public offering.

Insurance costs for the three months ended September 30, 2013 were $33,313, a decrease of $4,200 or 11%, from $37,513 incurred in the three months ended September 31, 2012.

Rent for three months ended September 30, 2013 totaled $31,087, an increase of $2,492 or 9% from $28,595 incurred in the three months ended September 30, 2012. Depreciation expense in the three months ended September 30, 2013 totaled $4,153, an increase of $77, or 2%, over the expense of $4,076 incurred in the three months ended September 30, 2012.

Other general and administrative expenses for the three months ended September 30, 2013 were $182,142, an increase of $178,337, or 4,687%, from $3,805, incurred in the three months ended September 30, 2012. The increase was primarily due to expenses related to a convention held with external personnel in connection with the BESTFIT trial of TNX-102 SL, fees related to our NASDAQ listing, as well as increased financial reporting expenses incurred in connection with our underwritten offering.

Interest and Other Financing Costs. Interest income for the three months ended September 30, 2013 totaled $1,548, as compared to interest income of $440 during the three months ended September 30, 2012.

Net Loss. As a result of the foregoing, the net loss for the three months ended September 30, 2013 was $3,090,132, compared to a net loss of $1,732,027 for the three months ended September 30, 2012, an increase of $1,358,105, or 78%.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the nine months ended September 30, 2013 and 2012.

Research and Development Expenses. Research and development expenses for the nine months ended September 30, 2013 were $3,321,451, an increase of $1,437,892, or 76%, from $1,883,559 for the nine months ended September 30, 2012. The increase in clinical and non-clinical cost and activities is primarily due to additional development work related to TNX-102 SL, including manufacturing, regulatory, and clinical development, offset by a decrease in market research expense.

General and Administrative Expenses. General and administrative expenses for the nine months ended September 30, 2013 were $3,857,143, an increase of $995,057, or 35%, from $2,862,086 incurred in the nine months ended September 30, 2012. This increase is primarily due to an increase in payroll-related expenses, along with increases in investor and public relations fees, legal professional fees, and travel, meals and entertainment expense, offset by a decrease in other professional fees, market research and accounting expenses.

Payroll-related expenses increased to $1,812,057 in the current period from $1,350,267 for the nine months ended September 30, 2012, an increase of $461,790, or 34%. The increase was primarily related to an increase in stock-based compensation associated with options granted in 2012 and 2013 of $704,136, offset by a decrease in cash compensation of $242,346 due to reduced payroll in the nine months ended September 30, 2013.

Professional services for the nine months ended September 30, 2013 totaled $1,207,035, an increase of $264,370, or 28%, over the $942,665 incurred for the nine month period ended September 30, 2012. Investor and public relations fees incurred in the nine months ended September 30, 2013 were $465,948, an increase of $175,404, or 60%, from $290,544 incurred in the nine months ended September 30, 2012. The increase in investor and public relations fees is primarily due to increases in investor relations activities, including non-deal roadshow events as well as activities related to our public offering. Accounting and auditing fees incurred in the nine months ended September 30, 2013 amounted to $129,644, a decrease of $19,773, or 13%, from $149,417 incurred in the nine months ended September 30, 2012. Legal fees totaled $559,196 for the nine months ended September 30, 2013, an increase of $305,235, or 120%, from $253,961 incurred in the nine months ended September 30, 2012. The increase in legal fees is due to legal expenses related to our patent filings. Other professional fees totaled $52,247 for the nine months ended September 30, 2013, a decrease of $196,496, or 79%, from $248,743 for the nine months ended September 30, 2012. The decrease in other professional fees is primarily due to decreases in investment banking and scientific advisory fees.

Market research was $40,024 for the nine months ended September 30, 2013, as compared to $212,401 for the same period last year, a decrease of $172,377, or 81%. The decrease was primarily due to a decrease in market research activity related to TNX-102 SL.

Travel, meals and entertainment costs for nine months ended September 30, 2013 were $232,248, an increase of $147,741, or 175%, from $84,507 incurred in the nine months ended September 30, 2012. Travel, meals and entertainment costs include investor relations activities as well as travel to contractors and consultants engaged in research and development activities related to TNX-102 SL. The increase was primarily due to increased investor relations activities, including activities related to our public offering.

Insurance costs for the nine months ended September 30, 2013 were $120,726, an increase of $38,783 or 47%, from $81,943 incurred in the nine months ended September 30, 2012. The increase is primarily due to increases in product liability insurance costs.

Rent for nine months ended September 30, 2013 totaled $88,275, unchanged from $88,138 incurred in the nine months ended September 30, 2012. Depreciation expense for the nine months ended September 30, 2013 totaled $12,233, an increase of $2,041, or 20%, over the expense of $10,192 incurred in the nine months ended September 30, 2012, as a result of the purchase of new office computers.

Other general and administrative expenses for the nine months ended September 30, 2013 were $344,545, an increase of $252,572 or 275%, from $91,973 incurred in the nine months ended September 30, 2012. The primary increases were due to higher financial reporting, securities trading expenses and conventions attended. The increase was primarily due to expenses related to a convention held with external personnel in connection with the BESTFIT trial of TNX-102 SL, fees related to our NASDAQ listing, as well as increased financial reporting expenses incurred in connection with our underwritten offering.

Change in fair value of warrant liability. In connection with a financing conducted in the first quarter of 2012, we issued warrants that contained certain reset provisions. As such, we were required to record the fair value as a liability and mark to market each reporting period. In June 2012, upon the effectiveness of our registration statement, these reset provisions expired. Therefore we adjusted the fair value of the warrants from the nine months ended September 30, 2012, charged operations for the increase in fair value of $1,177,026 and reclassified the fair value of warrants to equity. There were no similar liabilities during the nine months ended September 30, 2013.

Interest and Other Financing Costs. Interest income for the nine months ended September 30, 2013 totaled $1,598, as compared to interest expense of $899,909 incurred during the nine months ended September 30, 2012. In 2012, our interest costs were comprised primarily of amortization and write-off of deferred financing costs of $196,166 related to the issuance of our secured convertible debentures in October 2011, allocated offering costs of $270,743 charged to interest as part of our financing conducted in the nine months ended September 30, 2012, and the fair value of $426,153 for common stock and warrants issued to convertible debentures holders in connection with their conversion as part of our financing conducted in the nine months ended September 30, 2012, net with prior period accrual. In addition, we incurred interest expense related to our convertible debentures during the nine months ended September 30, 2012.

Net Loss. As a result of the foregoing, the net loss for the nine months ended September 30, 2013 was $7,176,996, compared to a net loss of $6,820,705 for the nine months ended September 30, 2012, an increase of $356,291, or 5%.

Liquidity and Capital Resources

As of September 30, 2013, we had working capital of $5,346,663, comprised primarily of cash of $7,419,930, which was offset by $985,809 of accounts payable, $853,859 of accrued expenses and $280,000 of promissory notes to related parties. A significant portion of the accounts payable and accrued expenses are due to work performed in relation to our ongoing Phase 2b/3 clinical trial of TNX-102 SL in FM. For the nine months ended September 30, 2013 and 2012, we used $4,985,951 and $4,207,624 of cash in operating activities, respectively, which represent 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 nine months ended September 30, 2013, proceeds from financing activities were from the sale of our common stock and warrants of $10,042,033, the exercise of warrants of $306,666, and from the sale of promissory notes to related parties for $280,000. In the comparable 2012 period, $4,387,894 was raised through the sale of shares of common stock and warrants, net with $150,000 repayment of convertible debentures. At September 30, 2013, we had cash of $7,419,930 compared to $1,785,390 at December 31, 2012. Our cash is held in bank deposit accounts.

Cash used in investing activities for the nine months ended September 30, 2013 was $8,208 reflecting purchase of equipment of $8,140 and $68 interest earned in restricted cash accounts as compared to cash used for the nine months ended September 30, 2012 of $35,740 reflecting purchase of equipment of $35,673 and $67 interest earned in restricted cash accounts.

On August 9, 2013, we entered into an underwriting agreement (the “Underwriting Agreement”) with Roth Capital Partners, LLC, as representative of the underwriters named therein (the “Underwriters”) (the “Underwriters”), pursuant to which we agreed to offer to the public through the Underwriters an aggregate of 2,680,000 units (each a “Unit”, and collectively, the “Units”) at a public offering price of $4.25 per Unit in an underwritten public offering (the "Offering"). Each Unit consists of (i) one share of our common stock and (ii) one Series A Warrant (the “Warrants”) to purchase one share of common stock. Pursuant to the Underwriting Agreement, we also granted the Underwriters an option for a period of 45 days to purchase up to (i) 402,000 additional Units or (ii) 402,000 additional shares of common stock and/or additional Warrants to purchase up to 402,000 shares of common stock, on the same terms, to cover any over-allotments, if any.

The Offering closed on August 14, 2013. The Underwriters purchased the Units at an eight-percent discount to the public offering price, for an aggregate discount of approximately $0.34. We received net cash proceeds of $10,038,013 after deducting underwriting discounts and commissions and offering expenses of $440,707 payable by us associated with the Offering. On August 14, 2013, the Underwriters exercised their over-allotment option to purchase additional Warrants to purchase 402,000 shares of common stock.

The Underwriters also received warrants to purchase up to an aggregate of 107,200 shares of Common Stock, or four percent of the total number of shares included in the Units.

The Warrants are exercisable at an exercise price of $4.25 per share, subject to anti-dilutive adjustment, and expire on the fifth anniversary of the date of issuance. The Warrants will be exercisable on a "cashless" basis in certain circumstances.

The exercise price and number of shares of Common Stock issuable upon exercise of the Warrants will be subject to adjustment in the event of any stock split, reverse stock split, stock dividend, recapitalization, reorganization or similar transaction, as described in the Warrants.

The net proceeds from the Offering will not be sufficient to complete clinical trials and other studies required for the approval of any product by the FDA, and we will need significant additional funds in the future. 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 capital equipment requirements 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 will 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

We have entered into an agreement with Lederman & Co., LLC (“Lederman & Co”), a company under the control of Dr. Seth Lederman, our Chief Executive Officer and Chairman of the Board of Directors. Effective October 15, 2013, Lederman & Co receives $325,000 per annum for its consulting services. The agreement renews automatically for subsequent terms of one year at $325,000 per annum.

On July 31 and August 1, 2013, we sold three promissory notes in the aggregate principal face amount of $280,000 to two related parties in exchange for $280,000. The notes are payable on demand at any time after one year from issuance and bear no interest.

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.

In May 2012, we issued options to purchase 175,000 shares of common stock pursuant to the 2012 Plan, of which 150,000 were outstanding at September 30, 2013, with such options vesting 1/3rd on May 9, 2013 and 1/36th on the 9th of each month thereafter for 24 months, having an exercise price of $30.00 and expiring 10 years from date of issuance. In February 2013, we issued options to purchase 226,500 shares of common stock pursuant to the 2012 Plan, with such options vesting 1/3rd on February 12, 2014 and 1/36th on the 12th of each month thereafter for 24 months, having an exercise price of $10.20 and expiring 10 years from date of issuance.

Lease Commitments

In September 2010, we entered into a five-year lease for office space in New York City, with monthly payments escalating from approximately $10,000 in the first year to approximately $11,000 in the fifth year. The Company received a rent credit of $9,420 in each of the months of November 2010, December 2010 and January 2011. We issued a letter of credit in the amount of approximately $60,000 for the benefit of the landlord, which is collateralized by a money market account. Our future minimum lease payments under the operating lease are as follows:

Year Ending December 31,	
2013	32,647
2014	131,513
2015	100,719
	$ 264,879

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.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required under Regulation S-K for “smaller reporting companies.”

ITEM 4 - CONTROLS AND PROCEDURES

a) 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 September 30, 2013, 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.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2013 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

Not required under Regulation S-K for "smaller reporting companies."

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: November 13, 2013

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

Date: November 13, 2013

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: November 13, 2013

/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: November 13, 2013

/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 September 30, 2013 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: November 13, 2013

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 September 30, 2013 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: November 13, 2013