

# **NYSE/NYSE Arca Regulatory Update**

**April 2007**

# NYSE Corporate Governance

What is the status of the proposed Section 303A amendments?

What are the most significant changes being proposed?

- Disclosure requirements –
  - Determination of director independence
  - Categorical standards
  - Other disclosure amendments

Impact of Regulation S-K Item 407

What needs to be disclosed in the 2007 proxy statement?

# NYSE Corporate Governance

What are the most significant changes being proposed?

- Transition periods
  - IPO compliance dates
  - Audit committee membership
  - Controlled Companies
  - Foreign Private Issuers
  - Transfers

# NYSE Corporate Governance

What are the most significant changes being proposed?

- Meetings of Non-management directors
- Participation on Multiple Audit Committees
- Waivers of Code of Business Conduct and Ethics
- New Website Requirement

# NYSE Listing Standards

Recent amendment to round lot holder requirement from 2000 US round lot holders to 400 US round lot holders.

Recent elimination of Annual Report Distribution Requirement

- Website Posting
- Press release
- Hard Copy to shareholders upon request
- What is applicable to companies that distribute their financial statements in accordance with the proxy rules?

# NYSE Listing Standards

Other recent or pending proposed amendments

- Amendments to Section 312.03 shareholder approval to eliminate current treasury stock exception
- Amendment to annual meeting requirement
- Amendment to distribution standards to collapse international alternative and US alternatives
- Amendment to exempt limited partnerships from shareholder approval rules
- Form 10-Q late filer initiative

# NYSE Proxy Working Group

Proxy Working Group was established in 2005

Draft Working Group Report distributed to listed companies in June 2006 for comment

About 60 comments received. Investor groups strongly supported the proposals. Listed companies voiced concern about proposal to eliminate uninstructed broker voting on election of directors and effect on ability to achieve quorum

NYSE Group board determined to have sub-committees focus more closely on fees, shareholder communications and majority voting issues

Recently filed proposed changes to Rule 452 with SEC to eliminate discretionary voting with respect to election of directors. Currently anticipate that final recommendations will be implemented for the 2008 proxy season.

# NYSE Arca Listing Standards

## NYSE Arca Listing Standards

- Initial and Continued Listing Standards are identical to Nasdaq Global Market
- No fees charged when company moves from NYSE Arca to NYSE
- Corporate governance rules still to be filed