

# CLIENT UPDATE

## NYSE SIMPLIFIES NOTICE REQUIREMENTS

### NEW YORK

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On January 11, 2013, the Securities and Exchange Commission (the “SEC”) approved a proposal by the New York Stock Exchange (the “NYSE”) to amend Section 204.00 of the Listed Company Manual (the “Manual”) and related provisions. Generally, the changes clarify which Manual provisions trigger the reporting procedures described in amended Section 204.00 and modernize Section 204.00’s provisions to require listed company notifications to be made electronically through a web-based communication system upon the occurrence of certain events.

### BACKGROUND

The NYSE Manual subjects companies to a number of reporting requirements. The amendments to Section 204.00 are aimed at the following matters and events where the NYSE considers timely notifications to be essential to the ability of investors to arrange to be holders of a security by a certain date for a distribution or a shareholders meeting:

- the fixing of a date for closing of the transfer books or taking of a record of shareholders for any purpose;
- notice of dividend action or action relating to a stock distribution;
- meetings of shareholders;
- redemption of listed securities; and

- notice by transfer agents of the number of shares outstanding at the end of each calendar.

Previously, the Manual's notice requirements governing these events differed from section to section. Approved methods ranged from delivery by telegram to a generic prompt for delivery by "writing." As amended, the applicable Manual sections covering the matters listed above now include explicit direction to follow the revised notification procedures of Section 204.00.

### **USE OF WEB-BASED COMMUNICATION**

The amended Section 204.00 streamlines the mandatory notification procedures for companies with respect to these matters and events. Specifically, revised Section 204.00 provides that listed companies required under the Manual to give notice of such matters and events to the NYSE pursuant to Section 204.00 should provide such notice through a web-based communication system. We have been advised by a representative of the NYSE that the NYSE's preferred method of notice is through [egovdirect.com](http://egovdirect.com) due to its ease of use.<sup>1</sup>

Amended Section 204.00 also states that if a NYSE rule containing a notification requirement does not specify how the notice requirement is to be met, a company may provide notice pursuant to Section 204.00 or through any other reasonable method.

### **MATERIAL EVENTS REQUIRING ORAL NOTIFICATION**

When the announcement of news of a material event or a statement dealing with a rumor which calls for an immediate release is made shortly before the opening or during market hours, Section 204.00 will continue to require companies to notify the NYSE using the telephone alert procedures set forth in Section 202.06(B) of the Manual. Section 202.06(B) requires companies to:

- orally notify their NYSE representatives by telephone at least ten minutes prior to the release of the announcement; and
- provide a copy of the text of that announcement (if in written form) via [egovdirect.com](http://egovdirect.com) or, alternatively, [nyxalert@nyx.com](mailto:nyxalert@nyx.com), at least ten minutes prior to the release of the information.

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<sup>1</sup> We have been advised by a representative of the NYSE that listed companies may, in the alternative, continue e-mailing to the exchange the applicable required notice to [nyxalert@nyx.com](mailto:nyxalert@nyx.com).

By deleting a reference to hand delivery in Section 311.01, the approved amendments also clarify that in the event of a redemption of a listed security, companies must follow the same timely alert procedures under Section 202.06.

## **CONCLUSION**

With the adoption of a uniform and web-based system of communication, the NYSE believes that it will receive company notifications in a more manageable and reliable manner. The changes to the Manual also give the NYSE access to current and efficient electronic methods that lend themselves easily to accurate recordkeeping. This combination of increased efficiency and clarity in the notification process are designed to lessen administrative costs for listed companies and promote transparency for investors.

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Please do not hesitate to contact us with any questions.

January 24, 2013