

MEMO# 13121

February 5, 2001

INSTITUTE COMMENT LETTER TO NASDAQ CONCERNING SHAREHOLDER APPROVAL REQUIREMENTS FOR STOCK OPTION PLANS

[13121] February 5, 2001 TO: INVESTMENT ADVISERS COMMITTEE No. 2-01 SEC RULES COMMITTEE No. 14-01 RE: INSTITUTE COMMENT LETTER TO NASDAQ CONCERNING SHAREHOLDER APPROVAL REQUIREMENTS FOR STOCK OPTION PLANS The Institute recently filed with the Nasdaq Stock Market, Inc. the attached comment letter in response to its Bulletin soliciting comments concerning its consideration of proposals to require shareholder approval of stock option plans. Specifically, Nasdaq requested comment on recommendations by the New York Stock Exchange's Special Task Force on Stockholder Approval Policy that generally would require shareholder approval for all plans that included officers and directors, and would set an overall dilution standard for plans that did not include officers and directors. The Institute's letter is substantially similar to the draft letter that we previously circulated to you.¹ The comment letter supports the NYSE Task Force recommendations and urges Nasdaq to propose and adopt similar (or alternative) rules in coordination with the NYSE. The letter notes that differing standards among various exchanges might create a "race to the bottom" if exchanges compete with each other to attract new listings. Kathy D. Ireland Associate Counsel Attachment Attachment (in .pdf format) 1 See Memorandum to Investment Advisers Committee No. 1-01 and SEC Rules Committee No. 10-01, dated January 23, 2001.

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