

MEMO# 20180

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NYSE Proposal to Require Listed Companies to Have Websites; Conference Call Scheduled for Tuesday, July 18th

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [20180] July 14, 2006 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 18-06 RE: NYSE PROPOSAL TO REQUIRE LISTED COMPANIES TO HAVE WEBSITES; CONFERENCE CALL SCHEDULED FOR TUESDAY, JULY 18TH

The Securities and Exchange Commission has published for comment a New York Stock Exchange proposal that would require each listed company to have a website. Under the proposal, companies would be permitted to satisfy the NYSE's requirement to annually distribute financial statements by making the company's annual report available on, or by a link through, its website.¹ Comments on the proposal are due to the SEC by July 20, 2006. The Institute will hold a conference call on Tuesday, July 18th at 2:00 EST to discuss the proposal. The dial-in number for the call is 1-888-390-5183 and the pass code is 46475. If you plan on participating on the call, please send an email to Barbara Watkins at bwatkins@ici.org. If you are unable to participate on the call, please provide your comments to Dorothy Donohue by phone (202. 218-3563) or email (ddonohue@ici.org). The proposal would require each listed company that posts its annual report on its website to: (i) deliver a paper copy of the company's financial statements free of charge to any shareholder who requests it; (ii) issue a press release simultaneously with its website posting stating that its annual report has been filed with the SEC; and (iii) state in its press release that shareholders who request it may receive a hard copy of the company's financial statements free of charge. The NYSE acknowledges in the Release that the proposed rule change will have minimal effect on domestic companies subject to the SEC's proxy rules,² but believes that the proposal will benefit listed foreign private issuers who are exempt from the proxy rules. ¹ SEC Release No. 34-54029 (June 21, 2006); 71 FR 37147 (June 29, 2006) ("Release"). ² The SEC's proxy rules require companies to physically deliver proxy statements and shareholder reports except to those shareholders that consent to electronic delivery. The SEC has proposed permitting companies to post their proxy materials on the Internet as an alternative to the current requirement. Under the SEC proposal, the Internet posting alternative would not be available for investment company shareholder reports. ² The proposal also would amend Section 204.00 of the NYSE Listed Company Manual to streamline the requirements to provide notice to, and file certain documents with, the NYSE. For example, companies would no longer have to provide the NYSE with copies of press releases because the NYSE is already alerted to their filing

through electronic alert systems. Finally, the proposal would eliminate Section 401.04 of the NYSE Listed Company Manual, which provides guidance regarding the interval between the end of a company's fiscal year and its annual shareholder meeting. The Release explains that this aspect of the proposal is part of the NYSE's overall efforts to eliminate sections of the NYSE Listed Company Manual that provide "best practice" guidance, as opposed to requiring specific action. The NYSE intends that the Listed Company Manual will include only those specific rules that listed companies must satisfy in order to list and remain listed. Dorothy M. Donohue Associate Counsel

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