

# CORPORATE ACCOUNTABILITY

The NYSE has been a leader in setting standards of corporate accountability aimed at restoring investor confidence in the securities markets. The NYSE's Corporate Accountability and Listing Standards Committee made recommendations focusing on giving boards greater independence and investors greater say in the governance of their companies. The NYSE submitted the recommendations to the Securities and Exchange Commission for its review and approval. The SEC published the proposals for public comment before taking final action.



On November 4, 2003 the Commission approved the NYSE's recommendations. The new governance rules require NYSE-listed companies to comply with significantly higher standards, particularly with regard to board independence. For example, the standards require that corporate boards have a majority of independent directors and that audit, compensation and nominating committees be fully independent.

In addition, the standards tighten the definition of "independent director"; strengthen the authority and responsibility of audit committees; and require listed companies to adopt and disclose governance guidelines, codes of business conduct, and charters for their audit, compensation and nominating committees, among other requirements.

The new standards become effective by the company's first annual meeting after Jan. 15, 2004, or by Oct. 31, 2004, whichever is earliest.

As to the NYSE, the new structure will involve specific governance disclosure by the Exchange. The NYSE Board of Directors will publicly disclose information regarding the means by which members and investors may communicate with individual board members. It will also publish a proxy statement prior to each annual meeting disclosing everything from board membership and compensation to the NYSE's charitable and political activities. Specific disclosures will be made regarding matters overseen by board committees such as the Human Resources and Compensation Committee and the Nominating and Governance Committee.

With these measures, the NYSE will restore trust and integrity in the more than 85 million individual investors in the United States.

