

Facts

New York Stock Exchange, Inc. 33 Wall Street New York, NY 10005 www.nyse.com



NYSE Committee Recommendation

Current Rule(s)

Independent directors must comprise a majority of a board.	Listed company must have an audit committee composed of at least three independent directors.
Non-management directors must meet without management in regular executive sessions.	No such requirement.
Listed companies must have an audit committee, a nominating committee and a compensation committee, each comprised solely of independent directors.	Listed companies must have an audit committee comprised solely of independent directors. No requirement for establishment or composition of nominating or compensation committees.
The chair of the audit committee must have accounting or financial management experience.	All committee members must be financially literate and at least one must have accounting or financial management expertise.
Audit committee must have sole responsibility for hiring and firing the company's auditors, and for filing any significant non-audit work by the auditors.	Audit committee charter must provide that selection and firing of the independent auditor is subject to the "ultimate" authority of the audit committee and the board of directors.
For a director to be deemed "independent," the board must affirmatively determine the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company).	Existing definition precludes any relationship with the company that may interfere with the exercise of director's independence from management and the company.
Independence also requires a five-year "cooling-off" period for former employees of the listed company, or of its independent auditor; for former employees of any company whose compensation committee includes an officer of the listed company; and for immediate family members of the above.	Cooling-off period is three years; does not specifically apply to former employees of the auditor or any company whose compensation committee includes an officer of the listed company. Board of directors can make an exception for one former officer, provided the reason is explained in the next proxy statement.
Director's fees must be the sole compensation an audit committee member receives from the listed company; further, an audit committee member associated with a major shareholder (one owning 20% or more of the listed company's equity) may not vote in audit committee proceedings.	No current requirement.
Listed companies must adopt a code of business conduct and ethics, and must promptly disclose any waivers of the code for directors or executive officers.	No current requirements.

Shareholders must be given the opportunity to vote on all equity-based compensation plans. Brokers may only vote customer shares on proposals for such plans pursuant to customer instructions.	Shareholder approval required of equity-compensation plans in which officers or directors may participate, but broad-based plans and one-time employment inducements are exempt. Broker can vote customer shares except when given instructions from the customer, or when the action is contested.
Listed companies must publish codes of business conduct and ethics, and key committee charters. Waivers of such codes for directors or executive officers must be promptly disclosed.	No current requirements.
Listed foreign private issuers must disclose any significant ways in which their corporate governance practices differ from NYSE rules.	No current requirements.
Each listed-company's CEO must certify annually that the company has established and complied with procedures for verifying the accuracy and completeness of information provided to investors and that he or she has no reasonable cause to believe that the information is not accurate and complete. The CEO must further certify that he or she has reviewed with the board those procedures and the company's compliance with them.	No current requirements.
CEOs must also certify annually that they are not aware of any company violations of NYSE rules.	No current requirements.
Upon finding a violation of an Exchange rule, the NYSE may issue a public reprimand letter to any listed company and ultimately suspend or de-list an offending company.	No current provision for a public reprimand.
The NYSE urges every listed company to establish an orientation program for new board members.	No such recommendation has been made previously.
In conjunction with leading authorities in corporate governance, the NYSE will develop a Directors Institute.	NYSE has generally supported educational initiatives, but this will be the first formalized program designed for directors.