

Information Memo

NYSE Regulation, Inc



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Number 12-4
January 25, 2012

TO: ALL NYSE AND NYSE AMEX EQUITIES MEMBERS AND MEMBER ORGANIZATIONS

FROM: NYSE REGULATION

SUBJECT: APPLICATION OF RULE 452 TO CERTAIN TYPES OF CORPORATE GOVERNANCE PROXY PROPOSALS

I. Purpose

This Information Memo relates to the application of New York Stock Exchange LLC ("NYSE") and NYSE Amex Equities LLC ("NYSE Amex Equities") (collectively, the "Exchange") Rule 452 to certain types of corporate governance proxy proposals.

Rule 452 governs when Exchange member organizations may vote customer shares without specific client instructions. In the past, the Exchange has ruled certain corporate governance proposals as "Broker May Vote" matters for uninstructed customer shares when the proposal in question is supported by company management.

More recently, the approach to broker voting of uninstructed shares has narrowed through changes in Exchange rules as well as through legislative action. For example, the Exchange amended Rule 452 in 2010 to prohibit brokers from voting uninstructed shares in the election of directors (other than directors of an investment company registered with the SEC under the Investment Company Act of 1940), and the Dodd-Frank Act codified this approach. In addition the Dodd-Frank Act specifically prohibited brokers from voting uninstructed shares on executive compensation.

In light of these and other recent congressional and public policy trends disfavoring broker voting of uninstructed shares, the Exchange has determined that it will no longer continue its previous approach under Rule 452 of allowing member organizations to vote on such proposals without specific client instructions. Accordingly, proposals that the Exchange previously ruled as "Broker May Vote" including, for example, proposals to de-stagger the board of directors, majority voting in the election of directors, eliminating supermajority voting requirements, providing for the use of consents, providing rights to call a special meeting, and certain types of anti-takeover provision overrides, that are included on proxy statements going forward will be treated as "Broker May Not Vote" matters.

As is always the case, listed companies are urged to consult with Exchange staff with any questions regarding particular proposals.

II. Staff Contact Information

Questions regarding this Information Memo should be directed to:

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