

Memorandum

NYSE Proposes to Require Advance Notice of Dividend Announcements

May 15, 2017

On April 13, 2017, the New York Stock Exchange (“NYSE” or the “Exchange”) filed a proposed rule change with the Securities and Exchange Commission (“SEC”) that would require listed companies to provide notice to the NYSE at least ten minutes prior to making any public announcement with respect to a dividend or stock distribution.¹

Section 202.06 of the NYSE’s Listing Manual currently provides that when a listed issuer plans to release material news between 7:00 a.m. and 4:00 p.m. Eastern Time, “the company must notify the Exchange by telephone at least ten minutes prior to release of the announcement, to inform the Exchange of the substance of the announcement and the method by which the company intends to comply with the immediate release policy” and must provide the NYSE with a copy of the announcement, if in writing. The primary effect of the NYSE’s proposed rule change would be to require companies listed on the NYSE to provide ten minutes’ advance notice to the Exchange with respect to a dividend or stock distribution announcement made at any time, including outside the hours of operation of the NYSE’s “immediate release policy.” This change would be accomplished through modifications to other sections of the NYSE’s Listing Manual. In particular, the proposed rule change would amend:

- Section 204.12, which requires listed companies to give the NYSE “prompt notice” of “any dividend action or action relating to a stock distribution in respect of a listed stock (including the omission or postponement of a dividend action at the customary time as well as the declaration of a dividend)”;
- and
- Section 204.21, which requires listed companies to give the NYSE “prompt notice” of “the fixing of a date for the taking of a record of shareholders, or for the closing of transfer books (in respect of a

¹ See [SR-NYSE-2017-17](#) (Apr. 13, 2017).

listed security), for any purpose.”²

The NYSE believes that ensuring the Exchange receives dividend information prior to its public availability will:

- “avoid confusion in the marketplace if there is contradictory information available from multiple sources or uncertainty as to whether news reports of dividends are accurate”; and
- prepare the NYSE staff to respond to inquiries from market participants about corporate actions.

The NYSE’s proposal is subject to the SEC’s approval. The SEC is currently soliciting comments with regard to the proposal, to be received by the SEC no later than 21 days following the proposal’s publication in the Federal Register.

If you have any questions or would like additional information, please do not hesitate to contact **Yafit Cohn** at +1-212-455-3815 or yafit.cohn@stblaw.com, or any other member of the Firm’s Public Company Advisory Practice.

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² While listed companies are already required to provide the NYSE with ten minutes’ advance notice when announcing dividends within the operating hours of the NYSE’s “immediate release policy,” the proposed rule change would also amend Section 202.06 to specify that the policy applies “with respect to all announcements relating to a dividend or stock distribution.”



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