

## Website Posting of Annual Reports Foreign Private Issuer Disclosure Changes to Conflicts of Interest Rule



**Please Route To:** NASDAQ-Listed Foreign Private Issuers

### **What You Need to Know:**

- NASDAQ recently adopted changes to its listing requirements to simplify the compliance process. As a result of these changes:
  - A listed company can satisfy NASDAQ's annual report distribution requirement by posting the report on its website.
  - A foreign private issuer may choose whether to disclose practices that do not conform with NASDAQ's corporate governance requirements on its website or in its SEC filings.
  - Independent committee approval of related party transactions is no longer required by NASDAQ.

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### **Website Posting of Annual Reports**

NASDAQ has modified its rules to better harmonize with the Securities and Exchange Commission's new "e-proxy" rules. Under this rule change, a company can satisfy NASDAQ's annual report distribution requirement by posting the report on its website. A company choosing to use website posting must issue a press release stating that the annual report is available online. Additionally, the company must furnish a hard copy of the report free of charge to any shareholder who requests one.

### **Foreign Private Issuer Disclosure of Non-Conforming Practices**

A foreign private issuer may follow its home country practices in lieu of certain NASDAQ corporate governance requirements. NASDAQ's rules have changed to give foreign private issuers the option of disclosing these non-conforming corporate governance practices on its website, in English. A foreign private issuer may also choose to continue to provide such disclosure in its annual report filed with the SEC. If the disclosure is available only online, this should be stated in the company's annual report along with the web address.

### **Review of Potential Conflicts of Interest**

NASDAQ has eliminated its requirement that listed companies have an independent board committee approve related party transactions. However, the revised rule still requires companies to conduct an appropriate review and oversight of all potential conflict of interest situations on an ongoing basis, either by the audit committee or another independent body of the board of directors. Please also note that new SEC rules relating to executive compensation and related party disclosure require a company to disclose its policies and procedures regarding related party transactions.

## **Additional Information**

For more detailed information, please see the following:

- SR-NASDAQ-2006-045: Proposed Rule Change to Facilitate the Use of Technology to Satisfy NASDAQ's Listing Requirements
  - Approval Order: [http://www.complinet.com/file\\_store/pdf/rulebooks/NASDAQ\\_SR-NASDAQ-2006-045\\_Approval.pdf](http://www.complinet.com/file_store/pdf/rulebooks/NASDAQ_SR-NASDAQ-2006-045_Approval.pdf)
  - Notice of filing: [http://www.complinet.com/file\\_store/pdf/rulebooks/NASDAQ\\_SR-NASDAQ-2006-045\\_Notice.pdf](http://www.complinet.com/file_store/pdf/rulebooks/NASDAQ_SR-NASDAQ-2006-045_Notice.pdf)
- SR-NASDAQ-2007-022: Proposed Rule Change to Modify the Conflicts of Interest Rule
  - Notice and Approval Order: [http://www.complinet.com/file\\_store/pdf/rulebooks/NASDAQ\\_SR-NASDAQ-2007-022\\_Notice\\_Approval.pdf](http://www.complinet.com/file_store/pdf/rulebooks/NASDAQ_SR-NASDAQ-2007-022_Notice_Approval.pdf)

## **Questions**

If you have any questions, please contact your Listing Qualifications Analyst, Name at <analyst phone>.

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