ISSUER ALERT 2016-001

New Listing Rule Requires Listed Companies to Disclose Third Party Payments to Directors for Board Service

The U.S. Securities and Exchange Commission (SEC) recently approved Nasdaq's proposal to require most listed companies to publicly disclose the material terms of all agreements and arrangements between third parties and directors or nominees that provide for compensation or other payment in connection with that person's candidacy or service as a director.

The new rule, **effective August 1, 2016** , requires listed companies to make this disclosure in their definitive proxy or information statement for the next shareholders' meeting at which directors are elected or, if the company does not file proxy or information statements, in their Form 10-K or 20-F. After that, companies must make this disclosure at least annually until the earlier of the resignation of the director or one year following the termination of the agreement or arrangement. Companies may also satisfy this requirement by making the required disclosure on or through their website.

Nasdaq believes these undisclosed compensation arrangements potentially raise several concerns, including that they may lead to conflicts of interest among directors and call into question the directors' ability to satisfy their fiduciary duties. These arrangements may also tend to promote a focus on short-term results at the expense of long-term value creation. Nasdaq believes that enhancing transparency around third-party board compensation will help address these concerns and will benefit investors by making available information potentially relevant to investment and voting decisions. Nasdaq further believes that the proposed disclosure will not create meaningful burdens on directors or those making these payments nor on the companies required to make the disclosure.

If a company makes a disclosure sufficient to comply with this rule pursuant to a separate SEC disclosure requirement, it will not also be required to make duplicative disclosure under this rule.

If a company discovers an agreement or arrangement that should have been disclosed but was not, the company must promptly make the required disclosure by filing a Form 8-K or 6-K, where required by SEC rules, or by issuing a press release. Notwithstanding, a company is still subject to the annual disclosure requirement.

If a company was unable to identify all such agreements or arrangements, despite reasonable efforts to do so, including by asking each director or nominee in a manner designed to allow timely disclosure, it will not be considered deficient under this rule provided it can substantiate these efforts.

A Foreign Private Issuer may follow home country practice in lieu of this rule as provided for in the Listing Rules.

ADDITIONAL INFORMATION

- Nasdaq Listing Rule 5250(b)(3) and IM-5250-2
- SEC's Approval Order
- Nasdaq Listing Rules

If you have any questions, please contact:

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