

Q. What action is required if rumors occur while material information is being temporarily withheld?

A. If rumors concerning such information should develop, immediate public disclosure becomes necessary. (See also "Clarification or Confirmation of Rumors and Reports", Section 402(c).)

Q. What action is required if insider trading occurs while material information is being temporarily withheld?

A. Immediate public disclosure of the information in question must be effected if the company should learn that insider trading, as defined in § 402(f) has taken or is taking place. In unusual cases, where the trading is insignificant and does not have any influence on the market, and where measures sufficient to halt insider trading and prevent its recurrence are taken, exemptions might be made following discussions with the Exchange. The company's Listing Qualifications Analyst, through the facilities of the Exchange's Stock Watch Department, can provide current information regarding market activity in the company's securities and help assess the significance of such trading.

Q. How can confidentiality best be maintained?

A. Information that is to be kept confidential should be confined, to the extent possible, to the highest possible echelons of management and should be disclosed to officers, employees and others on a "need to know" basis only. Distribution of paperwork and other data should be held to a minimum. When the information must be disclosed more broadly to company personnel or others, their attention should be drawn to its confidential nature and to the restrictions that apply to its use, including the prohibition on insider trading. It may be appropriate to require each person who gains access to the information to report any transaction which he effects in the company's securities to the company. If counsel, accountants, financial or public relations advisers or other outsiders are consulted, steps should be taken to ensure that they maintain similar precautions within their respective organizations to maintain confidentiality.

In general, it is recommended that a listed company remind its employees on a regular basis of its policies on confidentiality.

(b)—No change.

Sec. 610, Publication of Annual Report

(a) A listed company is required to publish and furnish to its shareholders (or to holders of any other listed

security when its common stock is not listed on a national securities exchange) an annual report containing audited financial statements prepared in conformity with the requirements of the Securities and Exchange Commission. The company must disclose in its annual report to security holders, for the year covered by the report: (a) The number of unoptioned shares available at the beginning and at the close of the year for the granting of options under an option plan; and (b) any changes in the exercise price of outstanding options, through cancellation and reissuance or otherwise, except price changes resulting from the normal operation of anti-dilution provisions of the options. Three copies of the report must be filed with the Exchange.

(b) *A listed company that receives an audit opinion that contains a going concern qualification must make a public announcement through the news media disclosing the receipt of such qualified opinion. Prior to the release of the public announcement, the listed company must provide such announcement to the Amex's StockWatch and Listing Qualifications Departments.* The public announcement shall be made as promptly as possible, but not more than seven calendar days following the filing of such audit opinion in a public filing with the Securities and Exchange Commission.*

* Notification should be provided to the Amex's StockWatch Department at (212) 306-8383 (telephone), (212) 306-1488 (facsimile), and to the Listing Qualifications Department at (212) 306-1331 (telephone), (212)-306-5325 (facsimile).

Part 8. Corporate Governance Requirements

Sec. 801, General

In addition to the quantitative listing standards set forth in Part 1, this Part 8 specifies certain corporate governance listing standards. These standards apply to all listed companies, subject to the following exceptions, to the extent not inconsistent with Rule 10A-3 under the Securities Exchange Act of 1934:

(a) *Controlled Companies—A company in which over 50% of the voting power is held by an individual, a group or another company (a "controlled company") is not required to comply with Sections 802(a), 804 or 805. A controlled company that chooses to take advantage of any or all of these exceptions must disclose in its annual meeting proxy statement (or in its next annual report on SEC Form 10-K or equivalent if the issuer does not file an annual proxy statement) that it is a*

controlled company and the basis for that determination.

(b) *Limited Partnerships and Companies in Bankruptcy—Limited partnerships and companies in bankruptcy are not required to comply with Sections 802(a), 804 or 805.**

(c) *Other entities—Part 8 is not applicable to passive business organizations (such as royalty trusts) or to derivatives and special purpose securities listed pursuant to Amex Rules 1000, 1000A and 1200 and Sections 106, 107 and 118B. However, issuers of such securities are required to comply with Sections 121 and 803 to the extent required by Rule 10A-3 under the Securities Exchange Act of 1934.⁴*

(d) *Closed-End Management Companies—Such issuers are subject to extensive federal regulation and are therefore only required to comply with the audit committee requirements specified in Section 121 and 803 to the extent required by Rule 10A-3 under the Securities Exchange Act of 1934.*

(e) *Foreign Issuers—See Section 110.*

(f) *Preferred and debt listings—Companies listing only preferred or debt securities on the Exchange are only required to comply with Sections 121 and 803 to the extent required by Rule 10A-3 under the Securities Exchange Act of 1934.*

* If a limited partnership is managed by a general partner rather than a board of directors, the audit committee requirements applicable to the listed entity should be satisfied by the general partner.

Sec. 802, Board of Directors

(a) *At least a majority of the directors on the Board of Directors of each listed company must be independent directors as defined in Section 121A, except for (i) a controlled company (see Section 801), and (ii) a Small Business filer (see Section 121B(2)(c)).*

(b) *Each company shall hold meetings of its Board of Directors on at least a quarterly basis. The independent directors shall meet on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management.*

(c) *The Board of Directors of each listed company may not be divided into more than three classes. Where the company's charter provides for classes, they should be of approximately equal size and tenure and directors' terms of office should not exceed three years.**

(d) *A listed company is not permitted to appoint or permit an Exchange*

⁴ See Amendment No. 1, *supra* note 3.