

August 31, 2021

# NYSE Related Party Transaction Amendment

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## NYSE Adds Back \$120,000 Threshold to Related Party Transaction Requirements

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### SUMMARY

The SEC has approved an amendment to NYSE related party review and oversight rules to add back the \$120,000 threshold and conform the term “related party transaction” to those transactions requiring disclosure under Item 404 of Regulation S-K or Item 7.B of Form 20-F, as applicable.

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### NYSE LISTED COMPANY MANUAL SECTION 314.00 AMENDMENT

Section 314.00 of the New York Stock Exchange Listed Company Manual requires a company’s audit committee, or another independent body of the board of directors, to conduct a reasonable prior review and oversight of all related party transactions for potential conflicts of interest, and prohibits any transaction that the committee or other body determines to be inconsistent with the interests of the company and its shareholders. Section 314.00 was amended in April of this year to define the term “related party transaction” as a transaction required to be disclosed pursuant to Item 404 of Regulation S-K, but without applying the \$120,000 threshold value of that Regulation.

The SEC has now approved an amendment to Section 314.00 to provide that a related party transaction would be subject to review only if the amount involved in the transaction exceeds \$120,000, consistent with the related party disclosure requirements in Item 404. The NYSE proposed the amendment after it determined that the rule as amended in April created a compliance burden for issuers, whose historical practices and compliance policies aligned to the requirements under Item 404.

The amendment also conforms the related party transaction rules under Section 314.00 for foreign private issuers to the requirements in Item 7.B of Form 20-F. That Form requires disclosing transactions that are

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material to the company or the related party, or any transactions that are unusual in their nature or conditions, and the amount of outstanding loans or guarantees made by the company or its affiliates for the benefit of a related party. The amendment became effective immediately.

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