

NYSE Announces Ex-Date Changes for T+2 Settlement; Proposes Expanded Hours for Dividend Notice Policy

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New York Stock Exchange-listed companies should be aware of upcoming and proposed changes to NYSE rules and policies concerning dividends and distributions. NYSE recently announced implementation dates related to rule changes that will affect trading of stocks ex-dividend and also proposed changing the advance-notice policy relating to public announcements of dividends and distributions.

T+2 Ex-Dividend Changes Will Apply for Record Dates on or After September 7

NYSE recently **announced** the phase-in date for changes to the time period that stocks will trade ex-dividend in connection with the September 5, 2017 implementation of a T+2 settlement cycle for most securities transactions.¹ This change will impact the selection of record dates and the preparation of related announcements for NYSE-listed companies paying dividends in September and thereafter.

As part of the transition to two business day regular-way settlement, NYSE amended its rules to modify the normal date for which stocks are traded ex-dividend from two business days preceding the record date to the business day preceding the record date. An ex-dividend date, or ex-date, is the date prior to which an investor must purchase a security to be entitled to receive a previously declared dividend.

As a result of the September 5 transition date for regular-way settlement from T+3 to T+2, NYSE notes that September 7 will be a “double” settlement date for trades that occur on September 1 (under T+3 and reflecting the Labor Day holiday on September 4) and trades that occur on September 5 (under T+2). As a consequence, NYSE announced that **no securities will have an ex-dividend date of September 5, 2017** to avoid confusion about the proper settlement.

NYSE has clarified applicable ex-dates during the transition to T+2. Through and including Wednesday September 6, the ex-date will be the date that is two business days preceding the record date. **September 7 will be the first record date to which the new one business day ex-date change will apply.**

Record Date	Ex-Date
September 5, 2017	August 31, 2017
September 6, 2017	September 1, 2017
September 7, 2017	September 6, 2017
September 8, 2017	September 7, 2017

It should be noted that NYSE rules provide that, in any specific case, NYSE may set a different ex-date. As one example, for distributions that are more than 25% of the outstanding shares, the ex-date is the

¹ NASDAQ made a similar announcement about ex-date changes in June as discussed in our prior [client memo](#).

day after the mail date. In this case, because September 5, 2017 will not be an ex-date, no mail date should be set for September 1, 2017 without prior discussion with NYSE.

NYSE Proposes Additional Advance Notice Requirements for Dividend Announcements

Under a **rule proposal** that is pending SEC approval, NYSE-listed companies would be required to notify the exchange at least 10 minutes in advance of making a public announcement *at any time* of dividends or other distributions, even at times when NYSE is not officially open, and not simply (as currently required) when the announcement is made between 7 am ET and market close on a trading day. Notice is provided by having a company representative call NYSE's Market Watch Group and providing a written copy of any announcement by email.

NYSE is proposing the **rule change** so that it can address any problems with dividend announcements before public release, regardless of time of announcement, in order to avoid the market confusion caused by inaccurate information. NYSE stated that it intends to have staff available at all times to review company dividend and distribution notices immediately upon receipt and will immediately contact a listed company representative with any problems, regardless of the time or day of the week a notice is provided.

The new policy would apply to all public announcements related to dividends and distributions, including record dates, postponements and cancellations. The separate requirements to provide NYSE prompt notice of taking any company action with respect to a dividend or stock distribution as soon as possible after declaration and at least ten days in advance of the record date, and to promptly notify NYSE of the fixing of any record date at least ten days in advance of the record date, would still apply. However, the new policy would specify that there must be at least a ten-minute delay after providing notice to NYSE before the public announcement of dividend and distribution notices.

The comment period for the rule proposal recently expired, and the SEC may issue an order approving the proposal as early as mid-August.

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