



TROUTMAN SANDERS LLP

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ELECTRONIC FILING AND WEBSITE POSTING OF SECTION 16 REPORTS

On April 24, 2003, the Securities and Exchange Commission adopted final rules requiring electronic filing and website posting by issuers of Section 16 reports (Forms 3, 4 and 5). The final rules are substantially identical to those previously proposed by the SEC. These rules implement the mandates of Section 403 of the Sarbanes-Oxley Act and are **effective as of June 30, 2003**, one month ahead of the statutory deadline.

The new rules:

- Amend Rule 101 of Regulation S-T so that electronic filing of Section 16 reports will be required and filing Section 16 reports on paper no longer will be permitted.
- Add a new subparagraph (k) to Rule 16a-3 to require that issuers who maintain a website post all Section 16 reports with respect to their equity securities on that website by the end of the business day following the day the report was filed.

With respect to implementation of electronic filing of Section 16 reports, the SEC will:

- Extend the filing deadline from 5:30 p.m. to 10:00 p.m. Eastern Time;
- Continue to make the hardship exemptions under Reg. S-T available (although failure to timely obtain a CIK number will not qualify for a hardship exemption); and
- For the first year of implementation, not require companies to report (pursuant to Reg. S-K, Item 405) as filed late those reports which are filed no more than one day late.

The SEC will provide a dedicated website, www.onlineforms.edgarfiling.sec.gov on which users will be able to fill out a template, attach any necessary attachments such as powers of attorney, and file Section 16 reports. Although the SEC does plan to eventually enable its website to do so, the website will not allow, by the June 30, 2003, effective date, users to input and save information so that it can be later retrieved and revised for a final report. There are, however, third-party service providers who have websites for filing Section 16 reports that do permit information to be saved and retrieved.

We strongly encourage directors, officers and other Section 16 reporting persons to obtain their required filing ID — a so-called “CIK” number — well in advance of the effective date.

With respect to the implementation of website posting of Section 16 reports, issuers may satisfy this requirement by hyperlinking to reports maintained by a third-party service as long as:

- The reports are available in the appropriate time frame;
- Access to the reports is free of charge to the user;
- The format allows retrieval of all information contained on the reports;
- The medium to access reports is not so burdensome as to prevent effective access;
- Access includes any exhibits or attachments to the reports;
- Reports are accessible for at least 12 months; and
- The hyperlinked website is accessible through the website the issuer normally uses for disseminating investor information.

Issuers may elect to link to their Section 16 reports on the SEC's website, which, given an issuer's obligation to post Section 16 reports for 10% shareholders and others who an issuer may not be close to, may be the safest course of action.

These rules are in addition to the rules adopted by the SEC in August 2002, requiring, in general, that Form 4 filings be made by the end of the second business day following the underlying transaction. For additional information regarding the earlier rules see our e-alert *Reporting Under Section 16*.

If you have any questions or comments, please let any member of our Corporate and Securities Group know, or you can contact the individuals listed below.

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