

# ACG Issuer Services Survey

**November 2011**

**ACG Exchange of Information Task Force**

**(Convener: Japan Securities Depository Center, Inc.)**

# Background and Purpose of the Survey

## ◆ Background

- ECSDA(2007), ACSDA(2008), AMEDA and AECSD(2008-) conducted survey on issuer services aiming to:
  - Address differences of service levels in regional CSDs
  - Provide inspiration to markets where CSDs currently offer limited issuer services

## ◆ Purpose at ACG

- Respond to ACG members' needs
  - The survey results on topics of the 12<sup>th</sup> Cross Training Seminar showed the highest needs for “corporate action” by ACG members
- Address various initiatives worldwide
  - Under circumstances where several initiatives are proceed to build the global best practice (e.g. ISSA CAWG, ABMF, ASEAN Trading Link), ACG itself needs to grasp the current situation in Asia.

# ACG Members Provided Answers to the Survey Questionnaire

Central Depository Bangladesh Limited (CDBL)

China Securities Depository and Clearing Corporation Limited (SD&C)

Hong Kong Monetary Authority (HKMA)

Hong Kong Securities Clearing Company Limited (HKSCC)

Central Depository Services (India) Limited (CDSL)

National Securities Depository Limited (NSDL)

PT Kustodian Sentral Efek Indonesia (KSEI – Indonesian Central Securities Depository)

Japan Securities Depository Center, Inc. (JASDEC)

Korea Securities Depository (KSD)

Mongolian Securities Clearing House and Central Depository Co., Ltd (MSCH&CD)

Central Depository Company of Pakistan Limited (CDC Pakistan)

Singapore Exchange (SGX)

Taiwan Depository & Clearing Corporation (TDCC)

Thailand Securities Depository Co., Ltd. (TSD)

Vietnam Securities Depository (VSD)

# Survey Methodology

## ◆ 4 categories of issuer services

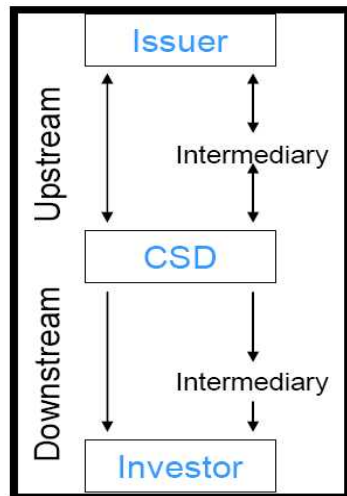
Category 1: Corporate actions services

Category 2: Issue administration services

Category 3: Meeting services (ordinary and extraordinary)

Category 4: Other issuer services

## ◆ 5 overall questions for each category of services



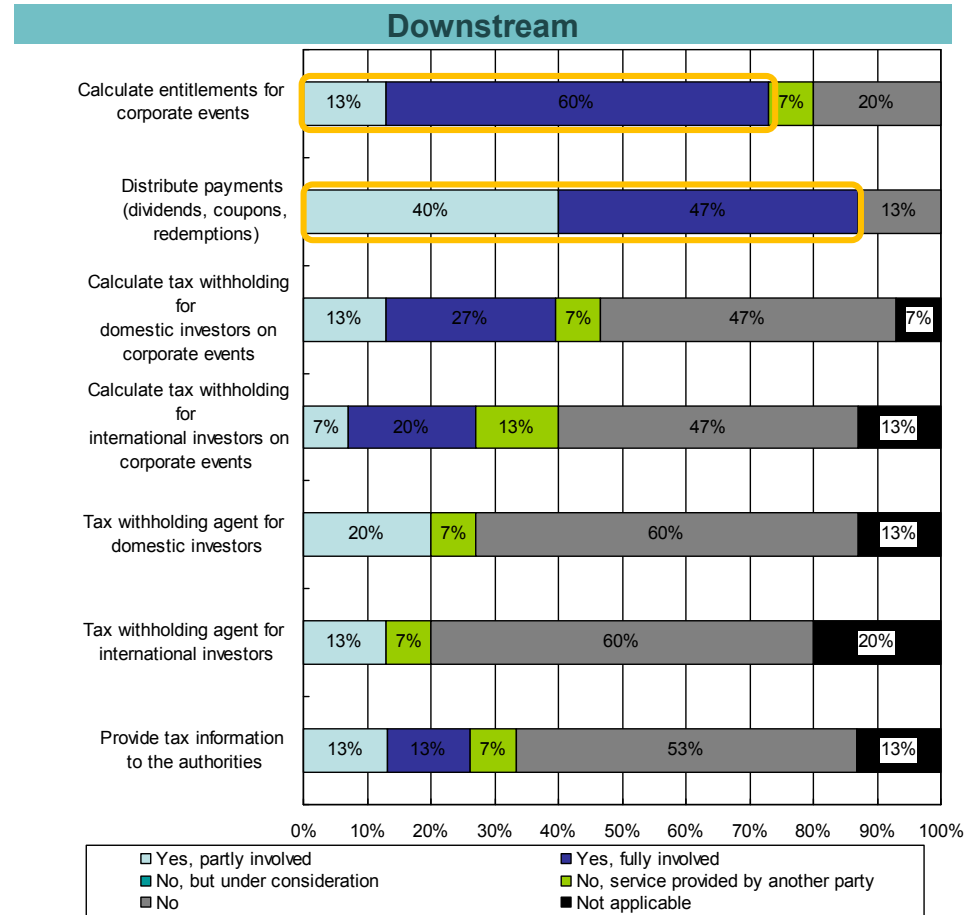
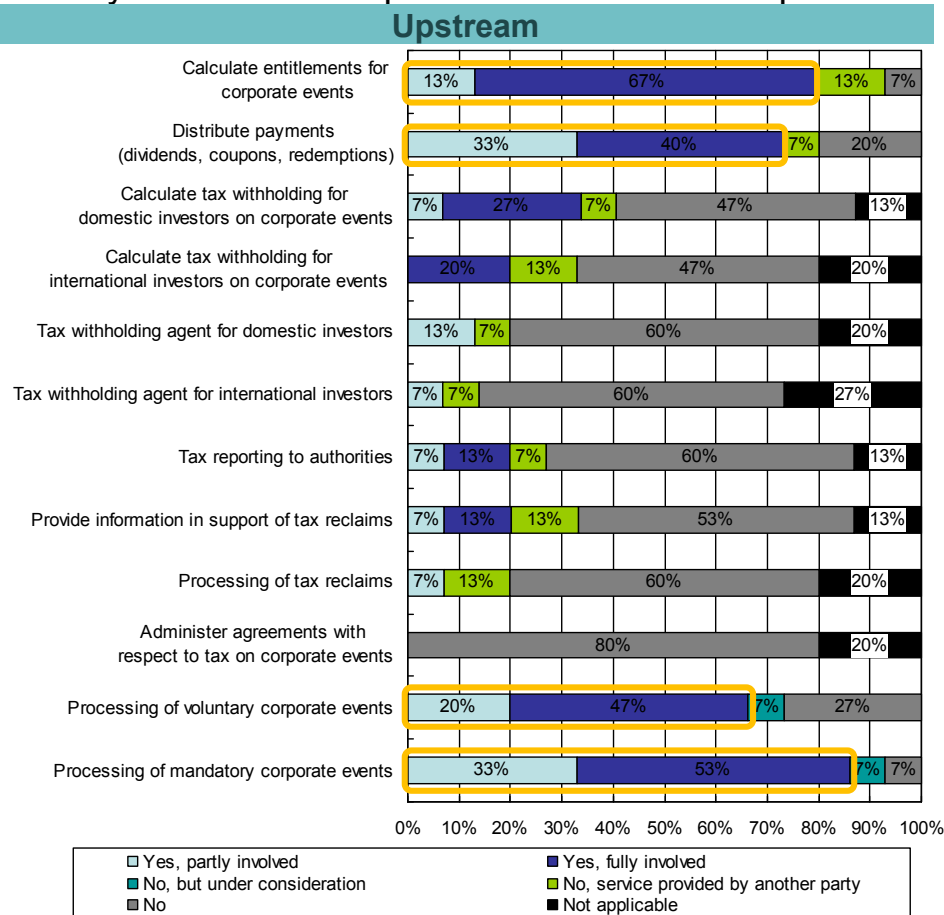
- » Your upstream service level (services in the inter-linkage between CSD and issuer)
- » Your downstream service level (services in the inter-linkage between CSD and investor)
- » Are your services provided only by the CSD (mandatory services) or provided by the CSD in a competitive situation where the service may also be offered by other entities (voluntary services)
- » Distribution (to whom do you provide the services)
- » Communication and message formats (methods of communication between you and your customers)

## **Category1: Corporate Actions Services**

# Category1: Corporate Actions Services (1/4)

Services mainly provided at ACG are to calculate entitlements for corporate events, distribute payments, process of voluntary corporate events and mandatory corporate events. There are very few cases of providing other services such as tax-relative services, which are offered by transfer agents or issuers personally.

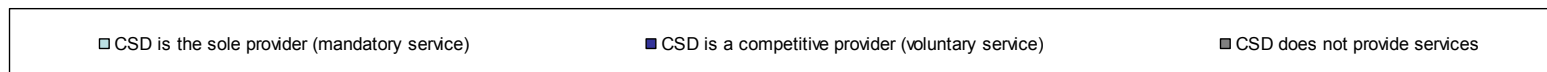
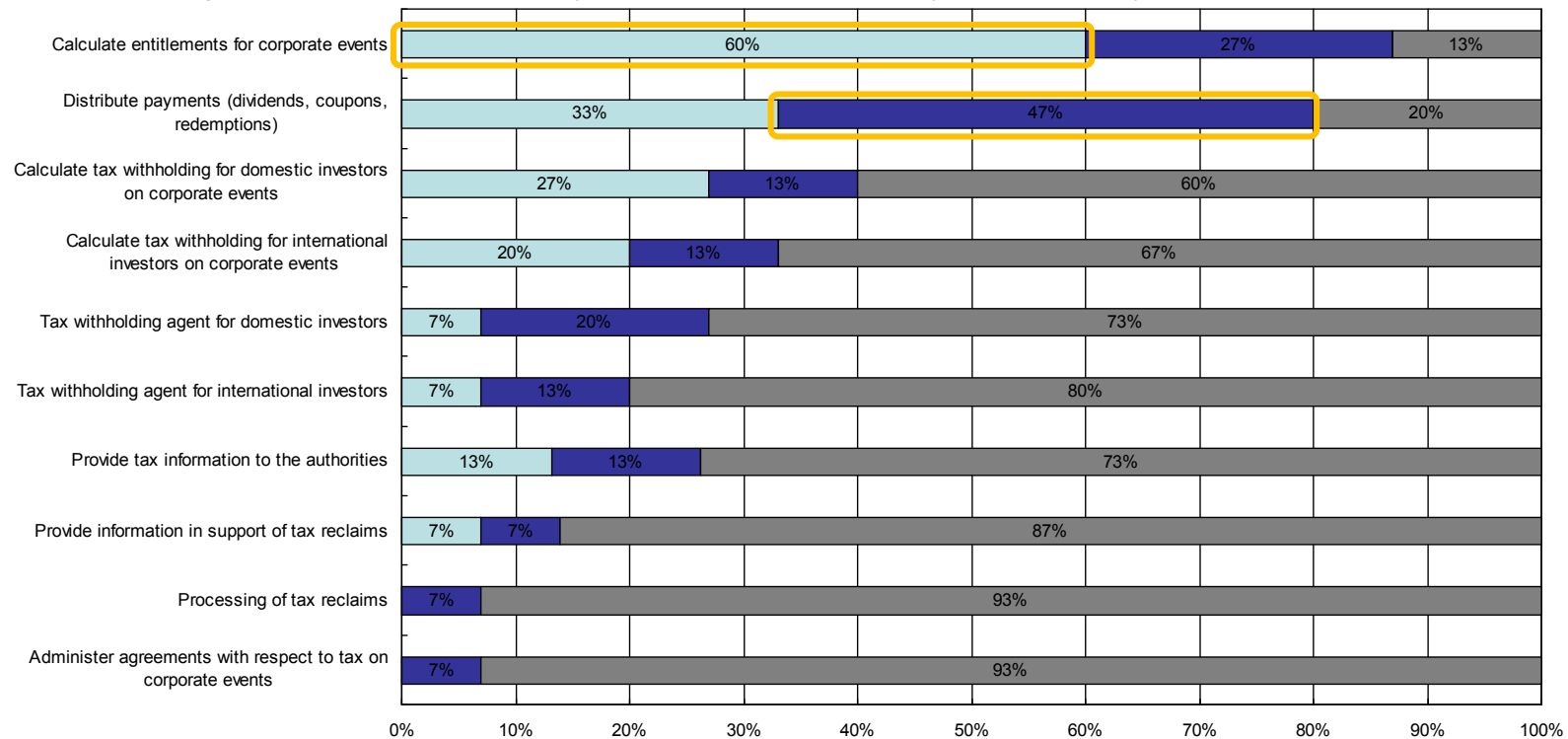
■ Are you involved in upstream services on corporate actions?



# Category1: Corporate Actions Services (2/4)

Services to calculate entitlements are offered as mandatory while services to distribute payments are offered as voluntary. As its core business, CSD is intimately involved in balance management of securities which enables CSD to mandatorily calculate entitlements. However, services to distribute payments are offered as voluntary in cases where those services are directly provided by issuers or TA while payments are executed via commercial banks.

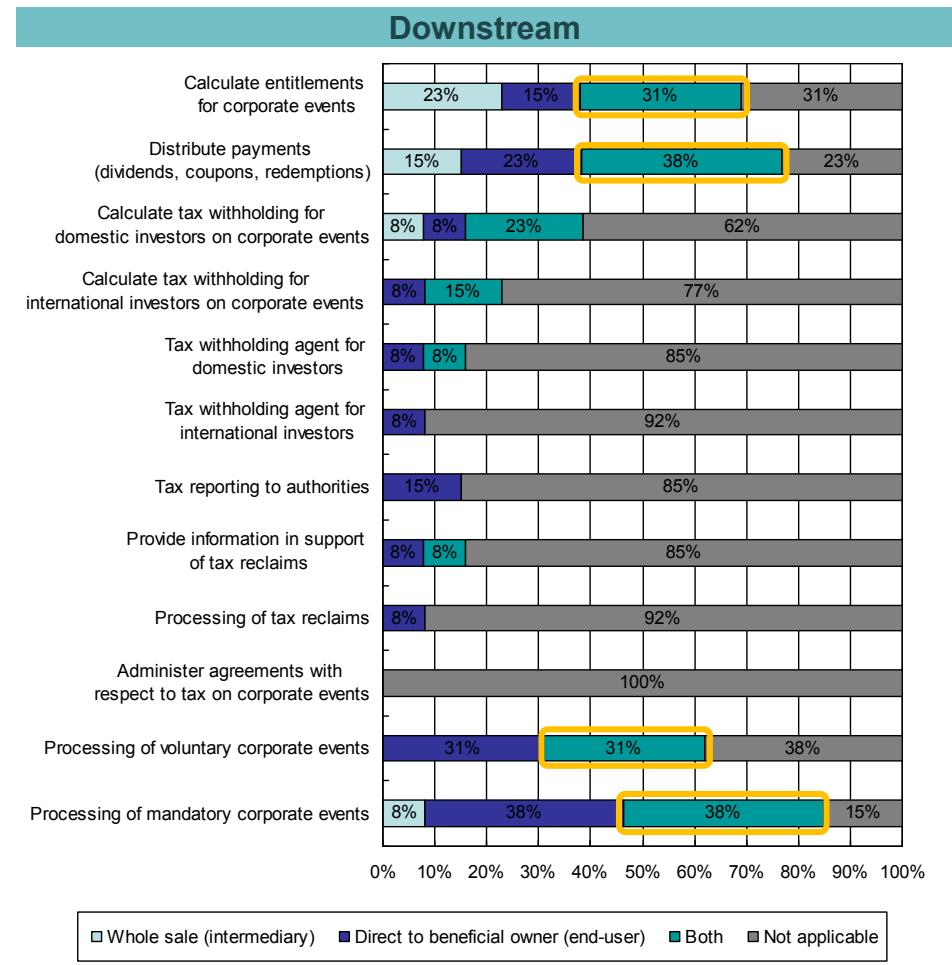
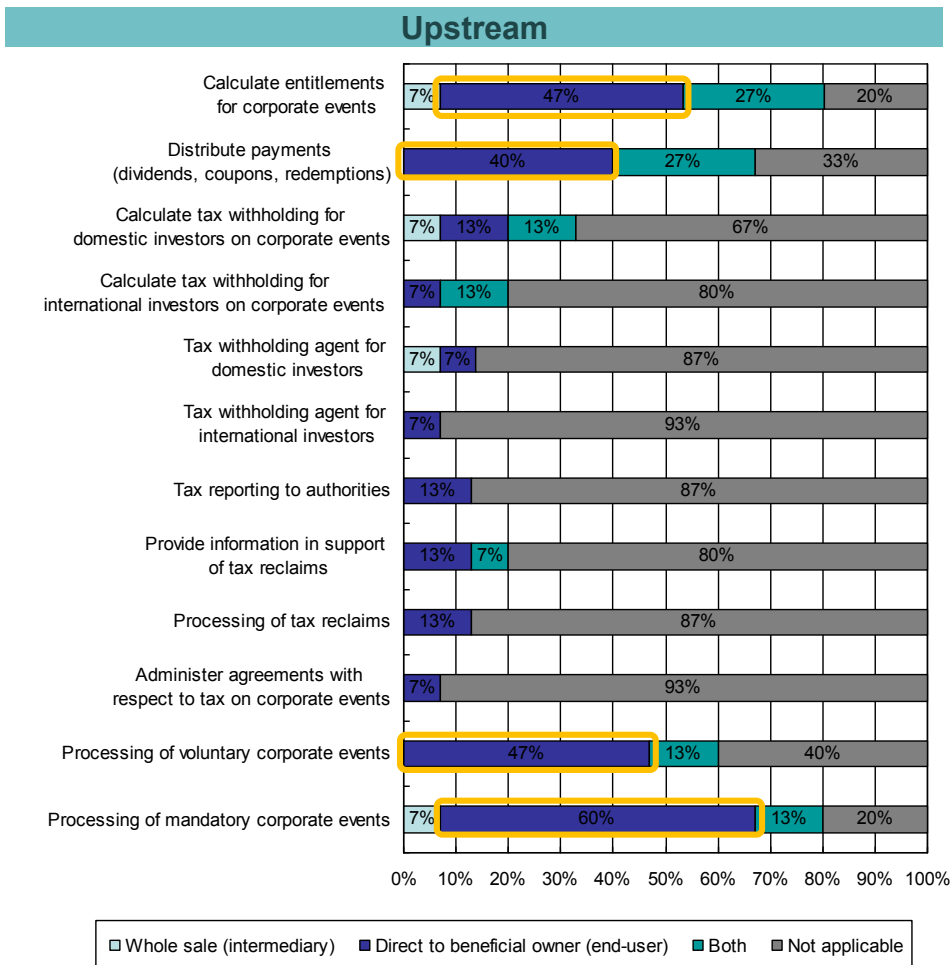
■ Which of following corporate actions do you offer as mandatory or voluntary services?



# Category1: Corporate Actions Services (3/4)

Upstream services are offered to issuers directly. Downstream services are offered partly to final investors and partly via intermediaries in cases where CSD who holds individual accounts directly provides information to final investors, where CSD plays a role of transfer agent, etc.

## ■ To whom do you provide corporate action services?

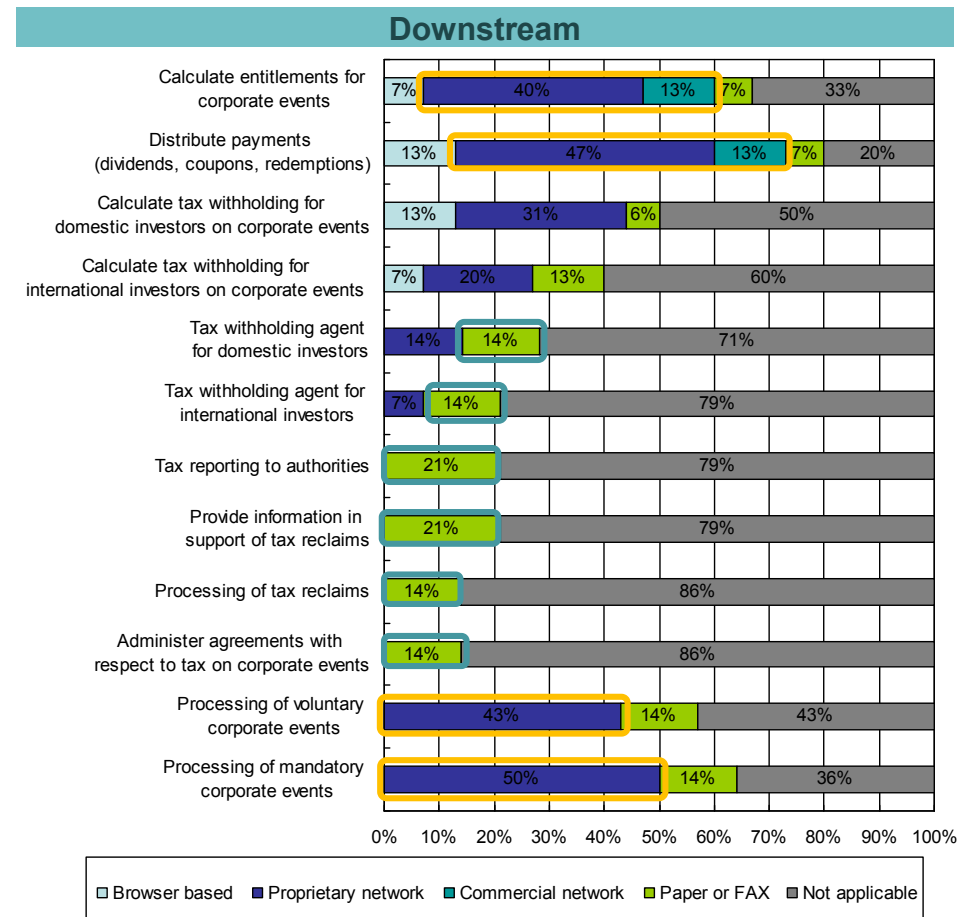
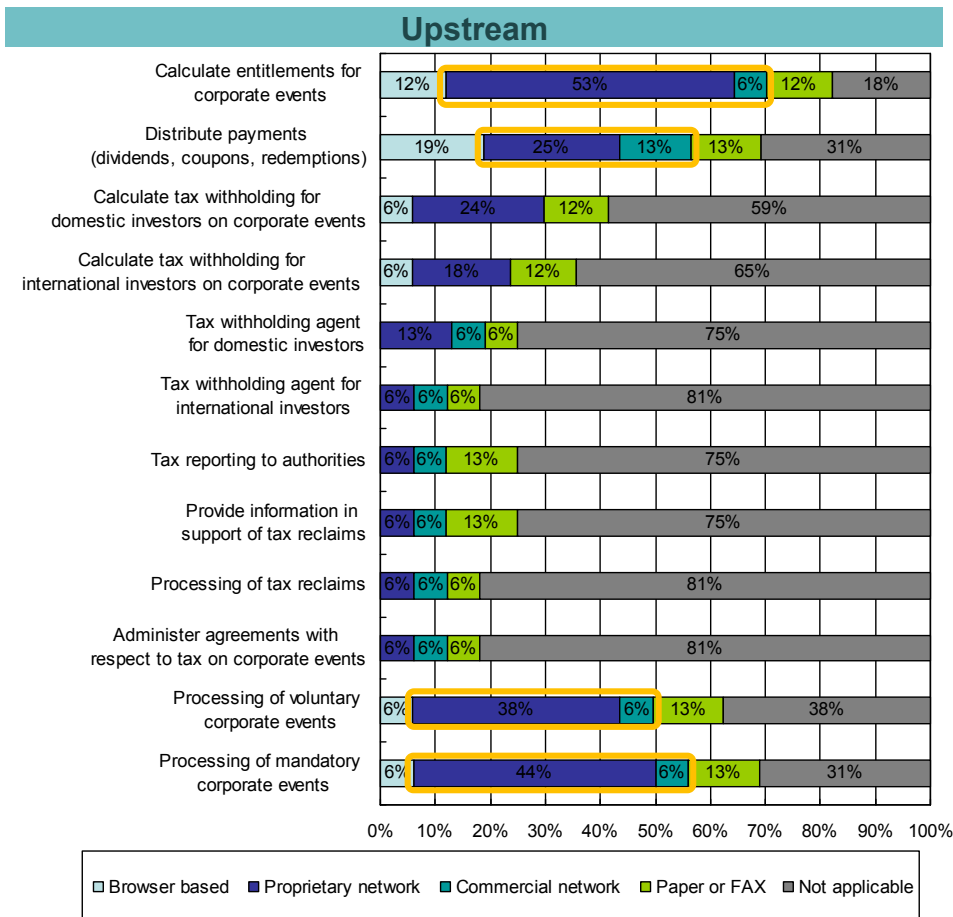




# Category1: Corporate Actions Services (4/4)

Well-provided services utilize network while rarely-provided services utilize paper or FAX for communication interfaces. Formats are proprietary, not standardized.

## Which communication interfaces do you offer your customers on corporate actions?

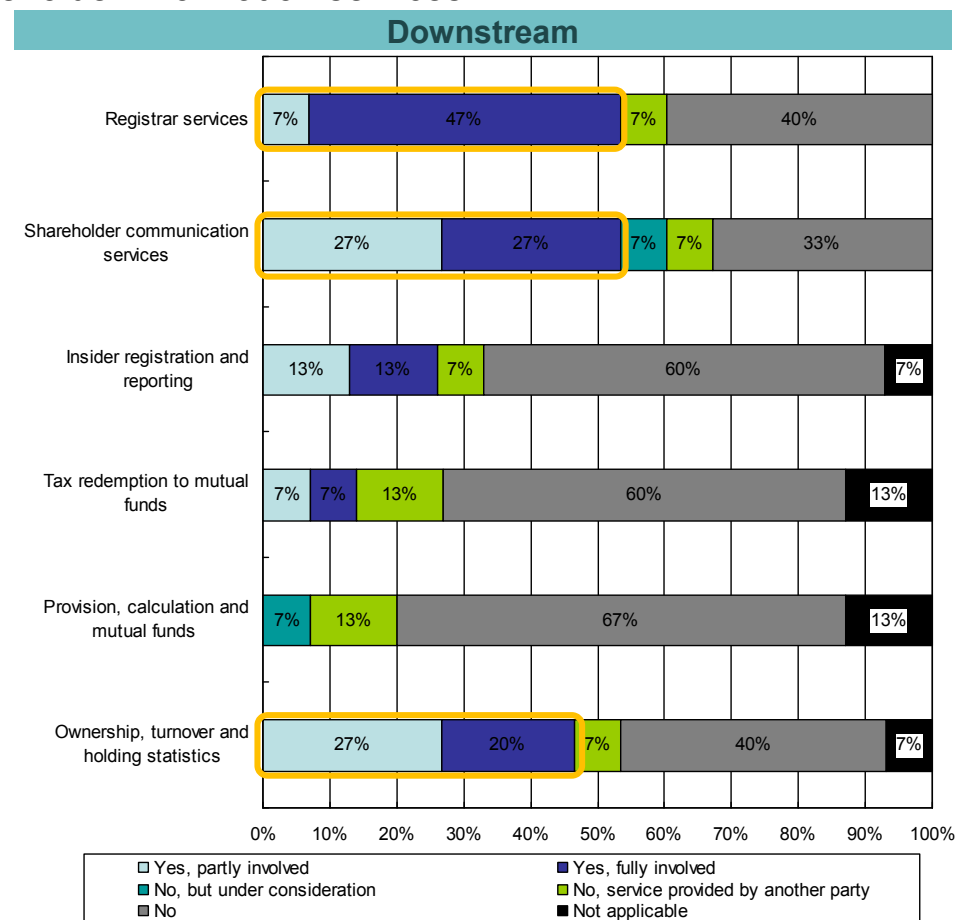
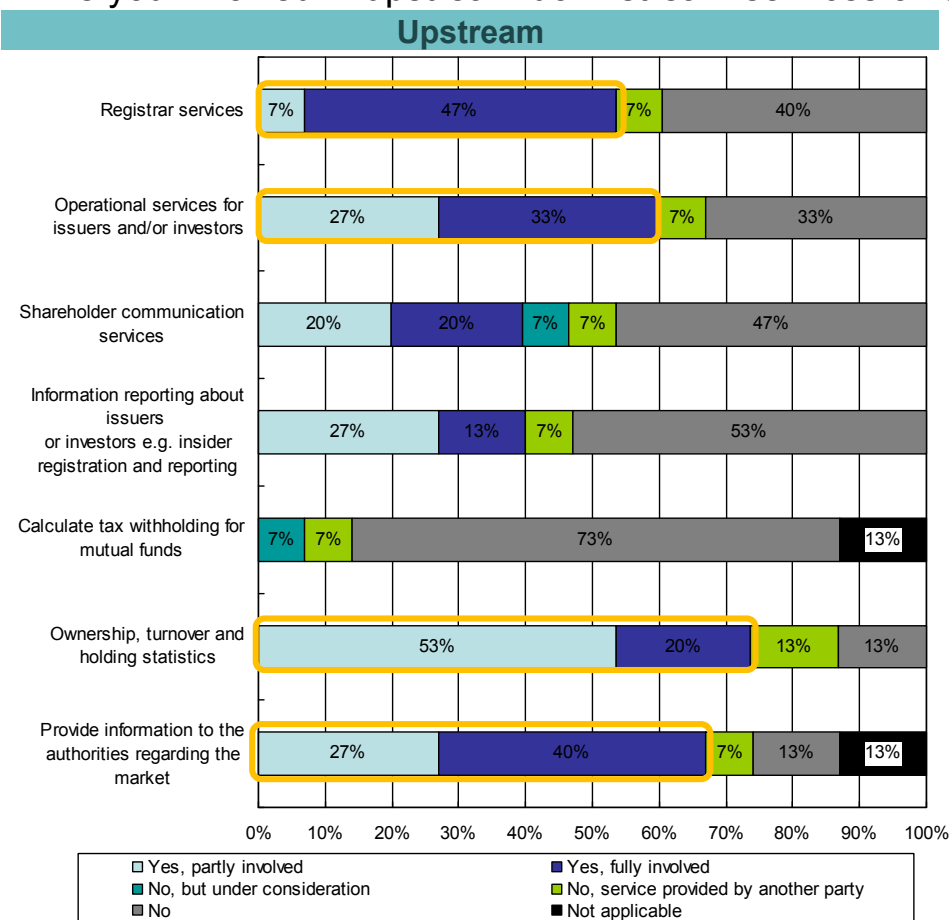


## **Category2: Issue Administration Services**

## Category2: Issue Administration Services (1/4)

Services as registrar and services to provide statistics on ownership, turnover, holding are commonly offered to both upstream/downstream. Since CSD plays a role of transfer agent, information is accumulated to CSD which enables CSD to provide information to the authorities, shareholder communication or operational services.

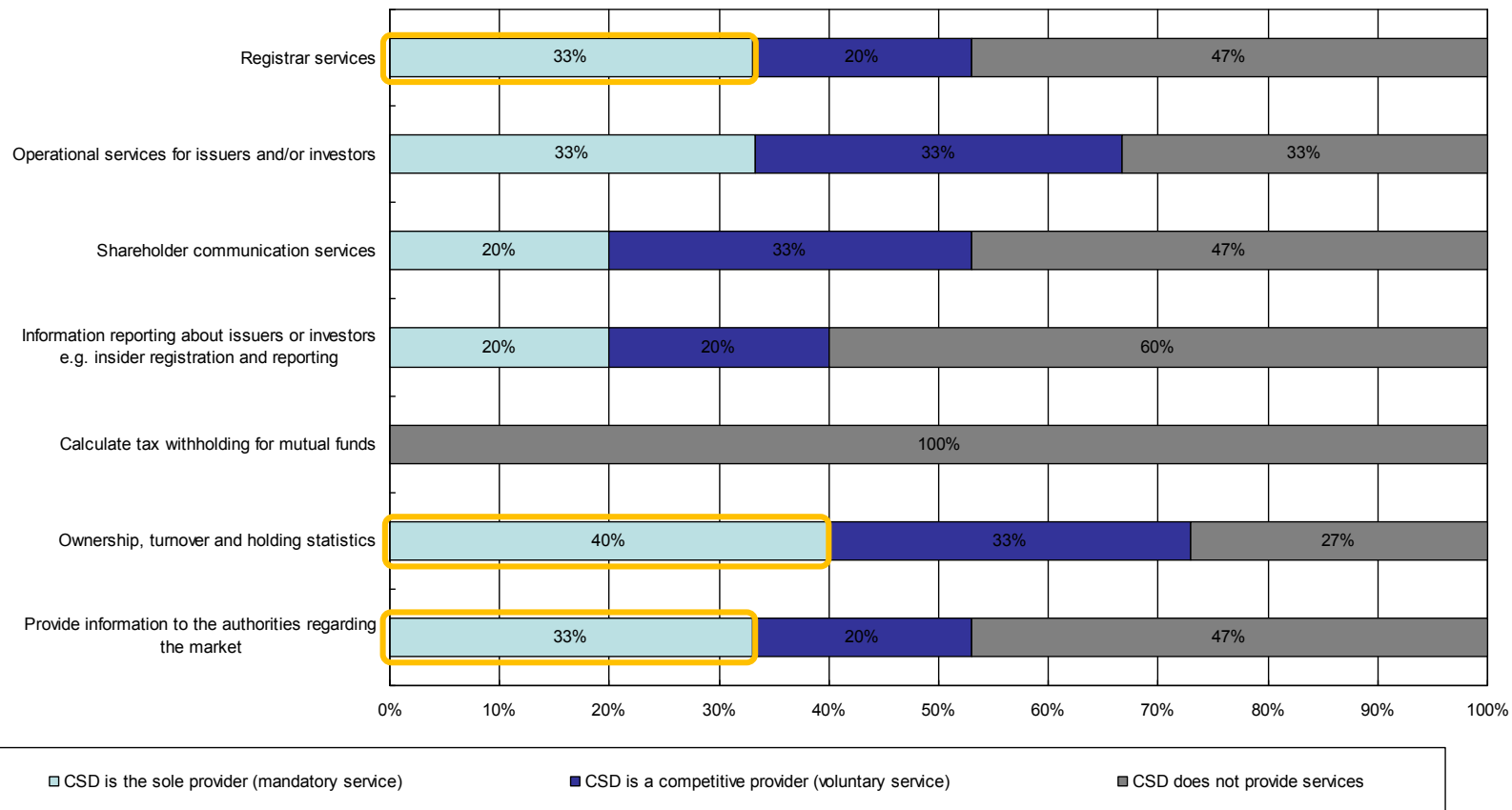
■ Are you involved in upstream/downstream services on shareholder information services?



## Category2: Issue Administration Services (2/4)

Proportion of the mandatory service offered is slightly higher than that of the voluntary service. However, CSDs offer services in competition with exchanges and transfer agents in many cases.

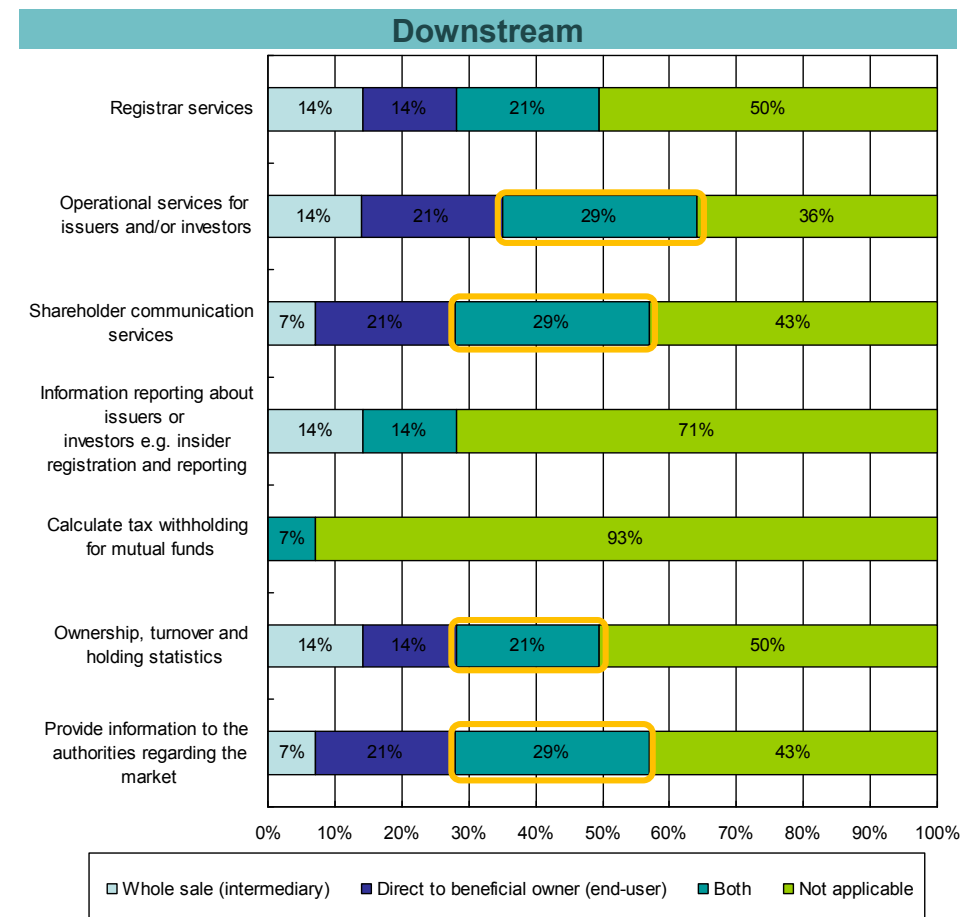
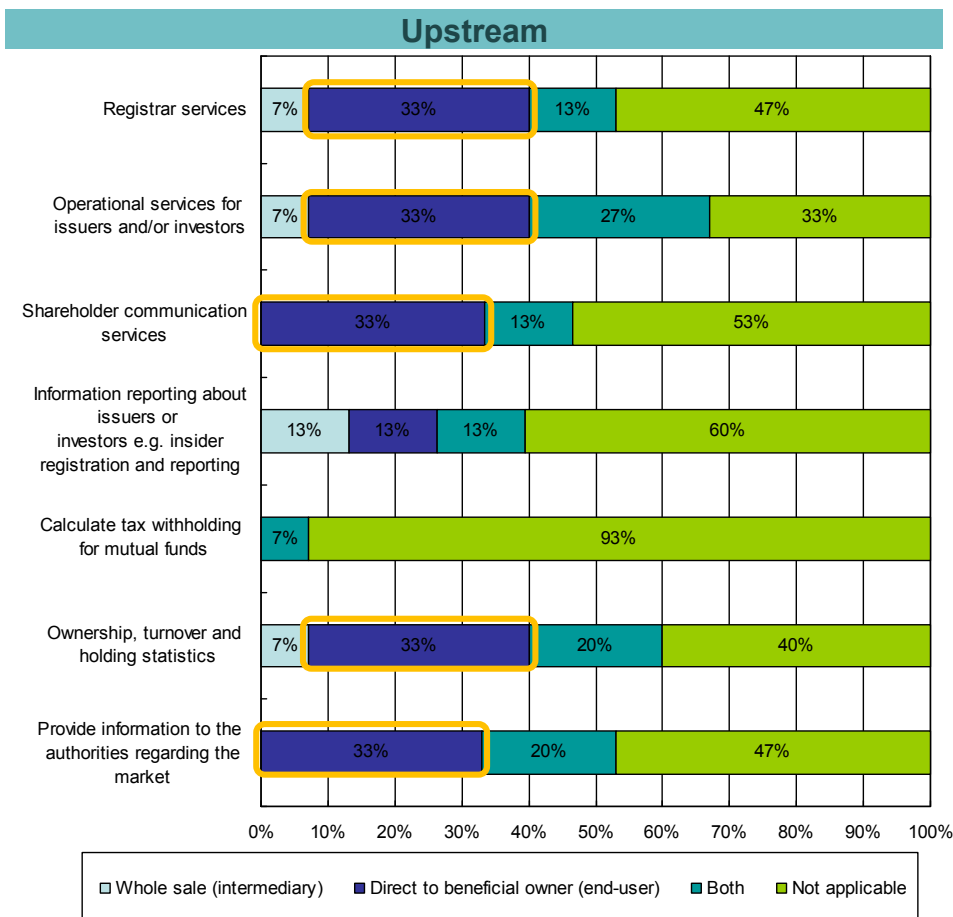
■ Which of following shareholder information services do you offer as mandatory or voluntary services?



## Category2: Issue Administration Services (3/4)

Upstream services are offered to issuers directly. Downstream services are offered partly to final investors and partly via intermediaries in cases where CSD who holds individual accounts directly provides information to final investors, where CSD plays a role of transfer agent, etc.

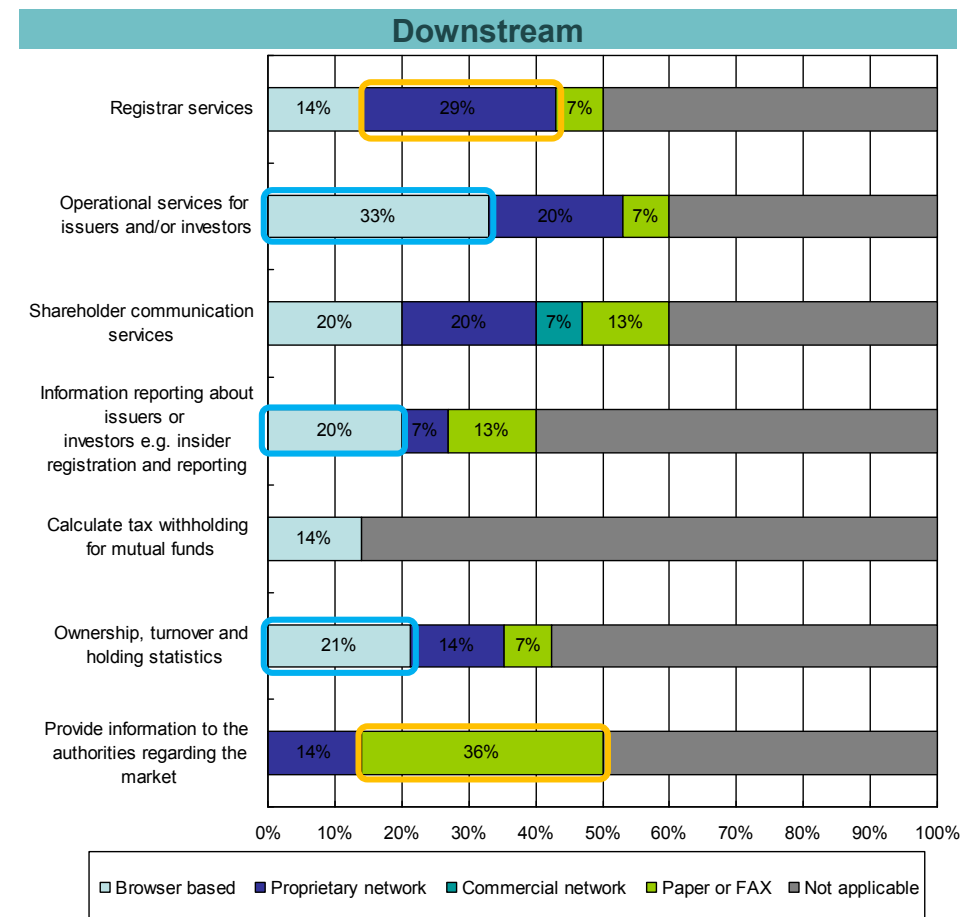
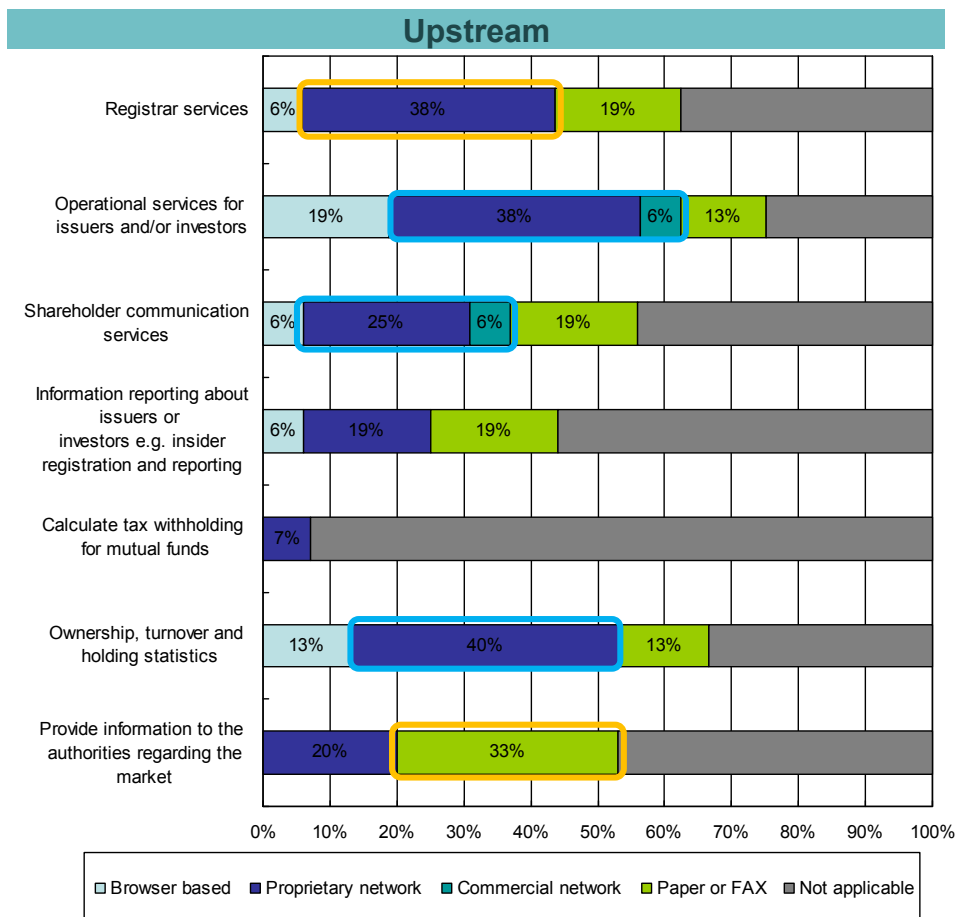
■ To whom do you provide shareholder information services?



## Category2: Issue Administration Services (4/4)

Services as registrar are mostly offered by network and services to provide information to authorities are mostly offered by paper or fax at both upstream/downstream. For other services for upstream are offered by network, while services for downstream are mostly offered via browser. Proprietary formats are used for any cases.

■ Which communication interfaces do you offer your customers on shareholder information services?

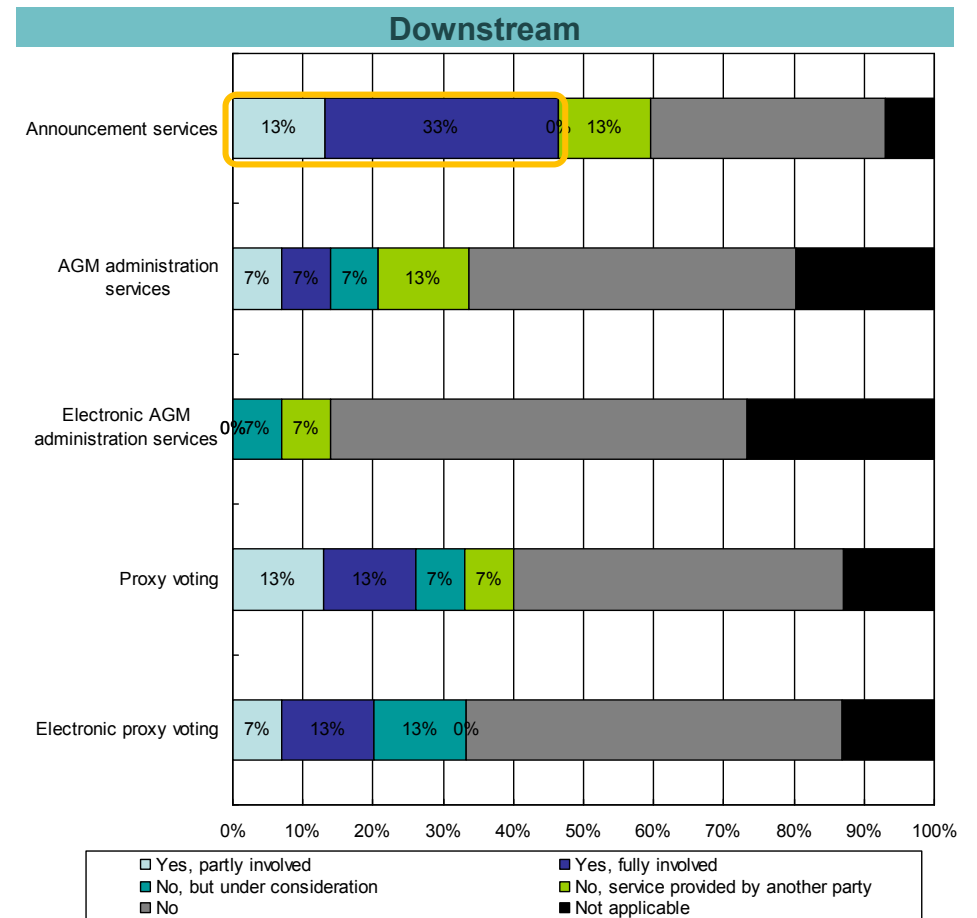
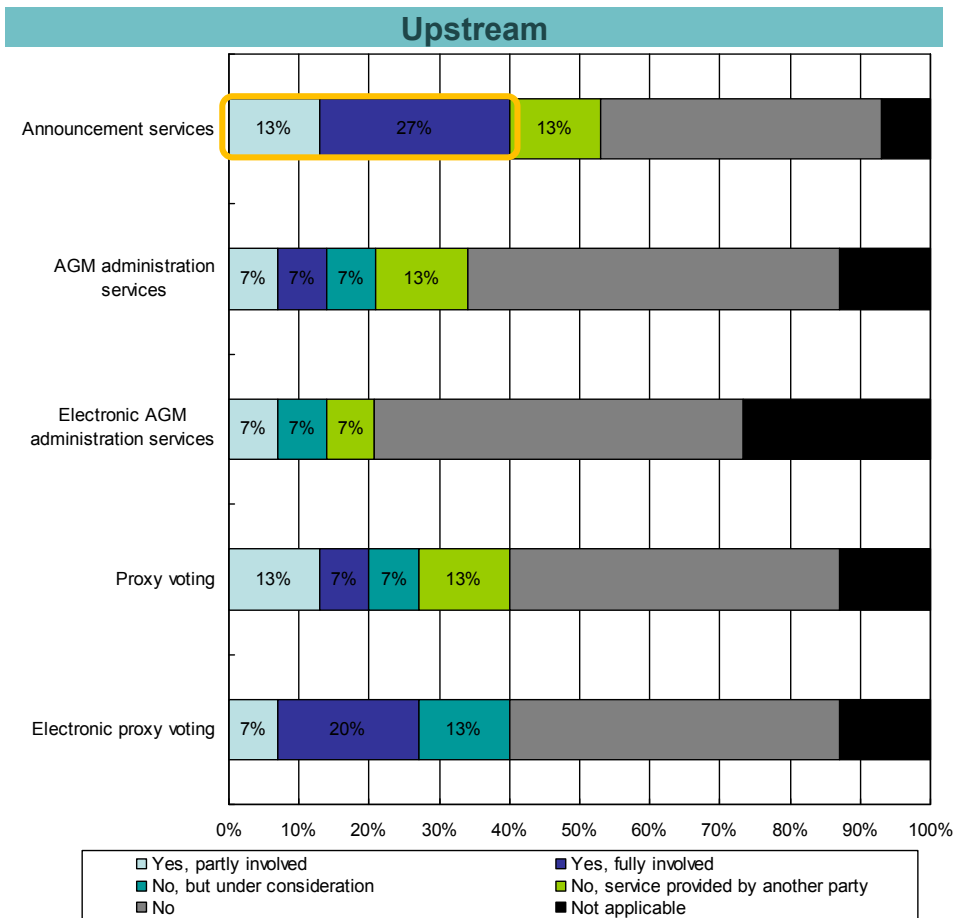


## **Category3: Ordinary or Extraordinary Meeting Services**

# Category3: Ordinary or Extraordinary Meeting Services (1/4)

Meeting services are not generally offered at ACG, and 40% of announcement services is the highest as transfer agents or issuers personally offer those services.

■ Are you involved in upstream/downstream services on ordinary or extraordinary meeting services?

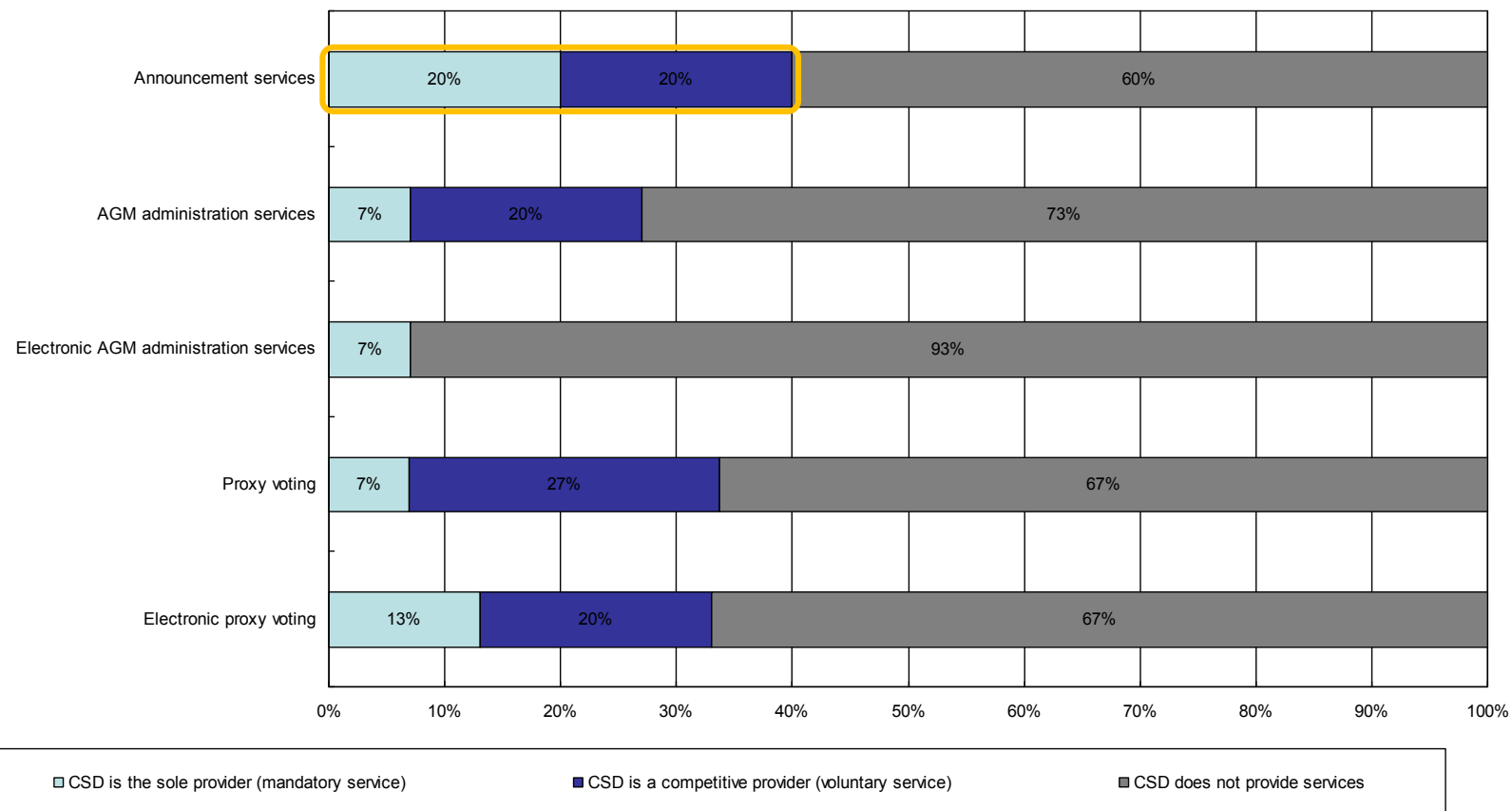




# Category3: Ordinary or Extraordinary Meeting Services (2/4)

For announcement services, portions of services offered as mandatory and voluntary are the same.

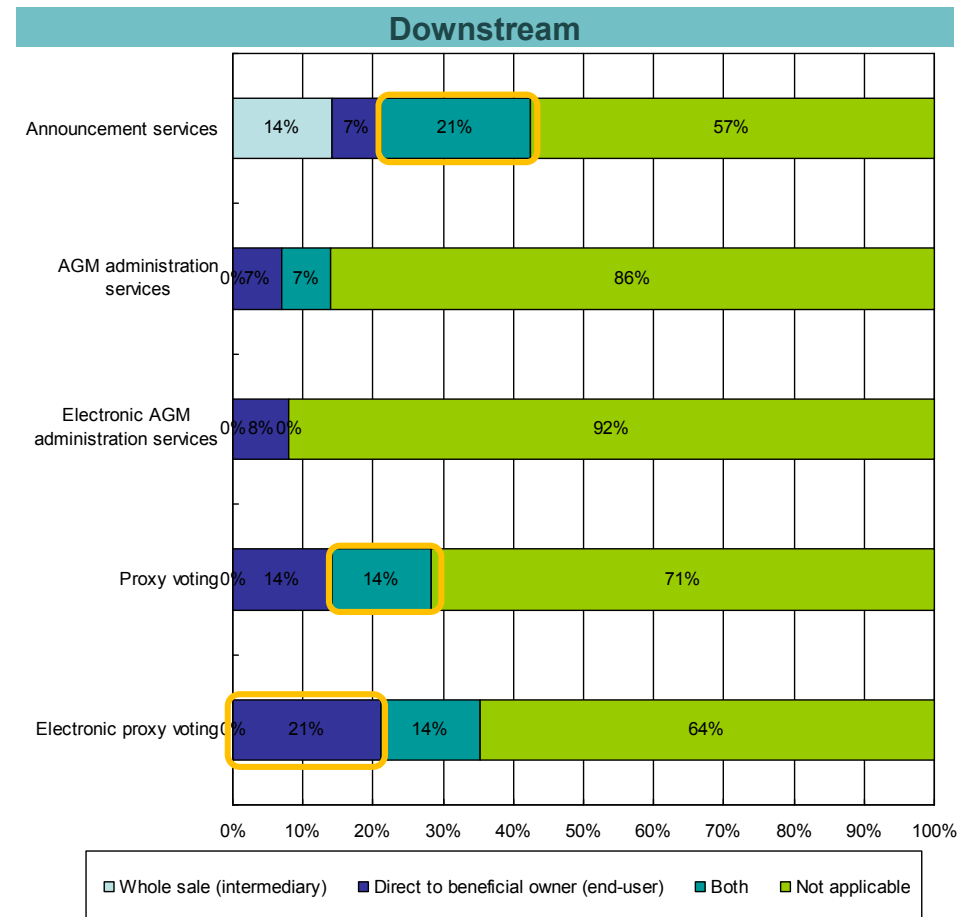
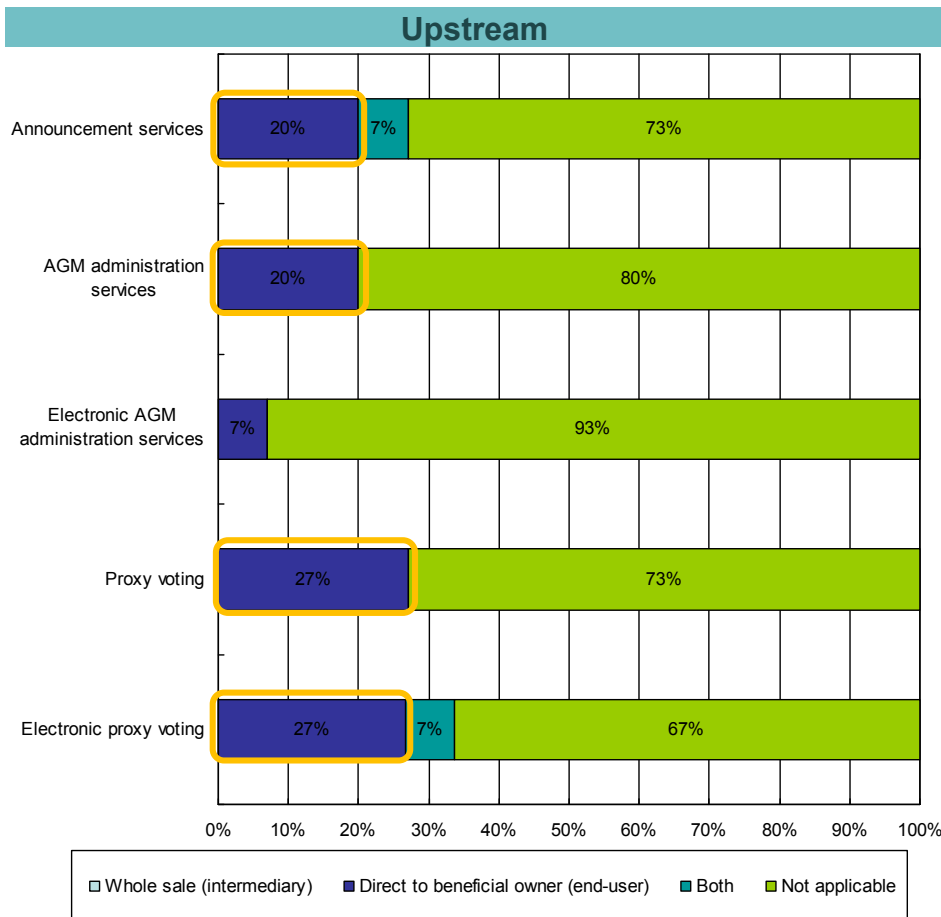
■ Which of following ordinary or extraordinary meeting services do you offer either mandatory or voluntary services?



# Category3: Ordinary or Extraordinary Meeting Services (3/4)

Upstream services are offered to issuers directly. Downstream services are offered partly to final investors and partly via intermediaries in cases where CSD who holds individual accounts directly provides information to final investors, where CSD plays a role of transfer agent, etc.

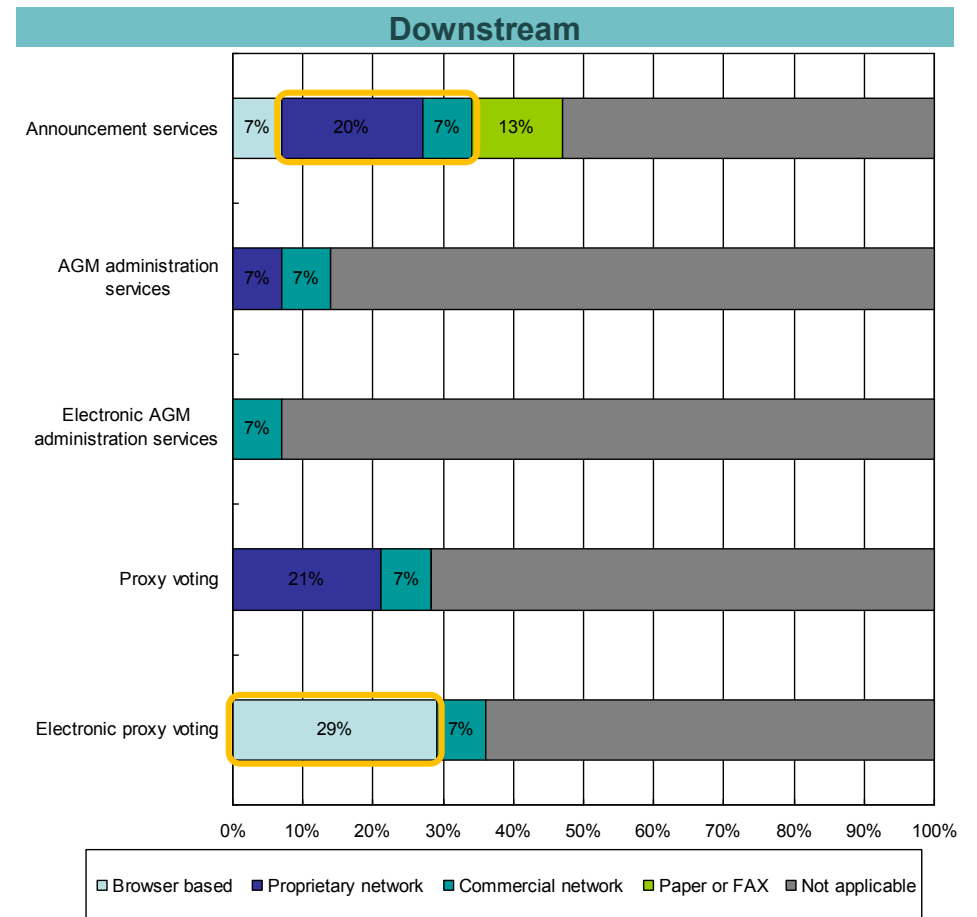
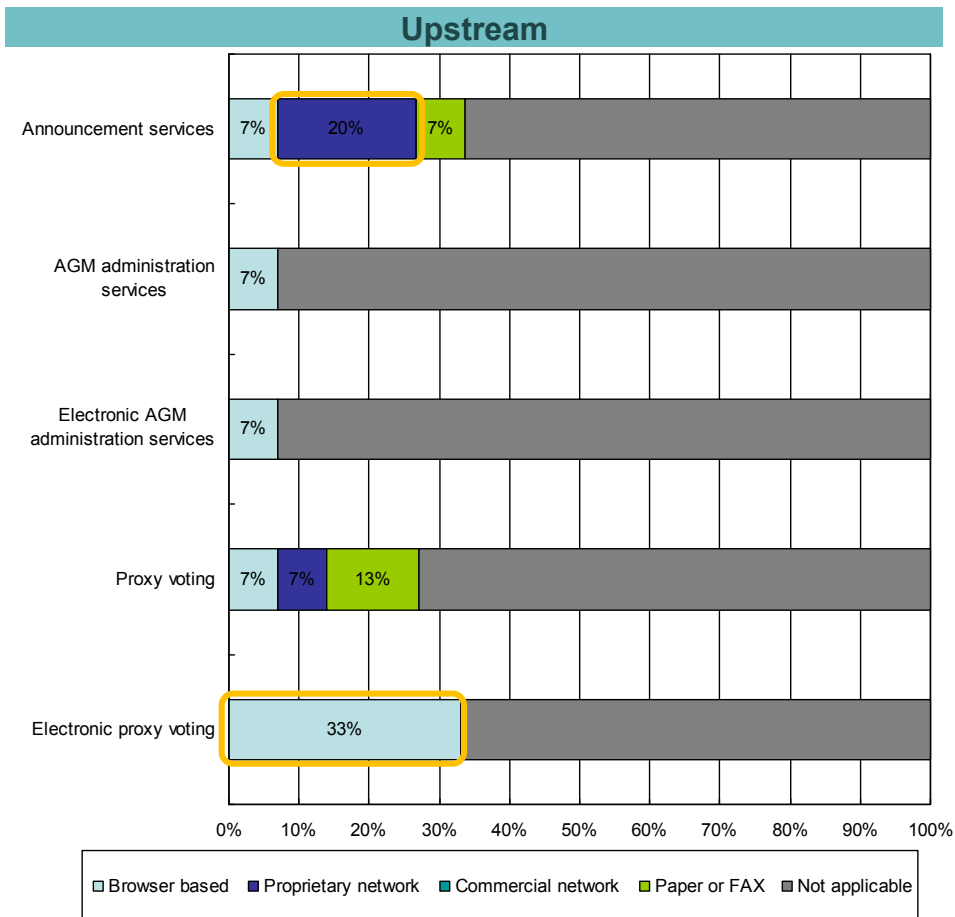
■ To whom do you provide shareholder information services?



# Category3: Ordinary or Extraordinary Meeting Services (4/4)

Announcement service is mostly offered by network while electronic proxy voting is offered by browser. Formats in any cases are proprietary, not standardized.

Which communication interfaces do you offer your customers on ordinary or extraordinary meeting services?

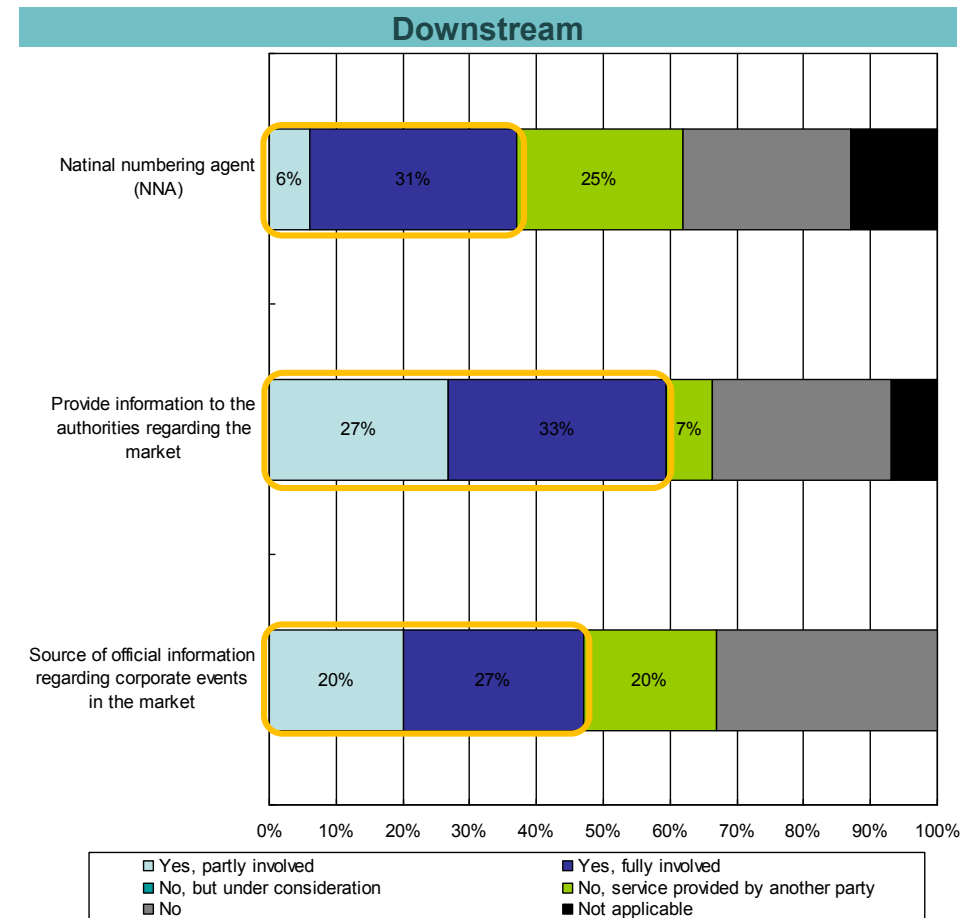
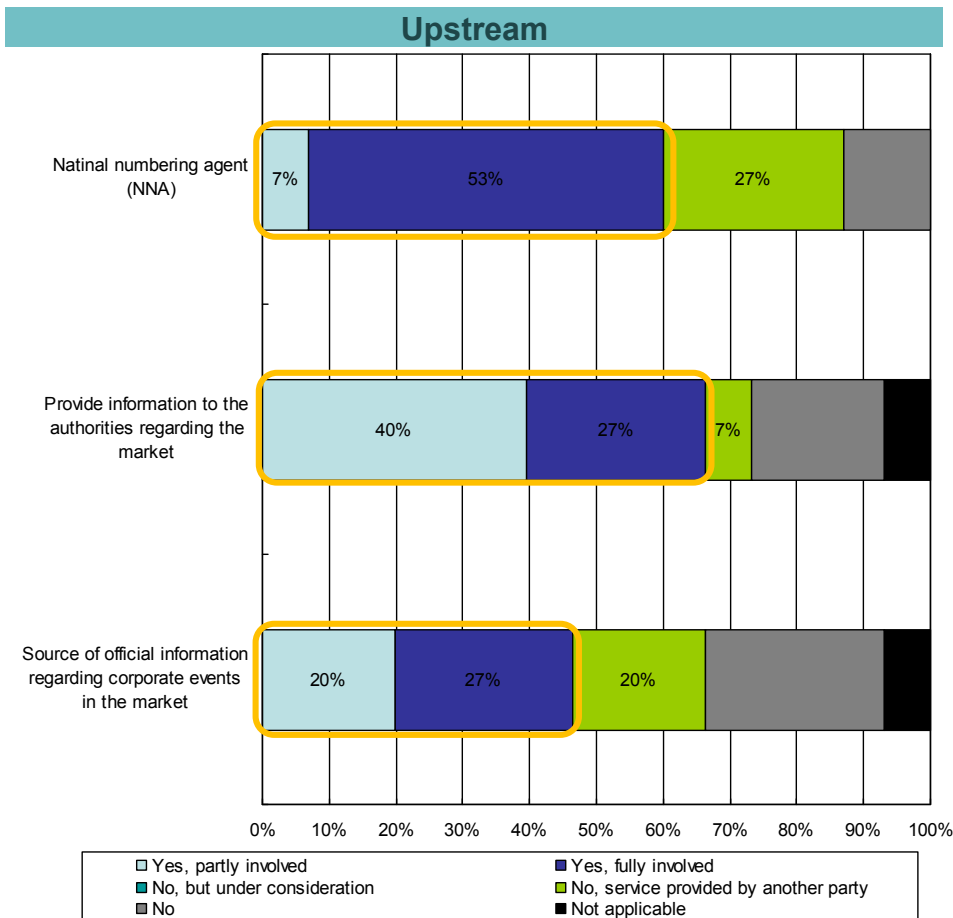


## **Category4: Other Issuer Services**

# Category4: Other Issuer Services (1/4)

All are generally well-offered, especially national numbering agent (NNA) services such as numbering ISIN codes for upstream as well as information providing services to authorities for upstream/downstream.

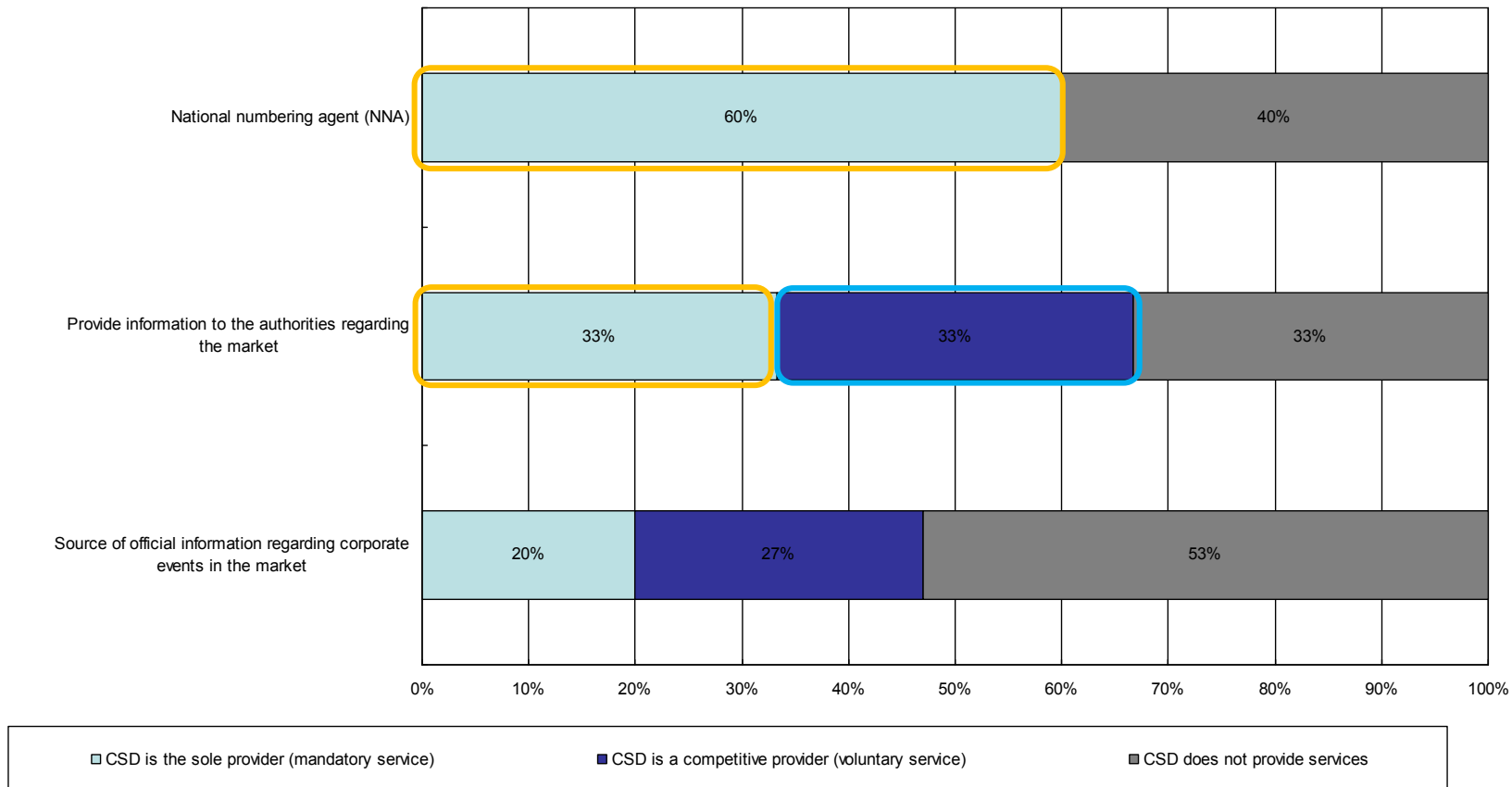
■ Are you involved in upstream/downstream services on other issuer services?



## Category4: Other Issuer Services (2/4)

In cases where CSD plays a role of NNA, as its nature, services are offered as mandatory. Portions of mandatory/voluntary services on providing information to the authorities are the same. CSDs are in competition with exchanges, transfer agents, beneficial owners, etc.

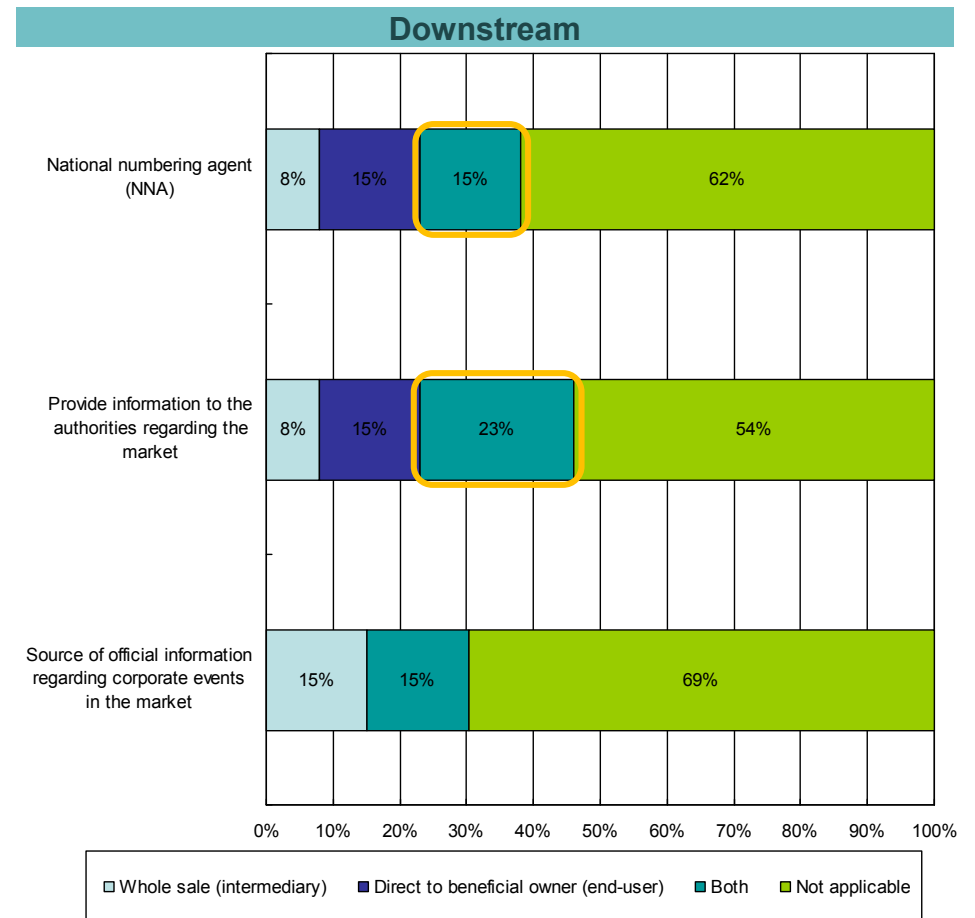
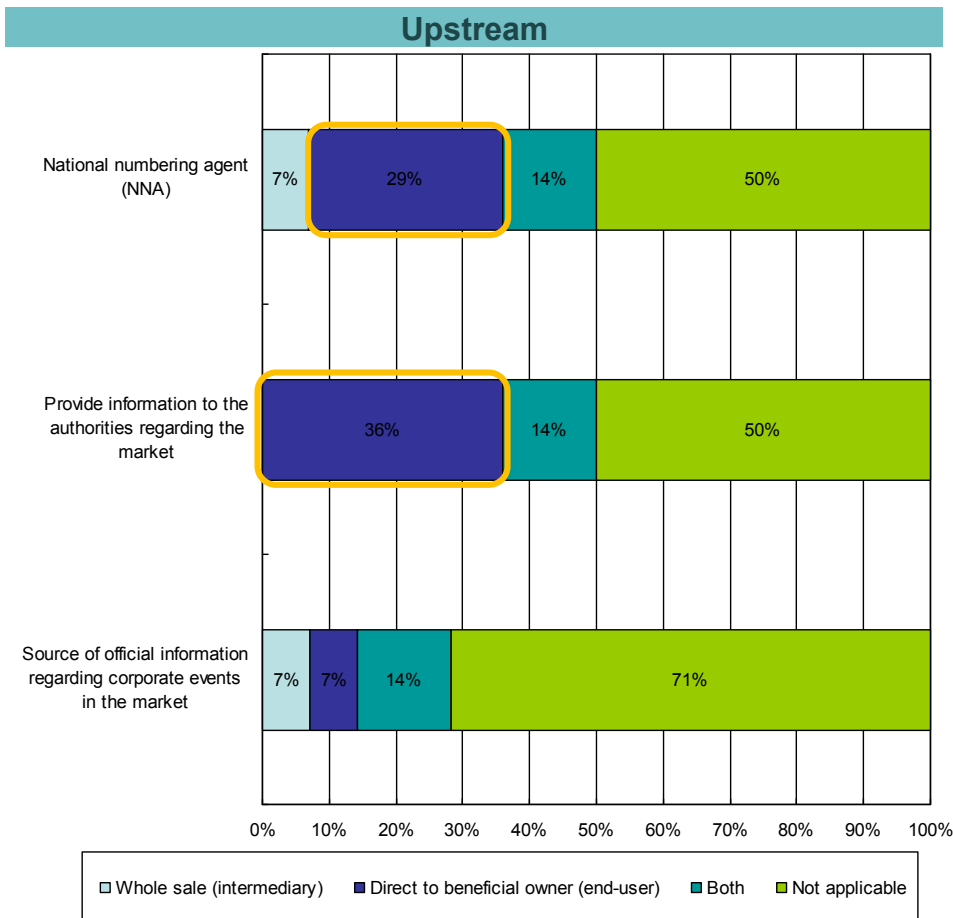
■ Which of following other issuer services do you offer as mandatory or voluntary services?



# Category4: Other Issuer Services (3/4)

Upstream services are offered to issuers directly. Downstream services are offered partly to final investors and partly via intermediaries in cases where CSD who holds individual accounts directly provides information to final investors, where CSD plays a role of transfer agent, etc.

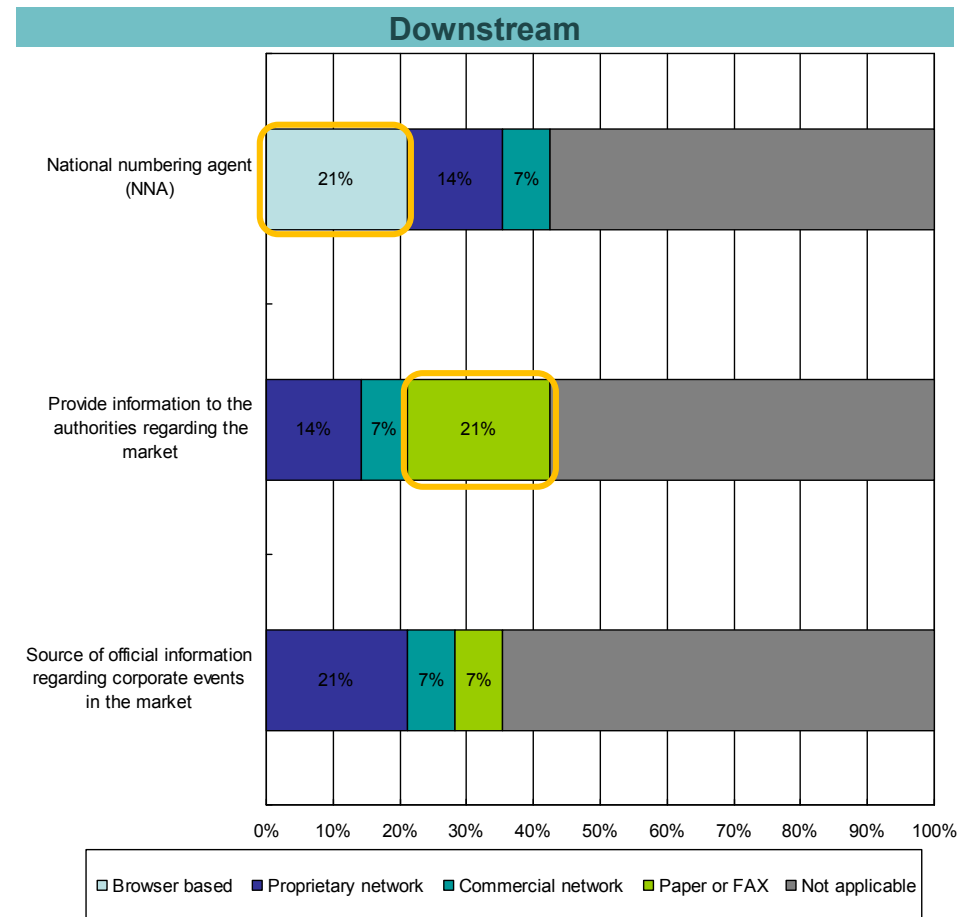
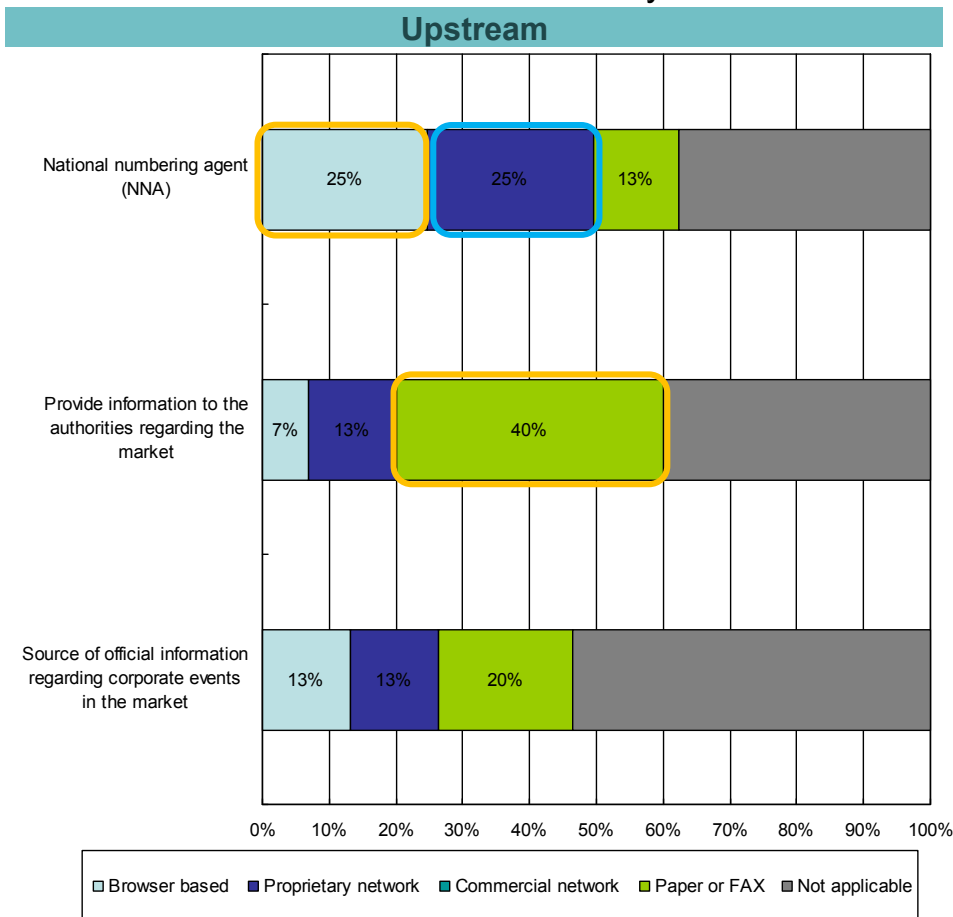
■ To whom do you offer other issuer services?



# Category4: Other Issuer Services (4/4)

Portions of using browser and network for providing NNA services to upstream are the same while NNA services to downstream are mostly offered by browser. Services to provide information to the authorities are mostly offered by paper or FAX. Formats to provide any of those services are proprietary.

■ Which communication interfaces do you offer other issuer services?

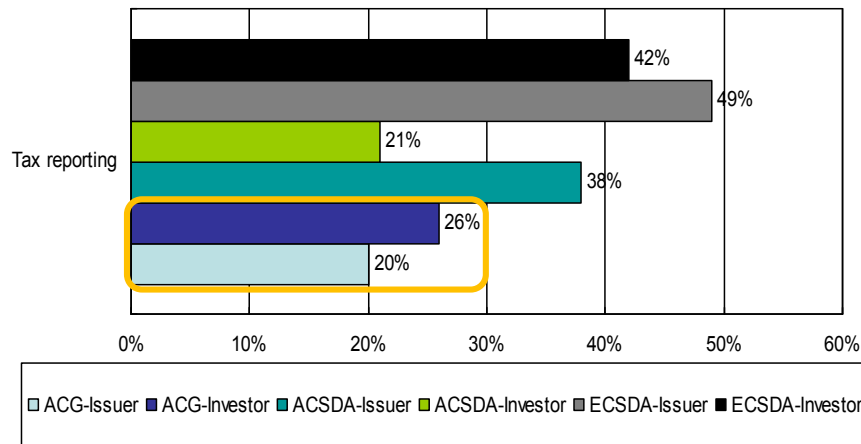




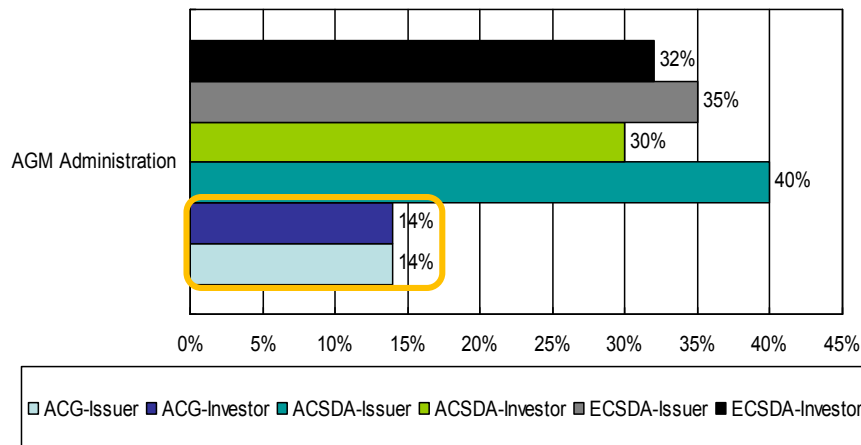
# Conclusion (Compared to Other CSD Associations)

## ◆ Analysis of features at ACG

### Comparative ACG-ACSDA-ECSDA: Corporate actions



### Comparative ACG-ACSDA-ECSDA: General meetings



- Compared to ECSDA and ACSDA, tax-relative services and meeting services are not generally offered at ACG in cases where transfer agents or issuers directly offer the services. However, there isn't so much of a difference between ACG and ECSDA or ACSDA on the rate of other services offered or range of each categorized services.
- The services at ACG to upstream are offered directly to issuers while services to downstream are offered partly to final investors and partly via intermediaries in cases where CSD who holds individual accounts directly provides information to final investors.
- Communication interfaces and formats to offer the services at ACG are mostly proprietary.

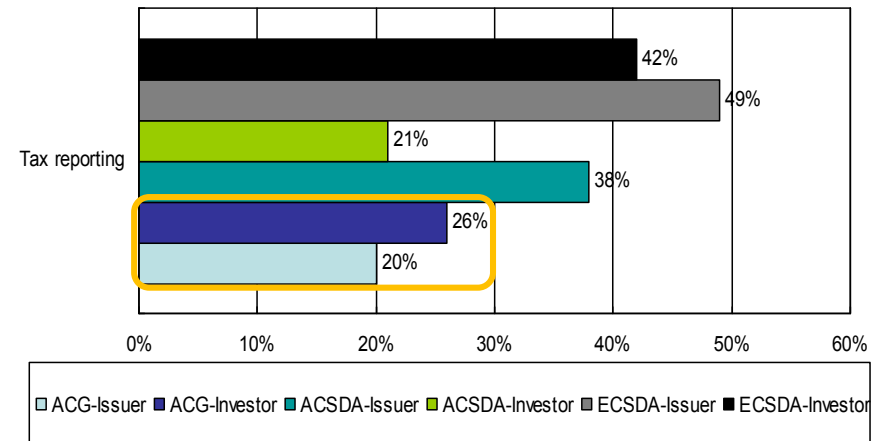
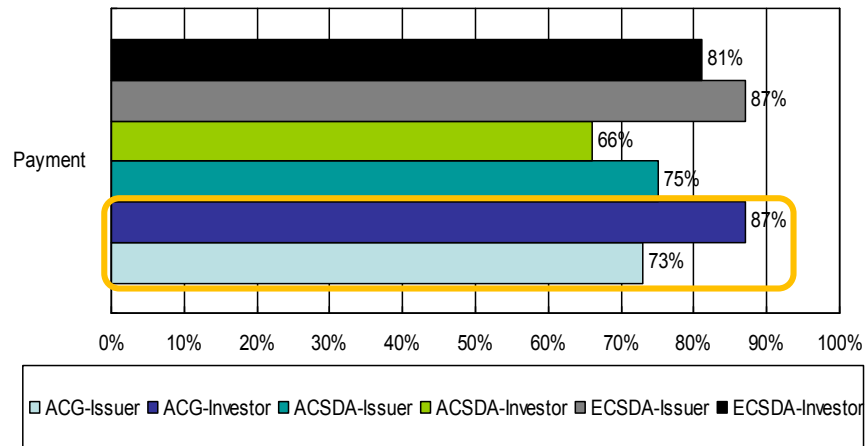


- In anticipation of globalized securities markets in the near future, there is still a room to further develop or streamline the system on issuer services (service providing institutions, methods to provide services such as communication interfaces, formats, etc.) or extend new services offered at ACG.

# Reference Data (1/4)

## ◆ Comparative ACG-ACSDA-ECSDA

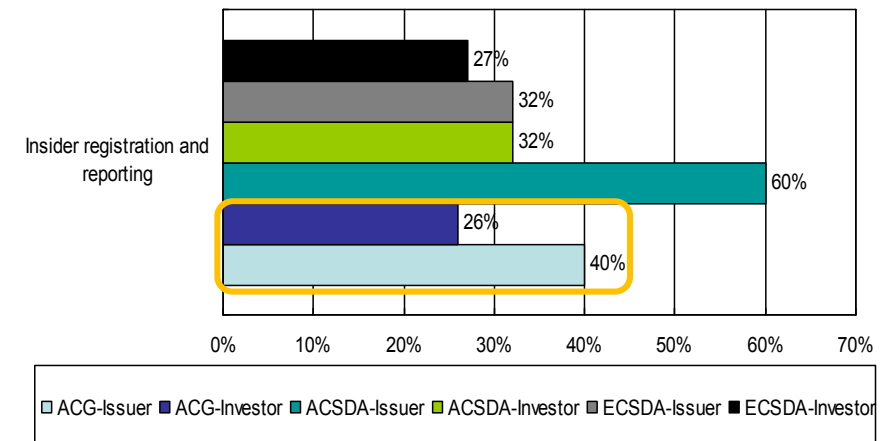
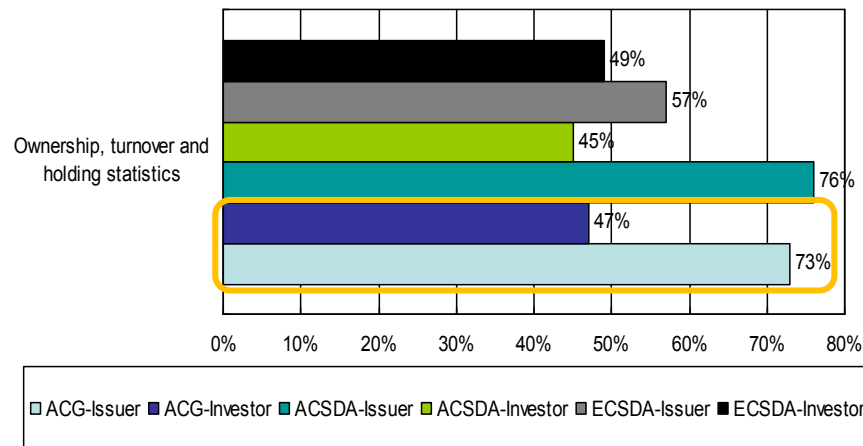
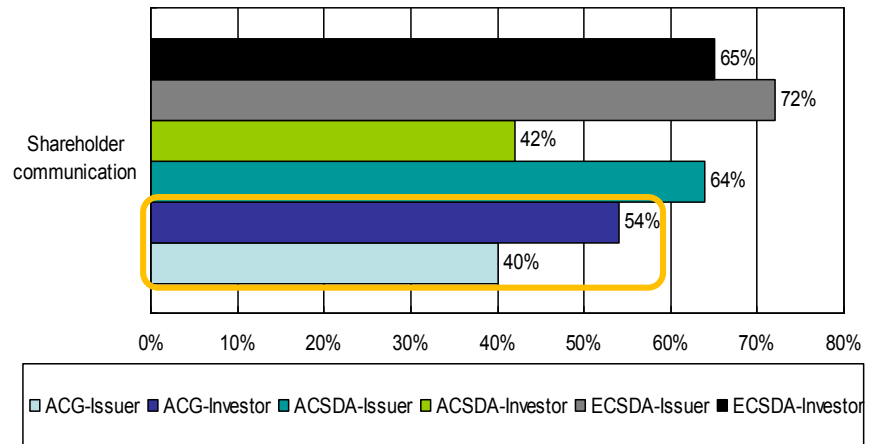
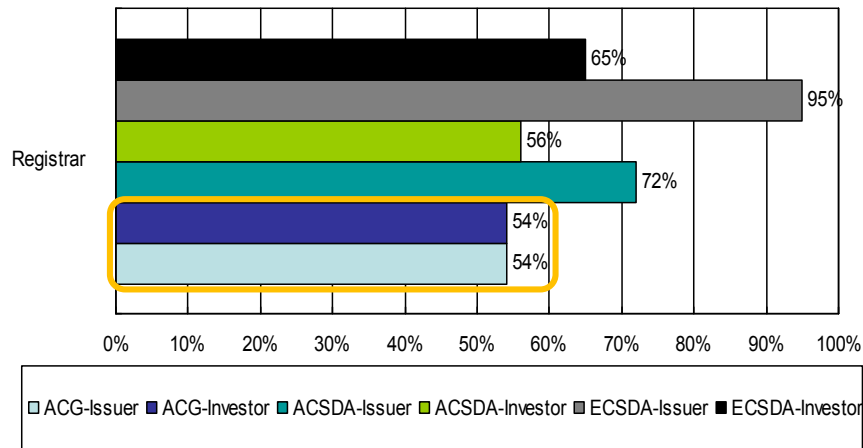
### Corporate actions



# Reference Data (2/4)

## ◆ Comparative ACG-ACSDA-ECSDA

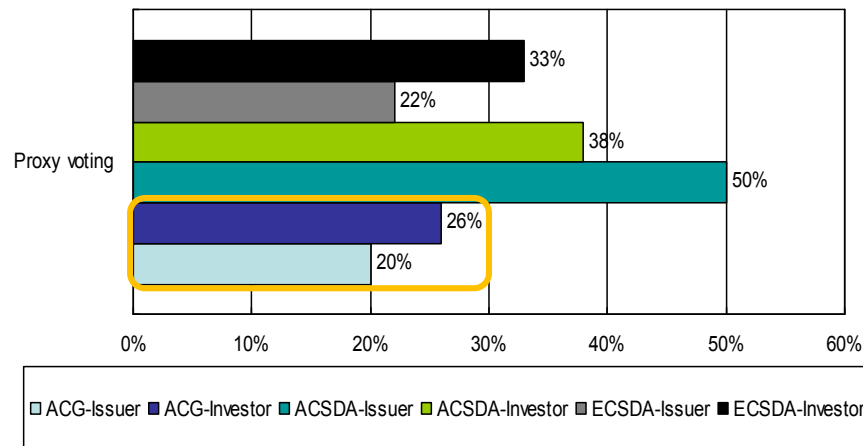
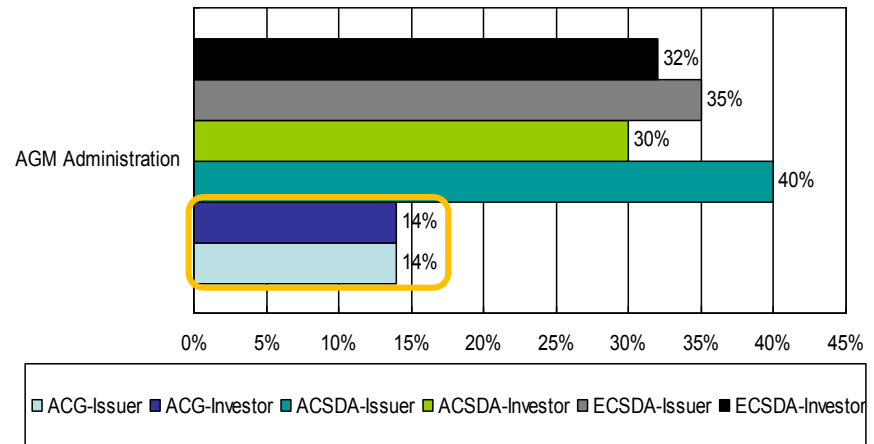
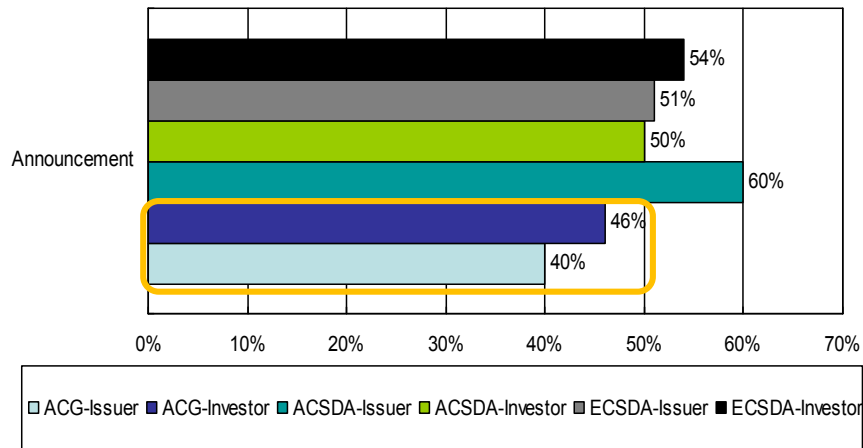
### Issue Administration Services



# Reference Data (3/4)

## ◆ Comparative ACG-ACSDA-ECSDA

### General Meeting Services



# Reference Data (4/4)

## ◆ Comparative ACG-ACSDA-ECSDA

