

INVESTOR SERVICES  
TASK FORCE

2019  
REPORT

I N V E S T O R   S E R V I C E S   T A S K   F O R C E   2 0 1 9   R E P O R T



December 2019

Investor Services Task Force 2019 Report



Investor Services Task Force 2019 Report



Investor Services  
Task Force

# 2019 REPORT

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CHAPTER 1

# Overview

Investor Services Task Force (hereinafter “ISTF”) is the 6th task force at Asia Pacific Central Securities Depository Group (ACG). It is a consultative body and a platform to promote the investor services among Asian CSDs.

Proposed by TDCC, ISTF was officially established in 2018 at the 22th ACG General Meeting. The task force currently consists of 23 regular participants, and it is planning to encompass members from global custodians or service providers in the future.

ISTF plays an integral role in supporting and enhancing the group’s distinctive culture. Our goal is to provide our members, clients, shareholders and the whole association with information about the breadth of our efforts, highlight our focus on delivering sustainable, long-term values for our clients and demonstrate our

commitment to making an impact on the communities where we work and on society more broadly.

ISTF not only serves as a channel for information sharing, but acts as a platform for seeking feasible approaches to implement theoretical concepts into practical use. ACG could leverage the development of investor services for the whole industry through this new initiative.



## Key Activities

1.



Host Investor Services Task Force session at ACG cross-training seminar and general meeting to facilitate information sharing among members.

2.



Conduct research and survey for seeking best practice and helping guide the roll-out of new services.

3.



Bridge members who have common interests and promote business collaboration in CSD industry.

[ Convenor ]

Taiwan Depository & Clearing Corporation

[ Participating Members ]

- |   |   |
|---|---|
| 1. Bursa Malaysia Depository Sdn Bhd              | 12. Indonesian Clearing and Guarantee Corporation |
| 2. Bursa Malaysia Securities Clearing Sdn Bhd     | 13. Indonesia Central Securities Depository       |
| 3. CDS and Clearing Limited                       | 14. Japan Securities Depository Center, Inc.      |
| 4. Central Depository Bangladesh Limited          | 15. Korea Securities Depository                   |
| 5. Central Depository Company of Pakistan Limited | 16. Mongolian Central Securities Depository       |
| 6. Central Depository Services (India) Limited    | 17. Mongolian Securities Clearing & Settlement    |
| 7. Central Depository Systems (Pvt.) Limited      | 18. National Securities Depository Limited        |
| 8. Central Securities Depository of Iran          | 19. Royal Securities Exchange of Bhutan           |
| 9. Hong Kong Monetary Authority                   | 20. Singapore Exchange                            |
| 10. Hong Kong Securities Clearing Company Limited | 21. Thailand Securities Depository                |
| 11. Indian Clearing Corporation Ltd.              | 22. Vietnam Securities Depository                 |

CHAPTER 2

# Investor Services Task Force 2019 Activities

## 2.1 ACG Cross Training and General Meeting

The Investor Services Task Force made its debut at the CTS21 in Indonesia. As the convener, TDCC held one session themed “CSD’s Services for Enhancing Investors’ Rights,” delivering a presentation about the background of the task force, activities scheduled during this year, and the future plan.

At this session, 7 speakers from CDSL, KPEI, KSD, KSEI, NSDL and TDCC also made presentations about their latest development on investor services, sharing our experience with all the attendees and discussing issues facing CSDs to brainstorm new ideas.

Agenda	Speaker
Value Added Services – Enhancing Convenience	Central Depository Services (India) Limited <b>Ms. Vinaya Kunder</b>
Innovation and Diversification - TDCC ePASSBOOK	Taiwan Depository & Clearing Corporation <b>Mr. Po Chiu</b>
Adoption of Stewardship Code and Voting Support Service (Voss)	Korea Securities Depository <b>Ms. Woo Kyung Ha</b>
AKSes Facility : The Key to Your Investment Portfolio	Indonesia Central Securities Depository <b>Mr. Bayu Pramudito Suyatno</b>
Introduction of TDCC’s Fundclear Service	Taiwan Depository & Clearing Corporation <b>Ms. Wendy Wu</b>
Digital Initiatives –Information Access and Rights to Investor	National Securities Depository Limited <b>Mr. Rakesh Mehta</b>
Institutional Delivery	PT Kliring Penjaminan Efek Indonesia <b>Ms. Caroline Claudia C.</b>



TDCC held "CSD's services for enhancing investors' rights" session at CTS21 in Indonesia

At ACG annual general meeting in 2019, TDCC hosted a task force meeting and elaborated the working plan. With an aim to get a better understanding of e-services implemented at shareholder meetings, which directly involve investor services, TDCC is conducting a survey on this specific topic, circulating questionnaires to ACG members. This is one of the projects of Investor Services Task Force this year, and TDCC invited all ACG members to participate in the survey for the whole

organization's common interest. During the meeting, members also shared their development and experience of investor services.

In the second half of this year, TDCC plans to hold a workshop for members to have more discussions that stem from the issues raised earlier by members. The result and analysis of the above-mentioned survey will also be published at the workshop for members' reference.



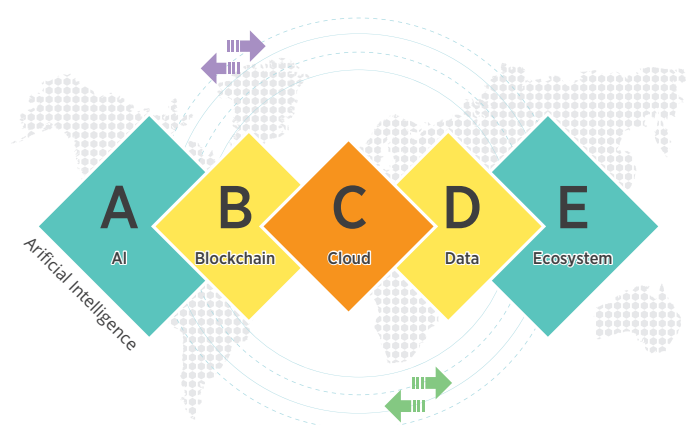
Investor Services Task Force meeting was held by TDCC at ACG annual general meeting in Nepal

## 2.2 Investor Services Task Force Workshop

As the ISTF convener, TDCC held the Investor Services Task Force Workshop (ISTF Workshop) on November 14th at the Swissotel in Bangkok jointly with Asia Fund Standardization Forum (AFSF) co-hosted by Thailand Securities Depository (TSD) and Korea Securities Depository (KSD). More than 65 delegates from ACG members, ICSDs, custodian banks, asset management companies and information service providers attended this great event.

In response to the trend of enhancing corporate governance and increasing shareholder activism in the capital market, the ISTF Workshop focused on the theme of "e-Services of Annual General Meeting (AGM)." Industry experts and specialists were invited to address CSDs' considerations for new technology applications and the market demand for AGM services.

### Technology Trends for CSD Industry



In the keynote speech of “The Evolution of Enterprise DLT and Smart Contract Technology,” Mr. Grahame Webb from Digital Asset enlightened all the participants on the issue of technology solution for optimizing AGM e-services. He mentioned the opportunity for CSDs lies in improving the communication between issuers and beneficial owners and defining the rights and obligations of all entities. In the decentralized environment, Mr. Webb suggested CSDs to apply new technology to create the platform that sets up standards. CSDs are at the tipping point and have to think about the core value of e-services for the next 20 years.

The procedures for shareholder meetings include announcement, sending meeting material, administration and voting which are multi-party involved, highly manual, resource-intensive and long sequential. Messages could be polluted or distorted in any part of the workflow. CSDs have been dealing with this problem in the past decade, launching services such as e-voting, digital inquiry, direct recording electronic voting system, streaming for shareholder meetings, and virtual meetings.

Mr. Arman Melkumyan from NSD was invited to address the corporate actions reform in the Russian market and NSD’s e-voting service. In addition, during the panel, representatives from ACG members and custodi-

an banks shared their experiences and insights of AGM e-Services and discussed challenges and opportunities to evolve with new technology.

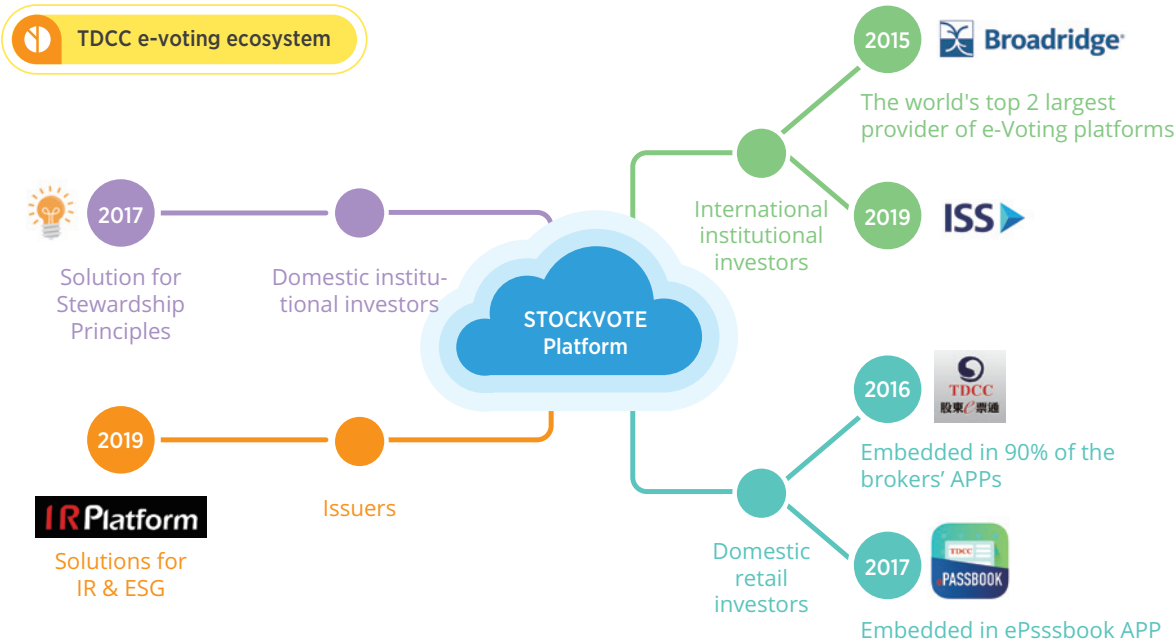
At the workshop, TDCC, the ISTF convener, also released the “e-Services of AGM” survey results and updated the participants of its e-voting ecosystem to conclude the ISTF Workshop.

Agenda	Speaker
Opening Remarks	Taiwan Depository & Clearing Corporation <b>Ms. Wen Yen</b>
<b>KEYNOTE SPEECH 1</b> The Evolution of Enterprise DLT and Smart Contract Technology	Digital Asset <b>Mr. Grahame Webb</b>
<b>KEYNOTE SPEECH 2</b> NSD E-Voting Services	National Settlement Depository <b>Mr. Arman Melkumyan</b>
<b>PANEL DISCUSSION</b> Survey Analysis and Information Exchange on AGM e-Services	<b>MODERATOR</b> Taiwan Depository & Clearing Corporation <b>Ms. Judy Wu</b>
	<b>PANELISTS</b> Taiwan Depository & Clearing Corporation <b>Mr. Ching-Yuan Chen</b>
	Korea Securities Depository <b>Mr. Bruce Lee</b>
	Central Depository Services Ltd. <b>Mr. Anand Tirodkar</b>
	Hong Kong Exchanges and Clearing Ltd. <b>Ms. Alys Pun</b>
	Taiwan Depository & Clearing Corporation <b>Mr. Shawn Hsu</b>
	Deutsche Bank <b>Mr. Dol Watanasri</b>





TDCC host “Investor Services Task Force Workshop” on November 14th in Bangkok, Thailand



## CHAPTER 3

# Survey on E-services of Shareholder Meeting

## 3.1 Purpose of the survey :

Allowing electronic participation in corporate actions has become a definite trend in the global market with an aim to fulfill corporate governance and enhance investor services. In October 2017, TDCC conducted a survey on the investor services provided by CSDs. Based on the results of the survey, protecting shareholders' rights, reducing operational costs, achieving high accuracy and efficiency, and improving transparency are major issues facing companies because shareholder meeting involves a vast number of shareholders. In fact, shareholder meeting is regarded as a major gauge for corporate governance, and the adoption of electronic voting in a shareholder meeting has been among the most discussed issues. Some CSDs

provide registrar services as an auxiliary business, while others aim to provide such services in a B2C context. In a nutshell, electronic voting in shareholder meetings has become the latest trend in the discourse of corporate actions.

However, in recent years, it has been clear that electronic participation isn't just about voting, but rather nomination, proposal, meeting virtualization, and cross-border voting for overseas investors. Through this survey, we aim to look into all aspects of electronic participation in shareholder meeting and use the results as the materials to devise the activities of the Investor Services Task Force for 2019.



### 3.2 Scope of survey :

This survey applies to all companies listed on stock exchanges and OTC markets.

#### Participants

##### ACG Members

1. Central Depository Company of Pakistan Limited
2. Central Depository Services (India) Limited
3. Central Depository Systems(Pvt) Limited Sri Lanka
4. China Securities Depository and Clearing Corporation Limited
5. Hong Kong Securities Clearing Company Limited
6. Indonesia Central Securities Depository
7. Japan Securities Depository Center, Inc.
8. Korea Securities Depository
9. Maldives Securities Depository
10. Philippine Depository & Trust Corp.
11. Singapore Exchange
12. Shanghai Clearing House
13. Taiwan Depository & Clearing Corporation
14. Thailand Securities Depository
15. Vietnam Securities Depository

##### Non-ACG Members

1. Merkezi Kayit Kurulusu A.S. (MKK, Turkey)
2. National Settlement Depository (NSD, Russia)

### 3.3 Survey result

#### (1) Summary:

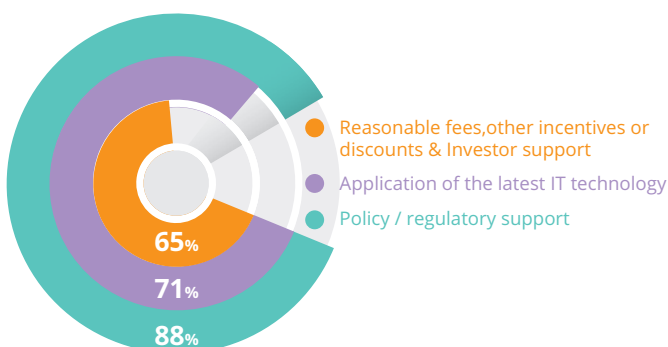
Below are topics that raised in the survey, including e-voting, virtual meeting, live-streaming for shareholder meeting, STP cross-border voting and shareholder

director nomination and proposal. As the table shows, e-voting is more common than other services. Most of the respondents already have this service or plan to launch it. Compared to e-voting, the other 4 services are at an early stage.

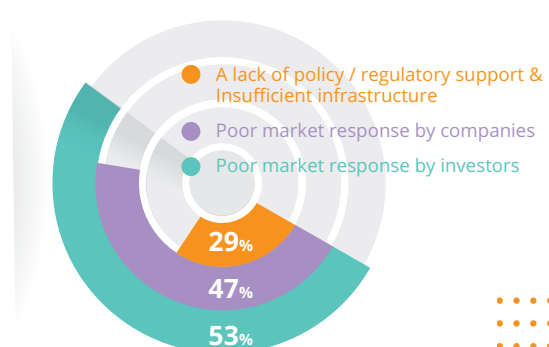
Scope of services	E-service providers	The service is unavailable and there is no plan of introducing such services	Transfer agent		CSD		Other (please specify)
			Already available	Planning stage	Already available	Planning stage	
E-voting (including proxy voting)			India Pakistan Japan Vietnam China	Thailand	India Korea Maldives HK Vietnam Turkey Russia China Taiwan	Sri Lanka Singapore China Indonesia Philippines	Japan Korea
Virtual Meeting		Japan Korea Singapore Thailand China Indonesia Philippines Taiwan	HK		Turkey	Sri Lanka Maldives Russia	
Live-Streaming for shareholder meeting		Korea Singapore Thailand China Indonesia Philippines Taiwan	India HK		India Turkey Russia	Sri Lanka Maldives	Japan
STP Cross-Border Voting		Korea Maldives Singapore Thailand Indonesia			HK Turkey Taiwan	Sri Lanka China Philippines Russia	Japan
Shareholder director nomination and proposal		Japan Korea Singapore Thailand Indonesia Taiwan	India HK China		India Turkey Russia China	Sri Lanka Maldives Philippines	Pakistan

According to the survey, major factors contributing to the successful implementation of e-services are policy, fees, and technology support. On the other hand, poor response, lack of policy support, and insufficient infrastructure are top challenges facing business today.

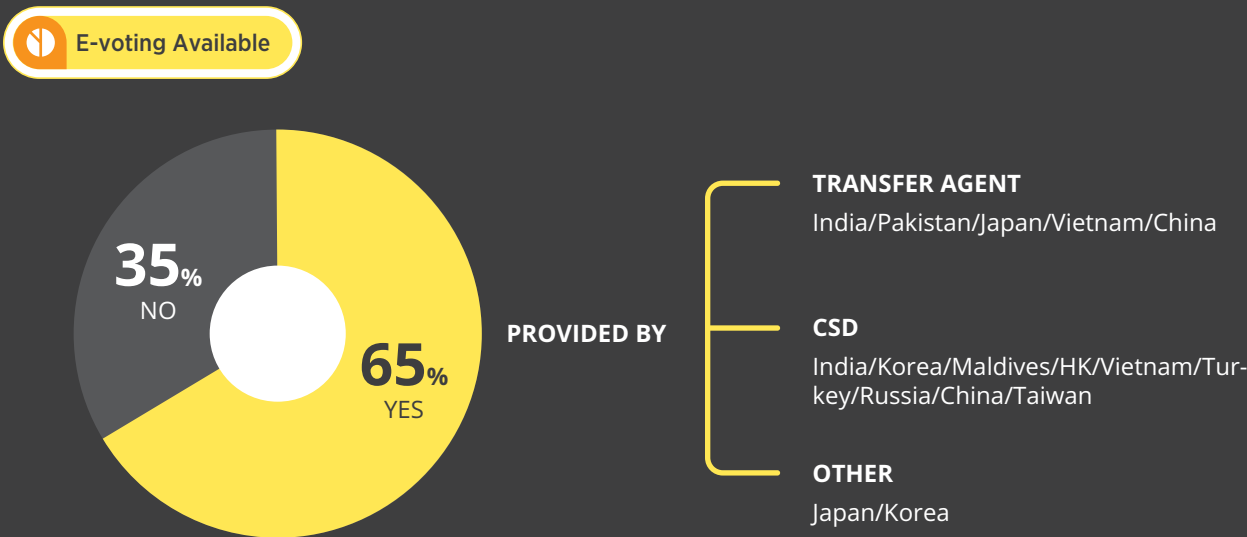
#### Positive



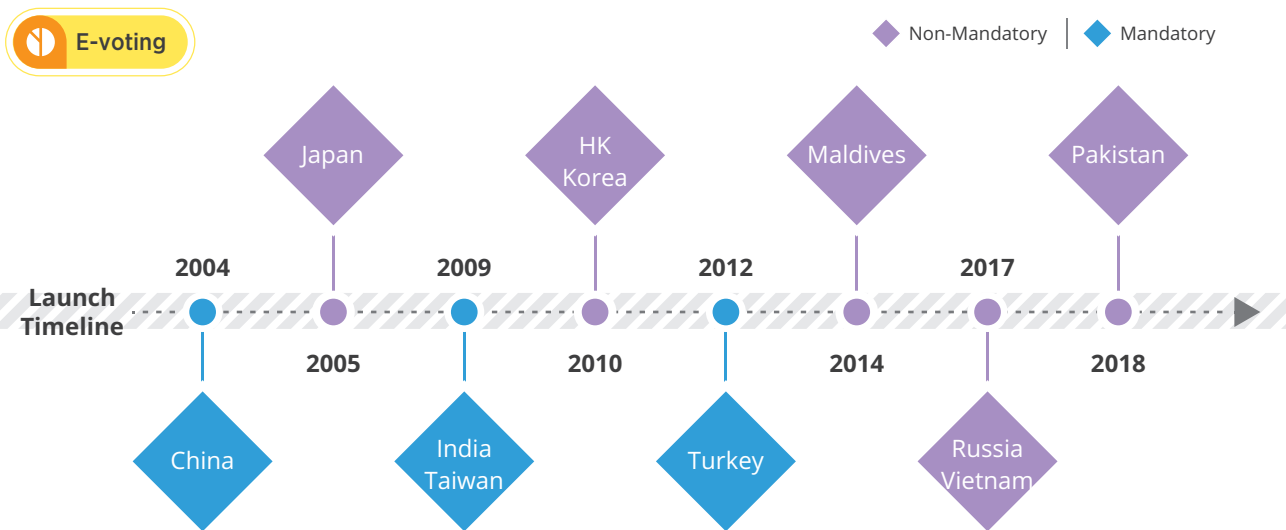
#### Negative



This chart shows the penetration and providers of e-voting systems. Based on the survey, 65% of our respondents expresses that e-voting is available at their countries, and mainly provided by CSDs and Transfer Agents.

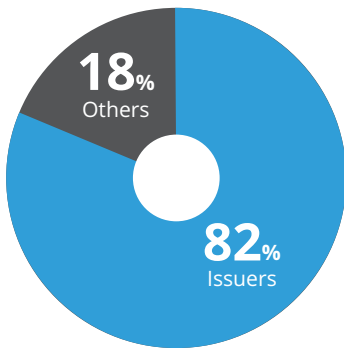


China is the first country to launch e-voting, and Pakistan is very new to this service. In China, India, Turkey and Taiwan, e-voting is mandatory.



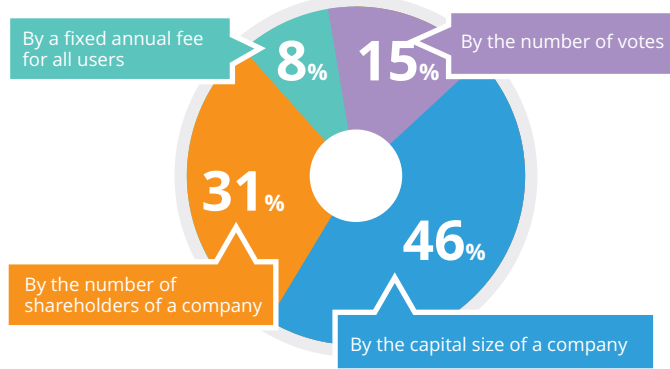
**E-voting**

Who pays for the service?



These 2 charts show the fee issues. In most countries, issuers pay for the fee, and the fee is charged mainly by capital size of a company, the number of shareholders of a company, and the number of votes.

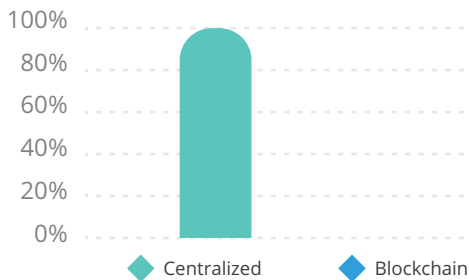
How is the fee charged?



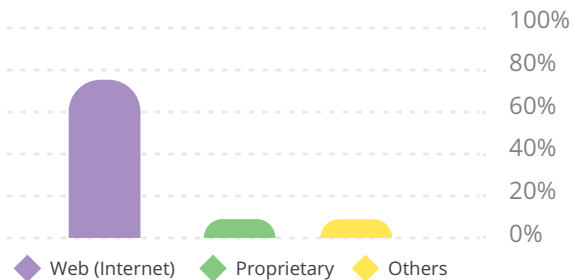
These charts show the structure of e-voting systems. From the survey, systems implemented as of now are centralized. You can see the blockchain technology is

not common yet. Most of the systems are available to their users via internet. Once user identity is confirmed, users can access e-voting platform via internet.

What is the structure of your E-voting platform?



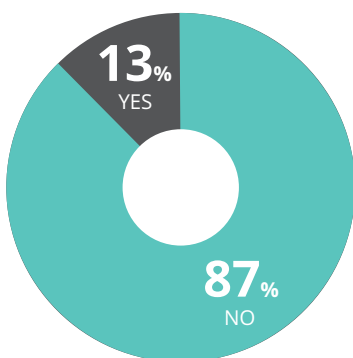
How is the E-voting system accessible to users





Another topic that we focus is virtual meeting. As the slide shows, it's still at an early stage; however, some countries make progress in this function. In HK, the form of virtual meeting is hybrid. Companies still

convene physical shareholder meetings on certain occasions. In Turkey, virtual meeting and e-voting take place on the same platform, MKK's e-GEM system. It integrates e-services into one platform for users' convenience.

**Virtual Meeting Available**



**Virtual-Meeting**

		
<b>Adoption</b>	Turkey	HK
	Mandatory	Non-Mandatory
<b>Form</b>	Hybrid	Hybrid
<b>Characteristic</b>	Virtual Meeting and E-voting are integrated into the same platform, MKK's e-GEM system.	<ul style="list-style-type: none"> <li>Raising questions online</li> <li>Browsing proposal information</li> <li>Voting during the meeting</li> </ul>

## (2) E-SERVICES IMPLEMENTATION AT CSDS



### Central Depository Company of Pakistan Limited

#### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 545
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 44.5 Billion
- 1.3. The maximum number of investors a company has: Around 93,747 thousand
- 1.4. Shareholding registration system: End investor (beneficial owner)
- 1.5. CDC provides transfer agent services through its subsidiary.

#### 2. E-SERVICES IN SHAREHOLDER MEETING

Policy and regulatory support, and investors' positive response (both institutional investors and retail investors) are factors contribute to the provision of e-services. The services have been recently launched at the AGM season during August to December.

##### E-VOTING

After the promulgation of Companies (Postal) Ballot Regulations, 2018, CDC Share Registrar service has launched an e-voting facility which has recently been developed in house.

The e-voting service becomes available in Pakistan in December 2018. Since the e-voting service is launched recently, only one company has adopted it so far. Issuers pay for the service, and the fee is charged by the capital size of a company and the number of shareholders of a company. As for voting period, minimum 3 days period for voting which last 1 day before the shareholder meeting.

CDC Share Registrar Services has become the number one Registrar/Transfer agent in the last ten years due to its state-of-the-art IT infrastructure while serving as a one-window solution for companies and their shareholders.

The e-voting platform neither allows shareholders to change or revoke their votes on the day of shareholder

meeting, nor allows them to vote on extraordinary motions on the day of shareholder meeting.

The structure of e-voting platform is a centralized voting system, and the e-voting system is accessible to companies or shareholder service agencies through Web (Internet) for downloading the voting results or transferring shareholder list. Investors may vote electronically through PC webpage.

The platform uses ID and password for user verification.

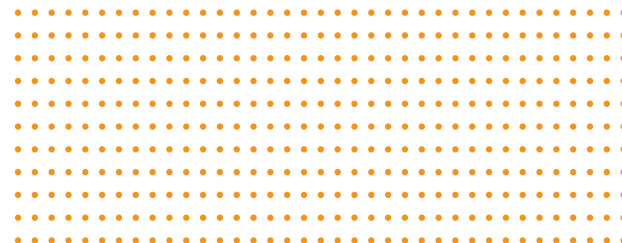
##### VIRTUAL MEETING

This service is not available as of now.

##### OTHER E-SERVICES

In addition to e-voting, Pakistan also offers the following e-services:

- ☒ eIPO Service
- ☒ eDividend Service
- ☒ Digital Account Opening Form
- ☒ Centralized Information Sharing Solution for Insurance Industry
- ☒ Online Transactions – Portfolio Transfer & Right Subscription Request
- ☒ CDC E-access





## Central Depository Services (India) Limited

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies:  
6,407
- 1.2. Total market cap of those companies:  
151,980,922.1 (Rs. In Millions) is the market cap of companies at CDSL only.
  - i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors): 10.97%
  - ii. Holding by local investors: 10.97%, which is composed of local institutional investors (61.29%) and local retail investors (27.74%)
- 1.3. Maximum number of investors a company has:  
972,070
- 1.4. Shareholding registration system: End investor (beneficial owner)
- 1.5. CSDs are not permitted to offer transfer agent services. However, CDSL offers RTA services through its wholly owned subsidiary.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts, application of the latest IT technology and investors' support contribute to the prevalence of e-services in India. Poor market response by individual investors is the major challenge that organizations encounter in launching, or planning these services.

#### E-VOTING

CDSL launched e-voting in November 2009. As per the Sub section (1) of Rule 20 of Rules, 2014, every listed company or a company having not less than 1000 shareholders, shall provide to its members facility to exercise their right to vote at general meetings by electronic means.

Legal basis:

Amendment To Rule 20 Of Companies (Management And Administration) Rules, 2014: Voting Through

#### Electronic Means

Ministry of Corporate Affairs vide its notification dated 19th March 2015 had modified Rule 20 of the Companies (Management and Administration) Rules, 2014 ("hereinafter Rules, 2014) and issued the Companies (Management and Administration) Amendment Rules, 2015 ("hereinafter, Amendment Rules, 2015").

The Rules have been made by Central Government under the powers conferred by Section 108 read with Section 469 (1) and (2) of the Companies Act, 2013.

Issuers pay for the service. The rate is based on a flat fee per issuer per voting evidence. The period that e-voting platform is available for shareholders to vote is from minimum 3 days before the AGM, and the voting window closes 1 day prior to the AGM at 5:00 p.m. IST.

Shareholders can not change/revoke their votes, or vote on extraordinary motions via the E-voting system on the day of shareholder meeting

The structure of e-voting platform is a centralized voting system, which is accessible to companies or shareholder service agencies via Web (Internet).

Investors may vote electronically through PC webpage or mobile app once their ID and password are verified.

#### VIRTUAL MEETING

Currently only web broadcasting of meeting is permitted. Issuers have to pay for the service, and the fee is charged by the number of shareholders of a company and a fixed annual rate for all users.

To use the web broadcasting (live streaming) service, users need to apply ID and password to log-in. This service is integrated to e-voting system for users' convenience.





## Central Depository Systems (Pvt) Limited Sri Lanka

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 291
- 1.2. Total market cap of those companies(In US billion dollar terms): USD 14.3 Billion
  - i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors): 25%
  - ii. Holding by local investors: 75 %, which is composed of
    - local institutional investors: 59%
    - local retail investors: 16%
- 1.3. Maximum number of investors a company has: Around 75,000 thousand
- 1.4. Shareholding registration system: End investor( beneficial owner)

- 1.5. Central Depository Systems (Pvt) Limited Sri Lanka provides transfer agent services.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Management support and vision contribute to the provision of e-services. However, there is poor market response by investors.

#### E-VOTING

This service is not available as of now.

#### VIRTUAL MEETING

This service is not available as of now.

#### OTHER E-SERVICES

E-Statements, Online access to account holders, and SMS Alerts are available for investors in market.



## China Securities Depository and Clearing Corporation

### E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, application of the latest IT technology and investors' support help to promote the development of e-services in shareholder meeting in China. However, the regulators still need to overcome poor response from companies and investors.

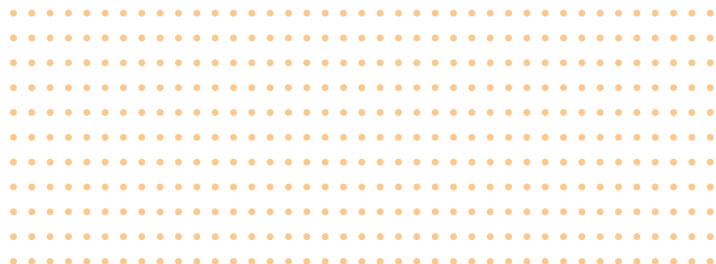
#### E-VOTING

E-voting in China is compulsory and was launched in December 2004. Issuers need to pay for the service and the fee is charged based on the capital size of a company. The platform is available for shareholders to vote 1 day prior to the shareholder meeting. Shareholders can neither make amendments to their votes nor vote on extraordinary motions via the e-voting system on the day of shareholder meeting.

The centralized system is accessible to users via the internet, and users may vote through PC webpage and mobile app. ID/password, identity certificate (provided by a third party) and eID are used for user authentication.

#### VIRTUAL MEETING

This service is not available in China as of now.





## Hong Kong Securities Clearing Company Limited

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies:  
2,353 (As of April 2019)
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 4,403 Billion (As of April 2019)
- 1.3. Shareholding registration system: Nominee shareholder
- 1.4. HKSCC does not provide transfer agent services

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts, application of the latest IT technology and investors' support play key roles in the development of e-services in Hong Kong. At the planning stage, the market also faces challenges including poor response and insufficient infrastructure.

#### E-VOTING

CSD provides e-voting services to all of its participants before year 2000. However, the majority of listed companies do not offer e-voting services to its registered shareholders. Electronic voting service is provided by CSD to its Clearing and Investor Participants.

CSD provides voting services free of charge. The period that e-voting platform is available for shareholders to vote is usually from 1 business day after the issuance of notice of meeting & Proxy Form till 3 to 1 business days before the shareholders' meeting. Shareholders

can not change or revoke their votes on the day of shareholder meeting, or vote on extraordinary motions via the E-voting system on that day.

The structure of the e-voting platform is a centralized voting system with no direct linkage to companies or shareholder service agencies.

Investors and clearing participants may vote electronically through PC webpage and Proprietary Terminal respectively. Users need to set up ID and password, or CCASS Access Card for verification.

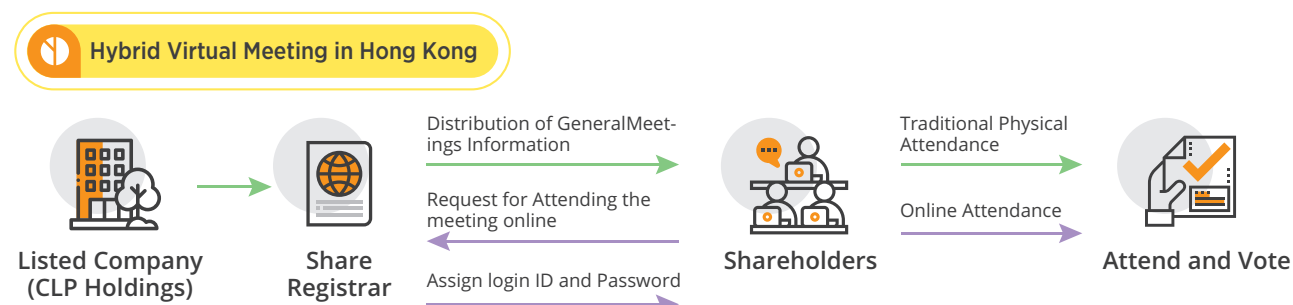
#### VIRTUAL MEETING

The virtual meeting service became available in May, 2019. Issuers pay for the service, and the fee is negotiated between the issuer, the transfer agent and the vendor. Virtual meeting system and e-voting system are separate, not integrated.

The form of virtual meeting that HK conducts is hybrid virtual meeting. Companies still convene physical shareholder meetings on certain occasions.

Shareholders cannot change or revoke their votes via the virtual meeting system. ID and password, identity certificate (provided by a third party), and eID are used for verification.

In addition to live-streaming, raising questions online, browsing proposal information, and voting during the meeting are also functions offered to investors.





## Indonesia Central Securities Depository

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 619
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 714.48 Billion
  - i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors): 52.17%
  - ii. Holding by local investors: 47.83%, which is composed of
    - local institutional investors: 99.20%
    - local retail investors: 0.79%
- 1.3. Shareholding registration system: End investor (beneficial owner)
- 1.4. KSEI does not provide transfer agent services.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts, application of the latest IT technology, and investors' support contribute to the development of e-services.

#### E-VOTING

This service is not available as of now.

#### VIRTUAL MEETING

This service is not available as of now.

#### OTHER E-SERVICES

AKSes facility where investors may monitor their consolidated portfolio and transaction movements for all their investment in the capital market

- [ HOME PAGE ]
- / Running trades /
- / Personal Profile /
- / Capital Market Education materials /
- / Market Activities /
- / Corporate Action information /
- / Headline news/Articles /



## Japan Securities Depository Center, Inc.

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 3,772 (As of the end of March 2019)
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 5,637.43 Billion (As of the end of March 2019)
  - i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors): 27.89% (As of the end of March 2019)
  - ii. Holding by local investors: 72.11%, which is composed of
    - local institutional investors: 26.91%
    - local retail investors: 45.20% (As of the end of March 2019)
- 1.3. Maximum number of investors a company has: Around 1,016 thousand

- ii. Holding by local investors: 72.11%, which is composed of
  - local institutional investors: 26.91%
  - local retail investors: 45.20% (As of the end of March 2019)

- 1.3. Maximum number of investors a company has: Around 1,016 thousand

- 1.4. Shareholding registration system: Mixed (End investor for individual investors, Nominee shareholder (trust banks or custodians) for institutional investors)
- 1.5. Japan Securities Depository Center does not provide transfer agent services

## 2. E-SERVICES IN SHAREHOLDER MEETING

Japan's Corporate Governance Code supervises the development of E-services.

Poor market response by companies is the main issue to resolve.

### E-VOTING

In Japan, Investor Communications Japan (ICJ) began e-voting service for companies from December 2005. E-voting is not compulsory. According to the survey conducted by a magazine called "shojihome," 49.3% of the companies are adapting e-voting.

According to the HP information of ICJ, issuers pay to

ICJ for service fee, which is charged based on the capital size of the company.

Shareholders cannot change or revoke their votes on the day of shareholder meeting.

### VIRTUAL MEETING

This service is not available as of now.

Additional information:

Currently, the revision of the Companies Act (in relation to corporate governance) is proposed in Japan. The revision would allow a stock company to provide shareholder meeting materials to shareholders electrically without consent of each shareholder. By the revision, in order to protect the interests of shareholders those who do not have internet access, shareholders would be entitled to request printed paper copies of the shareholder meeting materials to issuers. If the revision is enacted, the request from shareholders would be made through the Book-Entry Transfer Institution (JASDEC) to issuers.



## Korea Securities Depository

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 2,111 as of the end of 2018
- 1.2. Total market cap of those companies(In US billion dollar terms): USD 1,400 Billion as of the end of 2018
  - i. Holding by foreign investors (including retail

(i.e. natural person) and institutional investors): 32 %

- ii. Holding by local investors: 68%

- 1.3. Maximum number of investors a company has: Around 700 thousand
- 1.4. Shareholding registration system: End investor (beneficial owner)
- 1.5. Korea Securities Depository provides transfer agent services.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support and application of the latest IT technology contribute to the provision of e-services in Korea. On the other hand, a lack of policy support and poor market response by companies/investors are the major challenges in launching, or planning the e-services.

### E-VOTING

The service becomes available in August 2010, and the percentage of companies that voluntarily adopt



this service is 100%. Issuers pay for the service, and the fee is charged by the capital size of a company and the number of shareholders of a company. The voting period is from 10 days before the meeting to 1 day before the shareholder meeting. Shareholders cannot change or revoke their votes on the day of shareholder meeting, or vote on extraordinary motions via the e-voting system on the day of shareholder meeting.

The structure of e-voting platform is a centralized voting system. Companies and shareholder service agencies may access to the platform via the web.

Investors may vote electronically through PC webpage and mobile app. Identity certificate (provided by a third party) will be used for ID verification.

#### VIRTUAL MEETING

This service is not available as of now.



## Maldives Securities Depository

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 9
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 1.01 Billion
- 1.3. Maximum number of investors a company has: Around 31000 thousand
- 1.4. Shareholding registration system: End investor (beneficial owner)
- 1.5. Maldives Securities Depository provides transfer agent services.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts, application of the latest IT technology, and investors' support are key factors to the launch of e-services in Maldives. At the planning stage, a lack of policy support, poor market response by companies and insufficient infrastructure are challenges facing the market.

### E-VOTING

The service became available in 2014 for voluntary adoption. Issuers pay for the service, and the fee varies depending on the location. E-voting is available during the shareholder meeting. As of now, the function of changing or revoking votes is not provided. Shareholders also cannot vote on extraordinary motions via the e-voting system on the day of shareholder meeting.

It is a centralized voting system, which is accessible to companies or shareholder service agencies via web. Investors may vote electronically through PC webpage or mobile browser. ID and password are used to verify the identity.

#### VIRTUAL MEETING

This service is not available as of now.

### OTHER E-SERVICES

Maldives also launches e-service for IPO Management.



## Philippine Depository & Trust Corp.

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 266 (as of 28, June 2019)
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 336.07 Billion( as of 28, June 2019)
  - i. Holding by foreign investors (including retail

(i.e. natural person) and institutional investors): 13.37 %

- ii. Holding by local investors: 86.63 %

- 1.3. Maximum number of investors a company has: Around 145 thousand
- 1.4. Shareholding registration system: Mixed
- 1.5. Philippine Depository & Trust Corp does not provide transfer agent services.

## 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts application of the latest IT technology, investors' support and security/risks in using internet contribute to e-services. Insufficient infrastructure is the major concern.



### Singapore Exchange

#### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 739 listed companies as at May 2019
- 1.2. Total market cap of those companies( in US billion dollar terms): USD 694.6 Billion as at May 2019( SGD 951.5 billion)
- 1.3. Maximum number of investors a company has: Around 1,000 thousand
- 1.4. Shareholding registration system: Nominee shareholder/End investor (beneficial owner)
- 1.5. Singapore Exchange provides transfer agent services. (Transfer of securities within depository system)

#### E-VOTING

This service is not available as of now.

#### VIRTUAL MEETING

This service is not available as of now.



### Shanghai Clearing House

#### 1. MARKET OVERVIEW

The major registration system in CBIM is end investor registration, while in Bond Connect it is the CIBM opening up mechanism launched in July, 2017; nominee shareholder registration is adopted. HKMA CMU acts as the nominee holder for all overseas investors. Shanghai Clearing House provides transfer agent services.

#### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives

#### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts, application of the latest IT technology, and investors' support are key factors that lead to development of e-services in Singapore. However, there are still challenges such as poor market response by companies and investors, and slow adoption that the market is facing with.

#### E-VOTING

This service is not available as of now.

#### VIRTUAL MEETING

This service is not available as of now.

or discounts,application of the latest IT technology, and investors' support (institutional investors) help to promote e-services in China market. Poor market response by investors is one major challenge to deal with.

#### E-VOTING

This service is not available as of now.

#### VIRTUAL MEETING

This service is not available as of now.





## Taiwan Depository & Clearing Corporation

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 1,702
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 1,177.59 Billion
  - i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors): 39.27%
  - ii. Holding by local investors: 60.73%
- 1.3. Maximum number of investors a company has: Around 1,080 thousand
- 1.4. Shareholding registration system: End investor (beneficial owner)
- 1.5. Taiwan Depository & Clearing Corporation does not provide transfer agent services.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, application of the latest IT technology and investors' support help the development of e-services. Poor market response is one of the issues to deal with.

### E-voting

The service becomes available in March 2009, and all the listed companies were required by the authority to adopt e-voting at shareholders' meetings since 2018. Issuers pay for the service, and the fee is charged by the capital size of a company.

Shareholders cannot change or revoke their votes on the day of shareholder meeting, but could vote on extraordinary motions via the e-voting system on the day of shareholder meeting.

The structure of e-voting platform is a centralized voting system. Companies and shareholder service agencies may access to the platform via proprietary.

Investors may vote electronically through PC webpage and mobile app. ID and password, identity certificate (provided by a third party) and biosignal certificate will be used for ID verification.

### Virtual Meeting

This service is not available as of now.



## Thailand Securities Depository

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: As of 21/6/2019, there are total 711 listed companies for both SET and mai.
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 575.75 Billion
  - i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors): 2%
  - ii. Holding by local investors: 98%
- 1.3. Maximum number of investors a company has: Around 100 thousand
- 1.4. Shareholding registration system: End investor (beneficial owner)
- 1.5. Thailand Securities Depository provides transfer agent services. (In their registrar services)

Thailand Securities Depository Co., Ltd (TSD) provides two types of securities post-trade services separately which are (1) Securities Depository Services (CSD) and (2) Securities Registration Services.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support and cost-competitiveness help the development of e-services. A lack of policy/ regulatory support and insufficient scale of economy are major challenges.

### E-VOTING

This service is not available as of now.

### VIRTUAL MEETING

This service is not available as of now.

## OTHER E-SERVICES

- ✓ Digital Subscription for NVDR and listed securities for only Right Offering
- ✓ As Registrar, TSD supports and advocates for a

draft law allowing listed companies to disseminate shareholder meeting documents and annual reports electronically via QR code and URL to shareholders and related parties. This service commenced February 2019.



## Vietnam Securities Depository

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 1,805
- 1.2. Total market cap of those companies(In US billion dollar terms): USD 61.996 Billion
- 1.3. Maximum number of investors a company has: Around 39,900 shareholders
- 1.4. Shareholding registration system: End investor(beneficial owner)
- 1.5. Vietnam Securities Depository provides transfer agent services.

### 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts and application of the latest IT technology are key factors. Still, a lack of policy support, poor market response by companies, poor market response by investors and insufficient infrastructure are difficulties to deal with.

### E-VOTING

The service became available on 23, March 2017. According to 2014 Enterprise Law, shareholders casting votes electronically are also considered to attend and vote personally at the annual general meeting (Article 140). It is at an early development stage.

VSD will directly collect fee from issuer. The issuer may collect service fee from shareholders. The fee is charged on the basis of a fixed amount of the e-voting usage plus additional amount based on the number of investors using e-voting.

Issuer sends a written notice of e-voting usage to VSD no later than 7 days before the starting date of e-voting. E-voting will end before the shareholder meeting.

On the day of shareholder meeting, if shareholders would like to change or revoke their votes, they can personally attend the meeting and re-vote.

Shareholders can not vote on extraordinary motions via the e-voting system on the day of shareholder meeting.

The e-voting platform is a centralized voting system. It is accessible to companies or shareholder service agencies through the web.

Investors may vote electronically through PC webpage and mobile app. ID and password are used for verification.

### VIRTUAL MEETING

This service is not available as of now.



## Merkezi Kayit Kurulusu A.S. (MKK)

### 1. MARKET OVERVIEW

- 1.1. Total number of publicly listed companies: 413
- 1.2. Total market cap of those companies (In US billion dollar terms): USD 150.6 Billion

- i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors): 65%
- ii. Holding by local investors: 35%, which is composed of

- local institutional investors: 17%
- local retail investors: 18%

1.3. Maximum number of investors a company has:  
Around 153 thousand

1.4. Shareholding registration system:

- End investor (beneficial owner)
- Mixed: Only foreign CSDs and custodians can open omnibus accounts at MKK for holding government debt securities as per the regulations

1.5. MKK does not provide transfer agent services.

MKK is the CSD of Turkey for all dematerialized securities and investor CSD of Central Bank of Turkey for the government debt security holdings of investors

## 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts, application of the latest IT technology, investors' support, transparency, enhancement of corporate governance standards and practices, global trends, data and technology focused services, and R&D license and support help create cutting-edge service innovations in Turkey. Still, there are issues such as resistance to change, challenges in adapting new automated processes and fees for service provider to deal with.

### E-VOTING

In October 2012, e-GEM(Electronic General Meeting System)was developed and launched by MKK. It is mandatory under The Turkish Commercial Code (1 July 2012), and Capital Market Law (30 December 2012). TCC gave electronic participation the same legal basis as participation in physical meetings and mandated all listed companies to convene electronic GMs concurrently with physically present meetings. The CML assigned MKK to establish a central platform for electronic GMs. It is also possible for the companies that are not listed at the exchange to use the e-GEM system for conducting their general meetings.

Issuers pay for the service, and the fee is charged by the capital size of a company. Votes can be delivered 21 days before the GM date. Investors can also cast their votes during the meeting. What's worth to mention is that the e-voting platform allows shareholders

to change or revoke their votes on the day of shareholder meeting, and shareholders can vote on extraordinary motions.

It is a centralized voting system accessible to companies or shareholder service agencies via Web. Investors may vote electronically through a PC webpage.

In addition to identity certificate, the system (framework) is also capable and customizable to support username/password configuration as well as other verification procedures.

### VIRTUAL MEETING

With the commencement of MKK's e-GEM: Electronic General Meeting System, the virtual meeting became available in October 2012.

The e-GEM is used both for e-voting and virtual meeting. To use the virtual meeting service, issuers pay for the services, and the fee is charged by the capital size of a company like they do in using e-voting.

The form is hybrid virtual meeting. Companies need to convene both physical and electronic meetings. As of the deadline of this survey, the number of companies convening shareholder meetings in such a fashion is 419. Shareholders could change or revoke their votes via the virtual meeting system.

The ID verification process is the same as the process in e-voting.

Other than live-streaming of the shareholder meeting,



virtual meeting offers functions such as raising questions online, displaying vote count in a real-time basis, browsing proposal information, interacting with other users online, and voting during the meeting.

Virtual Meeting and e-voting take place on the same platform, MKK's e-GEM system.

Besides e-voting and virtual meeting, MKK also provides other e-services to the market. MKK's value added services are provided through the e-MKK Information Portal components such as e-BDS (Electronic

Board of Directors System), e-CAS (Investor Notification and Alert System), e-GOVERNANCE (Corporate Governance and Investor Relations), e-WAREHOUSE RECEIPT (Electronic Warehouse Receipt Center), e-COMPANY (Companies Information Portal), and e-DATA (Capital Markets Data Bank).

MKK also operates the Public Disclosure Platform (the main information platform for all listed companies, investment funds and other capital market participants in Turkey) and provides trade repository services through its e-TRADE REPOSITORY platform.



## National Settlement Depository (NSD)

### 1. MARKET OVERVIEW

1.1. Total number of publicly listed companies: 644 issuers (as of 01/07/2019)

1.2. Total market cap of those companies (In US billion dollar terms): USD 721.0 Billion

i. Holding by foreign investors (including retail (i.e. natural person) and institutional investors):

[ As of 01/07/2019 : ]

- Total: 7.9% (USD 61.4 Billion)
- Government bonds: 29.9% (USD 39.6 Billion)
- Other bonds (excluding government): 5.9% (USD 17.3 Billion)
- Equities, UIT and other instruments: 1.3% (USD 4.4 Billion)
- Comment: This data is provided regarding foreign nominee holders. NSD do not have data regarding beneficial owners. NSD see data only regarding clients, 99% of which are local companies – professional market participants (brokers, banks and etc). Beneficial owners (including foreign investors) could also maintain assets under local custodians but NSD see only local custodian not their clients.

ii. Holding by local investors:

[ As of 01/07/2019 : ]

- Total: 92.1% (USD 717.8 Billion)

- Government bonds: 70.1% (USD 92.9 Billion)

- Other bonds (excluding government): 94.1% (USD 278.6 Billion)

- Equities, UIT and other instruments: 98.7% (USD 346.4 Billion)

» local institutional investors: 100%

» local retail investors: 0%. NSD provides securities services only for professional market participants local institutional investors

- Comment: This data is provided regarding foreign nominee holders. NSD do not have data regarding beneficial owners. NSD see data only regarding clients, 99% of which are local companies – professional market participants (brokers, banks and etc). Beneficial owners (including foreign investors) could also maintain assets under local custodians, but NSD see only local custodian not their clients.

1.3. Maximum number of investors a company has: Around 160 thousand

1.4. Shareholding registration system: Nominee shareholder & Mixed (in general NSD has nominee shareholder registration system but does not have legal restrictions to open segregated accounts)

1.5. NSD does not provide transfer agent services.

## 2. E-SERVICES IN SHAREHOLDER MEETING

Regulatory support, reasonable fees, other incentives or discounts and application of the latest IT technology help build a favorable environment for the development of e-services in Russia. Poor market responses by companies and investors are major challenges to solve.

### E-VOTING

Based on Article 60 of Federal Law No. 208-FZ “On Joint-Stock Companies,” the service becomes available on May 2017. It is a voluntary adoption in Russia. As of now, 9 companies adopt NSD E-voting service.

Issuers pay for the service, and the fee is charged by the number of votes and the number of shareholders of a company.

Regarding the voting period, there are two different timelines:

1. For the general meeting in the form of a physical

meeting:

From start of voting to 2 days before the shareholder meeting (in practice about 18-20 days) and on the day of the shareholder meeting

2. For the general meeting in the form of absentee voting:

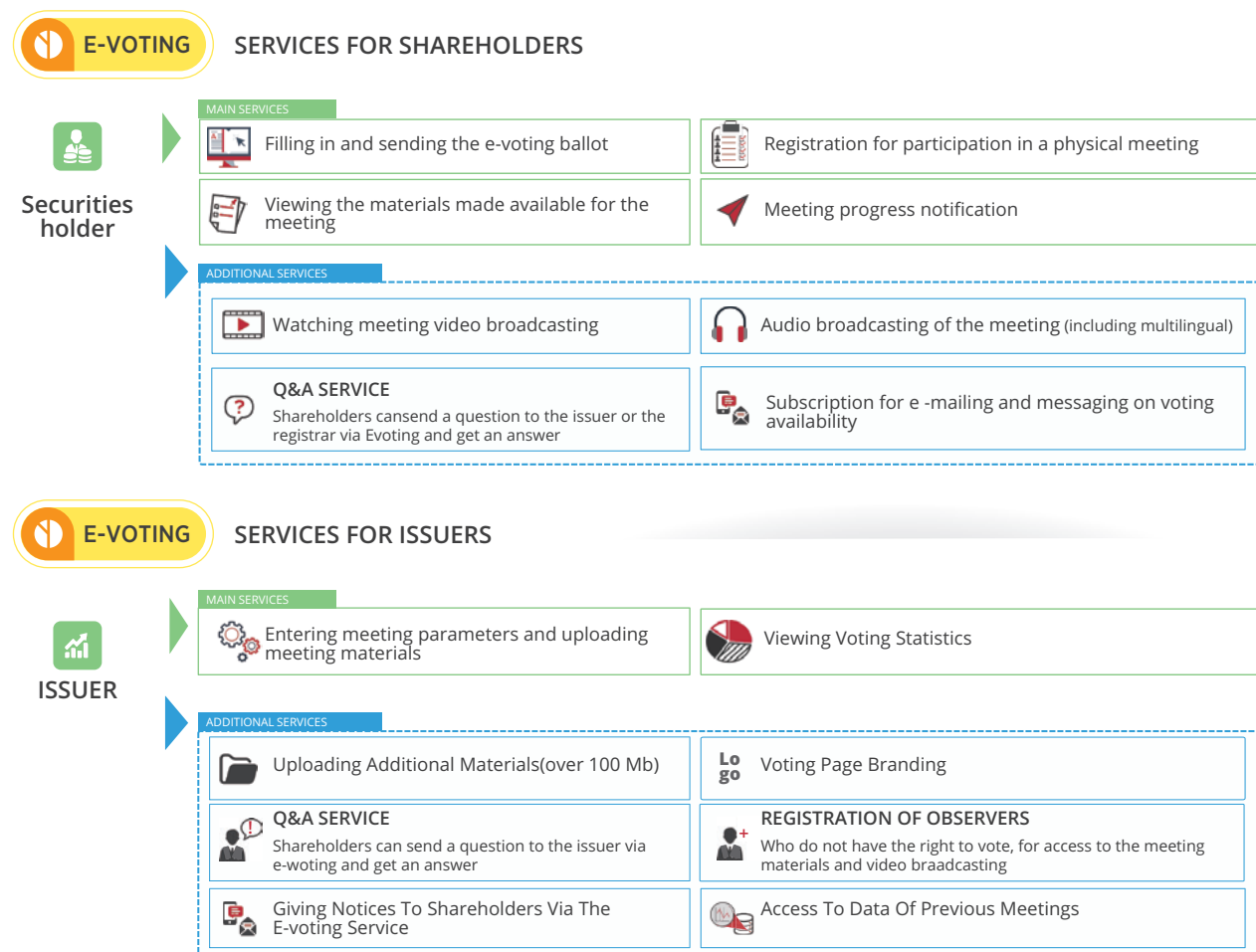
From start of voting to the shareholder meeting closing date (in practice about 20-25 days)

Shareholders cannot change or revoke their votes, nor vote on extraordinary motions via the e-voting system on the day of shareholder meeting.

The e-voting platform is built on centralized voting system, which is accessible to companies or shareholder service agencies through web (internet). Investors may vote electronically through PC webpage once their ID, password and identity certificate are verified.

### VIRTUAL MEETING

This service is not available as of now.





# CONCLUSION

### 3.4 Conclusion

**W**ith the advance of new technology, the traditional way to conduct AGM needs to be redesigned to cater to the needs of shareholders. From the survey result, we find that organizations are now planning or already offering digital options to shareholders. However, there are still challenges such as poor market responses, lack of policy support and insufficient infrastructure that need to be overcome.

E-voting is highly prevalent among our members, based on the survey. Respondents think service promotion, complementary measures and regulatory support may raise the utilization of e-services. They believe that e-voting truly empowers investors to exercise their votes and is a step in the right direction for greater shareholder participation.

We also notice that most countries with high penetration rate of e- services adopted compulsory measures. However, considering the time and effort of amending regulation and the concept of corporate autonomy, it is not easy to adopt compulsory measure immediately to launch these services. A gradual implementation plan may be feasible and also encourage public interest.

Virtual meeting is an approach to further advance deployment of technology for shareholders. It solves problems of fixed physical location, which impacts shareholders' ability to attend and prevent time conflicts of the meetings. The transition to virtual meetings is still at an early stage. However, with advanced technology, expected increasing demand from investors, and the digital adoption in financial services, we can expect the service will have potential growth opportunity.

We foresee that more technology will be applied to the meeting. With policy support and technology advancement, virtual meeting and hybrid meeting will be gradually adopted by organizations for the purpose of increasing shareholder participation. In addition, despite the fact that blockchain technology is still in its early stages, it is found from the survey that some institutions have interests in the topic of related application. We anticipate that organizations may plan to develop blockchain-based system in the near future.

We also observe that organizations integrate e-services into a single platform, providing one-stop service to users, and further launching other services. Developing other services to facilitate users to use all services at a single entrance could increase user convenience, hence shareholder engagement.

Extending services to issuers is also one important factor that CSDs should consider when planning services. CSDs, as the bridge of market participants, are in a unique position to bring issuers and beneficial owner together to build something collaborative. In the long-run, CSD may connect all the market participants to build an eco-system for AGM matters and act as a center to deliver more value to capital market.

The development of technology and innovation can improve the way that meetings are convened and organized. The combination of the use of technology with the redesigned process may effectively express the company's view to its shareholders, facilitating shareholders to exercise rights to enhance shareholder activism, and then in the long-run, improve corporate governance.



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