

ECSDA Study on Issuer Services

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Corporate Actions and Asset Servicing
panel discussion

Mogens Kruse
VP Securities A/S



ECSDA

European Central Securities
Depositories Association

Background

- A key CSD service is to hold securities issuance accounts on behalf of issuers and to enable and administer securities transactions to be processed by book-entry. Issuance and holding procedures may vary from country to country depending on issuer preference, market practice and regulation.
- The current issuer service level varies considerably between European CSDs. In some markets CSDs offer extensive services to issuers while in other markets CSDs currently offer a rather limited service.
- In order to address and explain these differences ECSDA held an internal Special Session on Issuer Services in 2005. As follow-up ECSDA decided to gather further information on the current issuer services level among its members. This study was conducted by an ECSDA Task Force and completed in 2007.
- The findings from the ECSDA study were published in April 2008

Study methodology

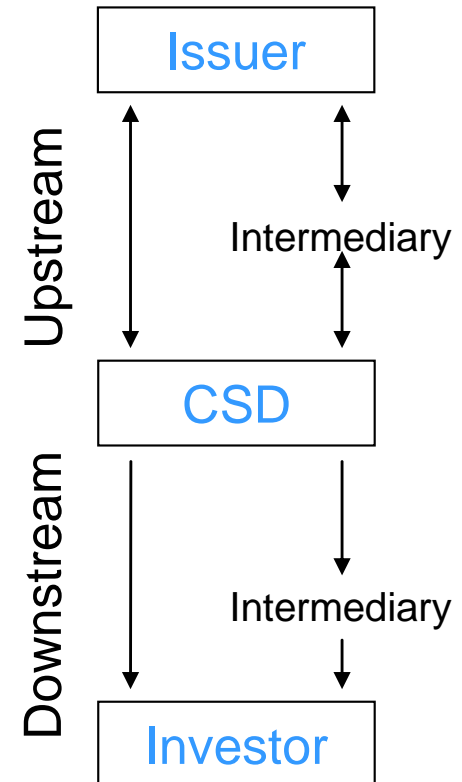
■ 4 categories of issuer services:

- Category 1: Corporate Actions services
- Category 2: Information services
- Category 3: Annual General Meeting services
- Category 4: Other issuer services

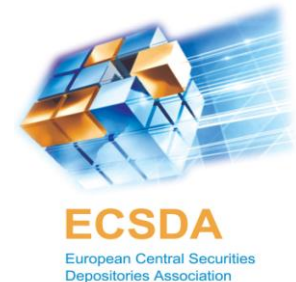
■ Upstream (Issuer) versus Downstream (Investor) services

■ 4 questions

- Do you - or do you consider to - provide the service ?
- How is your current market situation ?
 - Mandatory or voluntary service
- Who is your customer ?
 - The issuer/investor itself (direct) or an intermediary (wholesale)
- How do you reach your customer ?
 - By web, a proprietary system or another way (eg. paper/fax)



Data from all ECSDA members



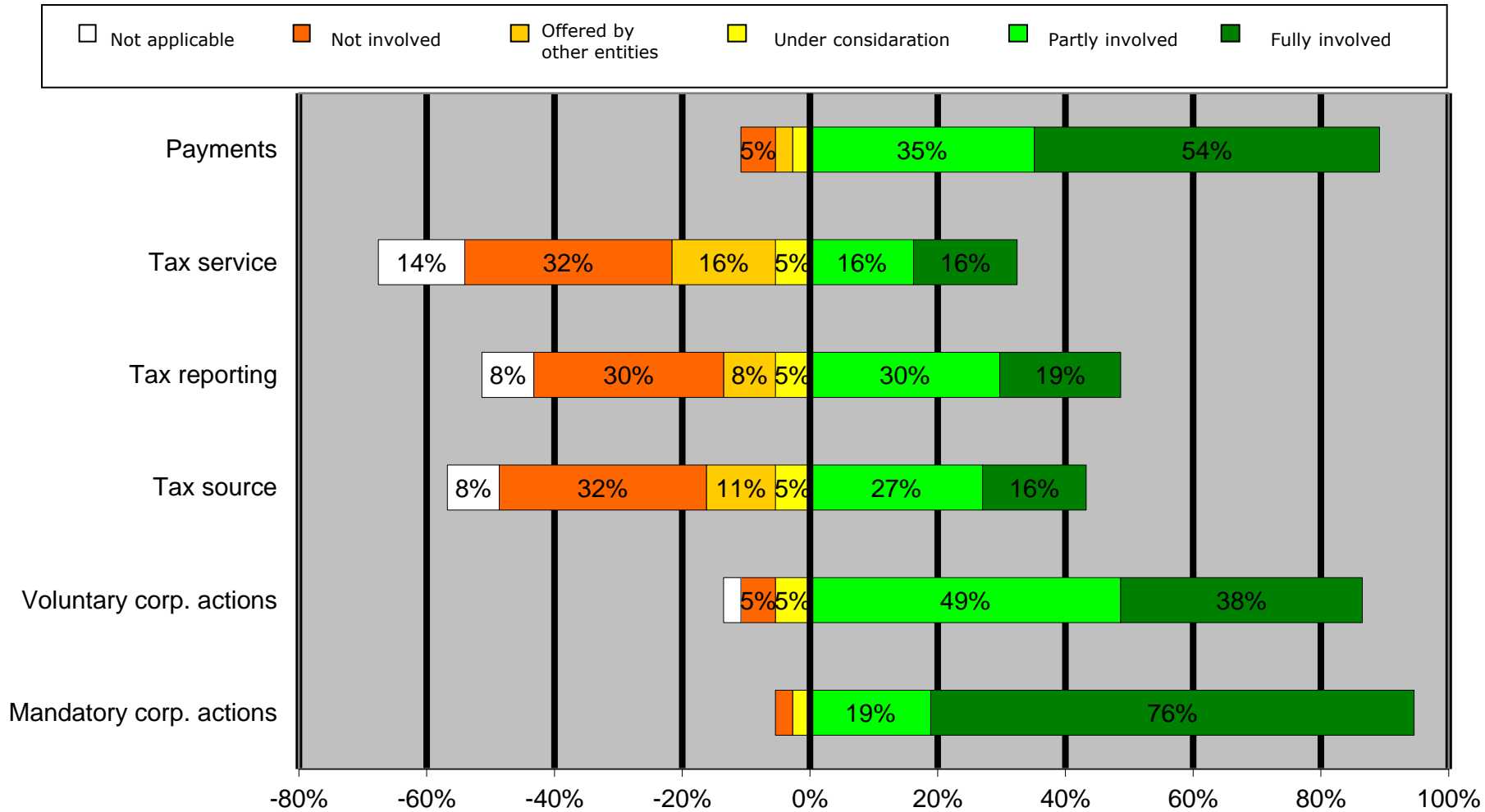
CSD

Central Clearing House and Depository (Budapest) Ltd	Completed
Central Depository Agency, JSC Podgorica, Montenegro	Completed
Central Depository Agency (Croatia)	Completed
Central Registry Agency Inc (Turkey)	Completed
Central Registry of Securities JSC-Republic of SRPSKA	Completed
Central Securities Clearing Corporation (Slovenia)	Completed
Central Securities Depository SA (Greece)	Completed
Central Securities Depository AD (Bulgaria)	Completed
Central Securities Depository and Clearing House, Serbia	Completed
Central Securities Depository of Lithuania	Completed
Central Securities Depository of the Slovak Republic	Completed
Clearstream International (Luxembourg + Germany)	Completed
Euroclear UK & Ireland	Completed
Cyprus Stock Exchange	Completed
Depository Clearing Company Russia	Completed
Estonian CSD Ltd	Completed
Euroclear Bank	Completed
Euroclear Belgium	Completed
Euroclear France	Completed

CSD

Euroclear Nederland	Completed
Iberclear (Spain)	Completed
Interbolsa (Portugal)	Completed
Latvian Central Depository	Completed
Monte Titoli SPA (Italy)	Completed
National Depository for Securities (Poland)	Completed
NCSD (VPC AB + APK)	Completed
OeKB (Austria)	Completed
Registry of Securities. of the Federation of Bosnia and Herzegovina	Completed
SIS Group (Switzerland)	Completed
Stredisko Cennych Papirov (Prague Securities Centre)	Completed
The National Depository Center (Russia)	Completed
UNIVYC Ltd (Czech Republic)	Completed
Vaerdipapircentralen A/S - VP Securities Service (Denmark)	Completed
Verdbrefarskraning Islands	Completed
Verdipapirsentralen ASA (Norway)	Completed
Bucharest Stock Exchange	Completed
Malta Stock Exchange	Completed
Takasbank (Turkey)	Completed

Corporate Actions services - high CSD involvement



Main findings

Corporate Actions services

“Corporate actions services” include any event initiated by an issuer which impacts holders of securities, e.g. entitlement determination, payment distribution, corporate event processing, tax withholding and reclaim processing and reporting services.

Customer relationship

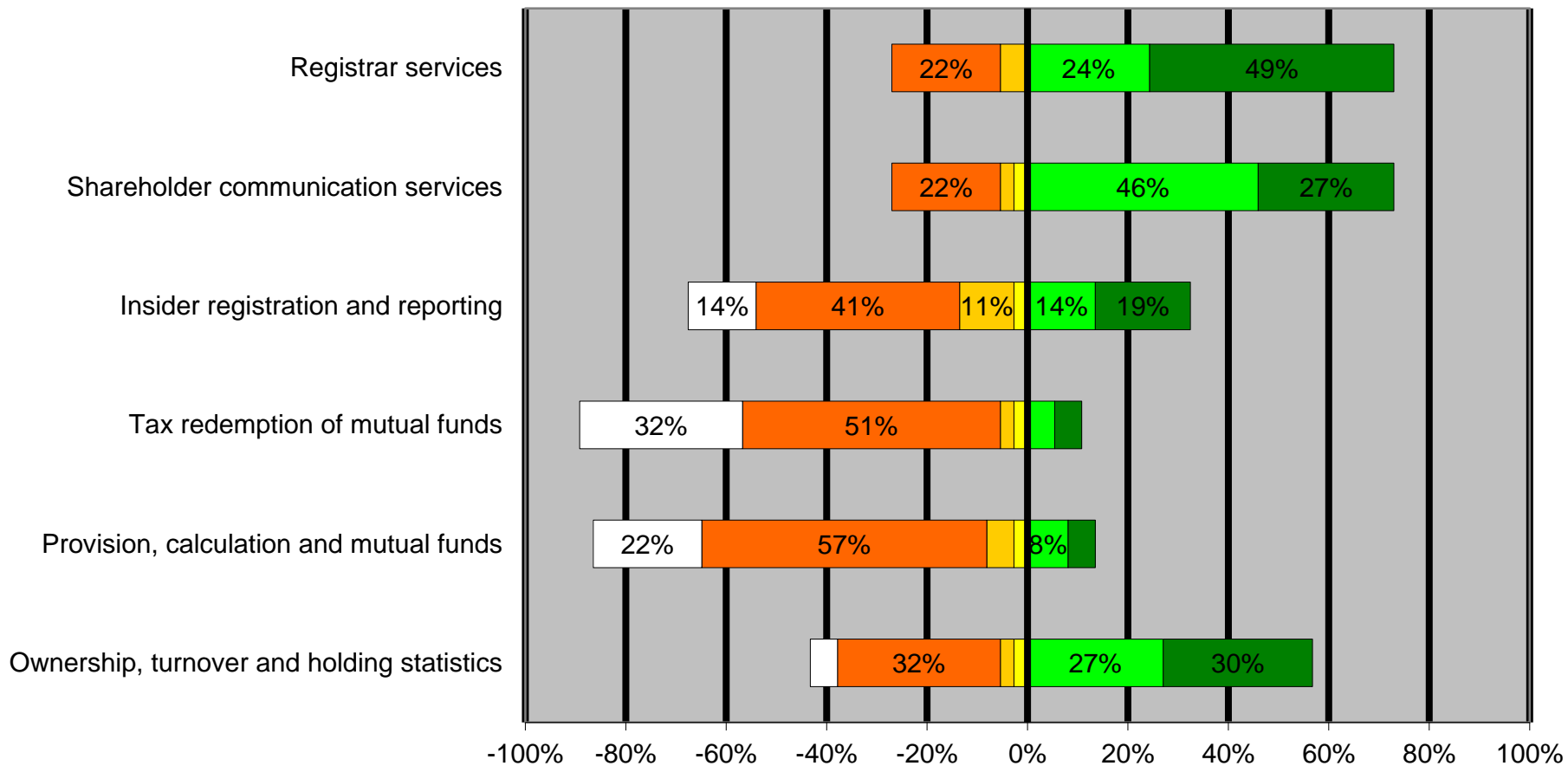
- 2 out of 3 CSDs provide upstream Corporate Actions services directly to the issuer
- Most CSDs provide downstream services through intermediaries

Market situation and service level

- Many mandatory corporate action services (e.g. in 51% of CSDs payment services are mandatory)
- The level of involvement in tax related services depends on CSD account structure & legal framework
- Room for improvement of issuer interfaces (only 20% of the CSDs provides a web interface for issuers)

Information services - medium CSD involvement

Not applicable
 Not offered
 Offered by other entities
 Under consideration
 Partly involved
 Fully involved



Main findings

Information services

“Information services” include registrar services, shareholder communication, insider reporting , mutual funds taxation and statistics (ownership, turnover and holdings)

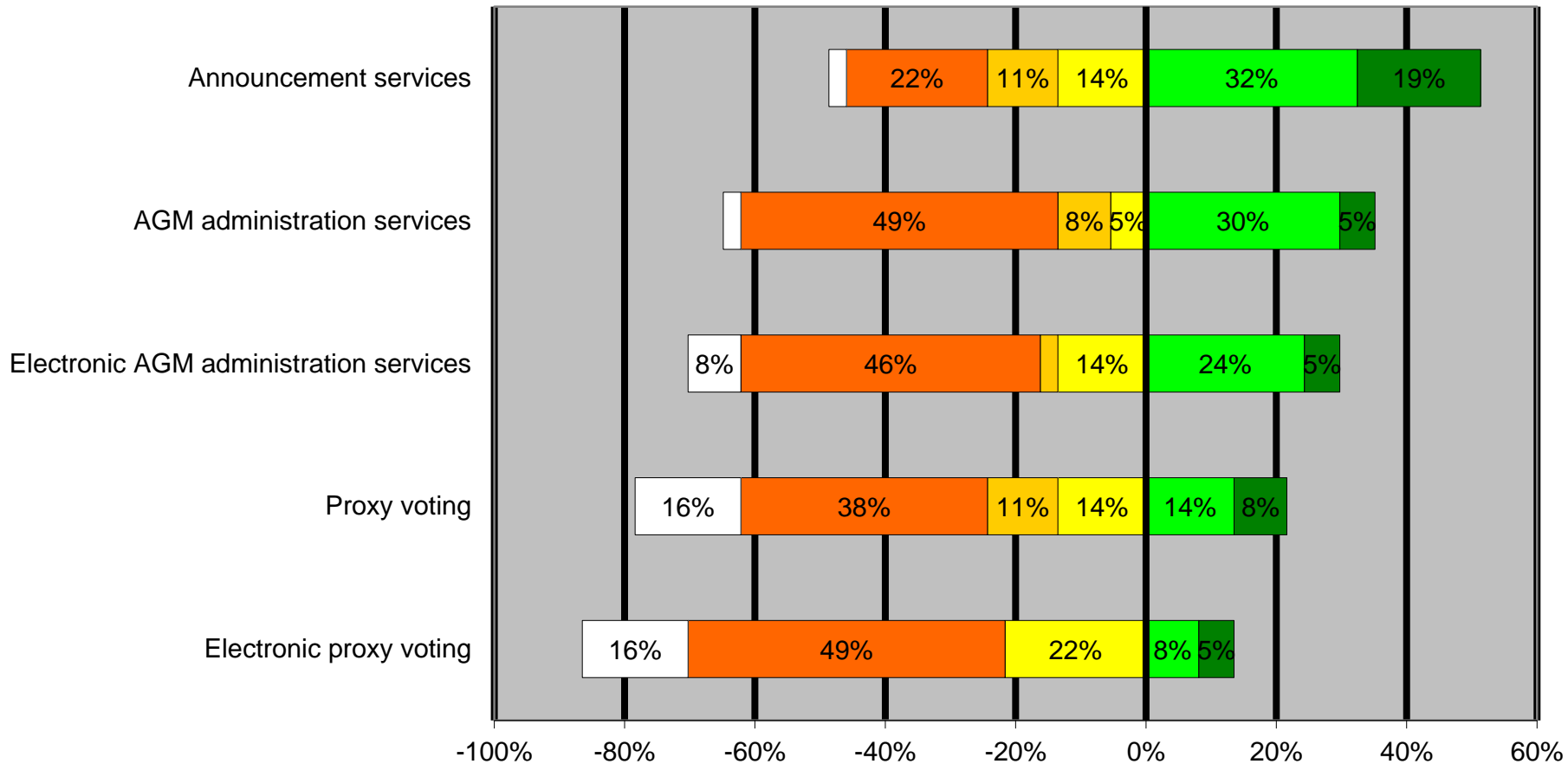
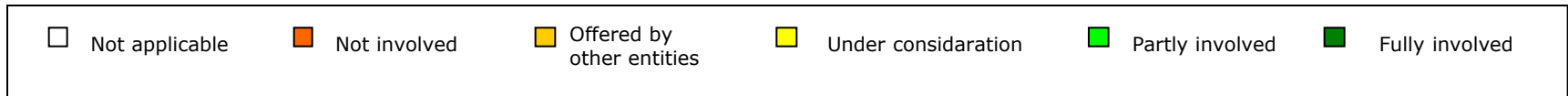
Customer relationship

- Most CSDs provide upstream information services directly to issuers.
- Downstream information services are normally provided partly to the final investor, partly via intermediaries

Market situation and service level

- Most CSDs provide registrar services, many as mandatory services. A lower involvement in ownership, turnover and holding statistics may indicate potential for further CSD services.
- Most CSDs offer shareholder communication services and normally in a competitive environment
- Only a few CSDs offer insider reporting and mutual funds taxation services.
- Surprisingly few CSDs offer statistical services downstream
- Room for improvement of issuer interfaces (web interfaces and SWIFT formats are rare services).

Annual General Meeting services - medium CSD involvement



Main findings

Annual General Meeting services

“Annual General Meeting” (AGM) services include announcement, administration and proxy voting services

Customer relationship

- Most CSDs provide AGM announcement services to issuers and many others are considering this as an opportunity
- Upstream AGM announcement and administration services are mainly offered directly to the issuer, and proxy voting services mainly to an intermediary
- Downstream AGM services are mainly offered to an intermediary

Market situation and service level

- Most AGM services are offered in a competitive environment
- Some CSDs are fully or partly involved with proxy voting and AGM administration services to issuers and others are considering this as an opportunity
- Currently, only 3 CSDs offer AGM services via SWIFT format (but the SWIFT 20022 message may change this)

Main findings

Other issuer services

“Other issuer services” include national numbering agency (NNA) and reporting services under the EC Transparency Directive (OAM)

Customer relationship

- CSDs providing NNA and OAM services normally serve the issuer directly.
- Downstream services are normally offered to intermediaries.

Market situation and service level

- 69% of CSDs are responsible for the numbering of securities in their domestic market. In the other markets NNA services are provided by a stock exchange, a central bank or a private data vendor.
- 17% of CSDs currently provide OAM service. Another 17% are considering OAM as an opportunity.
- The downstream communication channels for NNA and OAM are 100% electronically whereas the upstream ones may still involve correspondence for NNA.

Main conclusion 1

CSD issuer services level depends on issuer relation and account structure

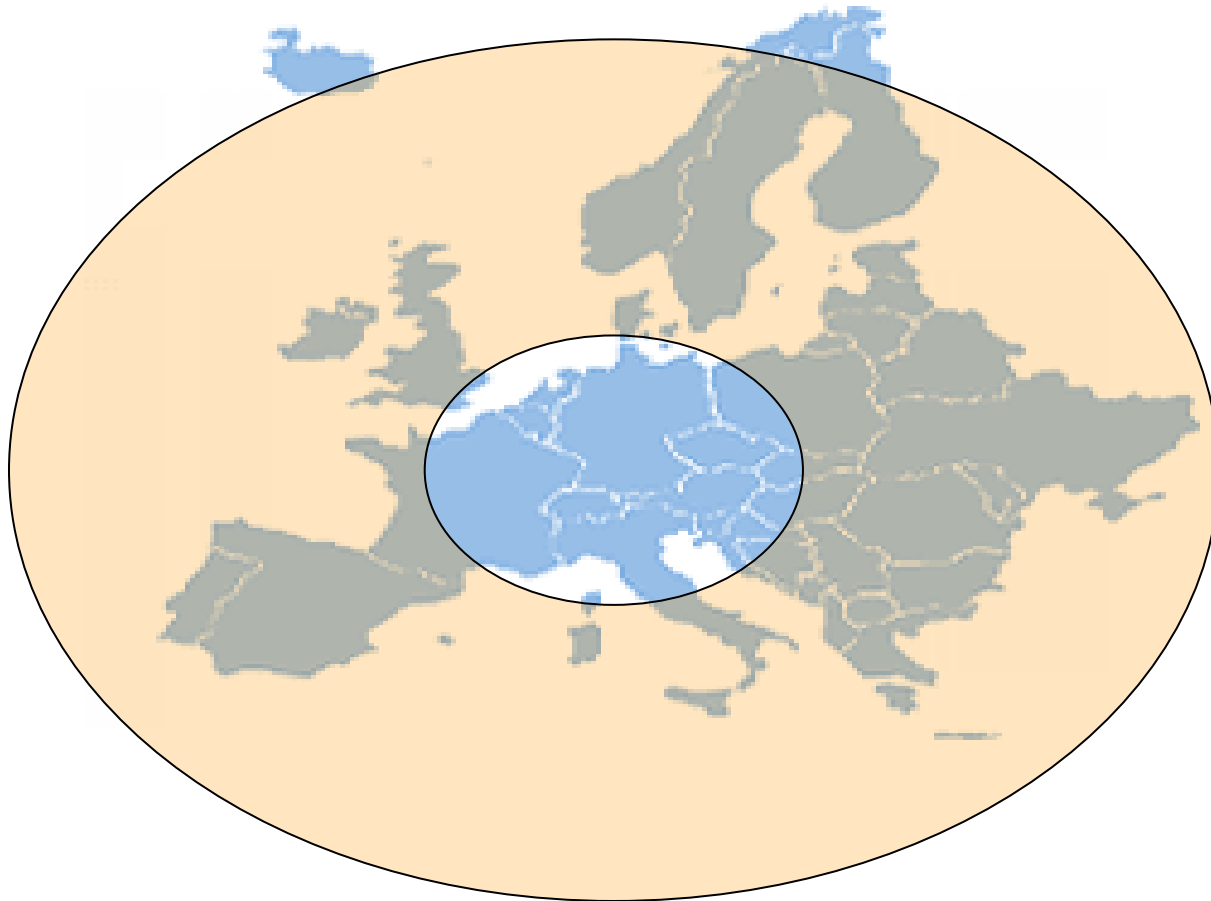
	Direct relation between CSD and issuer	Intermediary relation between CSD and issuer
Direct account holding system	Maximum potential	Medium potential
Indirect account holding system	Medium potential	Minimum potential



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Main conclusion 2

Potential for further CSD issuer services



66 % of ECSDA CSDs have a direct issuer relationship

For more information

ECSDA - European Securities Depositories Association

www.ecsda.com

Thank you for your attention !

Mogens Kruse - VP Securities A/S
Tel: +45 2969 2934, E-mail: mkr@vp.dk