

ISSA



Global Corporate Actions Principles

Market Survey 2010

Asia

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Summary, as published in the Main Report, Status May 2010

Asia

In Asia, stock exchanges and central securities depositories are increasingly focused on corporate action initiatives, with the objective of seeking accurate and efficient ways of distributing corporate action information and processing corporate actions. Compared to Europe and the Americas, the role of stock exchanges in this region is generally greater than that of the central securities depositories. It is recognized in some of the markets in the region that the active involvement of governments and regulators in the corporate action initiatives arena is essential to achieve the goal of STP for corporate actions.

In addition, the Asia Pacific Asset Servicing Working Group which includes major regional custodian banks and SWIFT, has started a region-wide discussion in this area. The group's objectives are to improve the communication between issuers and investors, to help reduce the costs and risks associated with asset servicing in the Asia Pacific countries by promoting standardization and automation together with the establishment of market practices.

Development of electronic messaging based on ISO standards in the Asian region has been gradual. Some of the markets have implemented or established a concrete plan for the distribution of corporate action information in ISO standards. However, most of the markets are at a very preliminary stage of such discussions.

For corporate action processing for domestic clients, the involvement of intermediaries (e.g. custodian banks) is limited in certain cases due to the characteristics of the securities holding system in the Asian region. In the direct holding system (i.e. securities are held in an account which is opened by and under the name of a security owner directly within a central securities depository system) no intermediaries are involved in the process. The same is true in the indirect holding system where the security owners' benefit such as cash dividend and bonus issue etc. is distributed to owners directly by issuers (i.e. securities are held indirectly but the owner details will be passed to the issuers by the central securities depository).

However, for non-resident investors the registration is generally made in the name of a nominee and therefore corporate action processing is conducted by intermediaries. In this regard, it is widely recognized that the harmonization of event creation, communication and processing is extremely important.

As initiatives of integration of the capital markets evolve in Asia, corporate action harmonization is expected to be discussed further.

Select Gaps in Asia

It is recognized that the development of the straight through processing of corporate actions in the Asian region in comparison with the "Global Principles" stated in this report is moderate. For instance, the implementation of unique identifiers and process harmonization across the region has not been achieved. However, it is expected that growing cross border investments in the region will accelerate the discussion in the area of harmonization of the corporate action processing within globally recognized standards.

Market:	Australia
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Paperless, Automated Information Exchange

1. Straight-Through Processing (STP) and ISO Standards - Mostly Met

The technical specifications to achieve STP using ISO standards were agreed between the major market custodians approximately 5 years ago. The Australian Securities Exchange (ASX) and members of the Australian Custodial Services Association (ACSA) invested a great deal of time and effort into developing an automated process utilising SWIFT and ISO standards. The effort resulted in the implementation of event announcements being released by the ASX via SWIFT in market agreed formats. The project was scheduled to be implemented in phases, however only the first phase (dividend and interest events) was released. Lack of industry wide take up and budget constraints led to the project being placed on hold. It is our opinion that considerable effort would be required to re-instigate the project market wide, particularly since not all domestic institutions are SWIFT compatible.

2. Message Content - Met

Standards already agreed as per question 1.

Event Creation

3. Issuer Sourced Key Information - May merit concerted industry effort

Judging by previous experience considerable effort will be required to have issuers announce events in ISO formats. In Australia the two major share registries, plus the ASX, act as the main distribution points for corporate event information. While this topic is being discussed at industry forums by these groups, it is recognised as the major obstacle to improving corporate event processing in Australia. Possible regulation may be required to set and enforce uniform standards.

4. Required Information - Mostly Met

The standard key data is available, however more complex information such as foreign investor restrictions are generally populated via free formatted text

5. Unique identifiers - May merit concerted industry effort

A unique identifier system is not operational in Australia. We envisage that this should not be a difficult concept to introduce, however it would need industry wide support particularly from the ASX.

Event Communication*6. Timelines of Notification - Mostly Met*

Although the initial announcement is not currently released via the ASX in electronic ISO standard formats and requires manual intervention by intermediaries, the timelines from issuer to investor is usually within 24 hours and allows for sufficient time for all parties to effectively process the event prior to the event deadline.

Event Processing

7. Process harmonization within and across markets - May merit concerted industry effort

We believe that considerable effort would be required to harmonise standards across the region.

8. Publication of Event Rules - May merit concerted industry effort

This suggestion of creating standardised processing rules for corporate events was raised by HSBC in the ACSA forum, however it did not gain support from the other members. We believe effort will be required to complete a set of processing rules that would be adequate to publish.

Unsettled Transaction Management, Including Claims*9. Protecting investors' rights - Mostly Met*

Our market currently has the suggested level of automated processes protecting investor's rights as described in the discussion paper. This is specifically related to pre-matched trades. Any trade that is not pre-matched will need to be identified and claimed / protected manually.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

While we support all of the principles in the paper, the priority in the Australian market is for paperless, automated information exchange. We support the use of uniform standards to transmit the information, however we would prefer flexibility with the method of transmission to ensure all industry participants and clients will benefit from STP.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

As with any development of this nature cost / benefit must be justifiable to entice all industry groups to participate.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Australia		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Computershare are facilitating industry forums on the future of corporate actions processing. Representatives from ACSA, SWIFT, and the ASX have been invited to participate in these forums. Contact point: www.computershare.com.au
	CSD and intermediary space	
	Institutional investor space	

Market:	Bangladesh
Contributor:	Central Depository Bangladesh Limited (CDBL)
Feedback date:	April 23, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

In Bangladesh, the issuers primarily handle their own corporate actions in a traditional manner, whereas, CDBL handles their part of the corporate actions following the instructions from the issuers. So far there have been no requests and instructions neither from our issuers nor the regulators to centralize the corporate actions. However, the global trends that are in the making may cause a need for it in the near future.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

We acknowledge that the research / project matter is of great importance for those CSDs that are globally interconnected and therefore a common standard platform is needed for harmonization of processes and activities using, an ISO guideline for clear understanding, minimizing risks and costs. Bangladesh would also become a part of it if and when CDBL enters the global market. CDBL is still a dominant local player in Bangladesh.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

Bangladesh being one of the third world developing nations is still struggling in the information and communication technology (ICT) areas. Many of our issuers still operate in a traditional system with a small localized information technology setup. Our regulators are also not up to the par in regards to understanding the ICT matters, thus unable to phantom the benefits and risks involved. However, the country is making fast progress in the digital areas and hopefully soon the regulators and the issuers would acknowledge the importance of concept and adapt accordingly.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Bangladesh		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Central Depository Bangladesh Limited		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	CDBL has the capability and the system in place to initiate this service if and when required. However, we need to see if it is line with ISO.
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	The issuers themselves organize their own events and communicate to the appropriate stakeholders. Once fed with all the required information, CDBL does the necessary processing part in the end.
	CSD and intermediary space	
	Institutional investor space	

Market:	China
Contributor:	China Securities Depository and Clearing Corporation Limited (Chinaclear)
Feedback date:	April 8, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Straight-Through Processing (STP) and ISO Standards

China regulatory authority has initiated tasks related to electronic information exposure based on XML without a specific timetable. In addition, currently some corporate actions are processed through STP.

2. Message Content

In the Chinese market, the content of messages - including all key dates affecting an event - is clear and carried in the issuer's event announcement on stock exchange websites or designated newspapers.

3. Issuer Sourced Key Information

In the Chinese market, key summary information created by the issuer is published, and a few issuers also make prospectus documents available on public websites. Additionally, the annual reports of listed companies are made based on XBRL.

4. Required Information

In the Chinese market, information that is required for the event type should be carried in the announcement. As a complementary measure, it is required that annual financial reports should be made based on XBRL.

5. Unique identifiers

In the Chinese market, required information includes a unique local event identifier. For example, Shanghai and Shenzhen stock exchanges assign unique security codes (neither ISIN nor MIC) to securities listed in Shanghai and Shenzhen markets respectively, and the code can uniquely identify the listing market.

6. Timelines of Notification

In the Chinese market, issuers generally make notifications on the stock exchange websites or designated newspapers to the open market on time, not to the chain of intermediaries and to the end investor, and give notice including amendments to the event timely.

7. Process harmonization within and across markets

In the Chinese market, Shanghai Stock Exchange and Shenzhen Stock Exchange have the same standards for corporate actions processing in substance. Some corporate actions, such as cash option, advance accepting offer, are processed in an electronic way, and the investor may submit the instruction through the system of stock exchanges.

8. Publication of Event Rules

In the Chinese market, the regulator, stock exchanges and SD&C have constituted processing rules on issuers' corporate actions, which have been published on websites or newspapers. All participants must adhere to the rules.

9. Protecting investors' rights

The protection of investors' benefits has been prescribed in Securities Law, Measures for the Administration of Securities Registration and Settlement, Rules for Securities Registration, etc. Further prescriptions will be made in the upcoming Rules for Securities Settlement and Detailed Rules for Securities Settlement. As the central registrar and CSD, SD&C provides guarantee settlement or non-guarantee settlement in terms of different trading types. As for guarantee settlement, SD&C guarantees final securities and cash settlement as CCP and correspondingly completes registration for shareholders. Due to our direct holding system, investors that are included in the shareholder list at the end of registration day can receive shareholders' benefits. Referring to non-guarantee settlement, securities settlement fails in case of default of any party, and accordingly the trade fails.

To sum up, most of the proposed principles are the objectives of our local market. Considering the complexity, at present we have no specific timetable of realizing these principles.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

Corporate actions of regional markets can hardly be processed via the same method because of differences in laws, rules and regulations, policies, securities holding system, concept of market supervision, and requirements of publishing information on corporate actions. For example, due to the direct securities holding system of China's market, issuers publish corporate action information on stock exchange websites or designated newspapers, so investors don't acquire information by intermediaries. That is to say, the intermediaries don't play an important role in this field.

We suggest that the Working Group should make some special principles, considering different circumstances of some countries or markets.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

I. It will take us a very long time to make our laws and rules follow the principles and accordingly change common practices of our market.

II. Further research has to be conducted to integrate the principles of corporate action standardization and features of our local market.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

China		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Chinaclear (SD&C)		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	N/A
	CSD and intermediary space	As the CSD, SD&C is assigning ISIN codes to financial instruments of China's market and assisting local and overseas institutions in inquiring ISIN codes, and submits newly-assigned ISIN codes to the ANNA periodically, etc. SD&C website: http://www.chinaclear.cn/
	Institutional investor space	N/A
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	N/A
	CSD and intermediary space	As the CSD, SD&C is promoting the online voting for general meetings of listed companies via SD&C website. In addition, SD&C will provide other online voting services for collecting margin-trading investors' opinions on the general meetings.
	Institutional investor space	N/A

Market:	China
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Principles 2, 4, 6, 7, and 9 are mostly met already in the China market:

In China, Shanghai Stock Exchange and Shenzhen Stock Exchange publish corporate event announcements in standard format with key information included. Then clearing parties notify the information to investors accordingly.

Principle 2: Key information (e.g. key dates) is clearly communicated through the information flow.

Principle 4: Currently, all events announcements follow standard templates with required information according to stock exchanges' requirements. The information is accessible at the websites of stock exchanges.

Principle 6: Notifications as well as amendments to the intermediaries and then to the end investors are made in a timely manner.

Principle 7: Current market practice helps smooth the event processing.

Principle 9: In the China A share market, all trades should be settled on Trade Date and failed trades / pending trades are not allowed. Therefore, there is no market claim or buy protection applied. For China B shares, beneficiaries can protect their benefits through market claims and transformation.

Principles not fully met at current stage:

Principle 1 and 3: Currently Shanghai Stock Exchange and Shenzhen Stock Exchange publish corporate event announcements in standard Word format in Chinese. No electronic messaging is available. Data vendors or custodians then transfer the information to messages in ISO format, which can be delivered to investors. Shanghai Stock Exchange is doing an XBRL project. Expected outcome is that corporate event messages in ISO format will be produced and communicated in order to ensure an STP flow along the intermediary chain from the stock exchange to clearing parties and then to the investors. Shenzhen Stock Exchange has no similar project in place. However, a data vendor is assessing the feasibility of providing messages in ISO format to intermediaries to achieve STP information flow. The target completion date for the XBRL project is still unclear.

Principle 5: No such identifier at current stage. And it is still not clear whether the unique identifiers would be issued by stock exchange in the future.

Principle 8: The event processing stage involves central depository and clearing parties. There are no specific event rules published. Usually the events are processed according to market practice.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None. The principles are quite comprehensive.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

The major gap in China market is that the stock exchange only provides Word format announcements in Chinese. Data vendors or custodians need to transfer the announcement information to messages in ISO format, which requires extra effort. Although stock exchanges pay effort to optimise the message flow, it takes time to modify current practices and the completion date of the XBRL project is unclear.

Moreover, the general types and requirements of corporate events are governed by Corporate Law. No specific rules are published for guiding event processing.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

China HSBC		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	<p>- Shanghai Stock Exchange http://www.sse.com.cn/sseportal/en/home/home.shtml</p> <p>- Shenzhen Stock Exchange http://www.szse.cn/main/en/</p> <p>Shanghai Stock Exchange and Shenzhen Stock Exchange publish corporate event announcements in standard Word format. No electronic message is available at current stage.</p>
	CSD and intermediary space	Custodian banks - Custodian bank send out electronic messages based on ISO standards to investors.
	Institutional investor space	Institutional investors have the capacity to receive electronic message and replying via messages in ISO format as well.
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	<p>- Shanghai Stock Exchange</p> <p>- Shenzhen Stock Exchange</p> <p>Shanghai Stock Exchange and Shenzhen Stock Exchange are responsible for publishing corporate event announcements in a timely manner.</p>
	CSD and intermediary space	<p>- Custodian banks</p> <p>- Central depository - China Securities Depository and Clearing Corporation Limited http://www.chinaclear.cn/</p> <p>Custodian banks notify the events to investors via electronic messages, collect the instructions from investors accordingly and effect the payments on payment date. The Central depository takes charge of entitlement reflection and payment processing.</p>
	Institutional investor space	Institutional investors process the event on client books and send election information back for further processing.

Market:	Hong Kong SAR
Contributor:	Hong Kong Securities Clearing Limited
Feedback date:	March 25, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Straight-through Processing (STP) and ISO Standards

- Currently, there is no plan to develop a STP flow along the communication chain from issuers to investors in the local securities market. The implementation of STP and/or ISO standards would have profound implications for all the stakeholders in the Hong Kong securities market, regulator's leadership (i.e., Securities and Futures Commission or SFC) is necessary.
- This principle is unlikely to be adopted within the next 3-5 years. At present, the Hong Kong market, under the leadership of the SFC and Hong Kong government, is being consulted to implement a Scripless Market in the new few years.
- Anyhow, under existing rules and regulations, there is no specific requirement requiring the communication from issuer to investor or vice versa should be by STP in ISO format or in structured standardized data form.
- Our existing Listing Rules of the Exchange (i.e., Hong Kong Stock Exchange) only set out the procedures on delivery of listed issuer's information and documents to the general public and investors. All announcements or notices (in the form of either English or Chinese text file), pursuant to Listing Rules, must be submitted through a Electronic Publication System (EPS) to the Exchange for publication on the Exchange's website.
- HKSCC (our local CSD) will provide (in the capacity of a common nominee) corporate action information in the form of data file and computer reports to intermediaries (i.e. CCASS participants). All information captured from company announcements will be made available to participants via our dedicated terminal in data format so that they can download the data via the relevant system channel for their internal processing and/or the distribution of the information to their clients. For certain common corporate actions, the data captured already comply with the ISO 15022 standards so that our participants which are SWIFT members can use the data to compile standard SWIFT messages for their clients or such other processing.

2. Message content

- Usually, issuers' initial announcements or notices contain key data required for processing of the corporate events. However, when announcements are not clear or some key data are still missing, HKSCC is still required to follow up or clarify with relevant issuers.
- To improve quality of issuer's announcements, Listing Division of HKEx has compiled 3 Guides for listed issuers in the past 2 years which outline key issues and the best practices in relation to schedule setting, provision of information and trading arrangements, namely:-

- Guide on disclosure of record date, book closure and cut-off time for lodging transfer of shares
- Guide on trading arrangements for selected types of corporate actions, such as rights issue, open offer, share consolidation or sub-division, change in board lot size and change of company name or addition of Chinese name
- Guide on distribution of dividends and other entitlements
- Key dates set out in issuer's announcements will be shown in a corporate action data file provided by HKSCC to our participants (i.e. intermediaries). In addition to key dates, the data file may also contain some data elements for system processing (e.g. CCASS deadline for elective events).

3. Issuer sourced key information

- Currently, there is no specific requirement in relevant rules and regulations that key summary information created by issuer must use the ISO repository of data elements which can be subsequently usable in structured ISO format.
- However, under Listing Rules of the Exchange, issuer's announcement, circular, prospectus or notice (in form of a ready-to-publish electronic copy in both English & Chinese version) are required to be submitted through HKEx-Electronic Publication System for publication on the HKEx website (www.hkex.com.hk). In addition, every issuer must have its own website on which it must publish any announcement, notice or other document that are required to be submitted for publication on the Exchange's website. The electronic copy of the publication on the issuer's own website is made available for viewing by its securities holders or the public.
- Listed issuer is required under the Listing Rules to avail its announcements, notices or circulars to the holders of its securities in printed copy or via electronic means for the holders of the securities. On the other hand, the holders of the securities may have choice at any time to receive the publications in printed form or via electronic means.

4. Required Information

- Currently, no industry standard has been determined in the local market on what mandatory information should be carried in the issuer's announcements for each event type.
- Corporate action announcements usually carry key data that is required for processing. But for complicated type such as elective events, take-over offer, there may be a second announcement at a later time to cover detailed information e.g. fraction handling, instruction deadline for election or offer period.
- As for CSD (i.e. HKSCC), the mandatory information required for processing of each event type are pre-determined in our computer system (i.e. CCASS). Based on the issuer's announcement, our staff will extract and enter relevant data into CCASS for subsequent processing (e.g. entitlement computation or instruction collection) and our participants can on-line enquire or download our computer reports for their own processing.

5. Unique identifiers

Identifier shown on issuer announcement

- Existing Listing Rules do not require that ISIN should be displayed on the issuer's announcement. However, issuer must set out its stock code (a number quoted on the Stock Exchange of Hong Kong for trading purpose) in a prominent position of all announcements, circulars and other documents published.

CSD identifier for corporate action events

- When we set up a corporate action announcement for a particular stock in CCASS, a unique reference number will be generated by CCASS automatically for reference purpose.
- Instructions giving to CSD (i.e. HKSCC) by intermediaries (i.e. participants) are also assigned with a system-generated unique reference number for identification purpose.

6. Timelines of Notification

Information provided by Issuer

- As required by Listing Rules, issuer shall keep the Exchange, members of the issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group. The documents published on issuer's own website should be at the same time as submission of the electronic copy of the documents to the Exchange for publication on the Exchange's website.

Information provided by CSD

- Under normal circumstances and subject to completeness of information published in issuer announcements, HKSCC will extract and post information about the corporate actions inside CCASS on the same day or the next day to notify our participants.
- We have no idea on how timely our participants will or should inform their clients (i.e. end investors). Nevertheless, as our participants are well informed of CSD deadline and so they should try very hard to inform their clients by all means in order to meet the deadline stipulated by CSD.

7. Process Harmonization within and across markets

- Currently, there is no one single party to take up the responsibility to coordinate or harmonize the overall local market standards for corporate actions processing within Hong Kong and across markets. However, there is a Custodian Working Group (members are mainly representatives from custodian banks) which will meet and discuss issues (such as corporate action processing). HKSCC has been invited to join the meetings of Custodian Working Group to discuss the market practice for corporate action processing from time to time.
- A Corporate Action Securities Market Practice Group (SMPG) was formed a few years ago to discuss Corporate Actions Market Practice in Hong Kong. Its members consist of a group of brokers and custodians in Hong Kong. However, it seems that the SMPG has not met for quite some time.

8. Publication of Event Rules

Rules for issuers

- Save for the 3 Guides on the selective types of corporate actions which are published on HKEx website, there are no specific rules and regulations governing issuers on how to process corporate actions and what default action should be for elective events.

Rules in CSD

- The operating procedures for processing various types of corporate actions within CCASS are set out in CCASS Operational Procedures ("CCASS OP") and General Rules of CCASS ("CCASS Rules"). They are available on HKEx website for the information of intermediaries and the general public.

- In general, CSD (i.e. HKSCC) determines intermediaries' (i.e. Participants') entitlement by reference to their holding of the relevant securities in CCASS as at the last registration date (i.e. a day on which share transfer documents shall be lodged with the share registrar in order to qualify for the entitlement).
- For corporate actions where CSD (i.e. HKSCC) needs to collect instruction from intermediaries, the CCASS deadline is normally set at a few business hours before issuer's stipulated deadline. By adding up all instructions from CCASS participants, HKSCC will arrange to submit one single instruction (representing aggregated total of all CCASS participants) by completing and returning a prescribed form (e.g. rights subscription form) to the issuer.

9. Protecting investors' rights

- Recommended best practice for Transaction Management for exchange trades settled under Continuous Netting System¹ ("CNS trades") are mostly met except the STP for generating market claims with option & transformation process in reorganization. HKSCC will pass on entitlements it receives from the Short Brokers to Long Brokers. Except as expressly provided, HKSCC shall have no liability to Long Brokers. On average, 99.8% of CNS positions were settled on T+2.
- Brokers with any outstanding unsettled exchange trades settled under the Isolated Trades System² ("Isolated Trades") as a result of late deliveries, certain adjustments or claims to its entitlements may have to be made between it and the counterparty brokers to such Isolated Trades.
- Brokers may also settle trades with their clients inside CCASS via the use of Settlement Instructions ("SIs"). SIs inputted by participants are subject to matching. At any time before a matched SI is settled, either the delivering or the receiving participant may revoke the SI. HKSCC facilitates but does not guarantee settlement of SI transactions. In case of late delivery in respect of SI Transactions, where adjustments of benefits entitlements have to be made, participants have to pursue claims against their counterparty Participants. No adjustment facility is currently offered by HKSCC.

1 For trades settled under the CNS system, HKSCC becomes the central counterparty to all trades through novation and is responsible for settlement to both the buying and selling brokers.

2 For exchange trades under the Isolated Trades System, HKSCC only facilitates the settlement between the buying and selling brokers on a trade-for-trade basis.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

Nil

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

It is a huge exercise to implement any industry initiative (such as STP and ISO standard or harmonize the corporate actions processing) in Hong Kong. The implications for different stakeholders (listed companies, registrars, brokers, banks, exchange, CSD, investors, professional bodies and regulators) can be very different. Specifically, as an

example, there are around 460 securities brokers in Hong Kong. About 14% of brokers are large or medium sized who serve institutional or international investors. But the majority of brokers is small and serves mainly retail local investors. Because the needs of the investors (retail vs institutional, or local vs international) are quite different, any attempt to implement any market wide initiative (such as STP, ISO standard or uniform corporate action processing) will attract a lot of public attention (support vs criticism). It may be necessary to have the regulator or the Hong Kong government to lead any such market-wide initiative or consult the securities market.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Hong Kong		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HKSCC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	Listing Division of HKEx, Federation of Share Registrars Limited, Hong Kong Institute of Chartered Company Secretaries
	CSD and intermediary space	HKSCC uses issuer announcement to prepare electronic messages for CCASS participants which contain key data of corporate actions. CCASS participants can use CCASS data to prepare SWIFT messages for their clients.
	Institutional investor space	Custodian Working Group
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Federation of Share Registrars Limited, Hong Kong Institute of Chartered Company Secretaries
	CSD and intermediary space	HKSCC gets involved in event communication and takes up the event processing by setting up key data of corporate actions announcements electronically in CCASS terminals for its participants' reference and actions.
	Institutional investor space	Custodian Working Group

Market:	Hong Kong, SAR
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Principle 1 and 3: The issuer initiates the corporate action, and Hong Kong Exchange and Clearing Limited (HKEx) publishes corporate event announcements in text format (PDF). Then the intermediaries (i.e. custodian agents) provide information in electronic form in ISO standards within one business day of receipt. The communication and key summary information created by the issuer is in free format (PDF), and published through the HKEx website, easily accessible to the intermediaries or individual investors. However, most of custodian banks are providing messages in ISO format to their customers to achieve STP information flow.

Principle 2: All key dates affecting an event are carried in the event announcement and such information is communicated to the investor through the electronic information flow clearly.

Principle 4: All the required information for the event type is carried in the announcement, but there is no standard template. Prospectus documents are available at the website of HKEx.

Principle 5: There is no unique global event identifier to assign currently.

Principle 6: Notifications and amendments are sent to the Custodian's client within one business day of announcement on the exchange.

Principle 7: The common market practice applies in HK, but needs further extension across markets.

Principle 8: There is no event processing rules being published and governed for global consumption and adherence.

Principle 9: All trades that are settled late after the record date are protected by market claims, and it's the custodian role to raise the claims with counter-parts. This is not automatically generated by CSD and protection is not facilitated.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

The standardisation of issuance practices, as well as information dissemination and processing of corporate actions and income distributions of international securities are the major gaps and obstacles in HK that we want to be addressed, which is currently inefficient and requires extra effort for interpretation. In addition, many investors are not SWIFT users.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Hong Kong		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	Securities Market Practice Group (SMPG) http://smpg.webexone.com The SMPG is focused on enhancing the current securities industry practices. This group realizes the benefit of industry utilities and other industry groups in dictating conformance to standards and market practices.
	Institutional investor space	

Market:	India
Contributor:	Central Depository Services (India) Limited
Feedback date:	March 25, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

The obligation is cast on the Stock Exchanges to obtain and verify the details of the corporate actions that are proposed by the listed companies due to the possible effect the impending corporate action might have on the trading of the securities. The communication to shareholders is undertaken by the issuer companies or its registrar and transfer agent (RTA). The depository's role is restricted to the issue of non-cash corporate benefits at the behest of the issuer company or its RTA. The depositories provide information of holdings of the investors to the issuer companies, who in turn give instructions to credit the securities in the account of the investor. A common messaging system is being worked out and is likely to be in place within 3-5 years.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

The industry is taking the initiative in working out a common messaging system. This is likely to be in place in the next 3-5 years.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

India		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Central Depository Services (India) Limited		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	None
	CSD and intermediary space	None
	Institutional investor space	None
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	None
	CSD and intermediary space	None
	Institutional investor space	None

Market:	India
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1) Process to consider messages STPing through from Bombay Stock Exchange Limited (BSE) to the Custodian began in 2009. UAT / Testing is planned in 2010. This testing, however, will be conducted in phases, (i.e. the most common events like Dividends, Bonus, Stock Split etc.) will be tested first. This will be later followed by Meeting Events, Rights Issues and so on. The implementation of this new process is expected to be completed by mid 2010 for the common events and by end 2010 for other events. Only the BSE is involved in this project along with Custodians (based in India) and SWIFT, while announcements from the National Stock Exchange of India Limited (NSE) will continue to be manual. While the implementation of the above STP process with BSE will improve sharing of information between the exchange and custodians, getting this information from the Issuer through electronic modes such as SWIFT is very unlikely.

2) In the Indian market, benefits are calculated based on beneficial position (BENPOS) downloaded by the company / registrar from the depositories. This is done at the end of day of a particular date called BENPOS date. As per market practice, this is generally the "EOD of Record Date" or "EOD Book Closure Start date minus one day". However, this is not mandated in any statute or regulation. Hence, there are stray cases where the issuers (companies) have deviated and fixed a different BENPOS date. In the notification by the exchanges as well as in SWIFT, there is no field to capture this date. Even companies generally do not advise the BENPOS to the exchanges, but include it in the AGM notice. There is a need to standardise/formalise the BENPOS date (linking to Record date / Book Closure Date) through appropriate statute / legislation. To investors, Message content is being met since SWIFT standards are being followed by custodians.

3) This is not being met and considering the number of issuers (companies) in the Indian market, this is unlikely in the near future as well. Currently the exchanges maintain a database and the custodians can retrieve the details for any event announced in the past from this database. Further, in the event such data is not available, the company can be contacted and such information can be sought easily. However, the number of companies who would make such data available on their websites is miniscule and there is no standard format in which such information will be available.

4) The requirement of the 4th principle is being partially met. However, we are not clear about the accessibility of optional information.

5) Not being met. Each Custodian assigns unique identifier in their system. Once the

requirement of first principle is being met, we are quite confident that a unique identifier requirement for the corporate event will be met.

6) This requirement is currently being met

7) This requirement is generally met currently as far as the Indian market is concerned. However, it may not be standardised / in consonance with other markets.

8) There is no standard set of rules applicable across events nor have these been published. However, standard market processing has evolved in India.

9) Since the Indian market has largely moved out of physical securities, the concept of market claims is no longer an issue. However, the market does ensure protection of investors' rights. As per market practice, all unsettled trades get closed out and investors are being compensated (cum / ex benefits as the case may be) in cash which takes care of corporate action benefits. However, there is scope for a published set of rules.

Market changes and published set of guidelines are essential to continuously meet the requirements as per principle 2, 3, 4, 5, 8 & 9.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

- Issuer should make announcement of a corporate action only after the proposal has been approved by their board of directors / shareholders.
- The entitlement calculation date should be declared along with the announcement of the corporate event.
- Announcement of confirmed pay date by issuers for corporate action benefits must be made compulsory by regulators and the same should also be announced by the issuer along with the record date.
- Shares arising from corporate actions should be automatically deemed to be listed once they are credited into an investors demat account.
- Announcement of specific dates for payment of fractional proceeds in case of events that lead to fractional entitlements.
- Tax clauses / laws should be uniformly implemented by all issuers / concerned brokers / registrars in case of tax applicability on cash proceeds. Regulator should ensure uniform acceptance by all by consulting sub custodians / tax consultants in market.
- Standard practice to ensure that the entitlement calculation date is taken as uniform across a market - e.g. in India entitlement calculation date = record date or book

closure start date minus 1 day
- Electronic payments (through ECS / RTGS) must be made mandatory for all cash benefits made by issuer
- Setting up of standard requirements for acceptance of subscription / tenders in case of Voluntary Corporate Action events.
- Issuer to compulsorily load meeting agenda / letter of offers on their websites for easy access to investors
- Standard declaration for any issues where there are investment restrictions for non resident investors (specifically US based)

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

India		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	There is a void here. SWIFT and NMPG are attempting to standardize. SWIFT Annual SWIFT release done to adhere to ISO standards in messages as well as improvements.
	CSD and intermediary space	None
	Institutional investor space	Subcustodians
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	SWIFT, Bombay Stock Exchange of India Limited As per our comments to the first question, please note that the market participants are working towards STPing of messages sent by the exchange through SWIFT
	CSD and intermediary space	None
	Institutional investor space	Subcustodians

Market:	Indonesia
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

- 1) STP and ISO standards: Indonesian Central Securities Depository/KSEI, has tried to use MT564 to issue Corp Action announcements to its participants, since end of 2008. However as the timing of message issuance is after the newspaper articles, most participants do not rely on their message. On the other hand, information from the issuers to market participants (inclusive of KSEI) is still on a manual basis. This is the same case for the communication between KSEI and its participants, which is also currently not SWIFT-based. In our opinion, the full usage of SWIFT STP messages from issuers – participants – investors, and vice versa, will only be in place in another 3-5 years (with the involvement of regulators).
- 2) Please refer to point 1 above.
- 3) Please refer to point 1 above. Prospectus is also not always available on public websites.
- 4) Please refer to point 1 above. Prospectus is also not always available on public websites.
- 5) Currently not applicable, please refer to explanation under point 1 above.
- 6) Currently all participants heavily depend on issuers' announcement which are publicly provided in domestically issued newspapers. In addition, there are also BAPEPAM-LK (Indonesian Capital Market Supervisory Agency) regulations specifying the timing of the announcements published by the issuing company.
- 7) Standardised important dates (i.e. ex date, recording date, trading period, subscription period, expiration date) are in place. However, as Indonesian capital market is currently not SWIFT-based, provision of announcements from issuing companies are still newspapers-based (locally issued). In our opinion, the full usage of SWIFT STP messages from issuers – participants – investors, and vice versa, will only be in place in another 3-5 years (with the involvement of regulators).
- 8) Please refer to point 7 above.
- 9) Currently, KSEI will only distribute Corporate Actions entitlements based on record date positions in their participants' account. Any pending settlement with entitlements will have to be liaised directly between respective parties (i.e. bilateral).

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

Suggestion: Local authorities should play a vital role to encourage market players (inclusive of issuing companies) to move to a standardised messaging system (i.e. SWIFT).

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

Major gaps: Currently there is no regulation in place to bring the local capital market into a standardised messaging system (i.e. SWIFT).

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Indonesia		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	Stock exchange website: www.idx.co.id
	CSD and intermediary space	CSD website: www.ksei.co.id
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Stock exchange website: www.idx.co.id
	CSD and intermediary space	CSD website: www.ksei.co.id
	Institutional investor space	

Market:	Japan
Contributor:	Japanese ISSA members and ISITC Japan
Feedback date:	April 12, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

PAPERLESS, AUTOMATED INFORMATION EXCHANGE

(P1) STP & ISO standards

The issuer notifies JASDEC & TSE in PDF.
TSE & JASDEC distribute the information to investors via Web (html).
TSE further distributes via TMI (Tokyo Market Information) in ISO15022 format.
TSE & JASDEC are studying how such distribution service could be improved.
NMPG & ISITC are also studying the standardization.

(P2) Message content

Stipulated in the regulations of TSE & JASDEC.

EVENT CREATION

(P3) Issuer sourced key information

The items the issuer should disclose and notify are stipulated in the regulations of TSE & JASDEC.

(P4) Required information

Stipulated in the regulations of TSE & JASDEC.

(P5) Unique identifiers

TSE provides Unique Identifiers when distributing TMI by items.
However, no other entities are providing UI for CA information except TMI.

EVENT COMMUNICAITON

(P6) Timeliness of notification

The issuer is requested to disclose and provide CA information to investors immediately upon availability via TDNET, which is regulated by TSE requirements.
In case of Sub/Global Custodians, where SLA is in place, CA information is provided to investors within a certain period of time upon disclosure by the issuer.

EVENT PROCESSING

(P7) Process harmonization within and across markets

Corporate Action processing is handled without any problem and regulated by TSE & JASDEC in Japan. The standardization of this processing is expected to be promoted further in order to achieve harmonization on global basis.

(P8) Publication of event rules

There is no obligation to disclose publicly the process of a Corporate Action. However, the basic schedule by type of CA processing is standardized. The processing rule is already established, under which the information from the issuer is disclosed via TSE & JASDEC, while such information is conveyed to investors on Sub/Global Custodian levels based on the SLA in place.

CSD is not providing the CA information related to the exercising the rights directly to the investors. The issuer (Trust Banks/ TA or the agent for the issuer) exchanges information with the investor and pays the dividend. Nonresident clients (or investors) agree with their agents in Japan (or Sub-Custodians) to have SLA in place, thereby Corporate Action is processed according to the processing rule.

UNSETTLED TRANSACTION MANAGEMENT, INCLUDING CLAIMS**(P9) Protecting investors' rights**

In respect of a fail of listed products on record date, the handling of dividend and rights is prescribed in the rules of JSCC.

Please refer to the descriptions below (1.2) given by TSE to be added to the Explanatory Note on page 8 of the main text.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

In the Japanese legal framework of book entry of share, the account holders that have a balance of a certain share as of record dates will be registered to the issuer's list of shareholders, and thus have full rights as shareholders. Therefore, issuers will distribute shareholder's rights, such as dividends, directly to shareholders (not through CSD). Therefore, after the list of the shareholders is made, claiming dividends through CSD is neither possible nor efficient.

Brokers that have not received share on a record date in spite that they bought the share on a cum-dividends basis, have to claim dividends to the trade counterparty. Claiming dividends and other rights of the deliver-fail of on-exchange transactions is made in accordance with rules set by Japan Securities Clearing Corporation (Japanese CCP).

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

none

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Japan		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Japan ISSA Members and ISITC Japan		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	<p>Following are the entities engaged in initiatives for standardization in Japan:</p> <p>1) ISITC: ISITC Japan is a voluntary organization formed to facilitate the realization of standardization and computerization of securities transactions, thereby to bring the securities industry closer to STP. The members are comprised of SWIFT users and vendors. ISITC Japan works in collaboration with SMPG (Security Market Practice Group), which is also a voluntary SWIFT user group to create globally agreed harmonized market practices. Its objective is to make overseas players familiar with the Japanese securities market practices and express the opinions and requests of Japanese SWIFT users with respect to the usage of SWIFT messages.</p> <p>2) TSE (Tokyo Stock Exchange): Distributing in ISO15022 format via TMI (Tokyo Market Information) .</p> <p>3) JASDEC: Studying to improve the convenience of TMI with TSE.</p>
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	
	Institutional investor space	

Market:	Japan
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Mostly met already

- 2. Message Contents
- 6. Timelines of Notification
- 8. Publication of Event Rules

Unlikely to be met within the next 3-5 years

- 1. STP and ISO Standards (HSBC's view: In Japan market, issuers/issuer's agents/ central depository/stock exchange do not seem keen to adopt STP/ISO standards yet.)
- 7. Process harmonisation within and across markets (HSBC's view: as stated in Q1.3, CA process varies from markets, so there are some challenges to establish harmonisation.)

Merit concerted industry effort, possibly with the involvement of regulators – then possibly met within the next 3-5 years

- 3. Issuer Sources Key Information
- 4. Required Information
- 5. Unique Identifiers
- 9. Protecting Investor's rights
(HSBC's view: more active involvement of central depository (JASDEC/BOJ) and stock exchange are expected to realise these items.)

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

- Items 3 and 4 should be consolidated into one principle
- More active participation/involvement of Central Depository (JASDEC, BOJ), Stock Exchange (TSE) and issuers are expected to establish end-to-end standards for corporate actions in Japan. Before the global standard setting, it seems further standardisation in the Japanese market is essential.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

- Differences of regulation/market rules between countries make it hard to establish a global standard
- The usage of SWIFT codes varies between institutions even in the same market. As stated above in 1.2, more active involvement of JASDEC/TSE/Issuers is expected
- Complicated tax handling in Japan
- Need to define the Japan market rules and educate investors – e.g. no official Market Claims in Japan. Please refer to ISITC Japan’s comment:

Common Practice in the Japanese Market

1. Record Date, Ex-Date & Eligible Balance (Entitlement)

Japan is a Record-Date market; hence Ex-Date is not applicable to calculate the Entitlement and is not used in the Japanese Market. Eligible balances on Record Date signify the entitled balances to receive the Entitlement. The requisite to become 'Eligible' is that the relevant shares are settled and registered on or before the Record Date, being recorded on the shareholders record book of issuing company. Unsettled balances or balances with street name are not recorded as Eligible balances.

2. Official Market Claim

There is no official Market Claim for Entitlement in the Japanese Market. Since Eligible Balance is the balance representing eligibility for the Entitlement to the shareholder, in failing to obtain Eligible Balance, the Entitlement is not recognized and it belongs to someone whose name is recorded on the shareholders record book of issuing company.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Japan		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	<p>"Issuer's Conference" – does not seem to be actively conducted Issuer agents are not actively in charge</p> <p>Tokyo Stock Exchange (TSE) – TMI (offer SWIFT format information to some extent and) EDINET (web services)</p> <p>SWIFT recently approached JASDEC (central depository) to standardise market messages in compliance with ISO</p>
	CSD and intermediary space	Not very active. JASDEC, Bank of Japan (for Governmental Securities) – neither has adopted SWIFT yet
	Institutional investor space	ISITC Working Group (which also covers NMPG) is currently working on CA and Settlement & Reconciliation
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	<p>"Issuer's Conference" – does not seem to be actively conducted Issuer agents are not actively in charge</p> <p>Tokyo Stock Exchange (TSE)"– TMI (offer SWIFT format information to some extent and) EDINET (web services)</p> <p>SWIFT recently approached JASDEC (central depository) to standardise market messages in compliant with ISO.</p>
	CSD and intermediary space	Not very active. JASDEC, Bank of Japan (for Government Securities) – neither has adopted SWIFT yet
	Institutional investor space	ISITC Working Group (which also covers NMPG) is currently working on CA and Settlement & Reconciliation

Market:	Japan
Contributor:	Mizuho Securities Co. Limited
Feedback date:	February 17, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

For the simple mandatory corporate action events such as cash dividend, stock split or stock exchange are mostly met already.

For complicated Corporate Actions, information details stated in the narrative field sometimes are not sufficient for the investors and such information level should not depend on each custodian.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

Investors sometimes can not make decisions easily if corporate action information is not be sufficient or fixed on instruction deadlines, especially the influence on the investors after TOB (Take Over Bid), delisting or rights issue.

All investors should receive the same information at the same time, with enough response time, including securities listed in multiple markets.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

There are a lot of issues in infrastructure development and agreement of the standardized communication system for all the issuer's agents and intermediary banks across various markets and investors countries.

It seems difficult to arrange partial rights exercise or fractions treatment for each investor's securities in the custodian omnibus nominee account.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Japan		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Mizuho Securities Co. Ltd.		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	NIL In Japan, there is no electronic messaging infrastructure for Corporate Action information by Issuer.
	CSD and intermediary space	NIL There is no electronic messaging infrastructure.
	Institutional investor space	YES Custodian Banks in Japan use SWIFT to provide Corporate Action information to their customers.
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	YES Issuers and the Japanese Stock Exchanges publish their Corporate Action information on companies' websites, or in standard newspapers.
	CSD and intermediary space	YES JASDEC provides Corporate Action information to its participants.
	Institutional investor space	NIL

Market:	Japan
Contributor:	Japan Securities Clearing Corporation (JSCC)
Feedback date:	February 19, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Met...Tokyo Stock Exchange provides the corporate action information that covers all Japanese public companies listed on Tokyo and other regional exchanges. ISO15022 standardized data are available through Tokyo Market Information service (TMI).
2. Met...The corporate action information provided by TIM covers a focal point of all company announcements.
3. Met...Key summary information must be created by the issuer and be published to regulators and the local exchange. Issuers also make prospectus documents available on public websites (EDINET).
4. Met...Issuers do provide required information even though not in ISO format.
5. Met...Tokyo Stock Exchange TMI service assigns unique identifiers for each corporate action. And also the listed issues could be identified by ISIN.
6. Met...The issuers are required to provide the data immediately after the company's timely disclosure in principle through Tokyo Stock Exchange TD Net (Timely Disclosure Net) and EDNET web service.
7. Met
8. Met
9. Met...With respect to exchange trades delivery fail on the record date is dealt in accordance with rules prescribed by JSCC.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

None

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Japan		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
JSCC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	N.A.
	CSD and intermediary space	N.A.
	Institutional investor space	N.A.
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	N.A.
	CSD and intermediary space	N.A.
	Institutional investor space	N.A.

Market:	Japan
Contributor:	Tokyo Stock Exchange
Feedback date:	February 19, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Met...Tokyo Stock Exchange creates ISO message service in the Corporate Action Information (Tokyo Market Information, "TMI") service.
2. Met
3. Met...Issuers do provide necessary information for processing Corporate Actions.
4. Met...Issuers do provide required information to investors.
5. Met...Tokyo Stock Exchange TMI service assigns unique identifiers for each corporate action.
6. Met...Corporate Action is distributed to the public timely by issuers through TSE TD Net (Timely Disclosure Net).
7. Met...ISITC coordinate Japanese corporate actions
8. Met...ISITC coordinate Japanese corporate actions
9. Met...Market claim regarding exchange trades delivery fail on the record date is dealt in accordance with rules prescribed by JSCC.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

Comment on explanatory notes.(regarding Principle 9)

In the Japanese legal framework of book entry of share, the account holders that have a balance of a certain share as of record dates will be registered to the issuer's list of shareholders, and thus have full rights as shareholders. Therefore, issuers will distribute shareholder's rights, such as dividends, directly to shareholders (not through CSD or Brokers). Therefore, after the list of the shareholders is made, claiming dividends through CSD is neither possible nor efficient.

Brokers that have not received share on a record date in spite that they bought the share on a cum-dividends basis, have to claim dividends to the trade counterparty. Claiming dividends and other right of the deliver-fail of on-exchange transactions is made in accordance with rules set by Japan Securities Clearing Corporation (Japanese CCP).

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

ISO messages are not widely used in Japan except for sub custodian area.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	Tokyo Stock Exchange has been providing ISO messaging of CA information since 2001.
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Tokyo Stock Exchange has been providing ISO messaging of CA information since 2001.
	CSD and intermediary space	
	Institutional investor space	

Market:	Korea
Contributor:	Korea Securities Depository (KSD)
Feedback date:	April 8, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Straight-Through Processing (STP) and ISO Standards

Issuer → Transfer Agent → Korea Securities Depository
→ Korea Exchange
→ Financial Supervisory Service

Korea Securities Depository → Securities Company (Broker, IB) → Beneficiary

1-1. Issuer → Transfer Agent/ Korea Exchange/ Financial Supervisory Service:
Issuers input their CA Information to Electronic Public Announcement Systems which are controlled by Korea Exchange/ Financial Supervisory Service. And Issuers send/fax documents which include CA information to Transfer Agent.

1-2. Transfer Agent → Korea Securities Depository:
Transfer Agents send CA information to Korea Securities Depository by Web.

1-3. Korea Securities Depository → Securities Companies (Broker, IB):
Korea Securities Depository send CA information to Securities Companies (Broker, IB) by CCF(Computer to Computer Facility)

1-4. Securities Company (Broker, IB) → Beneficiary:
Securities Company (Broker, IB) is going to send CA information by internet, e-mail, post mail to beneficiaries. Beneficiaries can get the CA information from the websites of Securities Company (Broker, IB).

Therefore, Korea Securities market is meeting STP processes to some extent.

1-1, 1-2 are not the perfect STP but 1-3, 1-4 are the STP.

2. Message Content

The content of messages is clear and all key dates affecting an event are carried in the event announcement in Korea Market.

3. Issuer Sourced Key Information

Key summary information created by the issuer is available on Korea Exchange Public Announcement System, Financial Supervisory Service DART System and Korea Securities Depository website.

4. Required Information

All CA information is subject to compliance with legal requirements.

5. Unique identifiers

ISIN is used to identify security codes in Korea Market.

6. Timelines of Notification

Notifications to the chain of intermediaries and to the end investors are made in a timely manner. Sufficient notice to execute the event, including amendments to the event, is given to allow all parties to complete the process effectively before the event deadline in Korea Securities Market.

7. Process harmonization within and across markets

Korea market has its market standards for corporate actions processing but it is not in a globally harmonized global format.

8. Publication of Event Rules

Each event type has processing rules which are to be adhered to in Korea Market. It is controlled by Korea Exchange/ Financial Supervisory Service.

9. Protecting investors' rights

Clear rules concerning the protection of benefits due to the beneficiary are prescribed in the Financial Investment Services and Capital Market Act, and adhered to by the market participants.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

No suggestion

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

Korea Securities market and Authorities are trying to achieve STP, clear information and protecting investors' rights. There is no major gap in the Korean Market.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Korea KSD		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	Korea Securities Depository
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Hana Bank, Kookmin Bank Korea Securities Depository(Transfer Agent Dept) Korea Exchange
	CSD and intermediary space	Korea Securities Depository
	Institutional investor space	Securities Companies

Market:	Korea
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Principles that are mostly met already:

- 2. Message Content
- 9. Protecting investors' rights

Unlikely to be met within the next 3-5 years:

The Korean market is not likely to meet the remaining proposed ISSA principles and at this stage, most processing for corporate actions (such as announcement maintenance, exercise and payment) takes place manually.

May merit concerted industry effort, possibly with the involvement of regulators:

- 1. Straight-Through Processing (STP) and ISO Standards

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

For 7 (Process harmonisation within and across markets), each market has their own corporate action processing and market practice, therefore, harmonising event processing will not be achieved.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

Straight-Through Processing (STP) and ISO Standards: Corporate Event messages such as announcement, entitlement and payment, are sent out via MT564 and MT566. Clients send their instruction via MT565. Communication could be processed by electronic means such as SWIFT. However, STP flow along the intermediary chain from the issuer to local custodian / CSD and vice versa is not achieved at this stage and most of the instructions or announcements are processed manually.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Korea		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	---
	CSD and intermediary space	----
	Institutional investor space	----
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	---
	CSD and intermediary space	---
	Institutional investor space	---

Market:	Malaysia
Contributor:	Bursa Malaysia Depository Sdn Bhd
Feedback date:	April 8, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Bursa Malaysia Securities has a dedicated electronic system, known as Bursa Link for issuers to submit corporate actions announcements using a prescribed template. After the announcement has been vet by Bursa Malaysia Securities' personnel, this announcement will be made available on Bursa Malaysia's website as well as via the trading participants' terminals on the same day the announcement is made.

Bursa Malaysia plans to connect custodian banks' back office systems with Bursa Link to reduce the time spent by custodian banks in manually key-in the information into their back office systems.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

Certain agreed standards may be achieved when ASEAN Link is implemented.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

Still preliminary, hence, yet to be identified.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Malaysia Bursa Malaysia Depository Sdn Bhd		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	Bursa Malaysia Securities Berhad is looking into connecting the custodian banks' back office systems with Bursa Link on achieving STP from issuers to the custodian banks. For ASEAN region, certain agreed standards may be achieved when ASEAN Link is implemented.
	CSD and intermediary space	CSDs in ASEAN will be working closely in this aspect.
	Institutional investor space	Custodian banks in Malaysia may need to enhance their back office systems to connect to Bursa Link.
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Stock exchanges in ASEAN may streamline format, linkage and rules (if need be) for issuers to make corporate actions' announcement.
	CSD and intermediary space	CSDs in ASEAN will be working closely in this aspect.
	Institutional investor space	Custodian banks in Malaysia may need to enhance their back office systems to connect to Bursa Link.

Market:	Mauritius
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

- 1. STP and ISO Standards:** Currently the local CSD is not a SWIFT user and there are no plans to implement same in the near future.
- 2. Message Content:** Currently Corporate event announcements are being provided with key dates.
- 3. Issuer Sourced Key Information:** This will require concerted industry effort between issuers and the CDS and Stock Exchange.
- 4. Required Information:** Details provided in the announcements are appropriate.
- 5. Unique Identifiers:** ISIN codes are used for each stock listed on the Stock Exchange of Mauritius.
- 6. Timelines of Notification:** Corporate Event announcements are sent by issuers to the Stock Exchange of Mauritius, who verify the details and if all is in order, the announcement will be uploaded on the Stock Exchange's website and weekly bulletin and newspapers.
- 7. Process harmonisation within and across markets:** Standard key dates have been set up for corporate action announcements.
- 8. Publication of Event Rules:** Event rules have been published in the CSD's rules and the Companies Act 2001.
- 9. Protecting Investors' Rights:** Clear procedures are in place to ensure shareholders are entitled to receive proceeds or voting rights.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

The use of SWIFT will be a more secure means of providing Corporate Event announcements by the CSD.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Mauritius		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	---
	CSD and intermediary space	----
	Institutional investor space	----
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	---
	CSD and intermediary space	---
	Institutional investor space	---

Market:	Philippines
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Straight-Through Processing (STP) and ISO Standards – Met

Primary source of information is the Exchange Notices posted in the Philippine Stock Exchange website (PSE), www.pse.com.ph. Upon receipt of the information, this is maintained in GHSS for automatic generation of SWIFT advice following the ISO format. In particular, SWIFT Message Type MT564 is sent for Announcement/ Updates on corporate events. Note that STP begins upon receipt of instruction/subscription from investor as there is no link between PSE website and our system. Furthermore, a small percentage of domestic clients are not SWIFT enabled and communication is sent via encrypted means.

2. Message Content – Met

Corporate disclosures are downloaded from the Exchange website and the pertinent details are maintained in our system (e.g. ex-date, record date, payment date). In certain instances where some of the relevant information is not yet available, we proceed to maintain the event in our system with the available information and indicate the status of the event as PREC for preliminary confirmed information.

3. Issuer Sourced Key Information – Mostly Met

Philippine listed companies are strictly required to submit disclosure on Corporate Event to the Philippine Stock Exchange (PSE). PSE then posts the corporate disclosure on their website www.pse.com.ph in PDF format. Prospectus documents are also available on the Exchange website.

4. Required Information – Mostly Met

In the Philippine market, listed companies disclose pertinent information on the event which includes record date, ex-date, payment date, ratio, market deadline, and offer period. There were few instances where we had to follow-up with the Issuer and/or transfer agent for the necessary information to process the event/transaction. When we capture the event details in our system, a unique corporate event reference is generated. Furthermore, the ISIN is also reflected in the MT564 Announcement Advice.

5. Unique Identifiers – Met

Our system generates a unique corporate event reference upon capture of event details. The reference generated remains with the event throughout its lifecycle. Furthermore, both the ISIN and market code are reflected in our SWIFT Advice.

6. Timeliness of Notification – Mostly Met

However, kindly note that we have encountered some tight deadlines for Rights Offering

wherein the record date was also the deadline of the Depository to submit subscription instruction.

7. Process harmonisation within and across markets – Unlikely to be Met

Currently for the Philippine market, it may be difficult to arrive at an agreed market practice in processing corporate event due to the absence of certain guidelines from certain regulatory bodies. For instance, there are still no definite guidelines from the Philippine Bureau of Internal Revenue for the application of tax treaty rates. As such, companies are free to request documents they deem acceptable support any claim for availability of lower tax rates.

8. Publication of Events – Met

Processing rules for Proxy Voting and Tender Offer can be found in the Securities and Exchange Commission website. Also, generally for each voluntary event in the Philippine market such as Rights Offering, the prospectus and terms and conditions are in place and are made available through the Exchange website.

9. Protecting investors' rights – Unlikely to be Met

In the Philippine market, the Depository is not involved in the discussion of claims settlement. It is the sub-custodians who handle and facilitate market claims. The Depository only effect transfer of entitlement upon receipt of written agreement by both parties, provided that these are received before payment date. However, note that the Depository is no longer involved with trades that settled after payment date.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

The proposed Global Principles have addressed the issues linked with corporate event processing. However, for principle 1 perhaps we can amend the definition of straight-through-processing (STP) for the Philippine market to mean, STP starting only from instructions received from shareholders/investors. The 1st principle was defined as "STP flow along the intermediary chain from the Issuer to the investor". This is currently not possible in the Philippine market as issuers submit corporate disclosures to PSE in physical letter format which are then posted in the PSE website as PDF file. Note also that there is no "link" or interface between PSE website and the systems of the sub-custodians. We can only accommodate STP within our own system starting from receipt of instructions/subscription from shareholders/investors.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

The major gap or obstacle in the Philippine market is the absence of certain guidelines such as the official guideline from the Philippine BIR (Bureau of Internal Revenue) on the application of treaty rates on dividend proceeds. Currently HSBC has been lobbying with the PSE for uniform guidelines for the benefit of our clients.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Philippines		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	In the Philippines, it is becoming evident that the market and tax regulators are moving towards the direction of requiring tax documents such as proof of tax residency to avail of preferential tax rates. HSBC has been consistently lobbying with the PSE for uniform guidelines on the application of treaty rates in the market for the benefit of our clients. Along with other custodians, HSBC met with the Philippine Stock Exchange (PSE) last 3 December 2009 and again on 26 January 2010 regarding this issue. The custodians emphasized the impracticability of the BIR ruling requirement and obvious adverse implications on the market.
	Institutional investor space	

Market:	Singapore
Contributor:	Singapore Exchange Limited
Feedback date:	March 25, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Straight-Through Processing and ISO Standards:

SGX provides a platform, SGXNet, for issuers to post their announcements and the information is provided directly from source by the issuers. More than 95% of issuers post their announcements directly via SGXNet. A small handful of issuers may provide their announcement via fax to SGX, who will post the announcement on SGXNet on behalf of these issuers. In addition, SGX sends dividend and bonus issues event information to subscribers of its corporate action dissemination service in accordance to ISO Standards via SWIFT.

2. Message Content:

The key dates and information pertaining to the corporate action events are carried in the issuers' announcement. Pertinent information as required under SGX's Listing Rules has to be included in the announcement.

3. Issuer Sourced Key Information

SGX provides a platform, SGXNet, for issuers to post their announcements and the information are provided from source by the issuers. The information posted by the issuers is populated to the SGX website where the information is accessible by the public. Many issuers have a dedicated Investor Relations page on their corporate website where such announcements will also be posted for public information. Prospectuses are lodged with the Monetary Authority of Singapore (MAS) and are also publicly available via MAS' website.

4. Required Information

The key dates such as the record date and key information such as the exercise price, entitlement ratio, etc are carried in the announcement. The full information is available in the circulars / prospectuses which are also attached in the announcements.

5. Unique Identifiers

There are no unique identifiers in the announcements currently. However, subsequent announcements, if any, will make reference to the earlier announcement date, the event type, the record date, etc to identify that the latter announcement is in relation to an earlier announcement made.

6. Timelines of Notification

SGX sends SWIFT messages to its subscribers of corporate action data dissemination service by the next market day upon an announcement being made. Nearly all corporate announcements made by issuers are done at the end of the business day after the

trading in the stock market closes.

7. Process harmonization within and across markets

Market standards for corporate actions processing are harmonized within the Singapore market and processed as per the terms stipulated in issuers' documents. Up to 90% of the Singapore market's corporate action events are processed by CDP adopting standardized processes.

8. Publication of Event Rules

The rules of the events are published in the issuers' offer documents and sent to the shareholders. The offer documents are also available on the websites of the issuer, SGX and MAS.

9. Protecting investors' rights

In the Singapore market, all matched trades will be settled. Where the selling party does not have securities for delivery on due date, the clearing house will buy in the securities with entitlement against the selling broker or the selling broker after validating the availability of shares in a pre-settlement run. This will ensure the delivery of securities with entitlements to the buying party. Thus, there is clarity that all matched transactions will settle by the record date and buyers on record date will be accorded the relevant entitlements.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

We do not have any additional suggestions.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

Unique identifiers: In order to introduce unique identifiers to assist market participants in the effective management of corporate action announcements, the industry needs to have a consistent and harmonized way to read and interpret the identifiers.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Singapore		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Singapore Exchange Limited		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	SGX – sets the standards for issuers to post announcements. For example, a specific template must be used for corporate action announcements with record dates.
	CSD and intermediary space	CDP – provides its participants who subscribe for the corporate actions data in SWIFT ISO15022 standards. SMPG – promotes harmonization of market practice among market participants.
	Institutional investor space	Custodian banks – provide custody and corporate action services and information to institutional investors.
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	SGX – processes the event creation of corporate action announcements and disseminates the information via its website and to data vendors.
	CSD and intermediary space	SMPG – promotes harmonization of market practice among market participants.
	Institutional investor space	Custodian banks – provide custody and corporate action services and information to institutional investors.

Market:	Singapore
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Almost all principles described in the paper are generally met by a few major local custodians and their Intermediary clients in the next layer. However, gaps exist in the STP flow along the Issuer (or its agent) to CSD and CSD to Intermediaries. Listed Companies/issuers post all types of announcements in free format on the Singapore Exchange Website. Custodians need to select corporate actions related announcements, download and translate them into messages adhering to these principles before sending them to their clients. The Exchange launched SWIFT notification services years ago but this is not as often used as, apart from high pricing, it only covers dividends and bonus events. The Exchange does provide corporate actions information on its website. However, it only reports confirmed events which gives very little incentive to custodians to utilise this service.

Event processing between the CSD and custodians is also very manual. Physical election forms have to be delivered to and from the CSD which acknowledges election by returning the "tear-off" portion of the original election form. The CSD is not involved in the flow of market claims at all. Custodians conduct their own irregular transaction management and market claims. We do not foresee that these gaps in the ideal corporate action flow could be filled within a very short timeframe in Singapore as much is needed to be changed by the CSD. However, there is much that the SGX and CDP could do to improve the flow from announcement to processing (e.g. election) to payment/completion. For example, the CDP should look into its process to accept e-election forms which are currently on a physical form basis.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

The role of the CSD is critical and it should consider enhancing its role in the corporate actions processing flow. SGX/CDP could improve corporate actions processing in the market by issuing standardised corporate actions announcement templates to listed

companies. This would remove the current chaos where each company announces the same corporate event in its own format. In addition to assisting listed companies that are often unsure what to include/exclude in their announcements, standardised corporate actions announcement templates would assist custodians and speed up the flow of information to their clients.

The CDP should also consider implementing electronic voting and introduce the electronic submission of election instructions by custodians.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Singapore		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	The Exchange recognises that standardised corporate actions announcement templates are a good idea but they are a low priority in the Exchange's book of work. It is concentrated on updating the post trade settlement systems.
	CSD and intermediary space	The Securities Market Practice Group (SMPG) in Singapore has made all the above recommendations to the Exchange/CDP.
	Institutional investor space	

Market:	Sri Lanka
Contributor:	Central Depository Systems (Pvt.) Limited
Feedback date:	April 12, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Straight-Through Processing (STP) and ISO Standards

Not met. This merits industry effort including the involvement of the regulators particularly if XML based reporting is to be adopted. No initiative has been launched in this direction as at yet.

2. Message Content

Met already.

3. Issuer Sourced Key Information

Key summary information is created by the issuer and Issuers should also make prospectus documents available on public websites. However it is not structured according to ISO format and is only published via the local exchange web site.

4. Required Information

Not met as the message format structure is not according to ISO specifications.

5. Unique identifiers

Met. ISIN are issued for every security.

6. Timelines of Notification

Met already.

7. Process harmonization within and across markets

Not met.

8. Publication of Event Rules

All corporate announcements have to be made in accordance with the exchange listing rules which are published.

9. Protecting investors' rights

Legislation through the Companies Act, SEC Act provide for this. There is no specific legislation for the Depository such as a Depositories Act. However there is also a special banking law that imposes limits on shareholding.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

No suggestion

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

Achieving standardized messaging such as XBRL formats require issuer involvement, legislative changes, changes to accounting standards and the involvement of the relevant regulatory bodies.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Sri Lanka		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Colombo Stock Exchange		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	Colombo Stock Exchange. www.cse.lk Securities and exchange Commission of Sri Lanka www.sec.gov.lk
	CSD and intermediary space	Central Depository Systems(pvt) Ltd. www.cds.lk
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Colombo Stock Exchange www.cse.lk Securities and exchange Commission of Sri Lanka www.sec.gov.lk
	CSD and intermediary space	Central Depository Systems(pvt) Ltd. www.cds.lk
	Institutional investor space	

Market:	Taiwan, ROC
Contributor:	Taiwan Depository & Clearing Corporation TDCC
Feedback date:	March 25, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

- So far, in the corporate actions area in Taiwan, except **"9. Protecting investors' rights"**, none of any item is mostly met already.
- The following items may meet the proposed principles after the initiative by Taiwan Stock Exchange:
 1. Straight-Through Processing (STP) and ISO Standards
 2. Message Content
 3. Issuer Sourced Key Information
 4. Required Information
 5. Unique identifiers
 6. Timelines of Notification

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

None

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Taiwan		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
TDCC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	Currently the first priority and initiative in the corporate actions area in Taiwan is that the Taiwan Stock Exchange will transform the corporate action electronic information provided by issuers to ISO standards. And Taiwan Stock Exchange will provide such information to global investors, custodian banks
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Currently the first priority and initiative in the corporate actions area in Taiwan is that the Taiwan Stock Exchange will transform the corporate action electronic information provided by issuers to ISO standards. And Taiwan Stock Exchange will provide such information to global investors, custodian banks
	CSD and intermediary space	
	Institutional investor space	

Market:	Taiwan, ROC
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

Event processing in Taiwan is not STP compared to the proposed principles.

Issuers / registrars in Taiwan will make announcement on a public website, i.e. Market Observation Posting system (MOPS), rather than in electronic format. Due to lack of standardisation in communication, such as electronic message in structured ISO format between issuers / registrars and intermediaries (typically local custodians), the local custodians will have to manually collect all the relevant information from MOPS (sometimes this information requires further clarification / verbal confirmation from issuers / registrars) and input in their respective / individual system, in order to provide clear and concise event information in adherence to ISO format and agreed market practice to overseas clients within 24 hours after the announcement is published.

There is no standard practice of rounding method and fractions handling in Taiwan market, i.e. it is up to each issuing company's discretion. The proposal to standardise the aforementioned processing has been discussed for years; however, there has been no progress so far.

As failed trade is permitted in Taiwan, TWSE (Taiwan Stock Exchange) and TDCC (Taiwan Depository and Clearing Corporation) will ensure dividend distributions reach contractually / actually entitled parties. Hence, market claim for unsettled transaction is not applicable in Taiwan.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

In order to reduce risks and costs in these complex corporate event processes, it is strongly suggested that communication should be electronic to ensure an STP flow along the intermediary chain from the issuers to the investors. It will prevent unclear event information to be interpreted by custodians incorrectly, and allow notification in ISO format to reach investors on a timely basis. Now, TWSE's project on MT564 issuers'

announcement is under discussion to enable timely and concise provision of key / required information to investors. In the interim, it will help if issuers / registrars could make announcements in Chinese and English versions for local custodians' onward delivery to investors without interpretation. Nevertheless, industry meetings are conducted regularly to improve the event processing in Taiwan. However, with regulators' involvement, i.e. assistance to establish systems / facilities, enforce issuers / registrars to apply the proposed principles etc., there would be great improvement on event processing in Taiwan market.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Taiwan		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	Local custodians
	Institutional investor space	Foreign investors
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	Local custodians
	Institutional investor space	Foreign investors

Market:	Thailand
Contributor:	Thailand Securities Depository Co. Ltd. (TSD)
Feedback date:	April 8, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

The TSD plans to improve the straight-through-processing (STP) in its company news announcement service by changing both announcement channels from SETSMART (web-based) to direct linkage i.e. SWIFT Network including company news format from PDF and text file to two optional solutions i.e. SWIFT message, or XML file. The group discussed on option proposal, pros and cons, standard template, and common field in the message. This initiative is expected to implement in Q4 2010.

As compared against the proposed principles,

1. Paperless, Automated Information Exchange: Likely to be met within next year
2. Event Creation: Mostly Met
3. Event Communication: Mostly Met
4. Event Processing: Unlikely to be met
5. Unsettled Transaction Management, Including claims: Unlikely to be met

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

No suggestion

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

As the ongoing process for TSD plans to improve the communication of CA, the major obstacle is the will among market players to change the current working process.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Thailand		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
TSD		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	TSD ,as a subsidiary of the Stock Exchange of Thailand, works with SET, local and foreign custodians and issuers.
	CSD and intermediary space	
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	TSD ,as a subsidiary of the Stock Exchange of Thailand, works with SET, local and foreign custodians and issuers.
	CSD and intermediary space	
	Institutional investor space	

Market:	Thailand
Contributor:	HSBC
Feedback date:	February 26, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

All proposed principles are met, except Principle 9 : Protecting investors' rights

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

None

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

None

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Thailand		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
HSBC		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	The Thailand Securities Depository Co., Ltd. (TSD) has an initiative to deliver the corporate actions information to custodian / broker via SWIFT message MT564. The tentative effective date is within 2010.
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Issuers provide details of corporate events to SET and post the news on the SET website.
	CSD and intermediary space	
	Institutional investor space	

Market:	Vietnam
Contributor:	Vietnam Securities Depository (VSD)
Feedback date:	March 25, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

1. Straight-Through Processing (STP) and ISO Standards

Currently, the communication from issuer -> VSD -> Depository members -> investors is mostly carried out in writing. This is due to the long-standing market practice and the stipulation that only documents in writing will have a legally binding effect.

In 2010, VSD will launch a new system which allows VSD members to view event announcements and export entitlement lists, which will be imported back into the system after verification. Documents in writing are still used to serve as legal proof in the initial period and gradually replaced by electronic verification in their upgraded period later on.

Message formats are prescribed by VSD and relevant regulations.

VSD has signed a Memorandum of Understanding with SWIFT in January 2009 with the view to apply SWIFT's solution to VSD systems in the near future. The application of ISO standard is expected to materialize in 3 to 5 years.

2. Message Content

The message content of VSD's corporate action announcements satisfies the proposed principles. The event announcement is set up using a common form as prescribed by VSD's guidelines on corporate actions, containing key information and key dates concerning the event, which is clear and explicit.

3. Issuer Sourced Key Information

Corporate action announcements are the issuer's responsibility to create, which must include certain key information as specified by law and regulations. Issuers must also publish this information to related parties such as Stock exchange, VSD, and the public.

4. Required Information

Announcements carry only necessary information in compliance with legal requirements, which meets the requirement of the proposed principle.

5. Unique identifiers

ISIN has been used to uniquely identify issuer and listing location. However, an event reference number is yet not available.

6. Timelines of Notification

Issuers must send notification to VSD no later than 10 business days before the record

date together with relevant documents applicable to each event type as prescribed by VSD's guideline on corporate actions. Within one business day after receiving notification from issuers, VSD draws up and sends Notification of record date (in prescribed format) to members, related stock exchange, and makes this Notification available on the VSD website.

7. Process harmonization within and across markets

8. Publication of event rules

Specific processing rules for each event type are prescribed by VSD, which are publicly available for consumption and adherence.

9. Protecting investor's rights

There are detailed provision in law and regulations which lay down the responsibility of issuers, VSD and stock exchange to ensure investor's benefits in investment, trading and corporate actions.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

We believe that the proposed principles will be more appealing to Vietnam markets and possibly other markets as well if they are expressed in a more apparent and consumable way. Rather complex grammar structure makes these principles somewhat confusing.

Regarding Principle 2: Message Content and Principle 4: Required Information, we noticed an overlapping recommendation of best practice for information that should be carried in event announcement.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

VSD has no comments regarding this issue.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Vietnam		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
VSD		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	Not available
	CSD and intermediary space	Not available
	Institutional investor space	Not available
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	Not available
	CSD and intermediary space	Not available
	Institutional investor space	Not available

Market:	Assessment Asia-Pacific Region
Contributor:	Citi
Feedback date:	March 5, 2010

1. Feedback on the proposed ISSA principles

1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.

A. Principles which are mostly met already:

2. Message Content with the below exceptions

- In general, information regarding foreign and other restrictions is not very clear and not standardized so restrictions are subject to some interpretations (especially if the offer documents are in local languages). Therefore Restriction information/content should be also be put into category 3 below "Principles which may merit concerted industry efforts with the possible involvement of regulators".
- In some markets, the meeting place and agenda for some proxy voting events and the ratio for some income events are not known during the announcement date.
- In addition there is no concept of Payment Date in India market, dividends are payable within 30 days of the declaration date.

6. Timelines of Notification

Exception: we notice that Taiwan recently issued some voluntary offerings with very short turnaround time i.e. deadline for subscription was in the afternoon of the announcement day; Citi has suggested to Taiwan Stock Exchange to ask Issuers to change this practice.

8. Publication of Event Rules

Exception: Event Rules are mostly known to the local market participants, except in Australia where we have new events called "RAPID Issues" which sometimes are not widely known to foreign investors. Similar to a traditional rights offer, a RAPID issue is an entitlement offer where each registered shareholder of the company at record date will receive an entitlement, which they can either take up or renounce (in full or in part). The event is effectively broken up into an institutional and retail component. Under a RAPID offer the Lead Manager works with the issuer to identify and approach large institutional holders directly (i.e. not via a custodian) and these shareholders must decide whether or not to take up their entitlement. The challenge for our clients is to understand whether their clients (Large Institutional Investors) have been made an offer under the institutional offer as if they have been made an offer under the institutional component then they are not eligible to participate in the retail component.

There are also complex events like combined events in Korea such as merger/cash buy back event in Korea and Japan which rules are published widely but some new foreign investors are not familiar with practice such as Dissenting Instruction (mandatory/prerequisite for buyback) and Buyback instruction).

B. Principles which are unlikely to be met within the next 3-5 years:

7. Process harmonization within and across markets

As it involves multiple market regulators, a much broader range of market players (i.e. issuers, registrar, transfer agents in addition to stock exchange, depositories, brokers, custodians, etc.) and multiple jurisdictions, it would be very difficult to achieve this in the next 3-5 years. In addition, we think priorities should be given to the items below.

In addition, there are still two tiers of market infrastructure across Asia Pacific which impacts event creation, deadlines and proxy service standards.

Tier 1 markets (e.g. Australia, New Zealand, Singapore and Hong Kong) have centralized database for CA event with information in English. One market offers electronic intraday feed (Korea). Some markets also have rules for notifications, vote confirmation and meeting results publication while Japan and China have electronic transmissions of proxy votes for certain stocks in those markets.

Tier 2 markets are lack of central information repository with sources of information paper based and translations are required, manual vote/proxy submission with no proxy vote lodging confirmation.

3. Issuer Sourced Key Information -- So far no ISO format and in most markets the information provided is newspaper based and not in English except Australia, New Zealand, Hong Kong, Singapore and to a certain extent India. It might be a significant challenge to ask regulators to ask all the issuers in Asia-Pacific to send ISO format messages to CSDs/Exchanges and in English in the next 3 years. What can be done is to get CSDs/Exchanges to ask issuers to issue CA event announcements in certain softcopy formats which will be further converted and then enriched with information by CSDs/Exchanges to achieve the ISO format requirements which can be then disseminated to market participants.

C. Principles which may merit concerted industry efforts with the possible involvement of regulators:

1. Straight-Through Processing (STP) and ISO Standards -- Issuers & CSDs are mostly not compliant with ISO format as well as the XML based standards. A lot of issuers are still using newspaper based announcements and CSDs are using websites without structured message contents. SWIFT is approaching CSDs to use SWIFT formats but there are concerns about additional costs. In addition, most markets (CSDs or Exchanges) issue CA events in local languages.

What can be done is to get CSDs/Exchanges to ask Issuers to issue CA event announcements in certain softcopy formats which will be further converted and then enriched with information by CSDs/Exchanges to achieve the ISO format requirements which can be then disseminated to market participants maybe not via SWIFT messages but in SWIFT format via existing electronic interfaces between CSDs and Custodian Banks. Furthermore, the STP interface should be also be built for Voluntary CA instruction submission by custodians to CSDs as well as lodging of Proxy Voting instructions

4. Required Information -- So far no ISO format and in most markets the information provided in the Exchange/Depository website is not in English except Australia, New Zealand, Hong Kong, Singapore and to a certain extent India). But it would be great if we can work with CSDs and Exchanges to ensure that only information that is required for processing the event type should be carried in the announcement, in an electronic

and structured way.

5. Unique identifiers -- So far no unique global CA event identifier has been established but it would be great to have one.

9. Protecting investors' rights -- The concepts of market claims and buyer protection should be endorsed by industry associations and infrastructures to ensure that all market participants would follow the market practices and ultimately the beneficiaries would receive the benefits expected.

1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?

- Any best practices sharing and adoption by countries for tax relief at source including documentation required and tax reclaim process would reduce foreign investors' pain in processing the tax across the markets.
- Also whether to address specific events such as IPO as Corporate Action or Settlement: In some emerging markets e.g. Russia there is an IPO process for existing listed stock which some local market participants do not view as a Corporate Action.
- There are certain Corporate Actions with combined (Multiple) events which will be difficult to manage from Unique Identifiers point of view as well as Required Key Information.
- Would also need to sharpen the principle, data standards and code-words for restricted information and criteria so it would not be subject to too much interpretation.
- In addition to the suggested period (business days) between Start of Election date to Market Deadline date, it is also good to specify minimum period between Record Date and start of election date.
- In addition, we should suggest regulators (CSDs and Exchanges) to issue principles / standards for rounding of entitlements to be followed by all issuers and their agents.

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

- Much more involvements and initiatives of Stock Exchange and CSD would be required for e.g. (1) required information, data standards and code-words for restricted information and criteria so it would not be subject to too much interpretations, and (2) also how CSDs/Exchanges can facilitate issuers to generate ISO standards format announcement/event and in English, as well as (3) standards for rounding across market and minimum period between Key Dates.
- Complicated tax system so we should ask market participants to adopt standards and best practices for tax relief at source including documentation required and tax reclaim process would reduce Foreign Investors' pain in processing the tax across the markets.
- Would be quite difficult to implement clear rule and standards for market claim, buyer protection and transformation among all the stakeholders.

2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

Asia Pacific Region		Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work
Citi		
Electronic messaging based on ISO standards	Issuer, issuer agents and stock exchange space	China: Working with the CSD to adopt an electronic method for collect and distribute CA info. Exchange is working on sending CA info in SWIFT format.
	CSD and intermediary space	China: Working with the CSD to adopt an electronic method for collect and distribute CA info. India: Working with CSD to use SWIFT to send CA information from the CSD.
	Institutional investor space	
Event creation, communication and processing	Issuer, issuer agents and stock exchange space	
	CSD and intermediary space	Thailand: Requested the Thailand Securities Depository to automate voting online instead of delivering votes manually. Thailand: Improving income payment process by getting the Thailand Securities depository to pay income via a single BAHTNET payment instead of check. Taiwan: to work with CSD to allow majority voting since regulations to allow split voting will take a long time to pass. Australia: Recommended that the allotted election time for DRIPs be extended from record date to record date +5 days.
	Institutional investor space	Singapore: Working with Association of Banks to increase number of proxy votes allowed per registered holder, and migrate to online and postal voting as opposed to show-of-hands. Australia: Lead initiative with other custodians and share registries to allow for electronic lodgment of funds and application for CAs and rights.