

ISSA



Global Principles for Corporate Actions and Proxy Voting

Progress Update Report

A contribution to align current industry efforts to achieve
a more efficient global corporate actions and proxy voting processing environment

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1. Introduction

1.1 Background

Historically the processing of Corporate Action (CA) events had been largely unstructured giving rise to increased risk and processing costs. **In May 2010, ISSA published a White Paper which outlined nine Principles*** relating to the communication and processing of corporate events. This was followed **in June 2012 with four additional Principles*** being published. The Principles were warmly received by the industry and the Corporate Actions Working Group was tasked by the ISSA Board to make recommendations for adoption across the industry.

*** For the download of the reports see the following link:
www.issanet.org/e/3/current-wgs/cwg4.html**

There have been a number of industry initiatives and papers over the last few decades that have pushed for the creation of a secure, efficient and transparent global clearing and settlement system, and thanks to concerted efforts by many of the major industry players including custodian banks, depositories and regulators, significant progress has been made and continues to be made in this area. However, the same cannot be said for the post settlement / asset servicing environment. This shortcoming affects the owners of assets by increasing the industry's costs and risks involved in the ongoing ownership of financial assets. While barriers to progress have been identified and debated in many conferences and fora over the years - and are reflected in the ISSA Principles - actual progress on the creation of a secure, efficient and transparent global system for the continued ownership of assets has been quite limited. This has been further evidenced by the results of a survey conducted by this Working Group. What progress has been made has primarily been achieved at the national level in a limited number of countries. Several markets have made good progress and are sending formatted event data to their participants. The US, Japan and Canada have initiatives in place. For most other markets the scrubbing and formatting of corporate events falls to the market participants (broker / dealers, custodians and other financial intermediaries).

Where success has been achieved in individual markets, the drivers have been

- Regulatory requirement
- Listing or CSD admission requirement
- User community decision to adopt these best practices
- Facilitation / ease of capturing data at the source
- Re-engineering providing an opportunity to introduce international standards

It is clear that the organizations motivated to change the current model believe that the change is in the best interest of all parties involved from issuer to investor and have limited or no ability to influence the issuer's behavior.

1.2 Promotion of the ISSA Principles

The rapid implementation of the ISSA Corporate Actions Principles depends on their adoption by issuers, CSDs and custodians. In the Working Groups's discussions around the 13 ISSA Principles it was concluded that:

- The best and most obvious avenue for achieving the Principles was to begin at the source of Corporate Actions information – the issuing entity.
- The process should be a paperless, automated information exchange supporting straight through processing based on the ISO standard. This though will likely only be achieved through regulation as issuers will understandably be reluctant to take on the additional expense.
- Event communication must be sufficiently timely as to allow all parties to the flow to process and respond.

By virtue of the composition of its constituency, ISSA is well placed to promote the adoption of the Principles with both CSDs and custodians. ISSA has done so via written communication of the Principles, discussion at various ISSA Symposia, at external conferences and in other venues. However, the acceptance of the ISSA Corporate Action Principles as market standard has not yet been attained to the extent required. In order to achieve further progress, the Corporate Actions Working Group proposes 5 recommendations on how to proceed. When assessing the effectiveness of these recommendations, the realities described in chapter 3 of this report need to be considered.

1.3 Recommendations for next steps

Recommendation 1

- Promote the Principles actively with industry participants, particularly CSDs and exchanges, especially as they can be adapted to their individual markets and thus by extension support the global process.

Recommendation 2

- Promote regulatory change to require the digitization of CA information at the source, and specifically support the efforts of CSDs and exchanges in getting the necessary regulatory change in their home markets.

Recommendation 3

- Take a firm stand on and actively promote the use of ISO formats as the standard for global cross-border CA data exchange between exchanges, CSDs, custodians and investors.

Recommendation 4

- The working group should repeat this survey annually to measure progress and highlight success stories.

Recommendation 5

- In conjunction with this survey, the working group should publish a case study highlighting the benefits seen in a small number of markets where most progress towards the ISSA Principles is seen.

2. Progress since the last report (of June 2012)

The ISSA Principles cover the end to end flow of Corporate Action information from source, issuers, through to destination, investors. The information often begins the journey in analog form (a pdf, although electronic and digital, does not support automated processing). In order for the financial industry to control, let alone minimize risk and cost, the information defining the Corporate Action event must become digitized at some stage of its journey. As recognized by the ISSA Principles, the industry, including issuers and investors, will be performing optimally only when the information is digitized at source.

In the absence of authoritative mandates (national or global), various countries have found ways to make progress towards the ISSA Principles. The following highlights examples where progress has been made in order to provide ideas to additional practitioners looking to benefit from practical examples.

2.1 The First Mile – Issuer to Digitization

Efforts were made to engage with issuing entities and their agents to promote the Principles, but met with very limited success except where mandated by regulation. (The one area of CA that did spark some interest, albeit limited, was general meetings and proxy voting, hence its inclusion in the Principles in 2012. However, success has remained negligible.)

The primary reasons for the inability to convince the issuing entities to actively support the Principles were:

- They didn't see it as their problem, and didn't welcome additional work or costs such as SWIFT connectivity.
- Inertia. There are too many issuing entities and no forum for getting consensus.
- The transfer of liability risk to the issuer was considered as unpractical.
- There is a lack of understanding around the criticality for standardization and digitization and the impact to other relevant parties.
- Issuers do not hear concerns from investors, only from intermediaries.

2.2 Challenges with Digitization

As a result of the inability to get any traction with the issuing entities or their agents, the Corporate Action Working Group reached the conclusion that efforts were best focused on the primary CA centralizing agents in individual markets – Central Securities Depositories (CSDs) and Stock Exchanges. While the role of CSDs and exchanges is rapidly changing, they are today and will remain the primary contact with issuing entities and/or processors of information generated by issuing entities. None of the members of the Corporate Action Working Group are Stock Exchanges, but many of the members are CSDs. **Therefore it was decided to issue a survey to CSDs** with the goals

- to determine how individual markets were handling CA processing today
- to find out what steps they may be taking that would help in achieving the Principles
- to look for best practices that could be applied more broadly as suggestions for other CSDs.

It is important to note that the lack of progress in digitization of the data at source is NOT a technical problem. In the US, the DTCC, SWIFT and a number of organizations took part in a proof of concept program called «Issuer to Investor». The first leg in this program involved digitizing data at source using XBRL. XBRL is a standard based on XML and

aligned with the ISO 20022 information model and is actively in use and supported by vendors, the US and other governments. This program successfully demonstrated the technical ability to digitize data at source and automate the downstream flows.

Without digitizing data at source it is unavoidable that one or more entities convert the analog data to a digital form. This activity carries substantial financial risk and consequently large amounts of money are spent to minimize that risk. However these risks and associated costs are currently distributed across a large number of organizations. In view of the significant risks inherent in establishing a centralized digitization utility, there has been no initiative to take this concept forward since the last report.

2.3 The Last Mile – Digital Delivery to Investors

One area where significant progress towards the ISSA Principles is being made is in the paperless automation of the process once the data is digitized. The industry's embrace of the ISO 20022 standard is allowing higher automation rates in several countries. It is clear that a major reason for progress being made in this area is the fact that the benefit from change and the ability to make the change are both within the scope of the same organizations.

3. Realities

The survey results generally indicated that some progress on the Principles was being made, which is not surprising as the Principles are broadly agreed to reflect best practice. But - as already mentioned in chapter 1.1 - progress has been driven more by the exigencies and realities of individual markets and their regulatory environment than the result of a focused effort on adopting the Principles.

Where progress has been made it is driven by one or more of the following key factors:

- where CSDs were in fact, or seen to be, primary infrastructure entities for their markets rather than standalone for-profit businesses;
- where they were integrated to varying degrees with their local Stock Exchanges
- and where they worked closely with or were actively overseen by their financial market regulators.

While turning back the clock in global financial markets to reflect these factors elsewhere is not remotely feasible, they are important factors to keep in mind when developing recommendations and realistic next steps. This is particularly valid also for the 5 recommendations proposed in chapter 1.2.

- **One of the key realities** in encouraging the adoption of the ISSA Principles is acknowledging the limited means for doing so available to ISSA. While actively promoting the Principles to market participants at every opportunity is a valuable and worthy effort shared by all ISSA members, there is limited scope to force a solution on markets, especially in the global, cross-border context. However many ISSA members are well placed to be influential in their individual firms, regulatory and market debates.
- **A second reality** is that while CSDs and exchanges are the most realistic conduit for achieving adoption, they will not and cannot be expected to act contrary to their own interests and those of their clients and owners. As such, seeking to force exchanges to make digitization of CA information a listing requirement in the increasingly competitive world of attracting issuing entities to list are very likely to be unsuccessful. (Indeed, financial market regulators themselves are facing a competitive environment of sorts, as exchanges and companies can arbitrage between and move to more amenable environments as well.) Similarly, CSDs face an increasingly uncertain and fluid regulatory and market environment. In order for exchanges or CSDs to drive change they must perceive it as being in their best interest.
- **Third**, ISO format standards are the closest thing to a global data exchange standard available today, so they should be strongly promoted as the way forward for promoting the safe, efficient and transparent exchange of CA data from the exchange or CSD onwards to custodians and across jurisdictions. Further, with the addition of the 4 Principles on general meetings and proxy voting, the ISO 20022 format should be actively promoted rather than use the less flexible 15022 standards in use today. This is not going to happen overnight, but should be promoted as a vision for the future for the industry to rally around over time.

4. Summary of Survey Responses

The following lists all options identified by **33** survey respondents from 31 countries, many of whom indicated multiple options are supported and available in their market. This summary represents a best effort analysis of the various nuances provided by the survey respondents. As such, not all columns tally.

	ISO 20022 ¹	ISO 15022	Letter, e-mail or fax	Newspaper	Proprietary data or system (incl. web sites)
How are events notified (prop system, MT564, other)?	4	7	6	1	15
Are issuers formally required to send info in a certain format to the CSD, or is it at their discretion? ²	2	3	7	2	11
	Yes: 12			No: 13	

- 1) As ISO 20022 is an information and process model rather than a message format model, the ISO 20022 count refers to any syntax compatible with the ISO standard such as MX and XBRL.
- 2) A number of the respondents provided formatting details of the information flow from issuers to the CSD as part of their comments on the first question.

	Primary	Scrub / Validate
Is this source considered to be the primary source in your market, or do you need to scrub against other info?	24	7

	Yes	No
Is the coverage 100% for all securities	25	4

	Costs & Challenges	Historical Background
How did the current process get implemented and were there any costs / challenges in setting it up?	<ul style="list-style-type: none"> ➤ Limited ISO 20022 expertise ➤ Issuer limitations in both process and connectivity ➤ Process defined by the exchange ➤ Communication process can be a complicated 3 party one ➤ GUI (application or web site) development and maintenance ➤ Application or data format design to meet requirements ➤ Collection and processing of analog data ➤ Missing information 	<ul style="list-style-type: none"> ➤ Re-engineering provided an opportunity to adopt ISO standards ➤ Issuers are a key participant in selecting solutions ➤ Processes are mandated by law ➤ Partnership with local exchanges, industry organizations and networking solutions

5. Questions for CSD regarding information received from the issuers/information agents

Question: How are events notified (prop system, MT564, other)?

Armenia	Issuer's (beside that issuers which are the banks) instructions provided in accordance with CDA rules in a documentary form, without using any computer system. Banks can provides their instructions via special intranet system, which managed by Central bank of Republic of Armenia.
Belgium	Euroclear (ESES) - <u>Upstream: from the issuer or its agent to the CSD:</u> In 2011, the 3 ESES CSDs have set up a common template gathering all key data for corporate actions as described by the Market Standards for Corporate Actions processing (Cash / Securities distributions, Mandatory reorganizations...). It currently takes the form of a spreadsheet, but the content is compatible with the ISO 20022 standards. All cells are populated with drop down menus proposing ISO data (qualifiers, key dates, options...). The template was set up in agreement with the stock exchange (NYSE Euronext) to avoid duplication of the information flows and to guarantee the alignment of corporate actions data across infrastructures (key dates, schedule, amounts, options...). Issuers and agents send the information by email (attachment) to both Euronext (as market of reference of the security) and Euroclear (as CSD of reference of the security), this latter assigning the COAF of the event (CA unique identifier). <u>Downstream: from the CSD to its participants:</u> Based on the receipt of information from the issuer or its agent, the ESES CSDs generate CA notifications messages to clients. The notification is sent per custodian's account as an ISO 15022 SWIFT message (MT564/568). It is also available on line through EuroclearConnect (proprietary system for custody screens). Information is sent either for all events (No Holding option) or based on a balance on the account of the custodian (Holding option) or once a pending instruction is detected by the settlement system. The service covers notification, notification on pending transaction as described above, pre-entitlements (on Record Date -2 and -1 business days) with the current settled position and entitlements on settled positions on Record Date COB. ESES CSDs have also created a website called Capinews™ to which issuers can post information that the ESES CSDs will send by e-mail to subscribing clients. This broadcasting system is currently used for General Meetings (notices, minutes), dividend payments , Prospectus, Offering Circulars and changes to the Terms & Conditions, Technical Information Memorandum.
Botswana	Through communication between BSE Listing Department.
Brazil	Under Brazilian legislation (Brazilian Securities Commission instruction 480/09, modified by instructions 488/10, 509/11, 511/11, 520/12 and 525/12) , all issuer decisions must be reported to BM&FBOVESPA and the Brazilian Securities and Exchange Commission (CVM) through an electronic system especially developed for this purpose known as IPE. This data is fed into the BM&FBOVESPA trading and post trading systems enabling the BM&FBOVESPA participants to obtain all information relating to issuer decisions on a centralized basis, without needing a search or additional verification. This characteristic poses an important differential for the Corporate Actions Service. When a company approves a corporate action (such as a dividend payment or corporate split) it must inform BM&FBOVESPA, who then announces the corporate action to the market through different channels (website, file, XML files). BM&FBOVESPA is

	also responsible for calculating corporate actions and for informing all participants and investors about the calculated corporate actions. BM&FBOVESPA informs not only the corporate actions, but also is responsible for calculating and identifying each investor of its rights. Operationally, BM&FBOVESPA consolidates all data of the corporate action and calculates the rights for each investor, with the information being shared with custodians (who hold assets for the investor) and with the issuer (responsible for the payment).								
Canada	<p>CDS receives corporate action data in data files and/or paper format from the following data sources: Issuers, Agents (transfer, depositary and information), Newspapers, Online news releases, Stock exchanges, Other depositories. This data uploads to the data management module in the corporate action system. The following table summarizes how the announcement capture module obtains data.</p> <table border="1"> <thead> <tr> <th>Data source</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Security Master File (SMF) anticipation</td> <td>Events are automatically anticipated based on security features from CDSX's Security Master File.</td> </tr> <tr> <td>Data feeds</td> <td>CDS currently receives proprietary feeds from transfer agents, stock exchanges and other depositories.</td> </tr> <tr> <td>Manual entry</td> <td>CDS information analysts are manually setting up events.</td> </tr> </tbody> </table> <p>Event notification to participants is done according to subscription preferences. Notification channels include:</p> <ul style="list-style-type: none"> ➤ Web based bulletins ➤ SWIFT messaging (ISO15022) ➤ Batch Files ➤ On line access 	Data source	Description	Security Master File (SMF) anticipation	Events are automatically anticipated based on security features from CDSX's Security Master File.	Data feeds	CDS currently receives proprietary feeds from transfer agents, stock exchanges and other depositories.	Manual entry	CDS information analysts are manually setting up events.
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China	Asia Pacific Region (CCDC) China Central Depository & Clearing Co., Ltd. - Through the official website of CCDC: www.chinabond.com.cn								
China	SD&C China - Currently we gather announce events' information mainly from stock exchanges and issuers. For example, when SD&C needs help issuers pay dividends to shareholders, issuers send this information to us via PROP system or our website.								
Egypt	MCDR - Both proprietary system and MT564 & MT566. Also, issuers must announce their corporate actions in one of the widely spread newspapers prior pay date by 15 working days.								
Finland	Euroclear Finland - Events generally are notified with specific forms created by Euroclear Finland. The exception is dividend payments which are informed via "Issuer Interface". It is an interface for Issuers which is created for dividend payments.								
France	see ESES under Belgium.								
Hong Kong	Notice of corporate action and announcement of the information from issuers are published on the exchange website (www.HKEx.com.hk) HKSCC obtains announcement information from the exchange website To enable CSD to disseminate corporate action announcements to our participants,, key details of corporate actions and events are analyzed, validated, and manually transcribed by HKSCC into its proprietary system for subsequent processing (e.g. entitlement computation or instruction collection). HKSCC will provide (in the capacity of a common nominee) corporate action information in the form of data file and computer reports to its own participants (i.e. brokers & custodians).								

Hungary	The Issuer of publicly issued securities is obliged to publish the CA announcement on the website of the stock exchange, the Hungarian Financial Supervisory Authority and on its own website. It is the decision of the intermediary if they provide Corporate Action notification services. Those who decide to provide such services are collecting information from the before mentioned publication sources.
India	Asia Pacific Region Central Depository Services (India) Limited - Information is notified to the users of the system i.e. Depository Participants (DPs), RTA's (Registrar & Transfer Agents), etc. using proprietary system.
India	India National Securities Depository Ltd. - In India, the issuers notify the events to the stock exchanges where their securities are listed.
Indonesia	Prop system (C-BEST), MT564, email to Securities Company and Custodian Bank as KSEI's member.
Italy	Monte Titoli - Events may be notified to our clients either by means of our proprietary system (web platform MTX), by means of the Italian bank network (RNI), or by SWIFT, at our client's choice (multichannel option is granted).
Iran	Prop system.
Japan	(Information Gathering) Notice of corporate action information from issuers to Tokyo Stock Exchange (TSE) /JASDEC, and announcement of the information by issuers are basically in the PDF format. However the information as to the financial highlights (including dividend information) will be sent to TSE or announced to the public in XBRL format. Because TSE and JASDEC publish the standard formats the contents of the PDF files shall follow, it can be said that the information gathered by TSE and JASDEC is generally standardized except for the new or rare corporate events. (Information Distribution) In the service to be implemented by the joint project of TSE and JASDEC, scheduled to be implemented by the spring in 2014, for enhancement of the distribution of corporate action information (CA Information Distribution Service by the Market Infrastructures), the information will be disseminated by the system called TMI(Tokyo Market Information) operated by TSE. The method of disseminating information is the web-service and the file transfer. The protocol of the file transfer is Internet FTP. The message formats of the information to be disseminated are the proprietary format (CSV or XML) and ISO20022 (domestic stocks only).
Korea	The CA information are notified through SAFE+(KSD's prop system), CCF, or e-mail.
Lebanon	Midclear - Events are notified through newspapers and direct correspondence (MT599 for banking sector, letters for non-banking sector).
Mexico	the events are notified by MT564(Governmental Bonds), The system receive the input from the Common Representative (Fixed Income & private bonds) and a physical information from the Issuer (equities).
Netherlands	see ESES under Belgium.
Palestine	Palestine Exchange PEX - By e-mail, Fax.
Qatar	Notification is currently through formal letters, we are planning to implement a new "Automatic Disclosure System" soon.
Singapore	SGX - Listed companies and issuers will disseminate corporate action related announcements to the marketplace via the SGXNet announcement platform using the e-tokens given to them. The announcement platform is hosted on the Singapore Exchange official website.

South Africa	Strate – Events are notified via MT564 notifications for Equities and Money Markets. Bonds notifications are currently generated via LU6.2 protocol which will be replaced with ISO notifications with our current bonds system replacement project.
Spain	Iberclear notifies corporate events to its participants by means of both proprietary systems and e-mail.
Switzerland	SIX SIS Ltd has developed a browser on which a primary listed company can capture the events. These events are notified to SIX SIS via MT564.
Taiwan	In accordance with the reporting platform designated by the competent authorities (SFB), the issuer conducts the announcement and declaration of stocks related information (CA events). The reporting platform called Market Observation Post System (MOPS) is a proprietary system (prop system).
Thailand	The events are notified by our prop system.
Tunisia	STICODEVAM - Information is received by courier, fax or e-mail.
Ukraine	Issuers notify the National Depository of Ukraine (hereinafter NDU) about corporate actions by submitting instructions in either electronic or paper form. Some information is available in the issue prospectus. Corporate events are also notified via SWIFT (MT564, MT566). Having received the information, NDU transfers it to its clients-custodians via internal system of data processing (depository record-keeping software product). All messages/instructions that are received and forwarded by NDU via its internal system of data processing comply with ISO 15022 standards.
United States	DTCC is in the process of reengineering its current corporate actions systems which announce events using proprietary files, formats and function codes and replacing them with a new platform that uses the ISO 20022 standard.

Question: Are issuers formally required to send info in a certain format to the CSD, or is it at their discretion?

Armenia	Issuers are required to send info in a special format set by CDA.
Belgium	ESES - Issuer need to use the proposed formatted template. Alternatively, issuers can select our e mail broadcasting system to disseminate non formatted info (Capinews™).
Botswana	CSD gets all the information from the Stock Exchange regarding the listings of a new company.
Brazil	Information exchanged through IPE should follow pdf file standard in a readable and easy to manipulate format. More information is available in the "IPE Manual at the Brazilian Securities Commission website. The material contain all the detailed information on which categories and types of documents treated by the system and what are the required information and its periodicity of disclosure. The manual (available only in Portuguese) also brings all the operational details on how to register the Investor's Relation Officer data and how to get access to the system. Regarding the information exchanged by the issuer directly with the BM&FBOVESPA CSD the communication is done through a CSD's proprietary system. Files, reports and messages (XML) may be exchanged with information regarding the corporate action treatment. For the institutions which do not have access to the BM&FBOVESPA proprietary system there is always an option to have a manual exchange of hard copies.
Canada	Issuers are not currently required to send corporate action information in any specific format.
China	Asia Pacific Region (CCDC) China Central Depository & Clearing Co., Ltd. - There is a certain format to send information.
China	SD&C China - We require that it come in our proprietary format
Egypt	MCDR - No certain format but must submit certain required data by the CSD.
Finland	Issuers are required to notify the events formally which is agreed with Euroclear Finland.
France	see ESES under Belgium.
Hong Kong	Issuers have obligations to publish any announcement, notice or other documents on the exchange website in accordance with the Listing Rules in Hong Kong. There is no specific requirement requiring the communication from issuer to investor should be made by STP in ISO format or in other structured standardized data form. Currently, all issuers' announcements are posted on the HKEx website in PDF format.
Hungary	Currently the Issuers send information to the CSD mainly in case of the CSD is appointed as paying agent or if shareholders registration is required. Choosing the CSD as paying agent is not obligatory. The information sent to the CSD is very limited: it contains only the type of the event, the event date, the record date and the cum date. The Market Implementation Group of Hungary is working on the implementation of standards aiming the end-to-end communication of corporate action information between the Issuer and End Investors.

India	Asia Pacific Region Central Depository Services (India) Limited - Issuers/RTA's have obligations to notify CA information as timely disclosure information in accordance with the regulations of SEBI (Securities and Exchange Board of India). In addition, Issuers have to notify the same in a specified format in accordance with the RTA OI of CDSL.
India	India National Securities Depository Ltd. - This information will be available with the respective stock exchanges.
Indonesia	It's stated in the rules on Central Depository Services (2.9.1) that in the respect to Corporate Action, Registered Company is obligated to submit notification to KSEI regarding every intended Corporate Action plan on the same date of the announcement [made by Registered Company] of such a plan.
Italy	Monte Titoli - We require the issuers to send only formatted instructions, according to the standards developed by CAJWG, by using corporate actions messages developed our web platform MT-X.
Iran	we have a fixed format.
Japan	(Information Gathering) Issuers have obligations to notify corporate action information as timely disclosure information in accordance with the regulation of the TSE. In addition issuers have the same in accordance with the business regulation of JASDEC.
Korea	Issuers are formally inserting information into KSD's SAFE+ system in a standard format.
Lebanon	Midclear - Issuers send info at their discretion.
Mexico	Yes, the issuer has the obligation of deliver the information to the Mexican Stock Exchange from equities in a specifically format, then they have to deliver a copy to the CSD. For Fixed Income and Private Bonds, they have to input the information in the Indeval's system or they have to deliver by ISO 15022 as well as the Governmental Bonds.
Netherlands	see ESES under Belgium.
Palestine	Palestine Exchange PEX - Regarding the financial statements, issuers send it using the standardized format set by the Exchange, all other notifications send by fax and e-mail. Noting that the Exchange is currently developing a uniform disclosure system to be used on line by issuers for providing the Exchange with all kinds of information.
Qatar	No certain format, just the announcement sent as formal letter.
Singapore	(SGX) - Yes, listed companies and issuers are required to send announcements in the right forma.
South Africa	(Strate) – Bonds/Money Market – Issuer/Issuer Agent driven with standard formats. Equity – no standard adopted by Issuers.
Spain	Iberclear - It depends on the type of corporate event. For the notification of some events a certain communication format is required. In case of dividends, for example, issuers should submit the details of the event using a template designed by IBERCLEAR and for the rest of them sending a copy of the public document entered into the Mercantile Registry.
Switzerland	SIX SIS Ltd - What has been harmonised is delivered via MT564. For all other instruments or events there are other medias offered to the an issuer agent.

Taiwan	According to the rule provided by the competent authority, equity issuers are required to notify the record date of general meeting and ex-dividend to the CSD. TDCC has established a prop system to provide issuers with a set-format to transmit and declare information of their record date. Furthermore, the CA events of redemption and coupon payments of Fix-Income securities related to CSD are required to notify TDCC.
Thailand	Issuers are required to send information to CSD in a <u>certain format</u> .
Tunisia	No
Ukraine	NDU interaction with issuers is stipulated by relevant agreements as well as NDU internal procedures and regulations. According to NDU rules, issuers are required to submit information in a certain format, filled-in instructions shall meet the established requirements.
United States	DTCC - We generally receive information from issuers, agents, exchanges and other primary sources. We require that it come in our proprietary format. We have the ability to accept dividend announcements in XBRL format directly from issuers, however, XBRL it is not mandatory.

Question: Is this source considered to be the primary source in your market, or do you need to scrub against other info?

Armenia	This is the primary source
Belgium	Euroclear (ESES) - It is indeed considered as primary source. In practice, this is the closest you can get to the original source of information.
Botswana	It will be the primary source, however, Issuers do alert the market through adverts/communications in the local newspapers.
Brazil	Primary source. For more details please refer to the previous question.
Canada	CDS uses multiple sources that are scrubbed against each other. An event is created in the system upon receipt of information from a source. After initial event creation, data for the same event can be received from other sources. The system matches the incoming data against the existing event data elements and the appropriate action is taken (i.e. no action is required for matched data elements; missing data elements are automatically populated, an exception is raised for unmatched data element for manual verification).
China	Asia Pacific Region (CCDC) China Central Depository & Clearing Co., Ltd. - It is the primary source.
China	SD&C China - Yes. This source is the primary source, announcement information is gathered from exchanges and issuers, and is validated against other market sources. And we don't need to scrub against other info.
Egypt	MCDR - Yes.
Finland	Yes, it is the main source. In equities there are also double checking against Companies House (extract). The applications, forms etc. are enclosed with the terms which are scrutinized by Euroclear Finland.
France	Euroclear (ESES) - It is indeed considered as primary source. In practice, this is the closest you can get to the original source of information.
Hong Kong	Announcement information obtained from the exchange website is considered to be primary source information as HKEx receives the information directly from the issuers.
Hungary	Yes, the publication places of announcements prescribed by law are considered as primary sources of information.
India	Asia Pacific Region Central Depository Services (India) Limited - This is treated as primary source by CDSL and is not scrubbed by CDSL as the Company is bound by regulations to provide accurate data related to Corporate Action (CA). However, the recipient of the CA information (DP's, Custodians, etc.) may be scrubbing it against similar information received from the Stock Exchanges as reported by the Company.
India	India National Securities Depository Ltd. - The stock exchange is the primary source for issuers of listed securities. For unlisted securities, this information is available with the respective issuers.
Indonesia	Since KSEI announcement cannot be issued before stock exchange's announcement, the market player still use the ca announcement in newspaper as the early information. For some cases, the announcement from KSEI is a bit late than the announcement from newspaper. Meanwhile the members are getting information from the newspapers, they are officially waiting for information from KSEI.

Italy	Monte Titoli - As we retrieve information directly from the Issuers (when the issuer is a participant in our system) or from the Issuers CSD (for non Italian securities) our announcements contains information certified at source and we do not need to add anything else or to enter into contact with data vendors.
Iran	The flow starts from issuer and ends at the prop system held by exchange organization. Hence, it does not need scrubbing.
Japan	(Information Gathering) The information TSE and JASDEC receive from the issuers is considered to be primary source information as TSE and JASDEC receive the information directly from the issuers. (Information Distribution) In the CA Information Distribution Service by the Market Infrastructures, the information gathered by TSE and JASDEC will be distributed to the custodians, etc without intervention. Therefore the information received by the custodians, etc will be regarded as primary source information.
Korea	Considered to be the primary source in our market.
Lebanon	Midclear - This source is the primary source. Midclear always refers back to the issuer as we need to discuss the procedure to follow in order to execute each event.
Mexico	These are the primary source.
Netherlands	Euroclear (ESES) - It is indeed considered as primary source. In practice, this is the closest you can get to the original source of information.
Palestine	Palestine Exchange PEX - The primary source.
Singapore	SGX - primary source.
Qatar	This is the primary source.
South Africa	Strate – Bonds/Money Market – primary source in the market. Bonds/Money Market – primary source in the market.
Spain	IBERCLEAR receives the corporate event details from the issuer and this information is scrubbed against the one sent by the agent. In case of capital increases, the information received from the issuer it's also scrubbed against the one published in the Official Gazette of the Mercantile Registry.
Switzerland	SIX SIS Ltd – As the above mentioned implementation has been implemented in the last November we will give a year time to the market to get used to the new process. Till then SIX SIS will still scrub and cleanse against additional sources to avoid mistakes.
Taiwan	This source is considered to be the primary source in our market.
Thailand	The source is considered to be primary source.
Tunisia	STICODEVAM – We need to check info from The Regulator and Stock Exchange publications.
Ukraine	Information conveyed by issuers in their instructions is considered to be the primary source; all MTs received from information agents regarding issuer's CA are considered to be reliable and legally bound.
United States	DTCC – Announcement information is obtained from agents, exchanges and issuers, and is validated against other market sources.

Question: Is the coverage 100% for all securities (FI and Equity, Corporate and Sovereign)?

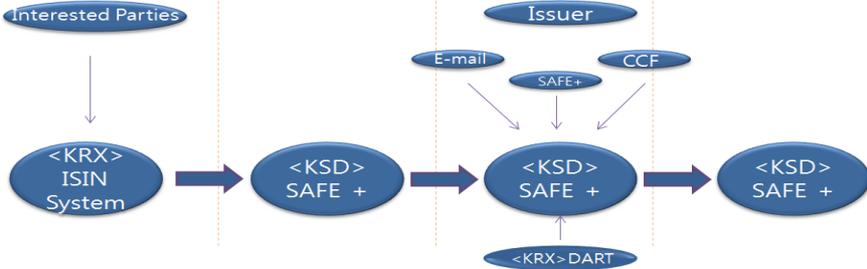
Armenia	The coverage 100% for all securities.
Belgium	<p>Euroclear (ESES) - Overall, we announce around 15,000 events a year including payments of interest payments and redemption and we estimate between 200 and 500 events a year (such as BIDS, TEND, CONV, EXWA) out of our system.</p> <p>We estimate about 97% of events are announced through ESES with a slightly better coverage for equities and some gaps on fixed income and warrants due to the type of events requiring direct contacts with the agent.</p>
Botswana	Almost, if they are going to be listed at the Stock Exchange. However, there maybe challenges with remote areas everyone does not get to read the papers.
Brazil	<p>As in the Centralized Safekeeping Service, BM&FBOVESPA provides its Corporate Actions Service for a wide range of securities: shares, private fixed income bonds, investment certificates, real estate funds units, and mortgage-backed securities. For all these securities, BM&FBOVESPA concentrates all information on decisions made by issuers and transmits it to its participants (Depository Agents), identifies final investors that have rights and executes the stages required for quick processing and crediting these investors. Corporate reorganization processes such as mergers and acquisitions or splits are also covered by the Corporate Actions Service. Government Bonds are not kept within BM&FBOVESPA's CSD environment. All safekeeping of those assets is done in the Brazilian Central Bank Depository (SELIC). BM&FBOVESPA holds an account in SELIC in order to be able to operate the deposit and withdraw of guarantees posted by its participants and final investors. For Government Bonds the lifecycle of events is pre-determined and although the information is not disclosed through IPE all payments are received by BM&FBOVESPA and passed over to its proprietary owners of government bonds posted as guarantee within BM&FBOVESPA's CCP.</p>
Canada	The coverage is 100% for all securities that are depository eligible.
China	Asia Pacific Region (CCDC) China Central Depository & Clearing Co., Ltd. - It's 100% for all fixed-income products deposited with CCDC.
China	SD&C China - SD&C covers all financial instruments at Shanghai Stock Exchange and Shenzhen Stock Exchange.
Egypt	MCDR - Yes.
Finland	Yes, it covers all the security types.
France	see ESES under Belgium.
Hong Kong	It covers 100% of the CCASS eligible securities.
Hungary	Publication requirements are different for each kind of securities, but the requirement to provide the information necessary for End Investors to avail of its rights is a legal obligation.
India	Asia Pacific Region Central Depository Services (India) Limited - As per the RTA Operating Instructions (OI) of CDSL; the Companies are required to intimate CA information for all securities admitted at CDSL.
India	India National Securities Depository Ltd. - The coverage is 100 % for all listed securities.

Indonesia	Yes, it is.
Italy	Monte Titoli - Yes, our announcements cover 100 % of securities we hold as Issuer or Investor CSD.
Iran	It's 100%.
Japan	(Information Gathering) TSE and JASDEC gather corporate action information on all the securities that are handled by the respective market infrastructures. (Information Distribution) The CA Information Distribution Service by the Market Infrastructures covers all the eligible securities of JASDEC with a few exceptions. However for securities other than stocks, (corporate bonds and investment trust, etc), only the issue master data (i.e. reference data) that is not event data will be distributed. Japanese government bonds are out of the scope in this service since these bonds are handled by Bank of Japan.
Korea	We are covering all types of securities deposited and registered in KSD's system (ex. Listed stocks, Government bonds, Corporate bonds, CDs, CPs, etc.).
Lebanon	Midclear tries to cover the maximum for the securities market. Unfortunately, the 100% coverage isn't reached due to lack of access to all issuers.
Mexico	Yes, the 100% of the securities are coverage by the CSD and is the only Institution that can pay it.
Netherlands	see ESES under Belgium.
Palestine	Palestine Exchange PEX - Yes.
Qatar	Yes.
Singapore	SGXNet is the only announcement platform for all securities listed on Singapore Exchange.
South Africa	Yes.
Spain	Iberclear - Yes, corporate action 's notifications include the 100% of the securities.
Switzerland	No. As of today only the ca. 260 primary listed companies at the SIX Swiss Exchange in Zurich with their equities are covered. The intention is to expand this universe in a staggered manner.
Taiwan	The coverage of CA events announcement for equities (stock, ETF, TDR.etc) is 100%. In addition, Convertible Bonds (CB), Euro-Convertible Bond (ECB), Real Estate Asset Trust ((REAT), Real Estate Investment Trust (REITs), as well as Corporate Bonds and Government Bonds are required to announce its redemption and coupon payment information.
Thailand	We cover all securities listed in Stock Exchange of Thailand.
Tunisia	100% for stock exchange securities and treasury bonds.
Ukraine	Yes, the coverage is 100% for all securities serviced by NDU.
United States	DTCC covers 100% of DTC-eligible securities.

Question: How did the current process get implemented and were there any costs/challenges in setting it up?

Armenia	The special intranet system implemented by Central bank of Republic of Armenia and for setting it up CDA have no any additional costs.
Belgium	<p>Euroclear (ESES) - In an effort to implement market standards, streamline information requirement and avoid extra (duplicated) work at the level of the issuers, a common template to the CSD and the stock exchange was set up.</p> <p>The main objective of the initiative was to list all types of events and underlying key data so that any event could be described without interpretation leeway and based on ISO terminology.</p> <p>The template is therefore a good stepping stone to the progressive use of ISO 20022 messages for interaction related CA between issuers' agents and CSDs regarding key CA data.</p> <p>The drawback being the amount of data potentially available to the stock exchange and the CSD is not necessarily relevant for both parties, especially for the big volumes events such as reorganizations with options.</p>
Botswana	Nil
Brazil	<p>The IPE (Eventual and periodical information) system was developed in 2003 in a joint effort involving the Brazilian Securities Commission and former BOVESPA. It was created to replace the hard copy format exchange of information by an electronic communication channel. All information and documents sent by Issuers already registered in the IPE system are made available in a timely manner simultaneously for the Brazilian Securities Commission and for the BM&FBOVESPA. The Investor's Relation Officer is responsible for information made available through IPE system. They are required to keep their data up to date. Additionally, Issuers may require to the Brazilian Securities Commission to include documents or information not foreseen in the IPE operational manual. Since 2007 BM&FBOVESPA made available through its website the access to the IPE system in order to facilitate the exchange of information from the Issuers by providing a na additional communication channel of access (the access is made available through the following link http://www.bmfbovespa.com.br/ipe).</p>
Canada	Upon implementation of the data management system, processes were designed to accommodate the functionality. The goal was to get information from the issuer or sources as close as possible to the issuer (i.e. transfer agents) in an electronic format. Note: CDS has just completed the requirements phase to replace the current corporate action system.
China	Asia Pacific Region (CCDC) China Central Depository & Clearing Co., Ltd. - Through the self-disclosure system, the issuers could submit their information to CCDC in certain format. Then CCDC will publish the information on the official website. The process has already been set up with no particular challenges.
China	SD&C China - Most of corporate action information is transmitted automatically. Because there is some corporate action information we don't have such as general meeting of shareholders, we face a challenge of sending this kind of information to CSD's participants.
Egypt	no answer.

Finland	The processes are created and implemented when Finnish CSD was established. It is obvious that there were costs to build "Issuer Interface".
France	see ESES under Belgium.
Hong Kong	We have implemented the current process for capturing corporate action data in proprietary formats since launch of CCASS.
Hungary	The current process is obligatory by law. There are challenges for Intermediaries in collecting the required information and in interpreting and translating the information, what results additional costs also.
India	Asia Pacific Region Central Depository Services (India) Limited - no answer.
India	India National Securities Depository Ltd. - This information will be available with the respective stock exchanges.
Indonesia	The challenge: CA announcement from KSEI can be the primary source for the market player. KSEI meets the challenge with the issuer having given CA information to KSEI after they broadcast his CA announcement in the newspaper. Some CA activities (bonus shares, right issue etc) need approval from Stock Exchange. Though the issuer had given the CA announcement to KSEI, KSEI cannot release that CA information. KSEI will release CA announcement after KSEI receive approval from IDX and IDX has release that CA information.
Italy	Monte Titoli - The current process has been implemented over the years by actively involving the Italian community (issuers, intermediaries and their associations) and being supported by the Italian authorities (Consob and Bank of Italy); currently we are still implementing in order to be fully compliant with International Standards; for sure we suffered costs and challenges during the implementation but have been repaid by a lot of benefits on our business.
Iran	It is being handled by a specific company under direct supervision of exchange.
Japan	(Information Distribution) In the CA Information Distribution Service by the Market Infrastructures, it was decided to utilize the existing TMI service operated by TSE to disseminate corporate action information. There are three reasons for that. First, TSE has been already providing corporate action dissemination services by TMI. Second, it would be possible to avoid duplication of provision of services or of investments by the market infrastructures by utilizing TMI. Third, there has been a mechanism where corporate action information of the listed companies is concentrated in the Tokyo Stock Exchange in accordance with the timely disclosure rules. In this service, corporate action information with respect to the domestic stocks will be distributed in a standardized format using ISO 20022. We sought cooperation of SWIFT and ISITC (NMPG of Japan) for standardization process of corporate events of Japanese stocks. As we are still in the project planning stage, we cannot comment on the details of the services and cost for the development.

<p>Korea</p>	<p>Applicable Act : Financial Investment Services and Capital Market Act - Article 314, Article 315 - Process: See below for reference.</p> <table border="1" data-bbox="403 275 1401 427"> <thead> <tr> <th></th> <th>Generating ISIN Code</th> <th>Registration/ Issuance</th> <th>CA</th> <th>Redemption</th> </tr> </thead> <tbody> <tr> <td>Operator</td> <td>KRX</td> <td>KSD</td> <td>KSD</td> <td>KSD</td> </tr> <tr> <td>KSD</td> <td>ISIN Management</td> <td>Issuance Info. Management</td> <td>CA Info. Management</td> <td>Payment Management</td> </tr> </tbody> </table> 		Generating ISIN Code	Registration/ Issuance	CA	Redemption	Operator	KRX	KSD	KSD	KSD	KSD	ISIN Management	Issuance Info. Management	CA Info. Management	Payment Management
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KSD	ISIN Management	Issuance Info. Management	CA Info. Management	Payment Management												
<p>Lebanon</p>	<p>no answer</p>															
<p>Mexico</p>	<p>Now we are in the process to implement all the Fixed Income, Private Bonds and Governmental Bonds by MT 564 and 566. Now we are in the process to implement all the Fixed Income, Private Bonds and Governmental Bonds by MT 564 and 566.</p>															
<p>Netherlands</p>	<p>see ESES under Belgium.</p>															
<p>Palestine</p>	<p>Palestine Exchange PEX - Regarding the financial statements, issuers send it using the standardized format set by the Exchange, all other notifications send by fax and e-mail.</p>															
<p>Qatar</p>	<p>It is still a manual process as mentioned above</p>															
<p>Singapore</p>	<p>Singapore Exchange launched the SGXNet announcement platform in 2004. Singapore Exchange incurred cost to implement its own platform. Challenges faced were: - Getting the listed companies and issuers to submit their own announcements. Thus training was provided to them. - Ensure that the announcement templates are sufficient under the disclosure rules of the Singapore Exchange.</p>															
<p>South Africa</p>	<p>Strate – Each market was developed and enhanced with different timelines. Each project had its own challenges ranging from Issuer to investor requirements. The Issuer challenge is always the biggest for us as they have to play “catch up” as markets evolved without their input for a long time.</p>															
<p>Spain</p>	<p>No answer received.</p>															
<p>Switzerland</p>	<p>SIX SIS Ltd – The GUI was developed together with the issuer’s agents. Acting as market infrastructure SIX SIS has taken over the half of the development costs. The other half was covered by the Swiss Value Chain. The challenge was and is: 1) Compliancy to the rules dictated by CAJWG on the issuer level. 2) Compliancy to the rules dictated by CAJWG on the intermediary level.</p>															
<p>Taiwan</p>	<p>The MOPS system which is designated by the competent authority for declaration and announcement is maintained by Taiwan Stock Exchange (TWSE). The costs of implementation and maintenance of the platform are shared by TWSE and GTSM. The CA events information, such as the record date and the dividend rate, are reported by the prop set-format of MOPS, and the other CA events are reported by TXT or PDF formats.</p>															
<p>Thailand</p>	<p>Our current process got implemented by consulting with our market participant and we follow international standard. During setting up, there were some costs and challenges.</p>															

Tunisia	STICODEVAM - The current process is described in STICODEVAM's Functioning Rule n°2/2011 and in article 102 of Stock Exchange General Rules. No costs are related to its setting up.
Ukraine	NDU launched a System of Electronic Documents Flow for issuers as an integral part of its depository record-keeping software product to facilitate automation of the depository activity and process issuers' instructions effectively. Thanks to the system of protected electronic data exchange information circulates between the Depository and its clients quickly and efficiently, risks of data loss, damage or unauthorized access are significantly reduced.
United States	DTCC - There's been a learning curve with the new ISO 20022 format as it is new to DTCC as well as to our customers, and quite a departure from our proprietary formats that have been in use for 30+ years. The ISO 20022 formats and publication follow market practice guidelines which allow for the publication of additional data elements and increased timeliness of data publication. This rollout of ISO 20022 is a multi-year effort starting with corporate action announcements being deployed to production in November 2011, then progressing to cover the full corporate action lifecycle which includes entitlements, elections and payments. Production deployment of entitlements and payments for distribution events occurred in February of 2013. In Q3 2013, clients can begin testing submission and acceptance of instructions on distribution events.

6. Working Group Members

Citigroup	John Kirkpatrick (Chair)	New York
ACG / JASDEC	Jun Shimizu	Tokyo
ACSDA / SD INDEVAL	Julio Obregón	Mexico City
Bank of Tokyo-Mitsubishi UFJ	Taketoshi Mori	Tokyo
Broadridge	Bruce Babcock	London
Citigroup	Brian Crabtree	New York
Citigroup	Richard Doran	Tampa
Citigroup	Dean Little	London
Clearstream Banking	Mathias Papenfuss	Frankfurt
Deutsche Bank	Sascha Marzok	Frankfurt
DTCC / ISSA OC Chair	Neil Henderson	New York
DTCC	Joyce Rosen	New York
Euroclear	Anne-Christel Biston	Brussels
Euroclear	Annette Brandt	Brussels
ISSA	Urs Staehli	Zurich
International Shareholder Services (ISS)	Les Turner	London
JP Morgan	Ted Rothschild	New York
Mizuho Corporate Bank	Ichiro Yamamoto	Tokyo
Nomura Securities	Masae Sugawara	Tokyo
SWIFT	Charifa El Otmani	Brussels
SWIFT	Olivier Connan	Brussels
SWIFT	Max Mansur	New York
UBS AG	Peter Gnepf	Zurich
UBS AG	Florentin Soliva	Zurich