

## MARKET ANNOUNCEMENT

<b>Date:</b>	Tuesday, 23 <sup>rd</sup> March 2010
<b>To:</b>	Australian Securities Exchange
<b>Subject:</b>	Computershare Briefings for Investors & Analysts 2010

Attached are the materials that are being presented to investors and analysts today at Computershare's annual business briefing sessions.

A copy of these materials will also be posted on the Company's website ([www.computershare.com.au](http://www.computershare.com.au)) later today.

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**About Computershare Limited (CPU)**

Computershare (ASX:CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. We also specialise in corporate trust services, tax voucher solutions, bankruptcy administration and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in data management, high volume transaction processing, payments and stakeholder engagement. Many of the world's leading organisations use these core competencies to help maximise the value of relationships with their investors, employees, creditors, members and customers.

Computershare is represented in all major financial markets and has over 10,000 employees worldwide.

For more information, visit [www.computershare.com](http://www.computershare.com)

# Computershare Business Briefing

23 March 2010

# Computershare Business Briefing

**Mark Davis**

Head of Computershare Australasia

## **Business Overview Australasia**

23 March 2010

# Regional Overview: Australasia

## Investor Services - Australia

### State of play

- › Sustained role as market leader with 70% ASX 20, 60% ASX 200
- › Potential consolidation amongst 2<sup>nd</sup> and 3<sup>rd</sup> market players subject to ACCC
- › Ongoing success with key client retention
- › Recent investments in new products paying dividends
- › Capitalised well on recent capital raising activities

### Challenges & opportunities

- › Realisation of benefits from introduction of six sigma program
- › New client opportunities emerging following re-opening of IPO market
- › Ongoing realisation of benefits from new products
- › Regulatory reform opportunities
- › Market conditions

# Regional Overview: Australasia

## Investor Services - New Zealand

### State of play

- › Remain clear market leader with circa 80% market share
- › Ongoing emphasis on new products and keeping our technology at forefront of market

### Challenges & opportunities

- › Market conditions
  - › Equity work has been stronger due to secondary raisings
  - › IPO's remain subdued
  - › Bond issuance continues to be stronger than equity raisings
- › Market structure changes mooted for some years – NZX and RBNZ in discussions

# Regional Overview: Australasia

## Communication Services

### State of play

- › Leading provider of specialised one to one communication solutions that integrate print and mail with electronic solutions
- › QMT integration advanced
- › Business mix changing – ‘send, access, receive’

### Challenges & opportunities

- › Traditional print and mail under pressure; volume and price
- › Achieving remaining synergies from QM acquisition
- › Market is genuinely looking for alternate to Salmat/HPA
- › Significant upside in inbound and electronic solutions

# Regional Overview: Australasia

## Plan Managers

### State of play

- › Remains clear market leader in Australia
- › Global footprint key to many successes with a range of large clients looking to copy Brambles, BHP global plan models
- › Survived last May's Federal budget threat of changes to regulatory landscape

### Challenges & opportunities

- › Continuing to invest and leverage off our technology edge
- › Range of new income earning opportunities
- › Dealing income improving with more upside to come
- › Important differentiator in our enterprise offering

# Regional Overview: Australasia

## Corporate Proxy Solicitation

### State of play

- › Market leadership in Australia
- › Premium offering remains highly valued in the market
- › M&A activity has been weak over last 12 months but revenue substitution achieved in the capital raising area & EGM proxy requirements

### Challenges & opportunities

- › Market conditions – still awaiting M&A turnaround but some potentially large transactions in the pipeline
- › Wins or losses rarely price related

# Regional Overview: Australasia

## Fund Services

### State of play

- › Business support underpinned by key client retention
- › Winning new clients in unlisted structured products and managed investment schemes
- › Expansion of existing book of business key focus

### Challenges & opportunities

- › Superior platform to meet our unlisted product requirements
- › Leveraging off renewed cost focus in market
- › Recognition strengthening for how we can assist market in delivering automation and streamlining of process inefficiencies

# Computershare Business Briefing

**Mark Davis**

Head of Computershare Australasia

**Question Time**

23 March 2010

# Computershare Business Briefing

**Steven Rothbloom**

Head of Computershare USA

## **Business Overview United States of America**

23 March 2010

# Regional Overview: United States of America

## Investor Services

### State of play

- › Acquired transfer agent business of National City Bank
- › Fiscal agent for State of Israel bonds starting 2010
- › Continue to win significant new business; including the largest RFP of the last few years – Frontier – plus spin-offs of major clients
- › New product and service offerings
- › Integrated back-office operations and client-facing teams for significant cost savings and revenue enhancements
- › Cross-sell and upsell activity enhanced through new integrated structure

### Challenges & opportunities

- › SEC potential “proxy mechanics” change – ability to compete with Broadridge
- › Client insolvency and credit needs have impacted client list
- › M&A activity expected to increase in 2010
- › Interest rates likely to rise
- › Transaction and trading volumes increasing

# Regional Overview: United States of America

## Corporate Proxy Solicitation & Funds Services

### State of play

#### Georgeson:

- › Continues to rank as the #1 proxy solicitor in the US, representing 37% of the Dow 30 and 31% of S&P 500 companies
- › High profile transactions:
  - › Target proxy contest against Pershing Square
  - › Kraft acquisition of Cadbury plc
- › Successful wins from major competitors include: Kraft, MetLife, Mattel, J.C. Penny, Marathon Oil, Clorox

#### Computershare Fund Services:

- › Continues to dominate the mutual fund proxy market
- › Has maintained a market share greater than 70% for the last five years; recognised as the #1 full service provider in the industry
- › Successfully completed the two largest ever industry projects in the last 12 months: American Funds and Vanguard

# Regional Overview: United States of America

## Corporate Proxy Solicitation & Funds Services – cont.

### Challenges & opportunities

#### Georgeson:

- › Proxy access and other regulatory changes expected to have positive impact in 2011 and beyond
- › M&A pipeline appears to be picking up
- › New integrated offering, similar to Equity Services

#### Computershare Fund Services:

- › Will be hard to match, recently closing the two largest deals in the industry
- › Additional consolidation anticipated in the mutual fund industry – those making recent acquisitions will be realigning products
- › Rumored that other potential competitors are looking to enter the market

# Regional Overview: United States of America

## Plan Managers & Plans Software

### State of play

- › Successful integration of equity compensation businesses
- › Integration of our transfer agent and employee stock purchase plan (ESPP) offerings
- › Self-administration software named #1 second year in a row
- › Computershare's ESPP business continues to be #1 in scale and has growth potential in the US market

### Challenges & opportunities

- › Competing with brokerage firms in options space – which is small and unprofitable for Computershare
- › Great opportunity, but also challenges, in continuing to work along with brokers to provide an integrated plans offering to the market
- › Transaction and trading volumes showing positive trends

# Regional Overview: United States of America

## Communication Services

### State of play

- › Upside from new KCC bankruptcy business previously outsourced
- › Access to large new market opportunities (PSEG/Utilities) via 3rd party strategic relations (DG3)
- › Continue to win new commercial business in banking and other industries
- › Continue to provide integral support and new product development to registry and plans business

### Challenges & opportunities

- › Opportunity from continued customer communication outsourcing shift (50% in-sourced market)
- › US western region presence via KCC acquisition
- › Upcoming legislative events – Rule 452, proxy reform, etc.
- › ISO 9001: 2008 Transition Certification
- › Increased migration to electronic communications (margin opportunity)

# Regional Overview: United States of America

## Bankruptcy & Class Action Administration (KCC)

### State of play

- › 29% overall market share in 2009 – sharing number 1 spot with Epiq
  - › 36% of “mega” market share vs. 31% for Epiq
- › 2009 new clients include: CIT, Charter, GGP, Lear, Citadel
- › Bankruptcy services consolidated into Los Angeles
- › Synergies realized include printing, shared services and treasury support
- › Rollout of new public securities services – October 19, 2009
- › KCC Class Actions roll out – February 1, 2010

### Challenges & opportunities

- › Bankruptcy price pressure – new entrant, Garden City - “buying business”
- › Possible acquisitions
- › International growth
- › Cross sales with other Computershare businesses
- › New service lines (e.g., Chapter 7 administration)

# Computershare Business Briefing

**Steven Rothbloom**

Head of Computershare USA

**Question Time**

23 March 2010

# Computershare Business Briefing

**James Wong**

Head of Asia

## **Business Overview Asia**

23 March 2010

# Regional Overview: Asia

## Hong Kong

### State of play

- › Rush of new IPOs after market conditions improved
- › Witnessed opening up of new jurisdictions eligible for listing in HK as HKEx attempts to secure more listings
- › Working with HKEx Listing Division on smoothing cross-border listings and speeding up local corporate action time table
- › Hong Kong Scripless consultation paper issued in Dec 2009, presenting opportunities to provide new services

### Challenges & opportunities

- › New Scripless model
- › HK gearing up to be an offshore centre for RMB

# Regional Overview: Asia China

## State of play

- › Commenced relocation of Sydney-based Plan Managers HK/China team to both HK and Beijing. Have also commenced building team of local recruits
- › Starting up meeting service for domestic Chinese listed companies
- › Proxy business developing a credible track record and gaining mandates

## Challenges & opportunities

- › Rapid development and uncertainty on new regulations create challenges
- › Sudden promulgation of new tax regulations puts additional stress on client relationships
- › International board and opening up of new markets present new opportunities

# Regional Overview: Asia India

## State of play

- › Market has rebounded from lows seen during financial crisis
- › New IPO's emerging but both flow and application volume subdued

## Challenges & opportunities

- › New IPO and mutual fund regulations may put stress on business
- › CPU IT team helped to review IT infrastructure and some cost opportunities could exist
- › Working on introducing other applicable CPU products

# Regional Overview: Asia

## Japan

### State of play

- › Effects of financial crisis still felt as issuers continue to cut back
- › Manifested as less demand for ID, fewer M&A, and price pressure

### Challenges & opportunities

- › Other TSE corporate governance initiatives may present some opportunities
- › Japan-based global companies increasingly interested in exploring overseas M&A and listing opportunities

# Computershare Business Briefing

**James Wong**

Head of Computershare Asia

**Question Time**

23 March 2010

# Computershare Business Briefing

## Morning Tea

23 March 2010

# Computershare Business Briefing

**Wayne Newling**

Head of Computershare Canada

## **Business Overview Canada**

23 March 2010

# Regional Overview: Canada

## Investor Services

### State of play

- › Client retention remains strong
- › Robust product development: Quick certificates, global redevelopment of Issuer Online, meeting calendar, TeleVote
- › Shareholder activity starting to return to normal volumes
- › Major focus on sales management: client facing teams across Canada completed value selling sales training
- › M&A and IPO activity poised to recover to historical trends, increased activity evident in Q1 2010
- › Market share retained - 64% of TSX as at December 31, 2009

### Challenges & opportunities

- › Regional competitors expanding presence across Canada
- › Pricing pressures/discounting within the marketplace
- › M&A activity on the rise, however value of cash deals remains low
- › Income trust conversion deadline looming - January 2011

# Regional Overview: Canada

## Corporate Trust

### State of play

- › Despite market downturn, continue to hold strong market position
- › Debt under administration up 26% year on year, to over \$1.3 trillion; winning most new business
- › Default levels stable, driving revenue (debt restructuring, etc)
- › Focus on client retention, new business, cost control and margin enhancement
- › Broker Registered Products balances growing

### Challenges & opportunities

- › New business slowing for debt and more so for structured finance
- › Ongoing low interest rate environment adversely affecting earnings
- › Lower commodity prices affecting Oil & Gas Royalties
- › Increase in escrows, P3 mandates, new broker clients and cash balances

# Regional Overview: Canada

## Communication Services

### State of play

- › Continued revenue and margin growth
- › Increasing pricing pressures in core print
- › Investment in IT technology to manage client demand for Canadian only data management
- › Ongoing systemic quality improvements to drive Certainty
- › All synergies and growth targets achieved from filing acquisition

### Challenges & opportunities

- › Competition is increasing as companies try to offset traditional revenue declines with new revenue streams
- › More clients are looking for complete managed service solutions
- › Market dynamics are driving significant change creating more acquisition and growth opportunities
- › Increasing complexity of client needs is driving investment in capabilities to effectively deliver them
- › Cross-sell of commercial opportunities of existing client base remains relatively low

# Regional Overview: Canada

## Plan Managers

### State of play

- › Transactional activity has recovered to “pre-financial crisis” levels
- › Increase in market values has greatly increased the level of “in-the-money” options
- › Tenders are up for companies serviced by non-core record keepers (life insurance companies, benefit consultants) that are starting to look for the more robust and up to date technology. This could cause further supplier consolidation as these non-core players exit the space
- › Business has strong economies of scale and low cost structure

### Challenges & opportunities

- › Clients asking for price reductions
- › TFSA take-up has been steady but slow
- › Supplier consolidation
- › New functionality scheduled for 2010 will strengthen product

# Regional Overview: Canada

## Proxy

### State of play

- › Market now has 6 players, Georgeson market share has declined
- › Transactional deal flow within industry is down 16% year over year
- › Pricing has held up compared to last fiscal year
- › Proxy contest volume is at an all time high level
- › Cost base reduced in line with revenue

### Challenges & opportunities

- › Income trust sector more active in calendar 2010 due to tax changes
- › Cautiously optimistic that M&A will improve
- › Market perception study holds brand steadfast and need to raise profile
- › Additional sales resource in BC to improve revenue and competitive purposes
- › Innovative new product for Canada to be launched (TeleVote)
- › Issuers more discretionary with spending on “annual” meetings
- › Low share valuations and activism will keep contested proxies on present pace

# Computershare Business Briefing

**Wayne Newling**

Head of Computershare Canada

**Question Time**

23 March 2010

# Computershare Business Briefing

**Chris Morris**

## **Business Overview EMEA**

23 March 2010

# Regional Overview: EMEA

## Governance Services

### State of play

- › Difficult market as a result of GFC
- › GEMS is now considered the leading global product
- › Only global competitor is ICSA but only competitive in European market

### Challenges & opportunities

- › Deals not lost just put on hold
- › Increasingly clients want board portal as well
- › Integrated and complimentary sales offerings with CIS and CSS

# Regional Overview: EMEA

## IML

### State of Play

- › Offices now in
  - › UK Still biggest market, but less than half the business now
  - › Australia Performing very well
  - › Germany Purchased Mobited and migration to IML on track
  - › Dubai Business picking up significantly after recent problems
  - › SA Signs of market recovery pre world cup
  - › Netherlands/Belgium AGM still bulk of business
  - › Hong Kong Already market leader expanding into Singapore
  - › US Most competitive market, needs new product, no AGM
- › More competition coming from cheaper key pads and smartphone apps
- › Current product 'Communicator' coming to end of natural lifecycle, still good for some shows especially auctions/AGM
- › But overall climate improving with more events happening again

**But the future of this business depends on the success of....**

# Regional Overview: EMEA

## The IML Connector

*beyond  
voting*



High quality microphone



Portable PA system



QWERTY keyboard



Simultaneous interpretation



Multiple audio channels



Enhanced voting solutions



OLED colour screen

# Regional Overview: EMEA

## IML

- › Just launched and great coverage across the industry.
- › Full clear market differentiator
- › LOI in place for significant purchase orders
- › Huge potential for distributing through Audio-Visual companies globally
- › It could evolve the IML business model into more purchase, more distribution which could also mean significantly ramping up manufacturing



# Computershare Business Briefing

**Naz Sarkar**

## **Business Overview EMEA**

23 March 2010

# Regional Overview: EMEA

## Registry UK & Ireland

### State of play

- › No. 1 again in Capital Analytics Survey 2009/10
- › High client retention rates as major clients renew without tender
- › Capital raisings reducing but some M&A and IPO activity
- › 40 IPO mandates from which 12 have come to market to date

### Challenges & opportunities

- › Successfully launched e-IPO service
- › Some large scale infrastructure projects have been delayed
- › Launched new escrow and company secretarial services
- › Some signs of economic recovery

# Regional Overview: EMEA

## Registry UK – The Competition

### Equiniti

- › Slipped to 3rd out of 3 in Capital Analytics Survey 2009/10
- › Prospective clients report a significant drop in service
- › A number of successful switches from Equiniti including:
  - › Schroders
  - › WH Smith
  - › Brit Insurance
  - › Virgin Media
  - › Thomson Reuters
  - › Friends Provident (as part of acquisition by Resolution)

### Capita

- › Highly aggressive pricing
- › Has also picked up business from Equiniti

# Regional Overview: EMEA

## Business Services

### State of play

- › New 3 year gilts contract signed and Fixed Interest issuances programmes for 2 new clients
- › Deposit Protection Scheme continues to outperform expectations
- › Emission Trading Scheme successfully launched

### Challenges & opportunities

- › Deposit Protection schemes expected to launch in Scotland and Jersey
- › Looking at other EU member state opportunities
- › Letting Protection Service – still early days but medium–term potential

# Regional Overview: EMEA

## Corporate Proxy Solicitation

### State of play

- › M&A market remains weak
- › Shareholder activism is expected to increase
- › Office in the Netherlands has expanded our client base
- › France has retained all of the clients we worked for last year, and is pushing for new clients

### Challenges & opportunities

- › Greater opportunities emerging in Germany and Austria
- › Green shoots in the Nordic markets
- › Russia is expressing some keen interest
- › Hong Kong has been a strong growth market
- › Additional competitors in this space

# Regional Overview: EMEA

## Russia

### State of play

- › New local, senior team already in place to manage integration
- › Corporate activity beginning to pick up
- › Transactional revenues remain off but tracking to market
- › Mutual fund TA business – activity picking up

### Challenges & opportunities

- › Acquisition of remaining 60% of NIKoil subject to regulatory approval
- › With new platform will introduce CPU brand and product range (plans, proxy)
- › New market infrastructure legislation currently expected by the end of 2010
- › Further consolidation opportunities in the registry space remain

# Regional Overview: EMEA

## Germany & VEM

### State of play

- › VEM now fully integrated in CPU's offering in the German market
- › VEM now working well with Global Capital Markets team and other CPU markets
- › Joint wins with Plans (KWS), Registry (10 new register clients through VEM) and AGM Service (dividend payment service for 40 clients)
- › Stable market conditions for AGM services and registry
- › Challenging environment in essential mail area (CCS)

### Challenges & opportunities

- › New partnership in Austria
- › Ongoing talks in Switzerland
- › Positive trend towards registered shares in Germany

# Regional Overview: EMEA

## Denmark & Sweden

### State of play

- › In Denmark, core registration and plans business performing better than forecasts
- › Strong combined product suite
- › Sweden is mainly an AGM business

### Challenges & opportunities

- › Intense competition with local CSD in both markets
- › New law regarding shareholder voting at AGMs is expected in 2010 /2011
- › Some good cross-sell opportunities
- › Expect some new listings at NASDAQOMX in Denmark

# Regional Overview: EMEA

## Channel Islands

### State of play

- › Significant expansion in Jersey with completion of acquisition of former CPU joint venture, HBOS EES and Lloyds CTS
- › Integration plan well underway
- › Steady growth in UK companies re-domiciling offshore and requiring offshore registry services

### Challenges & opportunities

- › Make full use of Computershare's treasury, brokerage and custody capabilities
- › Bringing technology to a predominantly manual process driven environment
- › Exploit cross-sell opportunities
- › Investigate potential market for new corporate trust products

# Computershare Business Briefing

**Martyn Drake**

## **Business Overview EMEA**

23 March 2010

# Regional Overview: EMEA

## South Africa

### State of Play

- › Consistent profits through recession: upside limited by lack of corporate activity
- › Pan-African opportunity slow but solid

### Challenges and opportunities

- › Corporate activity picking up - particularly mining sector
- › BBBEE deals - dormant for the last year - looks set for a resurgence
- › 82% share of traditional registry market maintained through attention to relationships; emphasis on consistent service delivery improvement in order to maintain dominance

# Regional Overview: EMEA

## Plan Managers

### State of Play

- › Acquisition of major competitor complete
- › Dealing revenues have returned much more strongly than expected
- › Participant numbers and value of shares under management significantly higher due to client wins
- › Number of new projects driving increase in billing; both one-off and annuity
- › Pipeline/demand for services remains strong
- › Costs remain flat year-on-year
- › Vested Share Account providing further competitive advantage

### Challenges and opportunities

- › Integration of acquired business, including technology migration
- › Evidence of downward price pressures/aggressive competitor pricing
- › Staff from acquisition can provide springboard for faster growth
- › Margin income revenue remains low although cash on deposit rising quickly (new clients and employees returning to share plan investments)

# Regional Overview: EMEA

## Communication Services

### State of Play

- › Quality of output excellent
- › Cost base very well controlled
- › Fully supporting internal business lines
- › Good growth on external business lines driven largely by main broker client wins

### Challenges and opportunities

- › Traditional print and mail market place in the UK remains highly competitive making it difficult to win new clients
- › Identifying and hiring good quality people difficult
- › Main broker client continues to offer excellent growth potential with further acquisitions and extensions of service offering in the pipeline
- › HBoS EES acquisition will provide increased volumes and revenues to CCS UK
- › Growth in electronic fulfilment provides good margin opportunity

# Regional Overview: EMEA

## Computershare Voucher Services

### State of Play

- › Recently combated and overturned adverse policy change through political campaigning – political awareness is essential
- › Migration was very difficult, new business sector led to more challenges than expected but now mostly behind us
- › CVS is the market leader – circa 34% of current market serviced
- › High market concentration, 4 players serve 80% of market, but 55+ providers competing on price
- › Key CVS sectors are Public, Corporate and SME, with Corporate and Public Sector more highly penetrated than SME
- › No significant dependency on any key client

### Challenges and Opportunities

- › Market challenge: UK deficit driving public sector cost-cutting
- › Revenue: Increase market size, deeper penetration of SME market
- › Parents are highly emotive about service in comparison to our traditional shareholders
- › Efficiency: Use of proprietary technology reducing cost to service
- › Industry consolidation: In light of political announcements

# HBoS EES

## History

- › Established in 1984 as a UK Share Plan Administration Business as extension of deposit-taking activity of Halifax Building Society with an original focus on Sharesave
- › EES acquired Mourant Equity Compensation Solutions (MECS) in 2006 for slightly less than £30m in order to develop its offshore business and global plans offering (MECS were a leading player in this market).
- › EES integrated the Lloyds Offshore Trust Company - Client Trust Services business in 2009 to further enhance its offshore capability.
- › EES was one of the two key players in the Sharesave market
- › It's very similar to our own UK and Jersey share plan business

# HBoS EES

## Key Stats

- › 3 Locations
  - › Halifax 158 staff
  - › Purley 108 staff
  - › Jersey 53 staff
  - › Spread across multiple locations 89 staff
- › 21 IT staff
- › 76 External IT staff

# HBoS EES

## Clients

- › EES had a market share of about 20% of the UK Share Plan administration market
- › Blue chip client base which includes:
  - › 43 of FTSE-100
  - › 82 of FTSE-250
  - › 5 of Dow Jones 30
  - › 19 of FTSE EURO 100
- › Includes HSBC, BT, Exxon Mobil, Conoco Philips, GE, Swiss Re, Honeywell, Total

# HBoS EES

## Strategic Reasons & Synergies

- › Strategic reasons
  - › Significant technology rationalisation
  - › EES and CPM are a good fit with a combined balance of clients across UK Sharesave, UK SIP and global offerings
  - › CPM (UK) was doing exceptionally well but its growth was being constrained by the number of skilled people available with a long lead time to recruit and train
  - › Cross-sell opportunities with registry opportunities
  - › Reduce time to market for providing services to companies with global share plan needs
- › Synergies
  - › IT
  - › Staff
  - › Premises
  - › Global Plans

# HBoS EES

## Implementation Plan

- › Dump all technology in EES in the bin and replace it with CPU systems
- › Implement the systems into the current location due to client concerns about the importance of the operational team (different to CPM)
- › Client profitability analysis: fix associated revenue and/or costs or out the door
- › Target dealing revenue

Computershare Business Briefing

**Martyn Drake, Naz Sarkar, Chris Morris**  
EMEA Management

**Question Time**

23 March 2010

# Computershare Business Briefing

## Lunch

23 March 2010

# Market Structure Interactive Session

**Paul Conn**

President – Global Capital Markets

23 March 2010

# Introduction - Stuart Crosby

- › Most investor day presentations focus on current year activities in our national and regional businesses
- › This session provides some insight into the structural aspects of the markets we operate in “Market Structure”
  - › International experience, local adoption
  - › Medium/long term time horizon
  - › Potential for significant change
- › Market Structure change is a key focus for Computershare (CPU)

# Introduction - Stuart Crosby (cont'd)

- › The core objective for Global Capital Markets (GCM) in a market structure sense is:
  - › “Defend our business against unwanted change and seek to influence positive change”
  - › If we can get this right, we can have a significant financial impact on our business and position CPU better for future years
  - › Our efforts on market structure are often conducted behind the scenes
  - › Given potential scope for change in some of our core markets, we want to give you a glimpse of what’s happening and what we might expect over a 1-3 year period

# Objectives for today's session

- › Explain what we mean by 'market structure'
- › Provide a "round the world" view of some of the most significant current and proposed major events and what CPU is doing in this area
- › Answer your questions
- › Leave you better informed about developments in key CPU markets

# Agenda

- › *Introduction, Stuart Crosby*
- › General Introduction
- › Overview of different models
- › Key developments
  - › US
  - › Europe
  - › China
  - › Hong Kong
  - › Russia
- › Summary, Open Forum & Close

# GCM's mandate

GCM draws on a wealth of experience and insight into international markets to drive and provide support in three key areas in CPU's business:

1. GCM's innovative range of **Solutions** have been created to help issuers, advisors and capital market participants access international markets and efficiently execute cross border business
2. Operationally, our **Global Transaction Unit**, a dedicated group of highly experienced personnel, is able to rapidly move securities across international markets, in order to efficiently settle cross border transactions
3. GCM provides expert support to Computershare's businesses, clients, partners and other stakeholders worldwide by developing appropriate strategies to take advantage of critical **Market Developments** in major markets

# Market Structure Interactive Session

## Part 1: General Introduction

# Definition of market structure

- › ***Macro definition:*** the organization, structure and operation of a [securities] market, including the roles, inter-relationships and commercial, operational and technical interactions between the major infrastructure operators, various commercial service providers and the diverse range of end-users of those markets

# Market structure definition in CPU context

Relative to CPU's core registry/TA services, 'market structure' means the structure and organization of, or proposed changes to:

- › The nature/form of the exchange trading and connected settlement systems, supporting local, national & international markets
- › The legal structure and operational processes supporting the settlement and registration of ownership systems
- › The evidence and form of share ownership (electronic vs. certificated) and the various forms of transfer (electronic vs. paper)
- › The degree to which sophisticated, automated systems are deployed by market infrastructure operators and market participants and the degree to which such systems are inter-connected, including:
  - › the processes and procedures for executing IPOs, other corporate actions, shareholder communications, shareholder meetings and other corporate business transactions

# Major drivers of market structure change

- › Market Evolution
  - › e.g. globalization
- › Government / Regulatory policy
- › Competition
  - › Different providers in the transaction chain (convergence)
  - › Competing markets
- › Technology & innovation
  - › Process improvements (straight-through-processing)
- › Cost of services
  - › Consistent pressure to reduce cost

# Market Structure Interactive Session

## **Part 2: Overview of different market models**

# Original G30 recommendations (1989)

The nine recommendations of the Group of Thirty were designed to reduce the risk and lower the cost of trading securities internationally:

1. Comparisons should be established between direct market participants (brokers, exchange members ) by day T+1
2. Indirect market participants should be members of a positive-affirmation comparison system by 1992
3. Each country should have a central securities depository (CSD, used to immobilize securities) by 1992
4. Each country should implement a netting system by 1992, unless volume is low enough to permit otherwise
5. A delivery versus payment system should be in place by 1992
6. Payment in same-day funds should be adopted
7. Rolling settlement should be adopted. No later than 1990, final settlement by T+5 should be the rule. The ultimate goal is T+3 by 1992
8. Securities lending as a means of expediting settlement should be encouraged
9. The numbering of securities and message codes should be standardized

# Highlights of G30 2003 recommendations

- › Eliminate paper and automate communication, data capture and enrichment
- › Harmonise messaging standards and communication protocols
- › Develop and implement reference data standards
- › Synchronise timing between different clearing and settlement systems and associated payment and foreign exchange systems
- › Automate and standardize institutional trade matching
- › Expand the use of central counterparties
- › Permit securities lending and borrowing to expedite settlement
- › Automate and standardize asset servicing processes, including corporate actions, tax relief arrangements, and restrictions on foreign ownership
- › Ensure financial integrity of providers of clearing and settlement services
- › Reinforce risk management practices of users of clearing and settlement services
- › Ensure final, simultaneous transfer and availability of assets

# Four general market models

The following slides set out details of four generalised market models to show the range of approaches that have been adopted to paperless globally:

- › Australia and United Kingdom
- › USA and Hong Kong
- › Continental Europe
- › Singapore and China

# Key market structure concepts

- › Immobilisation vs. Dematerialisation
- › Standard opaque or semi opaque depositories vs. transparent 'name on register' system
- › Different recordkeeping and processing models reflecting historic evolution of the local market
- › Participant and stakeholder access to central settlement infrastructure
- › Message standards and protocols

## Immobilisation

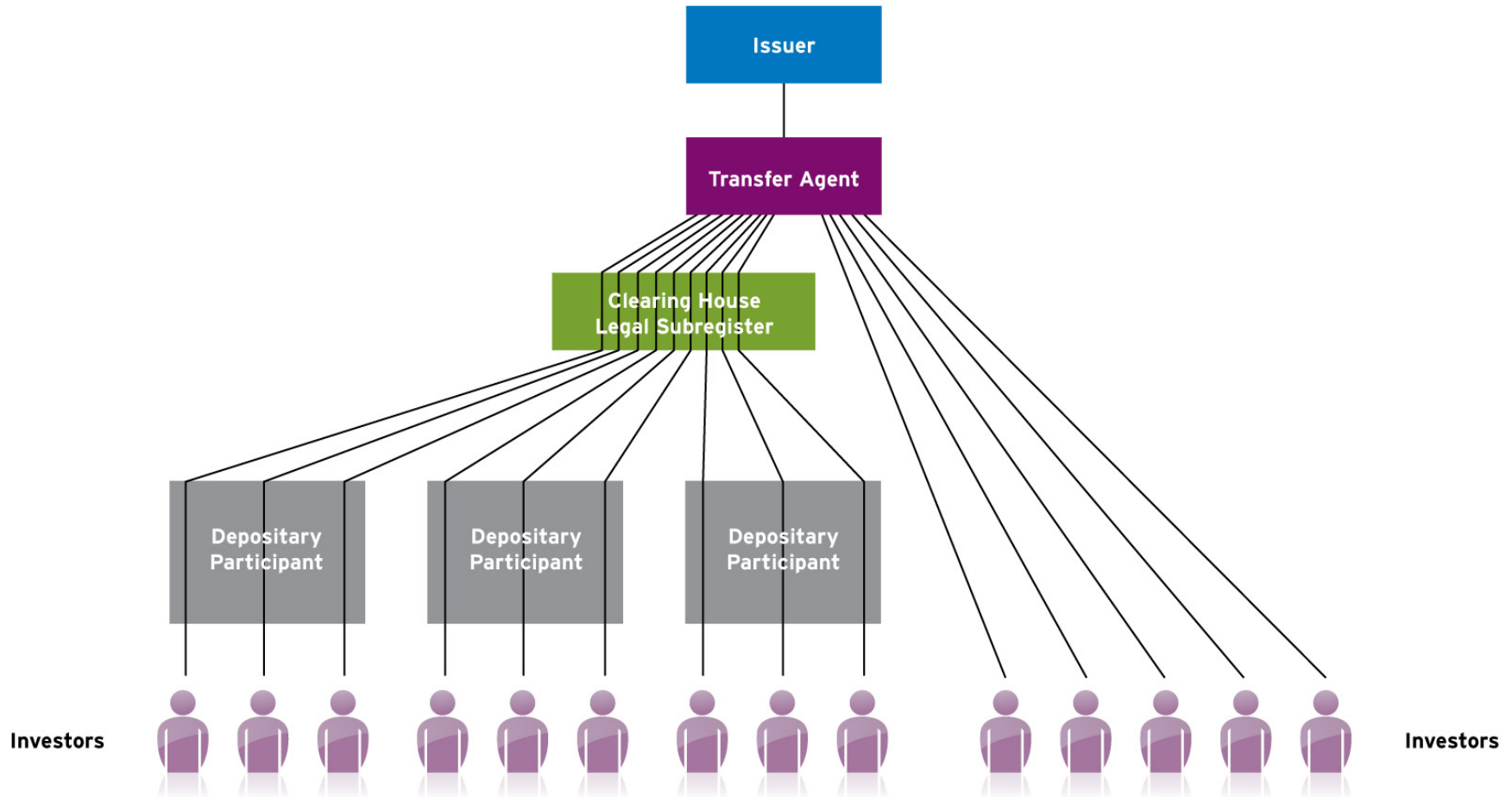
- **Physical scrip held by depository**
- Indirect (intermediated) Investor holdings system
- Paper-based certificates as evidence of title
- Certificates pooled at depositories to facilitate book transfer
- Instrument of transfer required to evidence transfer of legal title
- Physical remains exposed to theft, loss, fraud

## Dematerialisation - Name on Register

- **No physical securities**
- Direct Investor holdings system
- Electronic record recognised as evidence of title
- Trade settlement automatically results in electronic title transfer
- Risk reduction
- Greater efficiency and cost savings
- Simplifies transfer process
- Potential for broader investor level participation
- Opens up opportunities for other value-added services

# Different models, different experiences

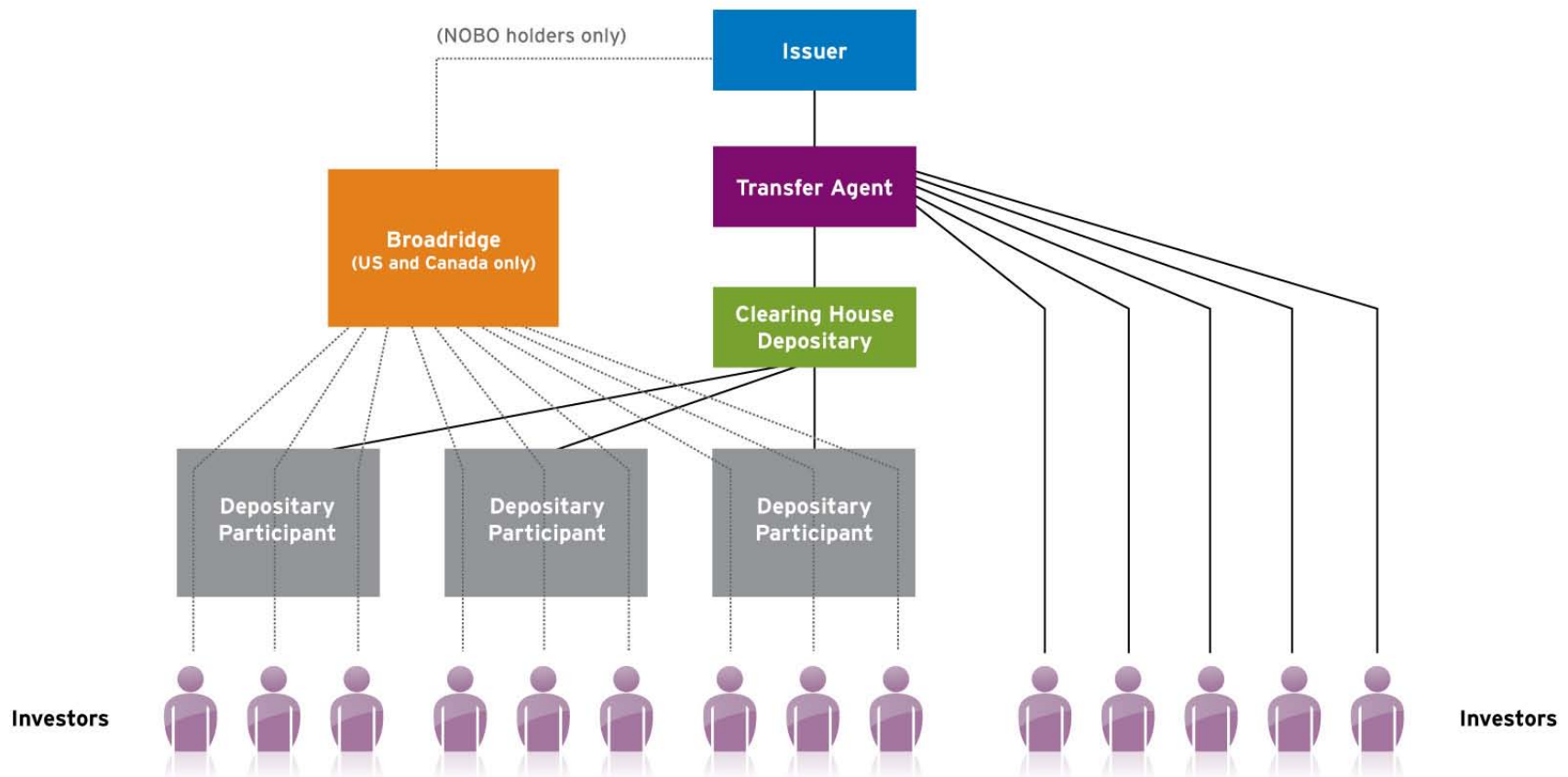
## Australia/ UK Model



Where lines pass through boxes, information is available across that level (i.e., from the level below to the level above).  
If the line stops at the edge of boxes, information is **not** available across that level.

# Different models, different experiences

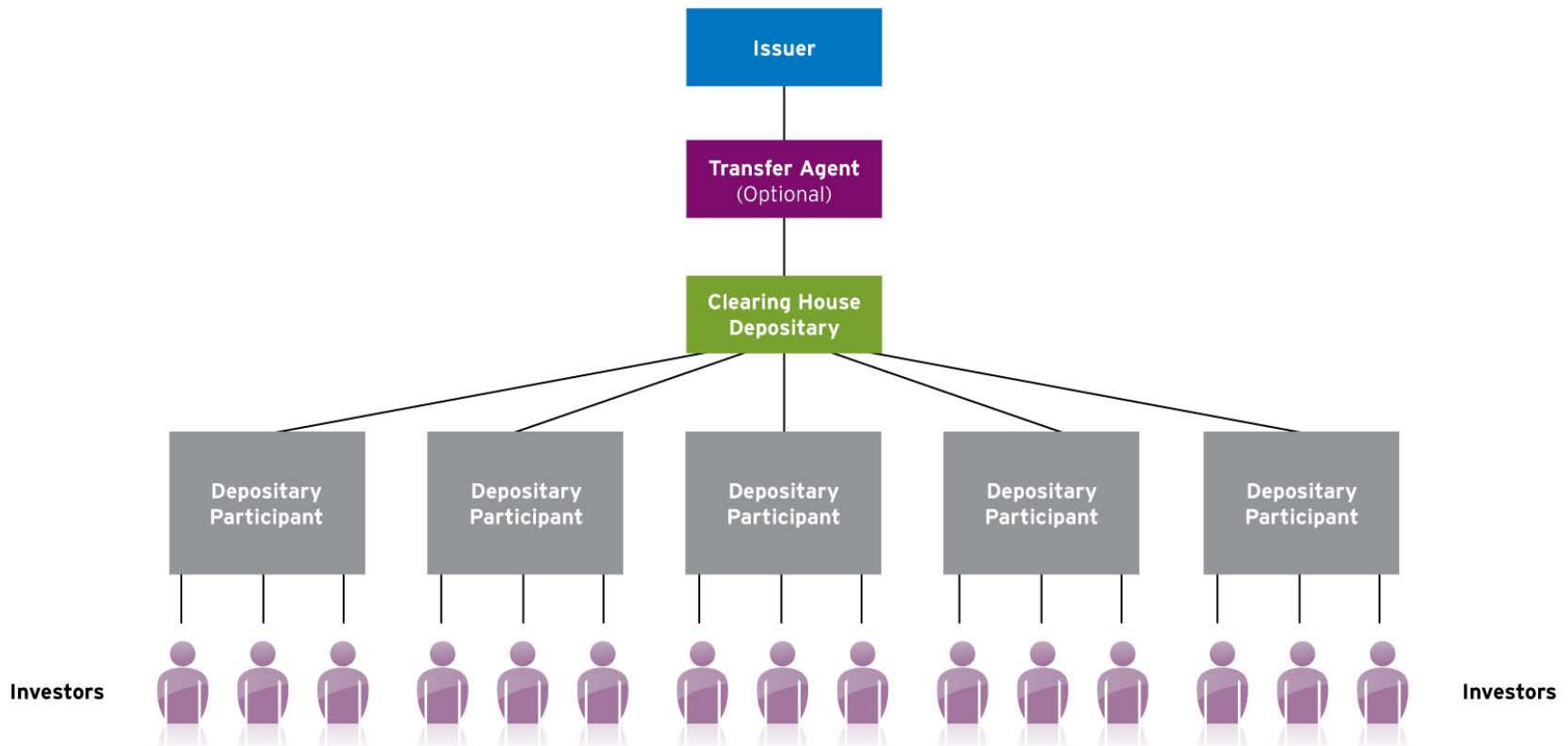
## US Model



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# Different models, different experiences

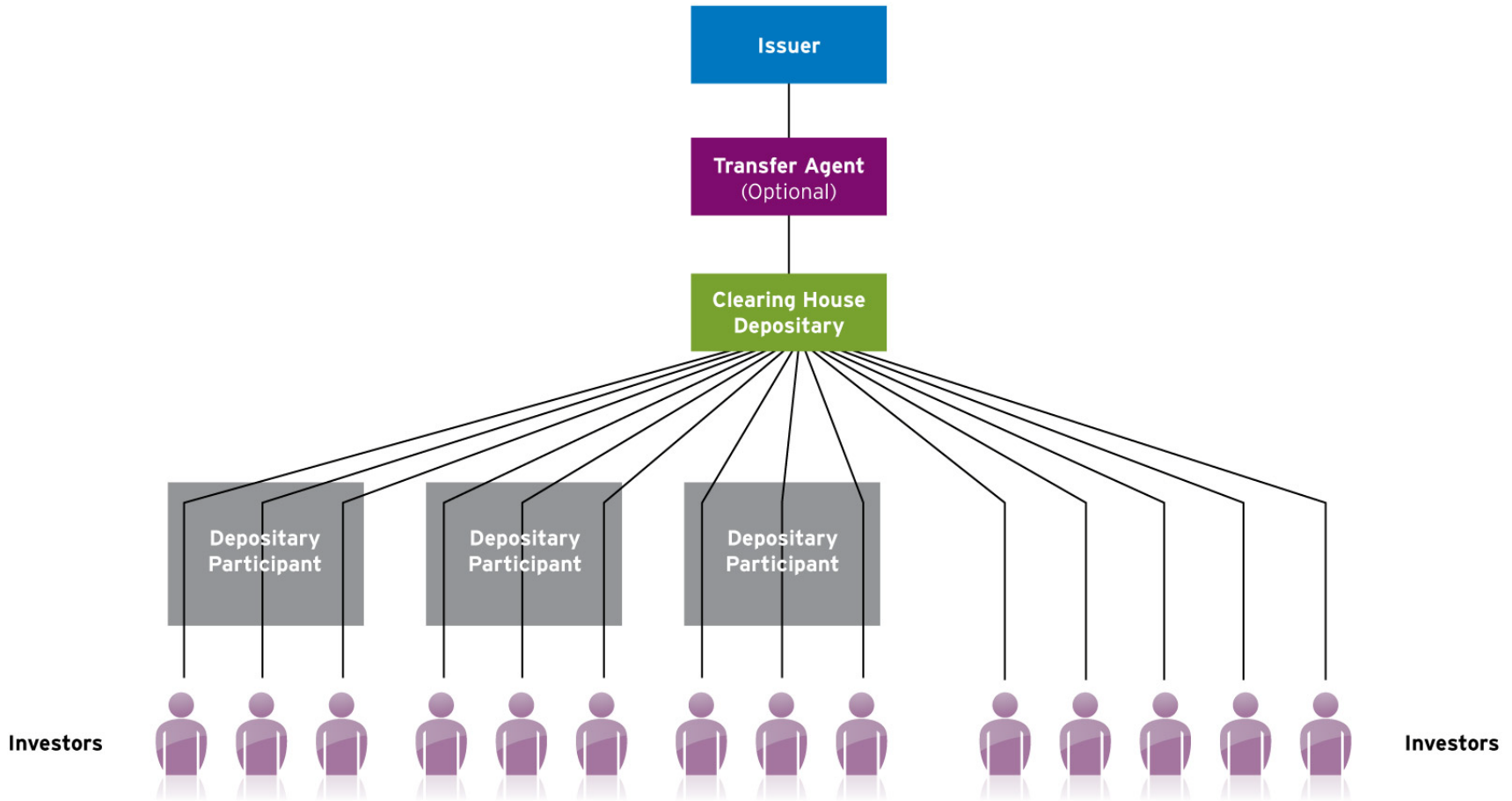
## Continental Europe



Where lines pass through boxes, information is available across that level (i.e., from the level below to the level above).  
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# Different models, different experiences

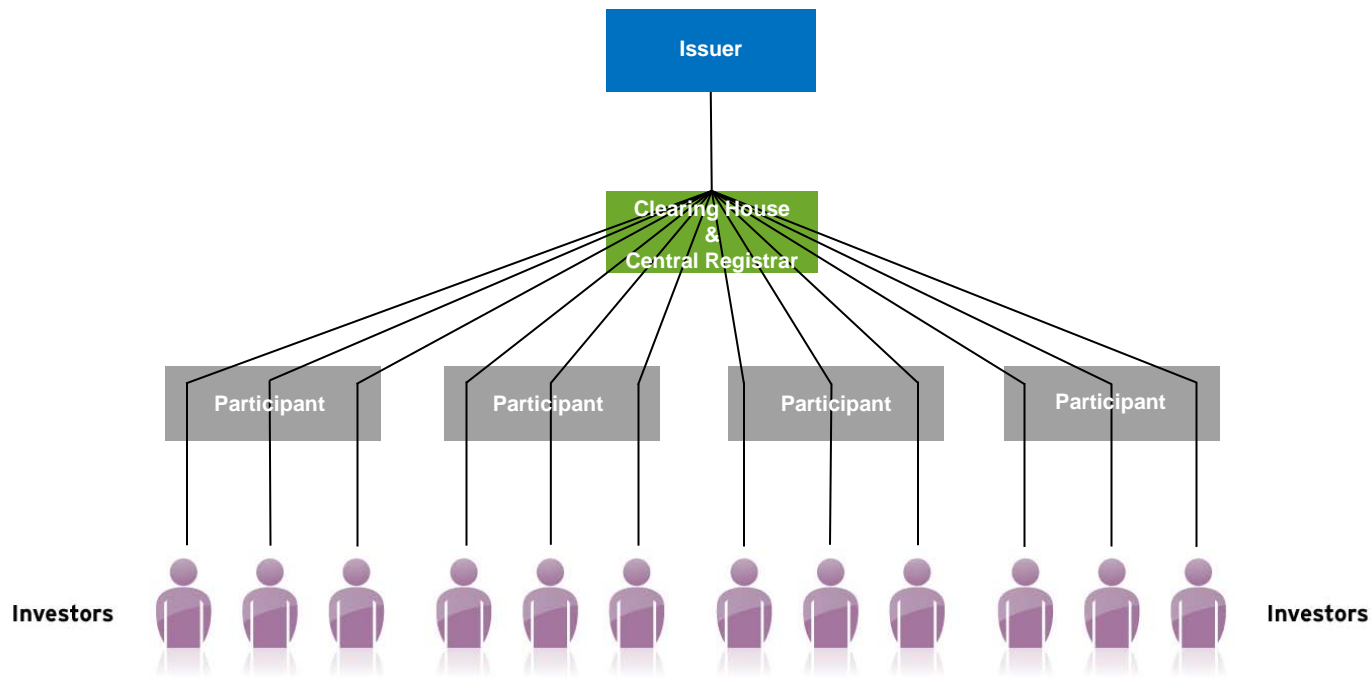
## Singapore Model



Where lines pass through boxes, information is available across that level (i.e., from the level below to the level above).  
If the line stops at the edge of boxes, information is **not** available across that level.

# Different models, different experiences

## China Model



Where lines pass through boxes, information is available across that level (i.e., from the level below to the level above).  
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# Overview of GCM market structure activities

## **Period 2010/13 likely to be a period of significant change**

- › Many different forces driving change, some have been accelerated by GFC
- › Significant upside if we can positively influence outcomes (e.g. US)

## **CPU to stay active & influence market structure developments**

- › Global positioning & deep industry expertise are highly relevant
- › GCM continues to work closely with
  - › Regulators
  - › Exchanges and Clearing Houses
  - › Clients
  - › Other key industry stakeholders
- › Educate clients & engage key influencers through industry lobby groups

**Goal is to maintain or improve CPU's and our clients' positioning**

# Market structure dynamics – current examples

The following markets are each undergoing structural change or facing pressure to introduce significant change:

## **Hong Kong**

- › Market evolution/development of electronic clearing house 'register'

## **China**

- › Development of the International Board

## **Russia**

- › Market rationalization; development of a central clearing house, potential for significant rationalization of share registrars

## **UK/Ireland, Rest of Europe**

- › Major changes proposed as a result of i) Brussels and EU single market policy ii) legal harmonization of corporate and securities market laws iii) competition/convergence

## **USA**

- › Government and regulatory changes to corporate management, governance, voting and potential changes to shareholder communications system

# Market Structure Interactive Session

## Market Analysis USA

# Core elements of Proxy Reform – actual & proposed

- › **Strand 1: Rule 452 Changes – abolition of broker discretionary voting in director elections**
  - › Implemented Jan 1, 2010
- › **Strand 2: Investor Access to the management proxy**
  - › Timing 2H 2010, or 2011
  - › Highly likely to be implemented by the SEC
  - › Issuer groups likely to try to further stall this, especially until broader reform occurs
  - › Likely to lead to more proxy contests
- › **Strand 3: Review and overhaul of the “proxy mechanics” including transparency, NOBO/OBO, direct communications with street holders, competition**
  - › SEC “concept release” due in near future
  - › If regulatory change is adopted, operational change in 2012?
  - › We can expect this aspect to be a fiercely contested debate, due to highly polarised positions across different segments of industry
  - › Driving other industry dynamics, Broadridge now a transfer agent

# Shareholder Communications Coalition's (SCC) recommendations

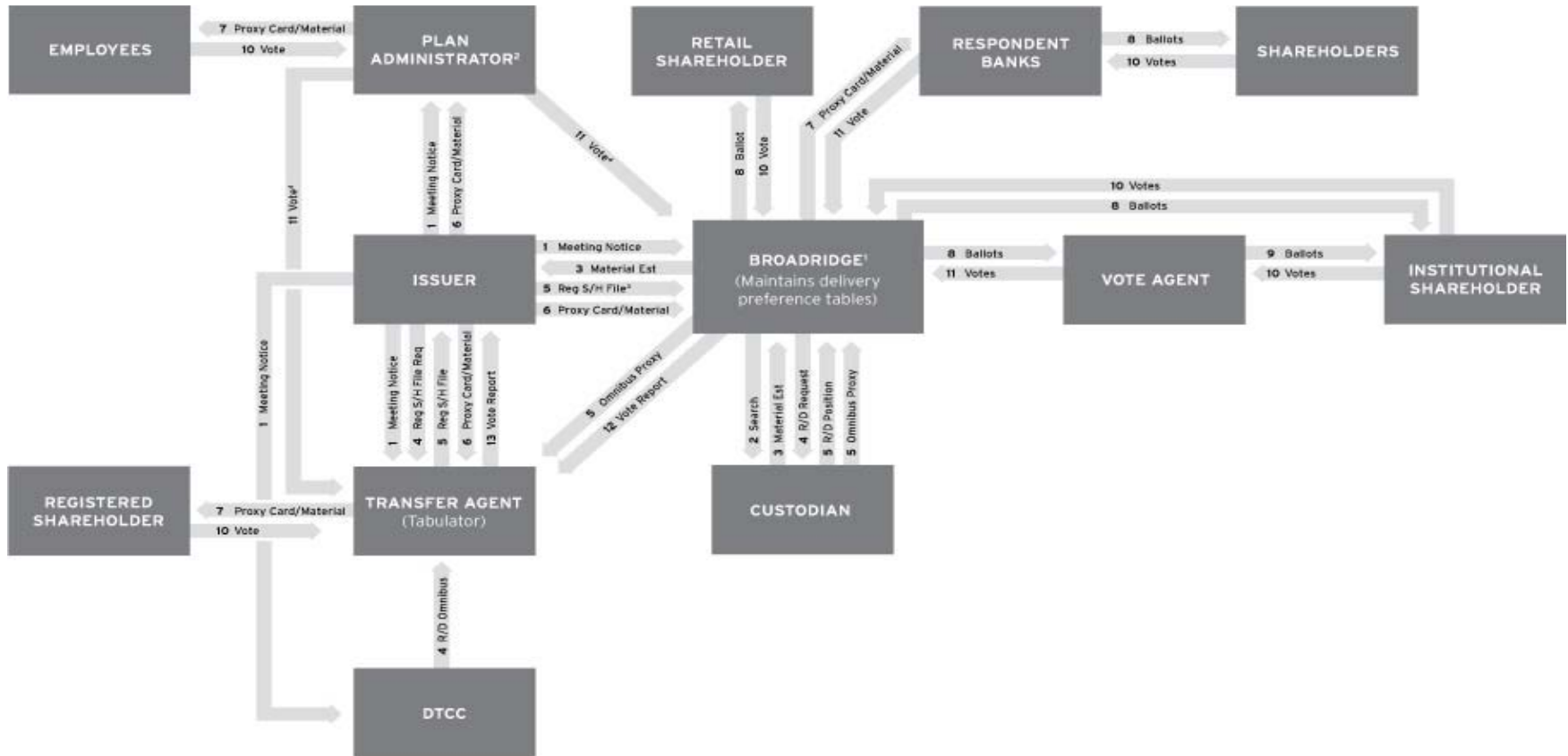
Below are the issues addressed by the recommendations the SCC sent to the SEC on 8/4/09:

1. Investor education
2. NOBO and OBO classification
3. Competition among proxy service providers
4. Beneficial owner list compilation
5. Proxy vote counting and tabulation
6. Beneficial owner proxy authority
7. Integrity of proxy voting process

# Comparison of today's system vs. the proposed system

## Current system

Note: Arrow numbers indicate chronological process order



<sup>1</sup> Although Broadridge processes in excess of 90% of the street name volume, there are other entities that perform similar functions

<sup>2</sup> Could be outsourced to a third party

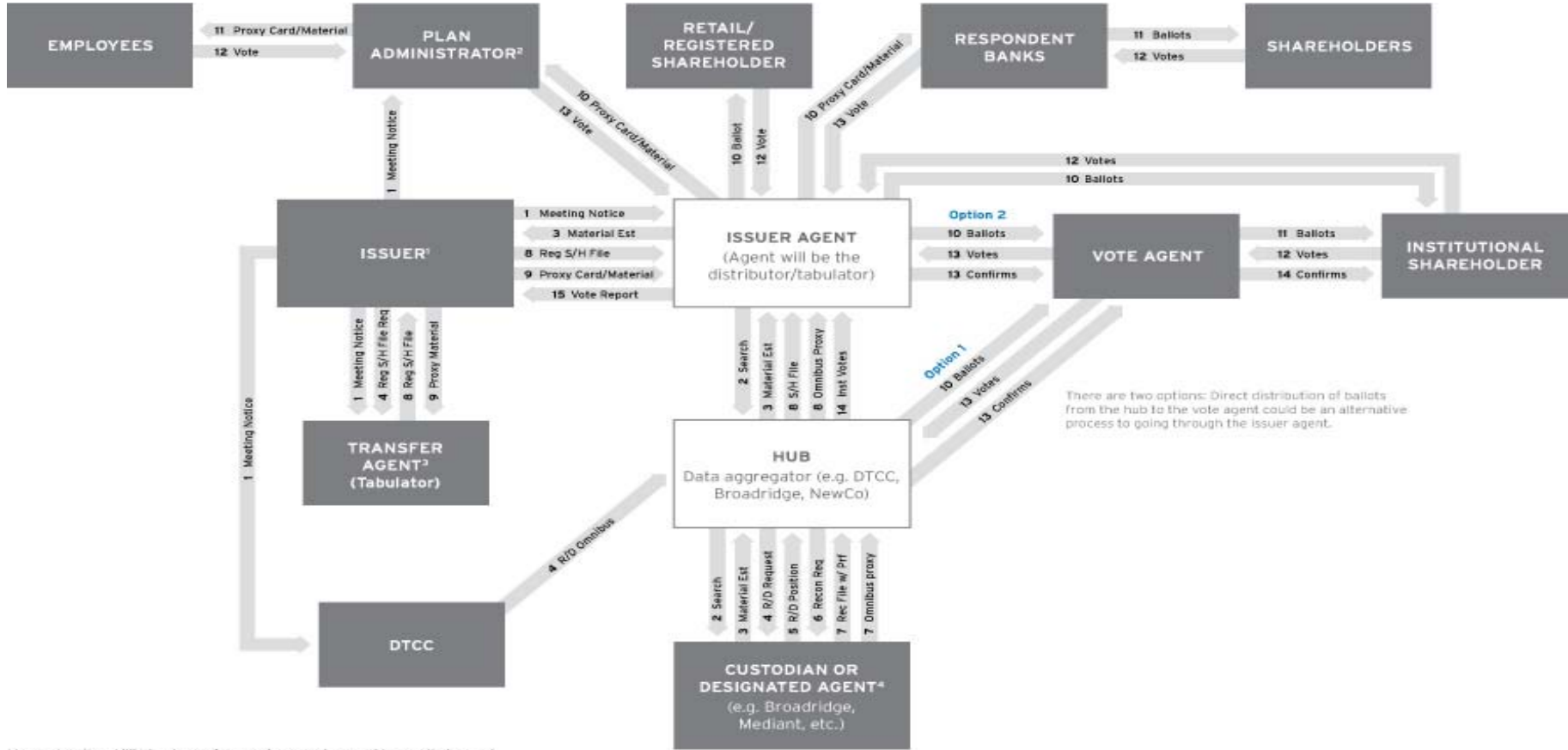
<sup>3</sup> Broadridge may be hired to process registered positions as well

<sup>4</sup> Employee plan votes can be sent to either Broadridge or the transfer agent depending on the administrator

# Comparison of today's system vs. the proposed system

## Proposed system

Note: Arrow numbers indicate chronological process order



<sup>1</sup> Issuer has the ability to choose from various service providers as their agent

<sup>2</sup> Could be outsourced to a third party

<sup>3</sup> Not applicable if transfer agent is issuer agent

<sup>4</sup> Preferences will be stored at either the custodian or agent level

# What key changes would be needed from regulators, etc.

## > **NYSE:**

### > Key changes:

- > Would no longer be expected to set reimbursement fees
- > Revise NYSE rule language to align with revised SEC Rule and removing Rule 465 (reimbursements)

### > Next steps:

- > Oversee implementation project plan

## > **SEC:**

### > Next steps:

- > Repeal the OBO/NOBO rule (providing suitable protection for privacy, eg nominee)
- > Create a rule mandating that all issuers gain direct access to all of their beneficial owners
- > Revise SEC Rules to make clear (i) the obligation of brokers to provide beneficial account information to the issuer agent and (ii) the obligation of the issuers to distribute the communication
- > Establish or reaffirm what communications can take place between an issuer and its holders
- > Implement annual audits of the new process

## > **DTCC or other independent aggregator:**

### > Key changes:

- > Logical for DTCC to act as the Hub

# Overall summary

## › **Shortcomings of the existing system:**

- › Issuers do not have direct access to a large portion of their shareholder base
- › The current single-service-provider model lacks transparency and accountability
- › The distribution process is disjointed and not cost effective
- › Lack of ability to audit and absence of confirmation process calls into question voting accuracy

## › **Benefits of the proposed system:**

- › Would provide full disclosure of all shareholder positions
- › Would establish a multi-service-provider model with full transparency
- › Envisions a system whereby the issuer agent would be determined by competitive bidding and the cost of distribution and tabulation would be determined by market factors
- › Would provide full confirmation and ability to audit

# Market Structure Interactive Session

## Market Analysis EMEA

# Key themes

## **Changes in European clearing and settlement**

- › TARGET2–Securities
- › Euroclear Single Platform
- › Harmonisation of Corporate Actions
- › Harmonisation of General Meetings
- › LCG – Harmonisation of Laws re. Securities Holdings
- › UK market dematerialisation

# The key players in European reform

## UK

- › Euroclear
- › Bank of England
- › LSE
- › UK firms, global banks & securities firms
- › Issuers
- › ICOSA
- › GC100

## Europe

- › European Central Bank
- › Central Banks of France, Germany, Italy and Spain
- › Bank of England
- › Major EU firms, global banks, securities firms
- › Various Stock Exchanges
- › CSDs

Other industry dynamics e.g. multifunctional trading platforms & central counterparties

# Definition of T2S

- › T2S stand for 'TARGET2-Securities', a major EU-wide infrastructure project sponsored by the European Central Bank
- › T2S is described as 'a core, borderless and neutral securities settlement platform', a platform for the cross-border and domestic settlement of securities against Central Bank money
- › T2S will service the Central Securities Depositories (CSDs)
- › The T2S project pursues cost reduction by increasing competition and price transparency
- › Source: <http://www.ecb.int/paym/t2s/html/index.en.html>

# Background to T2S

- › To reduce the high cost of settlement of transactions, especially cross-border transactions, within the EU market
- › To deliver cost effective infrastructure to support a single integrated EU-market
- › Builds on other key reform initiatives, e.g. Giovannini Group recommendations
- › High level of support from EU Central Banks and major market participants (banks and major investment banks)

# T2S - Industry dynamics

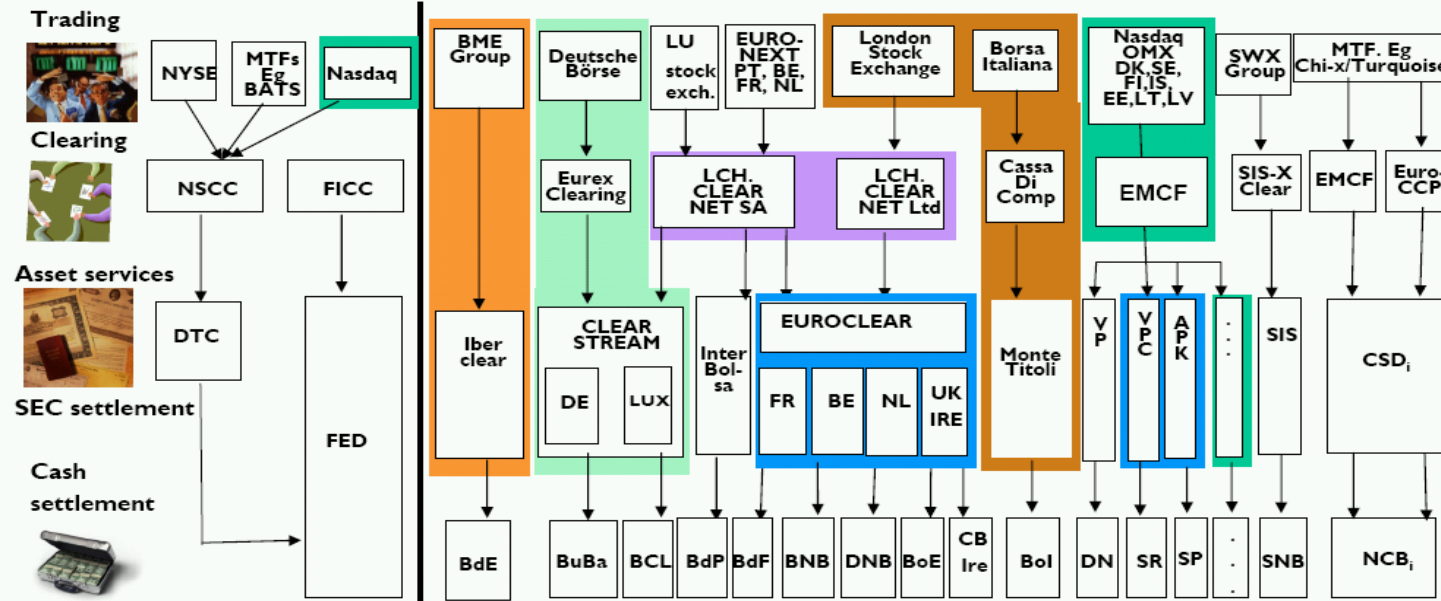
## Existing post trade infrastructure



### Comparison of the US and European post trading landscape



Oslo, Vienna, Warsaw, Prague etc are missing



# T2S - Industry dynamics

## Proposed post trade infrastructure



### Europe's landscape with T2 and T2S

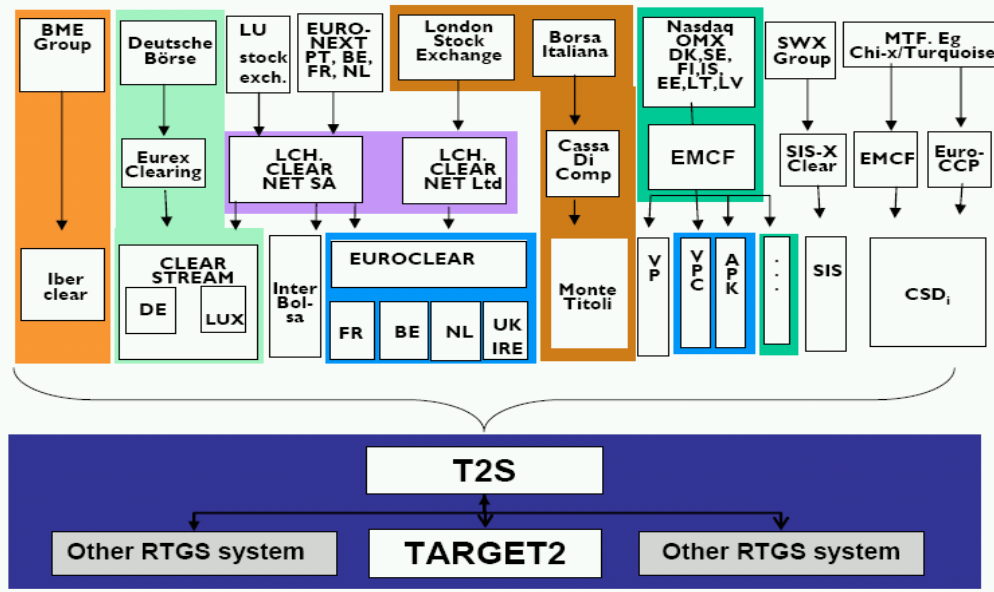


**Trading**

**Clearing**

**Asset services**  
**Account services**

**Securities and Cash Settlements**



## Background to T2S – cont.

- › The T2S project was formally approved by ECB (July 2008)
- › Implementation is scheduled for 2013\*
- › Claimed benefits include reduced costs for market participants, translating into deeper more liquid markets and lower capital costs for issuers
- › However, some important policy, legal and operational issues need to be resolved, across EU, before T2S can go live
- › ECB and T2S Project team liaising with market users, including the issuer community

\* Market expectation is T2S will be delayed by at least 12 months (not yet formally announced by ECB)

# Scope of T2S project

- › T2S is designed to embrace all Euro markets and, on an “opt-in” basis, any other key markets in the EU-region that would benefit from inclusion (e.g. UK Sterling, Swiss Francs, etc)
- › T2S currently designed to be a central ‘outsourced’ settlement *platform* for each member CSD, whereby the underlying assets are transferred and held under the laws of each domestic country
- › T2S to centralise settlement at an operational level, not at a new legal level, and is intended to preserve pre-existing legal and regulatory requirements of Member States (correlation with EC’s Legal Certainty Group)

# Scope of T2S project

- › T2S is not proposing to interface with issuers or their agents
- › Direct Access for registrars remains an open policy question. Access to T2S will be intermediated via the local CSD
  - › Note 1: Major market participants will be afforded direct access to T2S
  - › Note 2: CSDs may lose core settlement related revenues
- › Other key factors – a) transparency of ownership across the pan-EU system, b) streamlined corporate action processing, c) interaction with other major infrastructure projects, e.g. harmonisation

# Impact for PLC Issuers

- › Difficult to gauge at this point, given key policy issue of Sterling participation remains an open question
  - › (BoE decision due by end 2008, then mid 2009, then 2010?)
- › If sterling is included, we will seek to influence design:
  - › Upside: potential increase in transparency and communications to investors across the T2S system
  - › Downside: issuer access to T2S could be intermediated by local CSDs (Euroclear), then no longer responsible for settlement, adding another layer of complexity, latency, risk and cost
  - › Need to confirm cost-benefit outcomes
- › Other key policy issues, e.g. a) tariffs, b) is T2S a not for profit corporate or a system managed by ECB? C) Governance
- › Computershare submission to ECB:

<http://www.ecb.int/paym/cons/html/t2s-2.en.html>

# Sterling participation

- › Bank of England letter to ECB

“The overall summary of our assessment is that while there may be a case for a more integrated approach to securities settlement across Europe (going beyond euro-denominated securities), a number of very important issues require further careful consideration”

- › Key BOE concerns flagged with ECB
  - › Governance
  - › Cost

# What is Euroclear's single platform (SP) project

- › Euroclear is implementing its own European consolidation programme
- › Rationalisation of infrastructure and introduction of standard processes
- › SP covers UK and Ireland (CREST), France, Netherlands, Belgium and Scandinavia
- › Narrower scope than T2S. T2S is all Euro markets + opt-in currencies
- › Significant overlap exists; SP is a parallel and potentially a competing initiative to T2S, not mutually exclusive projects. SP needs to be interfaced to T2S if T2S is successfully launched

# Euroclear single platform

- › Platform dynamics, including development impact, cost, functionality and slippage, creating general uncertainty
- › Project subject to significant delays and uncertainty re T2S. Timing of SP custody module now unclear
- › UK Issuers frustrated with additional costs caused by infrastructure change and delays
- › Forming a strong lobby among key issuers and trade associations

# EU harmonisation

- › Significant pressure to harmonise processes across European markets
- › Driven by major banks and regulators
- › Critical pre-condition to major infrastructure rationalisation
- › Key focus
  - › General Shareholder Meetings
  - › Corporate Actions

# UK dematerialisation

- › Proposal with Her Majesty's Treasury (HMT) for consideration
  - › HMT policy not yet clear
- › Industry consultation document and business case expected in near future
- › Subject to HMT policy, expected to be mandated by 2012, if "legislation" is modified
  - › All certificates to be replaced by holding statements
  - › Removal of the need to sign Stock Transfers
- › May be resisted by some small brokers

# Legal Certainty Group

## EU harmonisation of Law on securities holding and dispositions

LCG made broad recommendations, August 2008, to introduce EU legislation to:

- › Harmonise minimum set of rights for book-entry holders\*
- › Require information relating to corporate actions and other information affecting a security holding to be passed through the chains of intermediaries between the issuer and beneficial owner
- › Remove barriers to location of securities, particularly related to the entry of shares into a CSD, allowing issuers to issue shares into any EU member state
- › Consultation closed June 11<sup>th</sup> 2009 (Our submission is available via the event site)
- › EU draft legislation was originally expected by end of 2009. Now due for consultation in early Q2 timeframe
- › EU has suggested full implementation by 2012 (consistency with T2S)

\*Consistent with the principles of the Geneva Securities Convention (UNIDROIT)

# Legal Certainty Group

## EU harmonisation of Law on securities holding and dispositions

- › Computershare submitted a response to consultation
- › Recommendations currently too broad and general to permit adequate analysis of impact on Issuers & Agents
- › Translation of policy into executable outcomes unclear, for example:
  - › How beneficial owners receive their rights?
  - › How do issuers identify their beneficial shareholders?
  - › Who provides the service to distribute information and collect instructions?
  - › Who pays for it?

# Legal Certainty Group

## EU harmonisation of Law on securities holding and dispositions

- › Other observations:
  - › Certain aspects similar to recent changes to UK Companies Act to provide shareholder rights to nominee holders
  - › T2S could provide the platform for shareholder identification and communication services
  - › Intermediaries do not want to incur additional costs for passing benefits to investors - we do not believe issuers should automatically be responsible for such costs

# Key issues for European market infrastructure

- › Uncertainty regarding critical market structure model(s)
- › Cost/benefit for issuers
- › UK Market vs broader European single market
- › Preservation of UK specific attributes?
- › Current mood in EU is that pan-European Trading/Settlement reform should supersede UK specific Issuance and Registration processes
- › This uncertainty could become a key UK/EU financial services issue

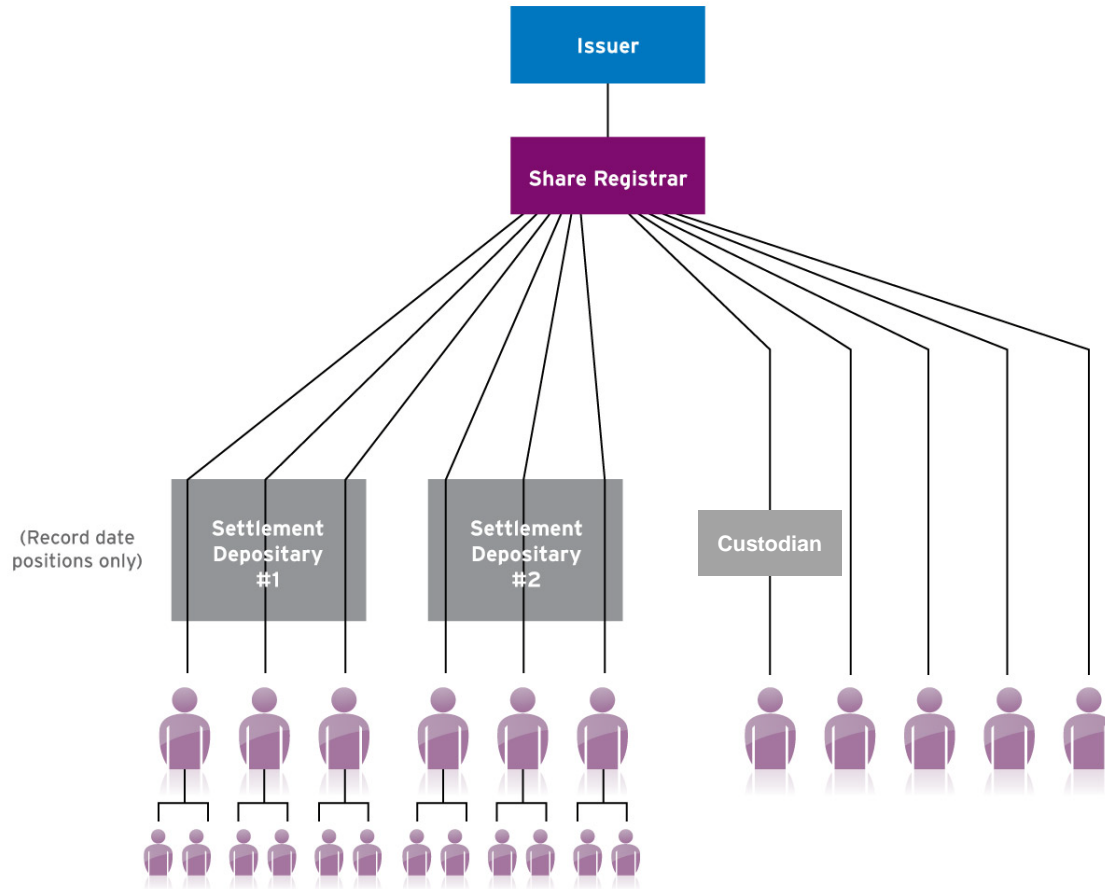
# Specifically..... in the context of EU reform, including T2S

- › Will the UK market (and BoE) commit to T2S?
- › Are these broader EU initiatives good for the UK PLCs?
  - › Cost benefit?
  - › Ongoing transparency of shareholder ownership records
  - › Interaction with Euroclear single platform vs. direct T2S connectivity model
  - › Corporate Actions
- › What will the final solution cost?
- › How will it impact provision of issuer services?

# Market Structure Interactive Session

## Market Analysis Russia

# Russia existing structure



Where lines pass through boxes, information is available across that level (i.e., from the level below to the level above).  
If the line stops at the edge of boxes, information is **not** available across that level.

# Computershare's view of market structure development in Russia

Our view is the Russian market should develop a central clearing house (a "flexible CSD") using the following guiding business principles:

- i. A legal and regulatory framework to support electronic clearing, settlement and registration of transactions within a central processing system
- ii. Creation of a user-owned and governing central clearing house (not a simple central securities depository) to provide core settlement related services, enabling all participants to communicate and transact with one another and to maintain the balances of accounts of market participants and their clients (Refer Model 1 and Model 2 as presented in later slides)
- iii. Electronic transfer of ownership between market participants, including between market participants within the central clearing system and holdings maintained directly on the books of the issuer by registrars, via highly efficient electronic links to the clearing house; such links may also support the electronic processing of related administration, i.e. change of a shareholder's name and address
- iv. Creation of a central counterparty (CCP) for market transactions

## Computershare's view of market structure development in Russia - cont.

- v. Delivery-versus-Payment settlement of all market transactions and related transactions, e.g. Securities Lending and Borrowing transactions
- vi. Highly efficient electronic interfaces between registrars and the central clearing house to facilitate the rapid transfer of any holdings (not maintained on the clearing house system) between the register and the central clearing house system, and vice versa. The interface will also provide end-of-day details of all clearing house holding balances and transactions to enable registrars to keep a complete record of the register
- vii. Highly efficient electronic links between the clearing house and the central bank to facilitate real time gross settlement of net settlement in central bank funds, or clearing bank funds for non-rouble settlements
- viii. Legal recognition of the balances of accounts maintained by the central clearing house
- ix. Full transparency of beneficial ownership for all accounts maintained in the central clearing house

## Computershare's view of market structure development in Russia - cont.

- x. Corporate actions (e.g. dividends, capital restructures, takeovers and share voting) and all other shareholder communications including those in respect of holding balances maintained directly on the clearing house system to be administered by the registrar on behalf of the issuer (using share holding information maintained directly on the registrar's own systems and balances supplied by the clearing house for holdings maintained directly on its system)
- xi. A user-pays clearing, settlement and registration system that operates on a not-for-profit basis; the clearing house should make sufficient revenue to cover its operating costs plus a reasonable operating profit and an agreed future development plan
- xii. A compensation fund to protect issuers and registrars against fraudulent transactions conducted via the central clearing house system
- xiii. An agreed standard for messages and other instructions that can be readily adopted by the local and international community to enable electronic transfer processing to occur within the central clearing environment
- xiv. A high-level cross-industry steering committee to help facilitate the development and operation of the clearing house for the benefit of the securities industry generally

# Different options for the Russian market

Following preliminary discussions with major stakeholders, it is clear there are deployment issues that require consideration to be given to 4 different variations of the central clearing house model

**Model 1:** Central Clearing House. Under this structure one organization is approved as the central clearing house. It must be licensed for this purpose by the FSFM, subject to it satisfying relevant criteria that it is fit and proper to act in this capacity. This, in our view, is the preferred model for the Russian market, is consistent with Russia's 2020 vision for Moscow as a global financial center

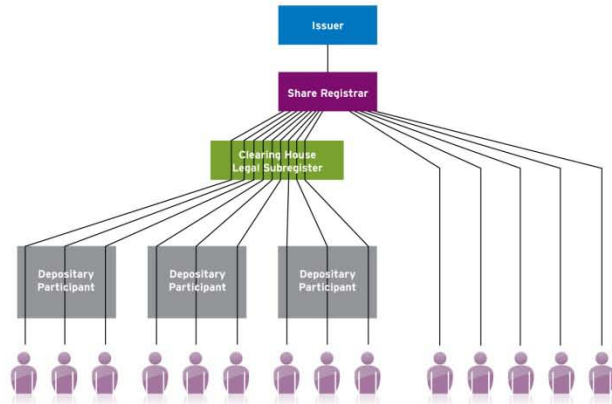
**Model 2:** Central Clearing House with other settlement depository as significant customer. This would be a significant step forward from the current multi-depository environment. This model may also provide a significant step towards subsequently implementing Model 1

**Model 3:** Dual Central Clearing House model. Under this structure, the legal register will be segmented into 3 sections where 2 sections are managed by separate "settlement depositories", e.g. DCC and NDC. Each would have the same rights to maintain portions of the register. The register would need to interface to both entities in order to build a complete register of holders

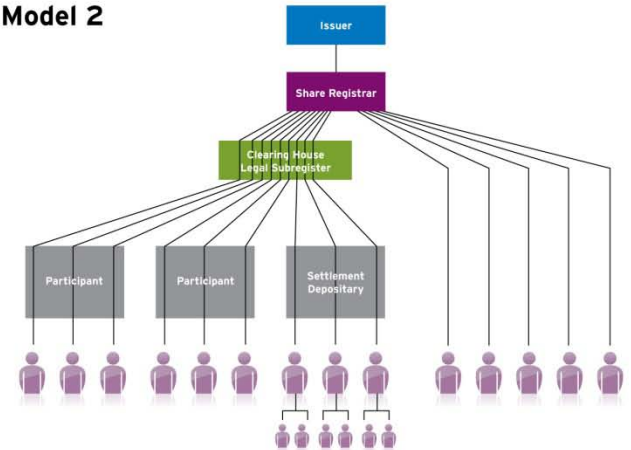
**Model 4:** New [separate] Central Clearing House, with two settlement depositories as significant customers. While theoretically possible, this model is highly unlikely to work in practice

# Possible models for Russia

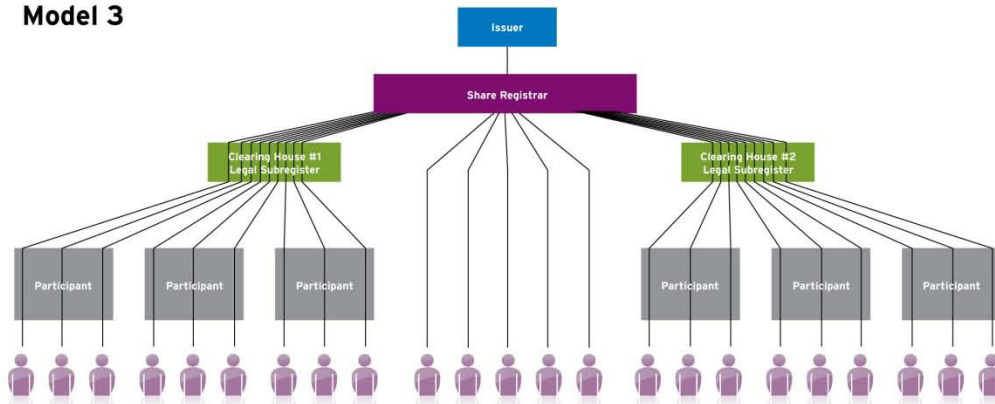
**Model 1**



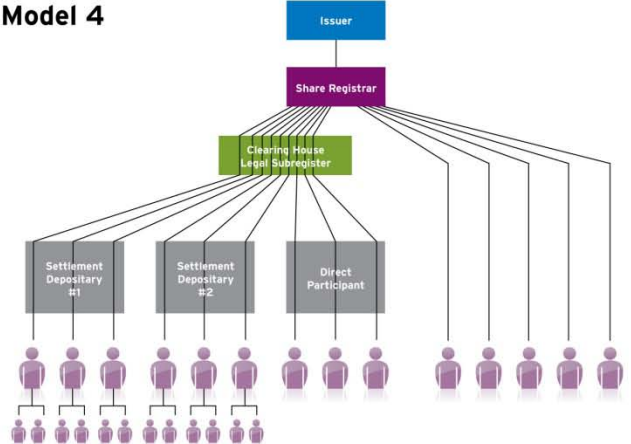
**Model 2**



**Model 3**



**Model 4**



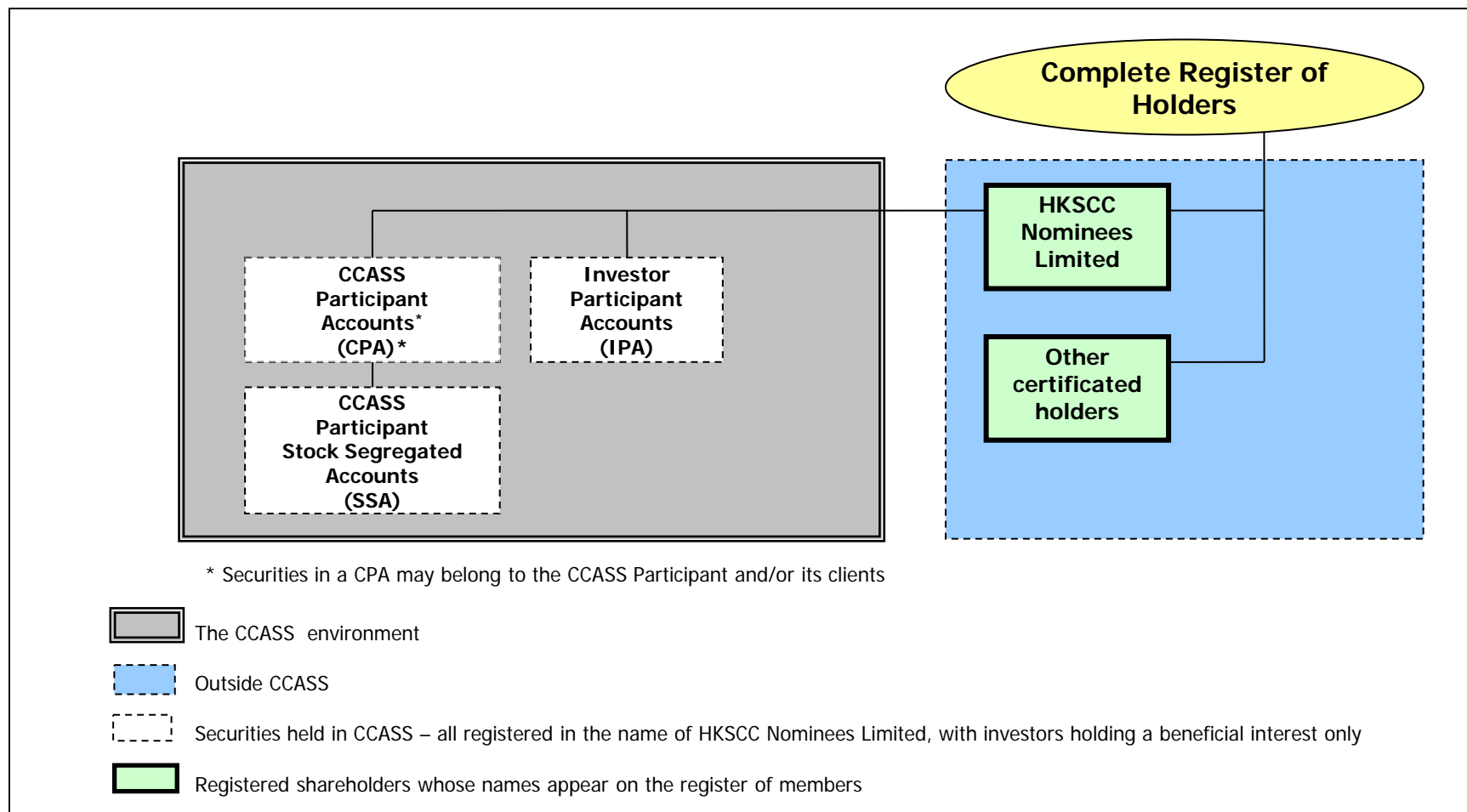
# Market Structure Interactive Session

## Market Analysis Hong Kong

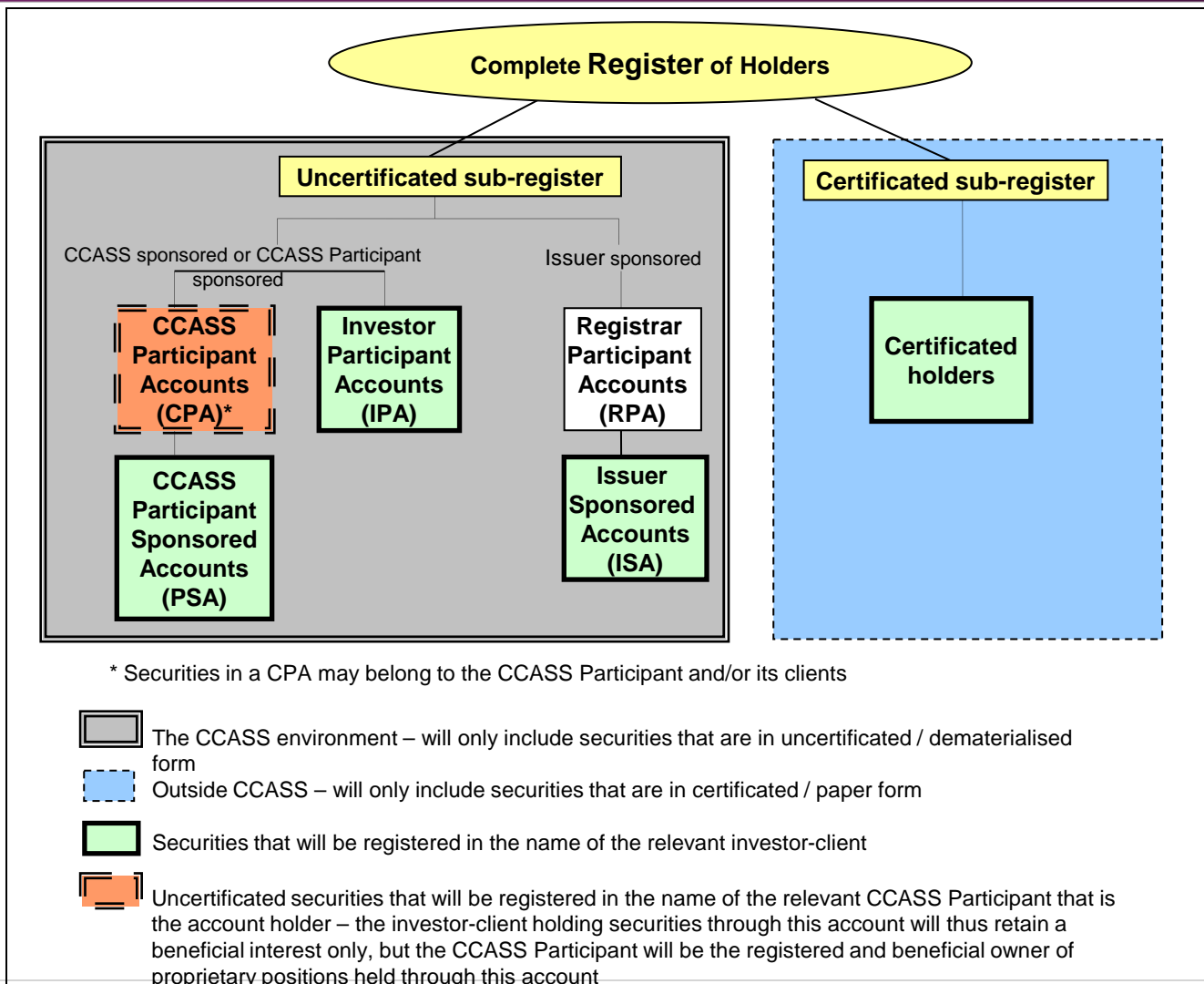
# Proposed scripless model in HK

- › Securities and Futures Commission (SFC), Hong Kong Exchanges and Clearing Limited (HKEx) and the Federation of Share Registrars Limited (FSR) formed a Working Group
- › Different market models revived, including AU & UK
- › Proposal will peel back the depository nominee layer and deliver a “name on register” solution
- › Draft consultation document issued Dec '09. Comments due 31<sup>st</sup> March '10

# Existing market structure in HK



# Proposed scripless operational model in HK



# Proposed scripless operational model in HK - cont.

- › Admission of share registrar as CCASS participant enabling CCASS access
- › Introduction of the concept of Issuer-Sponsored Account
- › Creates opportunity for share registrar to provide value-added services to registered shareholders
- › The roles and responsibilities between share registrars and HKSCC in dealing with corporate actions have primarily been agreed. Operational details will be agreed in phase II discussion

# Market Structure Interactive Session

## Market Analysis Mainland China

# Proposed International Board

- › Draft regulatory framework to be rolled out in 2010
- › “A shares” will be listed on the International Board, under new listing rules, as currently contemplated
- › “A shares” are not fungible with the foreign issuer’s securities held and traded in the international market(s)
- › Only Mainland Chinese investors qualify to trade in “A shares” on Shanghai Stock Exchange (SSE)
- › Prices on SSE may differ to those on international markets due to these “split pools” of liquidity

## Proposed International Board – cont.

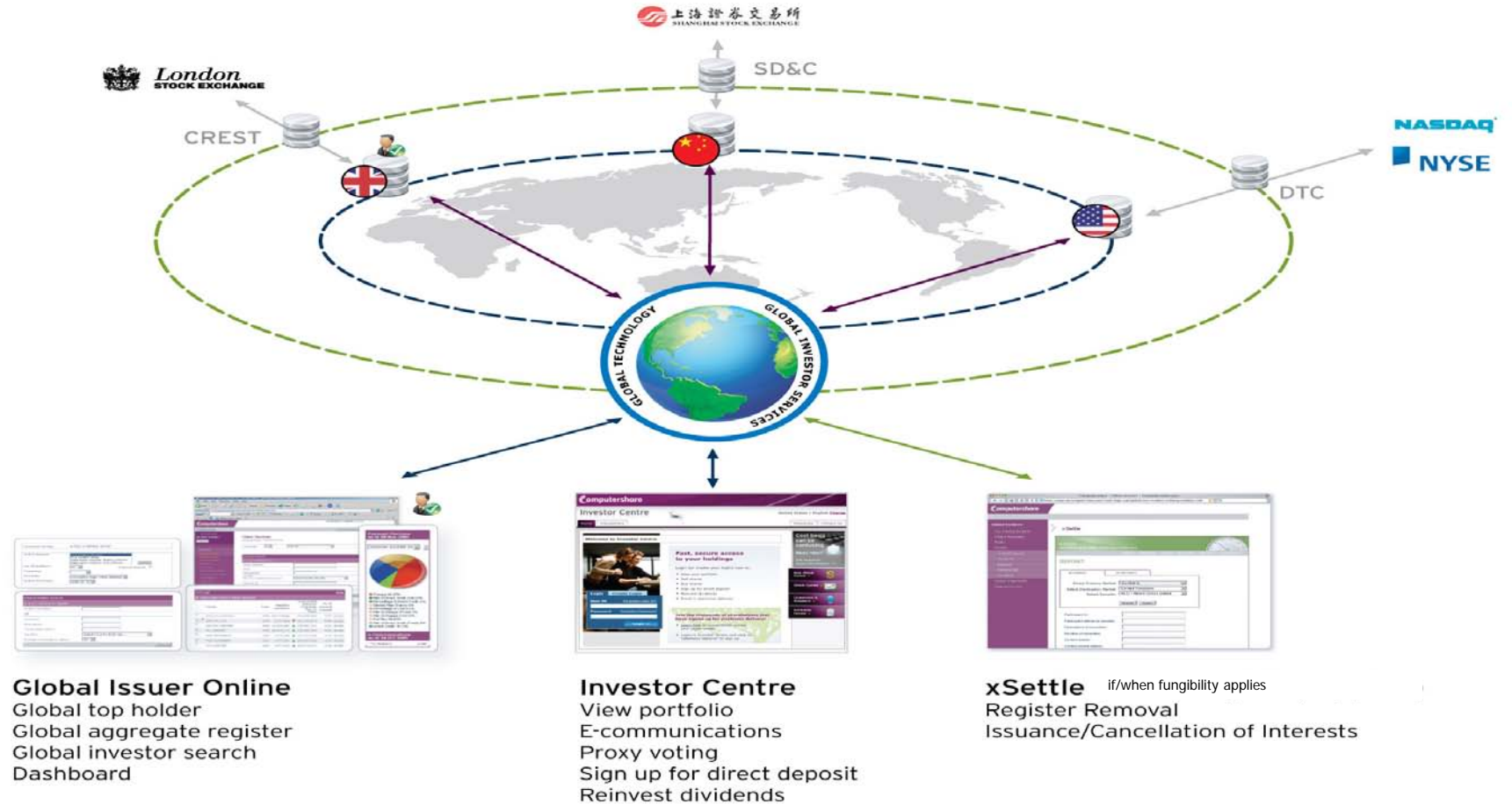
- › No cross border trading or arbitrage between the markets due to RMB currency restrictions. As such “A shares” trade only within Mainland China
- › In all other respects, “A shares” are the same legal class of securities of the foreign issuer
- › All “A share” accounts will be operated and maintained by SD&C, per existing settlement and registration arrangements, so far as legally and operationally feasible
- › SD&C likely to operate a nominee company that will hold the same number of shares in the foreign market, as the foreign issuer issues in “A share” form

# Target markets and companies

According to media reports at least 10 companies are interested in listing on the SSE International Board. Of these, 8 are Computershare clients. UK and US "market connectivity" is the current priority for China

# Potential SD&C/CPU connectivity to UK/US

Computershare



Computershare Proprietary

# Market Structure Interactive Session

## Summary & Open Forum

# Summary

- › 2010-13+ likely to be a period of significant change
- › CPU to stay active in market structure developments
- › The goal is to improve CPU's and our clients' positioning
- › This period likely to create new commercial opportunities to CPU

# GCM view: potential timeline of key developments

## NORTH AMERICA

First Half 2010	Second Half 2010	2011	2012	2013	2014
Broker discretionary voting scrapped for director elections  SEC review of proxy mechanics	Progressive changes to proxy model › Access › Market Mechanics	Canada no longer permits certificates (DRS)			

## EUROPE

First Half 2010	Second Half 2010	2011	2012	2013	2014
Announcement expected re T2S timetable  European law consultation › Harmonisation › Market infrastructure law › Clarity over EU market infrastructure	Clarity over EU market infrastructure   Russian central settlement law for Russia "CREST"	Russian market infrastructure upgrade	Euroclear Single Platform (EU)  Custody  European Law effective › Harmonisation › Market infrastructure	T2S goes live	

## ASIA PACIFIC

First Half 2010	Second Half 2010	2011	2012	2013	2014
Hong Kong dematerialisation project concept release  China International Board policy development	China International Board goes live		Hong Kong dematerialisation and infrastructure upgrade (?)		

# Market Structure Interactive Session

## Question Time

# Market Structures Interactive Session

**Paul Conn**

President – Global Capital Markets

**Close**

23 March 2010