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ASSOCIATION

Report on Cross-Border Proxy Voting and Corporate Actions

**Proposal for Facilitated Exercise of Voting Rights and
Other Entitlements by International Investors**

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Report on Cross-Border Proxy Voting and Corporate Actions

Proposal for Facilitated Exercise of Voting Rights and Other Entitlements by International Investors

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Introduction

1.1. Background

During the last few years, the international diversification of portfolio investments - particularly by institutional investors - has constantly increased and now reaches very substantial amounts. Several hundred billion US dollars worth of foreign securities are now being held by global custodians on behalf of clients, mainly through sub-custodians in the respective home markets. This trend is generally expected to continue, despite - or maybe because of - the high volatility of stock price and foreign exchange rates, which calls for risks to be spread.

As a result of these developments, a growing number of market participants venture into markets which are new to them. There is an obvious danger of investors or their custodians being informed late - or not at all - about company news, in particular about corporate action concerning the equities they are holding abroad. Yet substantial losses may result if a holder's entitlements are not exercised in the case of a rights issue, bonus issue, stock split, stock dividend, takeover, merger, tender offer, conversion, premature redemption, spin-off, consolidation, repurchase offer, etc. Even a name change or a change of domicile of a company may be of importance. Moreover, rules and regulation may vary from issue to issue and from country to country. As an example, in Germany and Switzerland, payment and receipt of new shares occur simultaneously with the payment of the issue price. In other countries, such as Spain or France, payment is made on the due date, but weeks and months can pass before the shares are received. For a custodian to act as intermediary in such issues, timely information and professional skill is required. Quite often, a global custodian's staff has to decipher and translate lengthy technical information and reorganise it for its own clients into a digestible format. Any decision by a client on a rights issue has to be made well before the company's deadline, in order to allow his custodian to pass on the client's instructions. Therefore, it would be to everyone's benefit if there were greater uniformity of information dissemination, standardised time frames and one or more reliable databases for corporate action information regarding internationally traded securities with easy access on a global basis.

Such databases - and the data communication networks connecting them with the information suppliers and users - would conceivably be well suited to serve another requirement: Cross-border proxy voting. It is universally accepted that all shareholders should have an opportunity to exercise their voting rights, even though many of them (those who have made the investment "for investment purposes only") may not wish to cast their votes. Publicly owned corporations usually place great importance on having as many votes represented at their shareholders' meetings as possible, regardless of whether the items on the agenda are disputed or undisputed.

With the advent of widespread foreign share ownership which increasingly includes substantial institutional holdings, the time has come to facilitate cross-border proxy voting both technically and costwise. Therefore, it seems appropriate to examine these aspects more closely with a view to finding an acceptable solution.

1.2. Mandate

At the close of the 5th ISSA Symposium in May 1990, participants voted and agreed upon 12 specific recommendations. Recommendations number 5 and 6 (see Annex 1) suggested that standard messages be used and time frames be developed for information on corporate actions and that a central body should collect such data and make it available in electronic and paper form on a world-wide basis. At the same time, it was proposed that the infrastructure for the collection and dissemination of information on corporate actions be expanded to permit also the transmission and processing of cross-border proxy voting information and instructions. It was stated that intermediaries should be able to assist their clients in cross-border proxy voting against compensation by the issuers for the associated costs. Obviously, a distinction would have to be made between information requiring a timely reaction by the client and information involving a simple notification only (and no response).

1.3. Definitions

1.3.1 Proxy Voting

For the purpose of this report, proxy voting means the exercise of the voting right(s) of an investor in shares, bonds and similar instruments through a third party, based on a legally valid authorisation and in conformity with the investor's instructions.

The "third party" exercising the "proxy" is in certain countries usually a bank, in other countries often a person designated by the company, or generally another shareholder. Proxy voting takes place mostly at shareholders' meetings of corporations and pertains usually to the election of Directors of the Board of specific resolutions submitted for shareholders' approval. As a rule, the same principles apply to bondholders' meetings - e.g. in the case of bond issues in default -, in which case a special creditors' representative may publicly offer to represent bondholders by proxy.

In the USA, the Securities and Exchange Commission (SEC) requires that corporations provide to shareholders a so-called "Proxy Statement" before they vote by proxy on company matters. The "Proxy Statement" contains e.g. proposed members of the Board of Directors, top executives' salaries, information on bonus and options plans, resolutions of minority

stockholders and of management. Proxy voting can be subject to more or less stringent restrictions depending on national legislation, company by-laws, etc. Therefore, the legal aspects must in each case be carefully examined.

1.3.2 Corporate Actions

For the purpose of this report, "corporate actions" is used as a collective term to include stock splits, subscription rights reserved for shareholders, optional stock dividends, exchanges of securities, spin-offs, reduction of face value, name changes, takeover offers, etc. Corporate actions are part of the total entitlements of any securities holder. However, cash dividends, regular interest payments, redemptions of principal and similar transactions which require no action or reaction on the part of the securities holder are not dealt with specifically in this report, because existing procedures are either satisfactory or because improvements proposed in this report for other corporate actions would automatically also be applicable in these regular cases. Obviously, not all corporate actions call for a decision and reaction by the investor. In many cases, a custodian will be able to act on behalf of a client based on standing instructions or general safe custody regulations.

2. Cross-Border Proxy Voting

2.1. Present Practices and Shortcomings

Proxy voting is normally not a widely debated issue. Only in isolated cases, when there is a proxy fight over an outside attempt to gain control of a company, or to get directors elected who are not supported by management, does the subject get some coverage in the financial press. If a large company is involved, there are sometimes specialised firms which solicit proxy votes at home and abroad, often by offering custodian banks a small remuneration for each share held and voted by proxy - in accordance with instructions received - in support of (or opposition to) management's proposals.

In the last few years, as a result of increased holdings of shares by large institutional investors, investment and pension fund managers have shown a new interest in exercising voting rights. Partly, this is in response to expectations in this respect expressed by supervisory bodies, but sometimes there also seems to be an underlying desire to influence a company's business or information policy. Large cross-border investments by mutual and pension funds are reinforcing this trend and call for mechanisms that permit the exercise of voting rights across borders with the same ease as in the investors' home countries.

The interest shown by investors in the companies they are invested in is surely positive and usually appreciated by the companies' management. It should also be obvious that investors from abroad (or even overseas) are, as a rule, unable to attend shareholder meetings personally. Therefore, an efficient and institutionalised proxy voting procedure is indispensable.

Yet procedures vary greatly from country to country, not only because of different laws and traditions, but also because of different types of instruments. Holders of bearer certificates can only be contacted via the media and professional custodians who look out for such information. Registered holders have to be advised by mail via the registrars and, if applicable, the relevant nominee companies. Additional complications and time constraints can be associated with different languages, time zones and formal requirements, e.g. a printed proxy statement.

Consequently, it is hardly surprising, but certainly regrettable, that - apart from rare exceptions - custodian banks do not advise depositors of forthcoming general meetings abroad. Therefore, holdings of non-resident portfolio investors are as a rule not represented at general meetings, unless standing proxy instructions are permitted and have actually been given. In the long run, this factual discrimination of non-resident shareholders may prove to be harmful to the functioning of the democratic principles in a free market economy. Even if certain shareholders are only exceptionally interested in casting their votes, the system should allow them to do so any time they want to, also across borders. Needless to say, this will never be feasible unless costs are kept low and absorbed by the companies concerned. Ensuring minimal costs requires internationally standardised, streamlined and automated time schedules and procedures, a goal which is by no means easy to achieve, but no less challenging.

2.2. Concept for Improved Procedures

2.2.1 Information Flow and Time Schedule

The information flow connected with shareholders' meetings and proxy voting can be grouped into three steps:

- The company invites the shareholders to an ordinary or extraordinary meeting and states place, time, available documentation and items on the agenda according to the requirements of law and common practice.
- The company calls for decisions by vote on specific items on the agenda.
- The shareholders exercise their voting right personally or by proxy.

The information for the first two steps flows directly or indirectly from the company to the parties concerned. (Invitation by letter or advertisement, with proxy statement enabling shareholders to form an opinion on the issues to be voted on.) If the information flows through the intermediary of a custodian, the latter will ask the shareholders for instructions.

A global harmonisation of cross-border proxy voting requires that the procedures of shareholders' meetings first be standardised on a national level. As a reminder, the following draft schedule for cross-border proxy voting in the report of the 5th ISSA Symposium (1990) proposes a time schedule for the activities involved in proxy voting:

Business days prior to meeting	Who	What
25	Company	1. Announcement / publication / communication of meeting, agenda and points to be voted on (including proxy card with proposals by the board) to registered holders, financial press, agent banks both domestic and abroad, central data base for information about general meetings (GM)
22	Company's Agent Banks and Custodian Banks	2. Daily consultation of central GM data base and/or receipt of information from nominee and/or central securities depository (CSD)
22	Custodian Banks	3. Information of clients holding shares and requesting instructions about proxy voting
12-17	Clients holding shares	4. Instructions to custodian banks how to vote on each item (yes, no, abstention)
7	Custodian Banks	5. Blocking their accounts of clients' holdings until after GM. (No blocking with CSD is required. Responsibility lies with custodian bank which passes on instructions.)
6	Custodian Banks	6. Requesting proxy cards from CSD or nominee, if applicable.
3	Custodian Banks	7. Sending proxy voting instructions by mail or electronically to company or its agent.

2.2.2 Technicalities

In accordance with legal obligations, the parties involved have to be informed about the proposals to be voted on. Information in connection with proxy voting may have to be passed on via several parties within a short period of time. Each of these parties should be able to make decisions and/or pass on instructions within the legal or contractual framework as defined by the respective party's mandate. Therefore, it is absolutely necessary to give all parties involved the needed information at an early stage in order to permit timely preparations and decisions. Each party must be in a position to react in time and with sufficient information.

a) Information Dissemination

Information is disseminated as follows:

The invitation and the items on the agenda are sent in written form directly to the registered shareholders, or published in the financial press for holders of bearer securities (who are not registered with and therefore unknown to the company). In the case of registered securities held in a "nominee" or "street name" through the intermediary of a central securities depository or custodian, the latter has to contact its respective customers.

Whereas registered shareholders are, in general, informed in detail about the items on the agenda, the information given through the financial press and disseminated further via data bases of financial news vendors is often shorter and may call for additional details to be given to interested parties who wish to attend the meeting or vote by proxy on specific issues.

b) Data Bases / Networks

Information must flow efficiently and swiftly to and from the beneficial owner, especially where the shareholder receives information indirectly (e.g. securities are held via a custodian and/or a central securities depository) and the shareholder cannot attend the meeting personally, but wishes to vote by proxy. International financial information vendors with a central data base should meet these needs of custodians, sub-custodians and shareholders. Today's existing interbank communication networks such as SWIFT, EUCLID, telefax, telex, and telebanking systems such as Minitel in France or Videotex in Switzerland enable electronic communication between banks and private households as well as public companies in most parts of the world.

2.3. Structure and Contents of Data

2.3.1 Data Structure and Formats

a) ISO 7775 Securities - Scheme for Message Types: MT 560 and 561

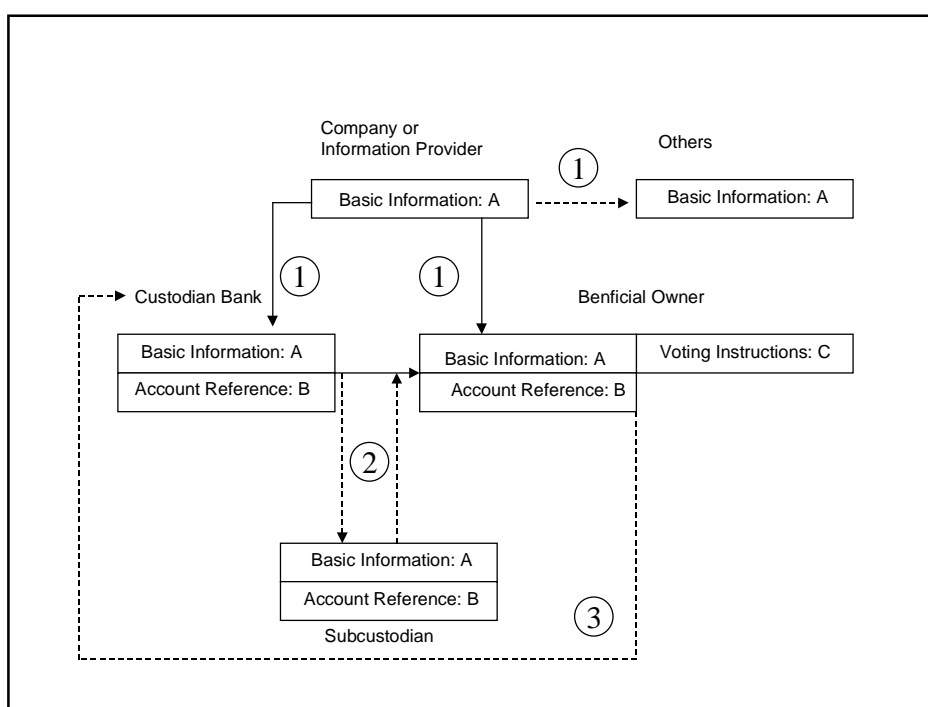
Two message types in connection with bondholders' and shareholders' meetings and proxy voting are defined in ISO Standard 7775 and may already be used today between financial institutions: MT 560 (notice of bond and shareholders' meeting) and MT 561 (proxy or authorisation and instruction to vote). These message types could be used in a future solution.

b) ISO 9735 Electronic Data Interchange for Administration, Commerce and Trade (EDIFACT) - Application Syntax Rules

In various organisations, efforts are being made to standardise communication on the basis of EDIFACT. Messages pertaining to events in the world of finance are also being analysed in this connection. However, the work has only just begun and the question of whether existing standards such as ISO 7775 can be integrated into an EDIFACT solution is still open.

2.3.2 Data Contents

As the following chart illustrates, information pertaining to proxy voting basically flows in three groups (A, B and C) and is passed on in three steps (marked by arrows):



First Step:

The invitation to the meeting is sent by the company to all interested parties and/or published in a designated financial newspaper. Additional statements (Annual Report, text of by-laws to be changed, etc.) will be enclosed, or made available at specified places. Financial news services will enter the information in their data bases and newsletters. Information elements: Group A (Basic information) - registered name and place of company; date, time and place of meeting; identification code of security; items on the agenda.

Second Step:

Where the beneficial owners of the securities are not directly informed, their custodian banks should inform them and ask for voting instructions. Information elements: Group A (Basic information) - registered name and place of company; date, time and place of meeting; identification code of security; items on the agenda; plus Group B (Account reference) - reference to transaction, quantity of securities involved, account reference, specific information from custodian to beneficial owner.

Third Step:

If the beneficial owners of the securities do not wish to attend the meeting personally, but want to instruct a third party to vote in their place, a proxy must be authorised and instructed accordingly. Information elements: Group A (Basic information) - registered name and place of company; date, time and place of meeting; identification code of security; items on the agenda; plus Group B (Account reference) - reference to transaction, quantity of securities involved, account reference, plus Group C (Voting instructions) - specific voting instructions for each item on the agenda, additional information from beneficial owner to proxy.

2.3.3 Presentation of Data

Based on the proxy voting information flow outlined above, the relative data should be presented as follows:

a) Message from company (to be put in standardised format by information provider):

Group A - Basic Information

The registered name and place of the company; the date, time and place of meeting; the identification code of security; and the items on the agenda are elements of information needed in all messages and should be provided in computer readable form by information providers. ISO 7775 defines data fields and formats for these elements. However, one data field calls for additional details in order to expedite proxy voting procedures. For the items on the agenda, ISO 7775 designates a narrative field with a very informal structure or none at all. A voter's instructions message (MT 561) must presently either repeat the items on the agenda that can be voted on (and are already described in the notice of the meeting for MT 560) or formulate the voter's instructions so that the proxy can vote accordingly.

Examples of items that can appear on the agenda of a shareholders' meeting:

- Minutes of the last shareholders' meeting on DD.MM.YY
- Report of the board of directors on the year ended DD.MM.YY
- Approval of the profit and loss account and balance sheet per DD.MM.YY
- Application of net profit: Dividend amount, extraordinary dividends, allocation towards legal reserve, allocation towards special reserve, allocation towards employee participation plan.
- Discharge of board and auditors
- Election of members of the board: re-election of Mr A, re-election of Mr B, election of Mr C, etc.
- Election of auditors: re-election of Mr U, re-election of Mr V, election of Mr X (or firm), etc.
- Miscellaneous such as
 - Change of articles of incorporation
 - Change in composition of share capital
 - Restriction of issue rights
 - Change of transferability of registered shares
 - Change of proxy voting rights or procedures
 - Dissolution/liquidation of the company
 - Merger of the company
 - Appointment of liquidators

b) Message from custodian bank to beneficial owner of securities: MT 560 Notice of Bond or Shareholders' Meeting

The following table shows the data fields defined by ISO 7775, a sample message, and the fields that could be provided in coded form by vendors of financial information:

Field Name according to ISO 7775	Sample	A = Basic Information B = Account Reference
Header	BANKALOIS CH-ZUERICH BANKGERMAN D-FRANKFURT 830920	B
Transaction reference	DEPO-HEM2530	B
Proxy deadline	831026	B
Date, time and place of meeting	1100 CONFERENCE ROOM OF BANQUE INTERNATIONALE SA 2 BVD. ROYAL, LUXEMBOURG	A
Extraordinary meeting	831026 AFTER ORDINARY MEETING, SAME PLACE	A
Number of repetitive parts	2	A
Registered name and place of the company	GENERAL SHOPPING SA, LUXEMBOURG	A
Identification of securities	ISIN BE000092968X ORD SHARES GENERAL SHOPPING SA	A
Quantity of securities	1500.	B
Safekeeping account	/9050-99999-7 SUB.ACC. NINETY NINE	B
Number of repetitive parts	1	A
Narrative	ANNUAL GENERAL MEETING AGENDA 1. REPORT OF THE BOARD AND AUDITORS ON THE YEAR ENDED 30TH JUNE 1983 2. APPROVAL OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS PER 30TH JUNE 1983 3. APPLICATION OF NET PROFIT 4. DISCHARGE OF THE BOARD AND AUDITORS 5. MISCELLANEOUS EXTRAORDINARY MEETING AGENDA 1. TO DISSOLVE THE COMPANY AND PLACE IT IN LIQUIDATION 2. TO APPOINT LIQUIDATORS 3. DISCHARGE OF THE BOARD AND THE AUDITORS	A: ORDINARY MEETING: 1. REPORT OF THE BOARD AND AUDITORS ON THE YEAR ENDED DD.MM.YY 2. APPROVAL OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS PER DD.MM.YY 3. APPLICATION OF NET PROFIT 4. DISCHARGE OF THE BOARD AND AUDITORS 5. MISCELLANEOUS EXTRAORDINARY MEETING: 1. TO DISSOLVE THE COMPANY AND PLACE IT IN LIQUIDATION 2. TO APPOINT LIQUIDATORS 3. DISCHARGE OF THE BOARD AND THE AUDITORS
Information to receiver of message	PROXY MATERIAL SENT TODAY	B
Trailer		B

c) Message from Beneficial Owner to Proxy: MT 561 Proxy or Authorization and Instruction to Vote

The following table shows the data fields defined by ISO 7775, a sample message, and the fields that could be provided in coded form by vendors of financial information:

Field Name according to ISO 7775	Sample	A = Basic Information B = Account Reference C = Voting Instructions																								
Header	BANKGERMAN D-FRANKFURT BANKALOIS CH-ZUERICH 830920	B																								
Transaction reference	VERW26789	B																								
Related transaction reference	DEPO-HEM2530	B																								
Date, time and place of meeting	831026 1100 CONFERENCE ROOM OF BANQUE INTERNATIONALE SA 2 BVD. ROYAL, LUXEMBOURG	A																								
Number of repetitive parts	2	A																								
Registered name and place of the company	GENERAL SHOPPING SA, LUXEMBOURG	A																								
Identification of securities	ISIN BE000092968X ORD SHARES GENERAL SHOPPING SA	A																								
Quantity of securities	1500.	B																								
Safekeeping account	/9050-99999-7	B																								
Number of repetitive parts	1	B																								
Number of repetitive parts	1 SUB.ACC.NINETYNINE	B																								
Proxy	YOURSELF	B																								
Narrative	ANNUAL GENERAL MEETING SUBJECTS ONE TO 5 PLEASE APPROVE EXTRAORDINARY MEETING SUBJECT 1 PLEASE DISAPPROVE SUBJECTS 2 AND 3 PLEASE ABSTAIN FROM VOTING	<table border="0"> <tr> <td>A:</td> <td>C:</td> </tr> <tr> <td>ORDINARY MEETING:</td> <td>ORDINARY MEETING:</td> </tr> <tr> <td>2</td> <td>2 Y</td> </tr> <tr> <td>3</td> <td>3 Y</td> </tr> <tr> <td>4</td> <td>4 Y</td> </tr> <tr> <td>5</td> <td>5 Y</td> </tr> <tr> <td>9</td> <td>9 Y</td> </tr> <tr> <td>EXTRAORDINARY MEETING:</td> <td>EXTRAORDINARY MEETING:</td> </tr> <tr> <td>10.5</td> <td>10.5 N</td> </tr> <tr> <td>11</td> <td>11 A</td> </tr> <tr> <td>5</td> <td>5 A</td> </tr> <tr> <td></td> <td>ENCODED INFORMATION: Y = YES N = NO A = ABSTAIN</td> </tr> </table>	A:	C:	ORDINARY MEETING:	ORDINARY MEETING:	2	2 Y	3	3 Y	4	4 Y	5	5 Y	9	9 Y	EXTRAORDINARY MEETING:	EXTRAORDINARY MEETING:	10.5	10.5 N	11	11 A	5	5 A		ENCODED INFORMATION: Y = YES N = NO A = ABSTAIN
A:	C:																									
ORDINARY MEETING:	ORDINARY MEETING:																									
2	2 Y																									
3	3 Y																									
4	4 Y																									
5	5 Y																									
9	9 Y																									
EXTRAORDINARY MEETING:	EXTRAORDINARY MEETING:																									
10.5	10.5 N																									
11	11 A																									
5	5 A																									
	ENCODED INFORMATION: Y = YES N = NO A = ABSTAIN																									
Information to receiver of message	SIGNED POWER OF ATTORNEY FOLLOWS	B																								
Trailer		B																								

3. Cross-border Advising and Exercising of Corporate Actions

3.1. Present Practices and Shortcomings

3.1.1 Incomplete Information

A considerable part of incoming information is often not complete and precise enough to permit custodians to inform their customers in an adequate and comprehensive form. Additional facts and explanations may have to be obtained before a transaction can be presented to the customers.

3.1.2 Belated Information

Often information on corporate actions is received very late. Publication at too short notice may prevent shareholders from giving instructions in time. In some cases, there is not even time for the custodians to inform their customers and to ask for instructions.

3.1.3 Confusion of Terms

Sometimes, different terms are used for, in principle, the same kind of transaction, which confuses the shareholder and may prevent clear conclusions with respect to the effects of a proposed transaction on a corporation's balance sheet (e.g. stock dividend or split in the USA).

3.1.4 Disadvantages for International Investors

It can be difficult to protect the rights of international investors, if e.g. an offer is only presented to domestic shareholders. Foreign shareholders who bought their shares at a foreign stock exchange may not be contacted because the foreign banks which handled the stock exchange introduction are not informed.

Repurchase offers or preferential subscriptions are sometimes limited to holdings below a certain level. Yet the nominee's total holding may be above the limit, although the holdings of most beneficial owners could be below this limit and would therefore be entitled to subscribe. Much effort and expense are needed to protect in particular international investors' interests.

3.2. General Considerations

3.2.1 Premises

In order to minimise impediments and risks resulting from incomplete or belated information, two essential objectives must be pursued: Standardisation and integrated processing.

Standardisation allows a fast, clear and comprehensive information transmission via electronic data systems, with a minimum amount of data. In addition, it serves for both issuers and investors as a guide as to which information is required and to be published with respect to corporate actions. Therefore, standards can be seen as an "administrative" support.

In this context, it is important that different types of corporate actions are clearly classified by, for example, a "Type of Corporate Action" code, and this on an international level.

The standardised electronic data transmission of all relevant information for any type of corporate action enables custodians receiving the message to initiate immediately further automated processing of the data in their own EDP department in an integrated form, i.e. to produce the relevant customer information or the transmission of the data via electronic data systems to large institutional customers, advising them of the available options in a standardised format.

3.2.2 Corporations' and Investors' Objectives

These two points of view are dealt with together, because their objectives and interests happen to be identical. Both want the information to be as fast and comprehensive as possible:

- on the part of the corporation: To demonstrate to the investor clearly the financial implications in order to achieve wide acceptance.
- on the part of the investor (shareholder): To have a sound basis for his investment decision.

At present, sending paper is the usual method for this kind of information transfer. This involves high cost and - even less acceptable - it is time consuming because:

- a) the paper must physically pass through the entire custodian chain.

- b) mailing domestic mail already requires a lot of time; overseas mail may even take up the total time available, if not more.

This shows how important and absolutely necessary it is in these cases to organise information transmission via electronic data systems. One prerequisite, a suitable international standard, already exists in principle in the form of ISO message types. To achieve optimal processing and wider acceptance, the following modifications seem, however, necessary:

- c) supplementing the basic data provided by ISO with additional data elements for the transmission of technical information required for the handling of such transactions;
- d) definition of fixed, formatted data elements for the information which is currently transmitted in free format (narratives);
- e) the inclusion of comprehensive background information (on the corporation, lead manager or sub-custodian), needed not primarily for further technical processing, but rather for (global) custodians as background information or as a decision making aid for investors. This information could be transmitted as in the past as free-formatted text. However, electronic transmission would speed up the forwarding of this sometimes lengthy information within possibly long custodian chains. The custody account keeping bank could print out the texts on paper at an early stage or - better - transmit them also electronically to the interested investors.

3.2.3 Language and Time Zone Aspects

English is widely accepted in the financial world as the most suitable language for communicating with each other on an international level. With some exceptions, issuers of internationally traded securities have begun to publish reports and announcements (also) in English. Mainly French issuers, however, generally publish information mainly in their own language, which automatically leads to translation difficulties and delays. Although language problems can to some extent be reduced by means of the creation and use of international standards for purely administrative procedures, comprehensive texts are sometimes still required:

- f) in especially complex cases
- g) for detailed information of the investors
- h) for technical reasons

For practical reasons, all cross-border communications in this connection should always be - only or also - in English. Corporations worldwide which attract foreign investors should publish announcements for investors, rights offers, annual reports, invitations to the shareholders' meetings and proxy statements not only in their own language, but also in English.

The time zone aspect involves two important points:

- In exceptionally urgent cases, direct communication can either not take place or only within a relatively short period of time. According to past experience, however, the handling of corporate actions does not require a flexible adaptation of working hours. Direct communication is only necessary in exceptional cases. Another effect should be kept in mind: With improved and standardised information transmission, the number of necessary direct contacts (usually questions on urgent, missing data) should be drastically reduced.
- In the case of deadlines, time zone differences have to be observed. If a custodian bank is located in an earlier time zone, this must always be taken into account when setting dates. This means, for example in the case of Australian securities held via Europe, the instructions must in fact be given in Europe one day before due date. This naturally shortens the instruction period by up to one business day for the international investor.

3.2.4 Cost Aspects

Corporations sometimes offer to bear the costs of custodians for contacting their customers. These offers are, however, usually made to domestic financial institutions only. If shares are also listed for official trading in other countries, the costs incurred by the custodian banks are normally refunded in exceptional cases only. This means for the international investor that he is put at a disadvantage, since he is directly charged for the costs and commissions of his custodian. This is unsatisfactory, because it often leads to customer complaints when customers read in international newspapers that the transaction concerned would be handled free of charges.

3.2.5 Risk Aspects

Corporate actions are a complex and complicated area. Since various securities administration functions may be involved, risks are unavoidable. These risks are even increased by the above mentioned international information flow problems. In this highly sensitive area, each Type of Corporate Action (TOC) has to be assessed separately with regard to the risks involved. Three typical examples of exposure to potential losses are described below:

Rights Issues

In the case of a large subscription issue, the subscription price to be paid at a later date in foreign currency may, by mistake, not be purchased in time and not transferred in time to the account designated by the subscription agent. Consequences: The foreign currency must be bought later at a possibly higher rate and debit interest may have to be paid in case of delayed payment. A great loss can result in case of abrupt price jumps, which nowadays are not unusual for many currencies.

Reverse Split

Due to missing information, a reverse split (ratio 5:1) was only noticed when 100,000 shares were sold for a customer at a price of USD 10.- per share and the custodian refused delivery because it only held 20,000 shares. Even if the customer pays back the much higher sales proceeds inadvertently credited to his account (equal to USD 800,000.- in domestic currency), a great loss can still result when repurchasing the 80,000 shares sold in excess, if the securities price and/or the USD rate have moved upwards.

Exercise of Options

A considerable time after the exercise of an option as a result of which 2,000 shares were credited to a customer account, it became clear at dividend payment date that the shares were new shares not entitled to the dividend. Old shares, entitled to the dividend, had been credited to the customer's account instead of new ones, either because the subcustodian did not, - or not clearly - point out the difference in dividend entitlement or because the exercise requirements were not sufficiently examined by the global custodian. The customer having sold his shares inclusive of the dividend, it would be very difficult to obtain the refund of the dividend amount from the customer much later. A loss is likely to result.

4. Conclusions

4.1. Analysis of Market Needs

Based on the foregoing chapters, the following elements deserve special attention:

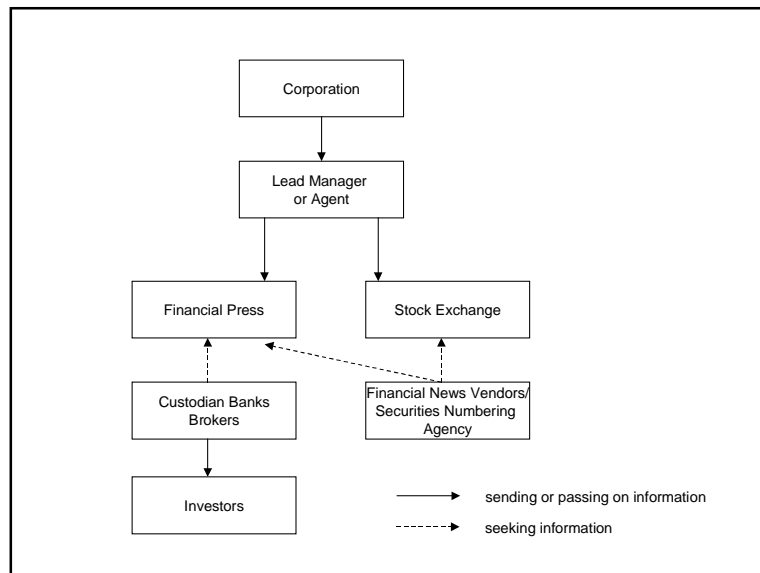
- Information flow
- Timeliness and speed of information flow
- Reliability and completeness of the information
- Cost aspects

4.1.1 Information Flow

There are similarities - and partly even identical paths - between the information flows for proxy voting and for corporate actions, at least in the "first step", i.e. the dissemination of initial information from the corporation to the investors. However, there is a clear distinction to be made between bearer and registered securities, as illustrated in the diagrams below. (Since proxy voting and corporate actions only rarely apply to bonds, only shares are considered in the following examples.)

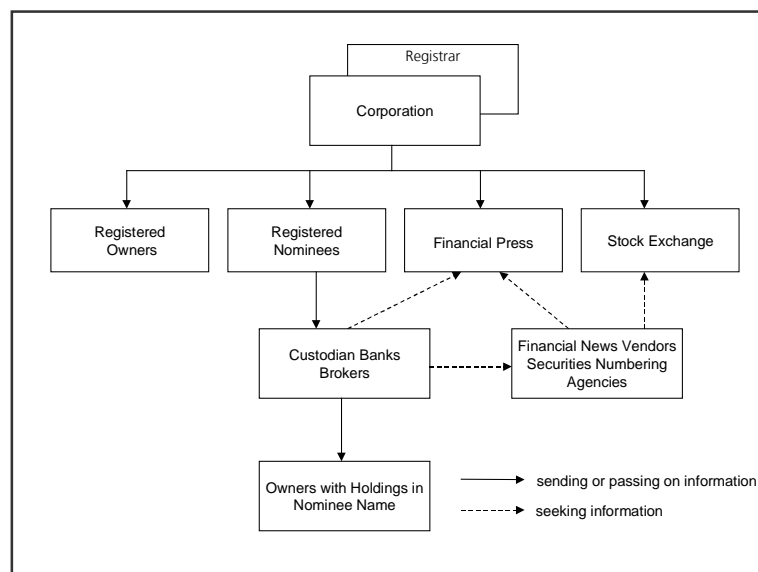
a) Bearer Shares

Present Procedure "first step":



b) Registered Shares

Present Procedure "first step":



4.1.2 Timeliness and Speed of Information Flow

It is essential that the invitation to a general meeting or the announcement of a corporate action reaches the investor in time to take a decision, and to respond in time, if necessary. Therefore, the faster the information flows, the later the information can be dispatched. Because the time span between sending out information and the receipt of responses cannot be extended indefinitely - ideally it should not go beyond 15 business days (and by no means exceed 25 business days) -, a fast information flow is indispensable. Fortunately, modern communications technology permits information to travel in seconds around the world. Consequently, geographical distances can no longer be an excuse for not treating foreign shareholders just as well as domestic shareholders.

4.1.3 Reliability and Completeness of the Information

Modern information technology has proved that computerised operations are much less error-prone than manual procedures. Furthermore, standardised and formatted messages offer an optimal guarantee that the information sent and received is short, clear and complete. Economies of scale can be achieved by way of integrated data processing, i.e. by programming the receiving computer to interpret incoming messages and to generate output in a partly or fully automated way.

4.1.4 Cost Aspects

Improved procedures will only be acceptable if the "bottom line", too, is acceptable. Whereas modern information technology has the potential to lead to lower transaction costs per unit, substantial investments in systems and a high transaction volume (the so-called "critical mass"), are usually a precondition for progress in this direction. Investment decisions of this nature are particularly difficult, because other parties or the industry can influence whether and when the expected benefits may actually be reaped. For this reason, a coordinated, cooperative approach the industry in matters of common interest would presumably lower the investment risk. Proven systems, communication networks, custodians, securities numbering agencies, central securities depositories and financial news vendors, should be in a position to make a meaningful contribution toward the development of a standardised electronic cross-border information flow with a view of facilitating proxy voting and the exercise of corporate actions for non-resident shareholders.

In this connection, it seems appropriate to mention specially the recently founded Association of National Numbering Agencies (ANNA). It consists of the firms or bodies which are competent to allocate ISINs, the international securities identification numbers, for specified kinds of securities. These securities numbering agencies have recently agreed to implement a computerised mailbox system among themselves to inform each other of new or changed ISINs. Members of ANNA may access the databases of other securities numbering agencies to retrieve required details. This new mechanism would no doubt also be suitable for accommodating economically the information exchange needs for proxy voting and corporate actions.

4.2. Suggested Improvements

4.2.1 Proxy Voting

To satisfy the market needs mentioned under 4.1., corporations whose shares are listed or traded abroad should:

- a) send out and/or publish the invitation to general meetings at least 20 business days beforehand; and
- b) at the same time directly provide the competent ANNA-member with a complete set of the relevant information or documentation.
- c) The aforementioned ANNA-member should enter the needed information elements in structured form into its database and inform the other ANNA-members of the fact that new proxy information has been stored and in respect of which securities (stating the relevant ISIN); and
- d) where a photographic copy of the agenda or other parts of a proxy statement is required, ANNA-members should set up a mechanism to make such information accessible electronically (e.g. by fax or image transmission).

For the subsequent activities - see 2.3.2 "Second Step" and "Third Step" - the methods and channels mentioned under 2.2. should in future be applied.

4.2.2 Corporate Actions

The same procedures as proposed under 4.2.1 for proxy voting can and should be applied with respect to corporate actions, except that the response time, i.e. the time span between the announcement of an operation and the deadline for reacting to it may vary depending on the type of the corporate action. A detailed time schedule is proposed in Annex 6.

5. Recommendation

That ISSA members of each financial market cooperate and contact the relevant bodies, issuers, market participants and investors in the home market with a view to identifying feasible and satisfactory procedures, timeframes and standards, along the lines suggested above, for proxy voting and corporate actions of domestic securities held directly or indirectly by non-resident investors, and to report the results by the end of 1992 to the ISSA Secretariat. In every financial market one ISSA member will coordinate this work and ensure that special attention is paid to:

- legal aspects (possible barriers to harmonisation and standardisation)
- remaining and new risks (e.g. in connection with translations, communication problems)
- possibility of different needs of different types of market participants (e.g. institutional investors vs retail investors)
- practicability (avoidance of excessive printing of paper and mailings)
- cost aspects and realistic solutions for cost allocation
- use of ISO message standards versus EDIFACT

By the end of 1993, the ISSA Secretariat will inform the ISSA members of the answers received and, if possible, propose further steps towards a possible solution of this problem.

Annex 1

5th ISSA Symposium - Recommendations 5 and 6

5. Corporate Actions

That standard messages be used and standard time frames be developed for various corporate actions. Distinctions need to be made between those requiring timely reaction by the client and those which involve a simple notification and no response.

That the information must be provided electronically as well as in hard copy form. A central body, either public or private and accessible to domestic and international bodies, must be designated as the official carrier of the data in each market.

That international issues should be communicated in English as well as in the local language.

6. Cross-Border Proxy Voting

That procedures comparable to those recommended for corporate actions should be utilised internationally to disseminate information for proxy voting.

That intermediaries should assist their clients with cross-border proxy voting and be compensated for the associated costs. They can be under no legal obligation to promote the exercise of such proxy by non-resident beneficial owners.

Annex 2

Terms of Reference for ISSA Working Group 3 for Proxy Voting and Corporate Actions Proposal

- a) To develop standardised procedures for the cross-border data flow relating to proxy voting, corporate actions and other information or instructions of this nature, in order to permit foreign investors to defend their interests and to exercise whatever rights they have in a timely fashion and in accordance with applicable law.
- b) To define an appropriate and reliable way of communication between companies, financial information vendors, central securities depositories, stock exchanges, financial intermediaries and securities investors.
- c) To identify the main criteria of a global system servicing these needs (including database, interface, language aspects, costs and compensation for financial intermediaries).

Annex 3

Composition of ISSA Working Group 3

Union Bank of Switzerland, Zurich	Kurt Meuche (Chairman), Senior Vice President & ISSA Secretary
Chase Manhattan Bank N.A., London	Colin Grimsey, Vice President
Deutsche Bank AG, Frankfurt	Theodor Herfelder, Assistant Vice President
Dresdner Bank AG, Frankfurt	Siegfried Heissel, First Vice President
Kas-Associatie N.V., Amsterdam	Dr Laurens G. Vis, Managing Director
Royal Trust, Toronto	Lyn Statten, Vice President
Swiss Bank Corporation, Basle	Arnulf Manhold, Vice President
Telekurs AG, Zurich	Nourredine Yous, Assistant Vice President
Westpac Banking Corp., London	Alan Ross, Director

Annex 4

Proposal for Standardisation of Types of Corporate Actions

A world-wide standardisation of the types of corporate actions (TOCs) represents the necessary basis for the successful development of a functioning system. Corporate actions can be sub-divided as follows:

Note: In the table below, the designations printed in italics are suggested as new standardised terms. Other designations currently used are mentioned as well for information purposes only.

TOC No	Designation	Description	Remarks
010	<i>Rights Issue</i> Renounceable Issue (Australia). Offer to subscribe for new shares	Increase of number of shares with right for existing shareholders to take up new shares against payment of subscription amount (rights can be sold on the market).	It must be made clear that subscription rights will be traded (in contrast to a priority issue; see 015).
011 012	<i>Part Payment</i> <i>Final Payment</i> Payment of 2nd, 3rd, etc. Instalment Payment of last Instalment Call Final Call Final Instalment Payment on partly-paid shares.	Increase of share capital through additional payment on face value of partly-paid shares: 1) Part payment in several instalments, or 2) Final payment, the new shares ranking pari passu on the last payment date.	Possible misunderstandings, if it is not stated which part payment is meant or whether it is the final payment.
015	<i>Priority Issue</i> Offer to subscribe for new shares / bonds Open Offer Non-Renounceable Issue New Issue	Issue of securities (shares, bonds, etc.) to existing shareholders of the company against payment of a certain subscription amount. No trading rights. If not completely taken up, the remaining shares will be mainly placed on the open market.	The main difference to rights issue is the fact that there is no trading in rights. This must be clear from the designation.
020	<i>Capitalisation Issue</i> Bonus Issue Stock Dividend (USA)	Conversion of reserves into capital stock by issuing new shares without extra payment (partially with trading in rights).	The designation "bonus issue" is somewhat misleading, since a conversion of reserves into capital stock takes place, i.e. the shareholder does not receive shares as a "bonus".
025	<i>Capital Increase</i>	Increase of the share capital. The face value of the share is changed without modification of the number of shares in circulation.	
030	<i>Stock Dividend</i>	Increase of the share capital. Automatic reinvestment of the dividend proceeds in new shares of the company.	
035 037	<i>Optional Stock/Cash Dividend</i> <i>Reinvestment Plan</i> Stock Option Dividend Scrip Dividend Possibility to reinvest Share option dividend Dividend option Bonus issue available in cash.	Offer for reinvestment of dividends in shares of the company at a fixed price (free of commission). Occasionally with issuing of tradable Bonus-rights (Netherlands). <i>Reinvestment Plan:</i> A standing order to receive shares is valid also for future payments until cancellation.	It is often not clear whether this refers to a) a one-time reinvestment possibility, or b) to a general investment plan which is also valid for future payments. If b), the word "plan" is absolutely necessary.
040	<i>Split</i>	No change of the share capital. The number of shares in circulation is increased by reducing the face value of each share.	

050 051	<i>Takeover Offer</i> <i>Repurchase Offer</i> Takeover Bid Selling Program Buy-back Scheme Floor Offer Minimum shareholder requirement (odd-lot offer)	a) Offer to shareholders of Company A to have their shares bought up. Payment of the price either in cash and/or shares of Company B. b) Offer by the company to existing shareholders to repurchase the company's own shares.	Too many terms. A clear definition is often not possible. In many cases it is not clear who buys or takes over the shares, e.g. American companies often present their offers to the shareholders via a broker.
052	<i>Exchange Offer</i>	Offer to share-/bondholders to exchange their holdings for other securities of the same company.	
053	<i>Exchange of Certificates</i>	Compulsory exchange. No change of share capital or number of circulating shares. Only administrative measure.	For instance, exchange for certificates with new coupon sheet, or dematerialisation (change into book entry form).
055	<i>Compulsory Acquisition</i>	Merger of two or several companies by exchange of the old shares against shares of one of the two (or more) companies with compulsory approval of the shareholders.	In the case of an optional exchange the term "takeover offer" must be used.
060	<i>Spin-Off</i> Demerger	Deconcentration of a combine of by issuing shares of a subsidiary to shareholders of the parent company or group.	
070	<i>Reverse Split</i> Reorganisation Reconstruction of Capital Scheme of Arrangement	No change of share capital. Increase of face value of the single shares by reducing the number of shares in circulation.	It is very important that such a corporate action is recognised early, so that the necessary bookings can be made in time to avoid the sale of the earlier number of shares at the new price (after reverse split).
075	<i>Reduction of Circulating Shares</i>	Reduction of the share capital by reducing the number of circulating shares. The face value of the single share remains unchanged.	
076	<i>Reduction of Face Value</i> Reorganisation	Reduction of the share capital and of the face value of the single share. The number of the circulating shares remains unchanged.	The designation "reorganisation" is very neutral, but does not clearly define the transaction as such.
080	<i>Last Exercise / Conversion</i>	Depending on the terms, there may be a final call for the exercise/conversion of options, warrants or convertible bonds prior to the expiration date.	
090	<i>Redemption at Bondholders Option</i> Retraction Option Redemption at Noteholders Option	Possibility for bondholders to require premature redemption.	
095	<i>Extending the Maturity of Bonds</i>	Possibility, stipulated in the Terms and Conditions of the bonds for the bondholders, to prolong the lifetime of the bonds.	
100	<i>Liquidation</i> (shares are valueless) Dissolution of a company Winding Up To put a company under receivership	For different reasons the certificates may become valueless. Shareholders may either remove their holding voluntarily from the books, or have it removed compulsorily by the foreign depository.	
105	Liquidation Payment	The company is in liquidation. The shareholder receives one or more payments from the liquidation proceeds.	

110	Name Change	The company changes its name.	The name change may or may not be reflected on the certificates (stamping or no stamping or exchange).
111	Change of the smallest negotiable Unit	Modification of the smallest negotiable unit of shares in order to obtain a new negotiable unit.	Customers are only informed if odd lots are to be eliminated.

Annex 5

Proposal of Corporate Action Message Type, Data Structure and Data Elements

1. Structure of Message Type

It is suggested to create a message type for corporate actions covering the entire minimum information as per point 2 below. Which data fields contain which information is obvious from the Type of Corporate Action (TOC) Number (see Annex 4).

If additional information is required, it has to be entered in supplementary, free-formatted fields (if necessary in further message types to be defined).

Message Type: Corporate Action

Data Elements		
No	Designation	Remarks
1	ISIN	If more than one issue/holding is involved, a separate message for each one is to be generated.
2	Designation of the (old) shares	Designation of the respective holding (existing or per ex-date)
3	Size of the holding	Nominal amount or number of shares of the respective holding.
4	Type of corporate action	
5	Ex-date	First date, when old securities are traded "ex" rights, etc.
6	Record date	
7	(Last) Conversion (Exchange-) date	
8	Ratio old : new	Ratio old holding : new securities
9	Ratio old : rights	Ratio holding : right Example: 1 share = 1 right (1:1) DEM 500.- = 1 right (500:1) for conversion of bonds
10	Settlement of fractions	o = if fractions can be purchased or sold c = compulsory indemnification
11	Trading period for right	
12	Subscription period	
13	Deadline for instruction	Only related to settlement of fractions or rights.
14	Deadline for subscription	Only related to subscription of new issues or acceptances of offers
15	Price	Subscription price, liquidation rate or remuneration etc.
16	Payment date	
17	Value date	
18	Face value of old securities	
19	Face value of new securities	
20	Number of part payments	Compulsory only with TOC 011 and 012
21	Still open to pay	Compulsory only with TOC 011
22	ISIN of new securities	
23	Designation of the new securities	
24	Smallest available unit of the new securities	
25	Date of availability of the new securities	
26	Date of commencement of dividend or interest entitlement of the new securities	Dividend or interest entitlement
27	Last trade date of warrants / conversion bonds	Compulsory only with TOC 080
28	Gross dividend	Amount per share
29	Withholding tax	Percentage
30	Accrued interest	Compulsory only with TOC 090

31	Smallest negotiable unit (old)	Compulsory only with TOC 111
32	Smallest negotiable unit (new)	Compulsory only with TOC 111
33	New maturity date	Compulsory only with TOC 095
34	Designation of the offer	
35	Offer limited to holdings - less than nnn - more than nnn	- mark "l" for less and "m" for more - holding (nominal amount)
36	Offer only effective if nn %	Percentage
37	Share capital old	
38	Share capital new	Only if share capital is increased or decreased
39	Type of tax	e.g. Swiss Federal Stamp Duty
40	Tax percentage	
41	Tax code	0 = tax paid by the company 1 = tax will be retained or debited
42	Listing of "new securities"	First day of trading of the new securities
43	Stock exchange where new securities are listed	

An alternative to the above proposal would be the allocation of individual message types for each corporate action. The disadvantage would be, however, that the minimum of information would be limited, since no fields would be available for supplementary texts, and storage space would be taken by redundant data.

2. Structure and Contents of Data

2.1. Minimum Information for Different Types of Corporate Actions

The following table lists for all types of corporate actions shown in Annex 4 the absolute minimum of information required by the custodians for administrative handling:

Type of corporate action (TOC)		Information
A) Generally required - minimum for all TOCs		- ISIN - Designation of (old) securities - Size of holding (nominal amount or number of shares, etc.)
No	TOC	Information
	B) Variable, depending on TOC	
010	Rights issue	- Ex date - Record date - Ratio rights : new securities - Ratio old securities : rights - Price - Payment date - Value Date - Deadline for subscription - Subscription period - Trading period of rights - ISIN of the new securities * - Designation of the new securities * - Smallest available unit of the new securities * - Date of availability of the new securities * - Date of commencement of dividend/interest entitlement of the new securities * - Share capital (old) - Share capital (new) - Type of tax - Percentage of tax - Tax code * only if not equal to old securities

011	Part payments	<ul style="list-style-type: none"> - Part payment number... - Price (amount of the payment rate) - Face value - Still open to pay (amount) - Payment date - Value date
012	Final payment	<ul style="list-style-type: none"> - Price - Face value - Payment date - Value date
015	Priority issue	<ul style="list-style-type: none"> - Ex date - Record date - Ratio - Price - Payment date - Value date - Subscription period - Trading period of rights - ISIN of the new securities * - Designation of the new securities * - Smallest available unit of the new securities * - Date of availability of the new securities * - Date of commencement of dividend/interest entitlement of the new securities * - Deadline for instructions - First day of listing of the new securities - Stock exchange(s) where new securities are expected to be listed <p>* only if not equal to old securities</p>
020	Capitalisation Issue	<ul style="list-style-type: none"> - Ex date - Record date - Ratio - Deadline for subscription - Subscription period - Trading period of rights (optional) - Share capital (old) - Share capital (new) - Type of tax - Percentage of tax - Tax code
025	Capital increase	<ul style="list-style-type: none"> - Face value (old) - Face value (new, after increase) - Conversion date - Share capital (old) - Share capital (new)
030	Stock dividend	<ul style="list-style-type: none"> - Ex date - Record date - Ratio - Date of availability of the new shares - Date of commencement of dividend/interest entitlement, if not equal to old shares - Deadline for instructions (settlement of fractions) - Settlement of fractions (optional / compulsory) - Share capital (old) - Share capital (new)

035	Optional dividend (cash / stock)	<ul style="list-style-type: none"> - Ex date - Record date - Ratio - Price (for reinvestment) - Payment date (for reinvestment) - Gross dividend - Withholding tax - Deadline for subscription - Payment date of the dividend - Subscription period - Trading period of rights - ISIN of the new securities * - Designation of the new securities * - Smallest available unit of the new securities * - Date of availability of the new securities * - Date of commencement of dividend/interest entitlement of the new securities * - First day of listing of the new securities - Stock exchange(s) where new securities are expected to be listed - Type of tax - Percentage of tax - Tax code <p>* only if not equal to old securities</p>
037	Reinvestment plan	<ul style="list-style-type: none"> - Ex date - Ratio - Price for reinvestment - Gross dividend - Withholding tax - Type of tax - Percentage of tax - Tax code
040	Split	<ul style="list-style-type: none"> - Ex date - Record date - Ratio - Date of commencement of dividend entitlement - Date of availability of the split shares - Settlement of fractions (optional / compulsory) - Deadline for instructions (settlement of fractions)
050	Takeover offer	<ul style="list-style-type: none"> - Ratio - Price - Payment date - Subscription period - Deadline for instructions (acceptance) - Settlement of fractions (optional / compulsory) - Designation of the offer - Offer limited to holdings less than nnn or more than nnn - Offer only effective if a minimum number of share/bondholders accept - Deadline for instructions (settlement of fractions) - ISIN of the new securities - Designation of the new securities - Smallest available unit of the new securities - Date of commencement of dividend/interest entitlement of the new securities - First day of listing of the new securities - Stock exchange(s) where new securities are expected to be listed
051	Repurchase offer	<ul style="list-style-type: none"> - Price - Payment date - Value date - Subscription period - Deadline for instructions (acceptance) - Offer limited to holdings less than nnn or more than nnn - Offer only effective if a minimum number of share/bondholders accept

052	Exchange offer	<ul style="list-style-type: none"> - Ratio - Subscription period - Deadline for instructions (acceptance) - Settlement of fractions - Deadline for instructions (settlement of fractions) - ISIN of the new securities - Designation of the new securities - Smallest available unit of the new securities - Date of availability of the new securities - Date of commencement of dividend/interest entitlement of the new securities - Offer limited to holdings less than nnn or more than nnn - Offer only effective if a minimum number of share/bondholders accept - First day of listing of the new securities - Stock exchange(s) where new securities are expected to be listed
053	Exchange of certificates	<ul style="list-style-type: none"> - Conversion (exchange-) date - ISIN of new certificates (only if changed) - Designation of new securities (only if changed) - Smallest available (deliverable) unit of the new certificate - Date of availability of new certificates (blank = dematerialised)
055	Compulsory acquisition	<ul style="list-style-type: none"> - Ratio - Ex date - Record date - Payment date (only if changed) - Value date (only if changed) - Price (only if changed) - Deadline for instructions (settlement of fractions) - Settlement of fractions (optional / compulsory) - ISIN of the new securities - Designation of the new securities - Smallest available unit of the new securities - Date of availability of the new securities - Date of commencement of dividend/interest entitlement of the new securities - First day of listing of the new securities - Stock exchange(s) where new securities are expected to be listed
060	Spin-off	<ul style="list-style-type: none"> - Ratio - Record date - Ex date - Subscription period - Deadline for instructions (acceptance) - Settlement of fractions (optional / compulsory) - Deadline for instructions (settlement of fractions) - ISIN of the new securities - Designation of the new securities - Smallest available unit of the new securities - Date of availability of the new securities - Date of commencement of dividend/interest entitlement of the new securities - First day of listing of the new securities - Stock exchange(s) where new securities are expected to be listed
070	Reverse split	<ul style="list-style-type: none"> - Ratio - Settlement of fractions (optional trading) or compulsory (only indemnification) - Deadline for instructions (settlement of fraction) - not applicable if only indemnification - Conversion date - Share capital (old) - Share capital (new)

075	Reduction of circulating shares	<ul style="list-style-type: none"> - Ratio - Settlement of fractions (optional trading) or compulsory (only indemnification) - Deadline for instructions (settlement of fraction) - not applicable if only indemnification - Conversion date - Share capital (old) - Share capital (new)
076	Reduction of face value	<ul style="list-style-type: none"> - Face value (old) - Face value (new, after reduction) - Conversion date - Share capital (old) - Share capital (new)
080	Last exercise / conversion of bonds or warrants	<ul style="list-style-type: none"> - Ratio - Price - Payment date - Value date - Deadline for subscription - Settlement of fractions (optional trading) or compulsory (only indemnification) - Deadline for instructions (settlement of fraction) - ISIN of the new securities - Designation of the new securities - Smallest available unit of the new securities - Date of availability of the new securities - Date of commencement of dividend/interest entitlement of the new securities - Last trade date of old securities - First day of listing of the new securities - Stock exchange(s) where new securities are expected to be listed
090	Redemption at bondholders option	<ul style="list-style-type: none"> - Price - Payment date - Accrued interest - Deadline for instruction (acceptance)
095	Extending the maturity of bonds	<ul style="list-style-type: none"> - New maturity date - New interest rate (optional) - Deadline for instructions
100	Liquidation	<ul style="list-style-type: none"> - Deadline for instructions (optional, only if permission for removing of the books required)
105	Liquidation payment	<ul style="list-style-type: none"> - Price (liquidation rate) - Payment date - Value date
110	Name change	<ul style="list-style-type: none"> - Conversion (exchange) date - ISIN of new securities (only if changed) - Designation of new securities certificates (only if changed) - Smallest available (deliverable) unit of the new securities certificates (only if changed) - Date of availability of the new securities (certificates) (blank = old certificates will be stamped)
111	Change of smallest negotiable unit	<ul style="list-style-type: none"> - Conversion date - Smallest negotiable unit (old) - Smallest negotiable unit (new) - Settlement of fractions (optional) - Deadline for instructions (settlement of fractions) (optional)

Annex 6

Response Time for Corporate Actions

The response time may have to differ from corporate action to corporate action. The handling time needed depends mainly on whether or not instructions, e.g. for the subscription of new shares or acceptance of an offer, must be given by the beneficial owners, i.e. the customers of the custodians. The time needed is also determined by the length of the custodial chain, since receipt, verification, possibly modification and/or translation and subsequent forwarding of the information can be very time consuming.

However, standards must not depend on individual circumstances. Therefore, the following table shows suggested response times after information dissemination by the company or the lead manager.

It goes without saying that information must be forwarded within the custodial chain as fast as possible.

Type of Corporate Action (TOC)		Response Time
		1 week = 5 business days
010	Rights Issue	4 weeks before ex date
011	Part Payment	4 weeks before payment date
012	Final Payment	4 weeks before payment date
015	Priority Issue	4 weeks before ex date
020	Capitalisation Issue	4 weeks before ex date
025	Capital Increase	4 weeks before subscription
030	Stock Dividend	4 weeks before ex date
035	Optional Dividend (Stock / Cash)	4 weeks before ex date
037	Reinvestment Plan	4 weeks before ex date
040	Split	2 weeks before ex date
050	Takeover	4 weeks before acceptance date
051	Repurchase Offer	4 weeks before acceptance date
052	Exchange Offer	4 weeks before exchange begins
053	Exchange of Certificates	4 weeks before exchange begins
055	Compulsory Acquisition	4 weeks before execution
060	Spin-Off	4 weeks before execution
070	Reverse Split	4 weeks before execution
075	Reduction of Circulating Shares	4 weeks before execution
076	Reduction of Face Value	4 weeks before execution
080	Last Exercise / Conversion of Options and Warrants	8 weeks before expiration date
090	Redemption at Bondholders Option	4 weeks before earliest redemption date
095	Extending the Maturity of Bonds/Notes	4 weeks before extension date
100	Liquidation a) valueless shares	8 weeks before removal
105	Liquidation b) Payments	4 weeks before payment date(s)
110	Name Change	4 weeks before execution
111	Change of Smallest Negotiable Unit	4 weeks before change date