

SHAREHOLDER IDENTIFICATION: In search of Transparency

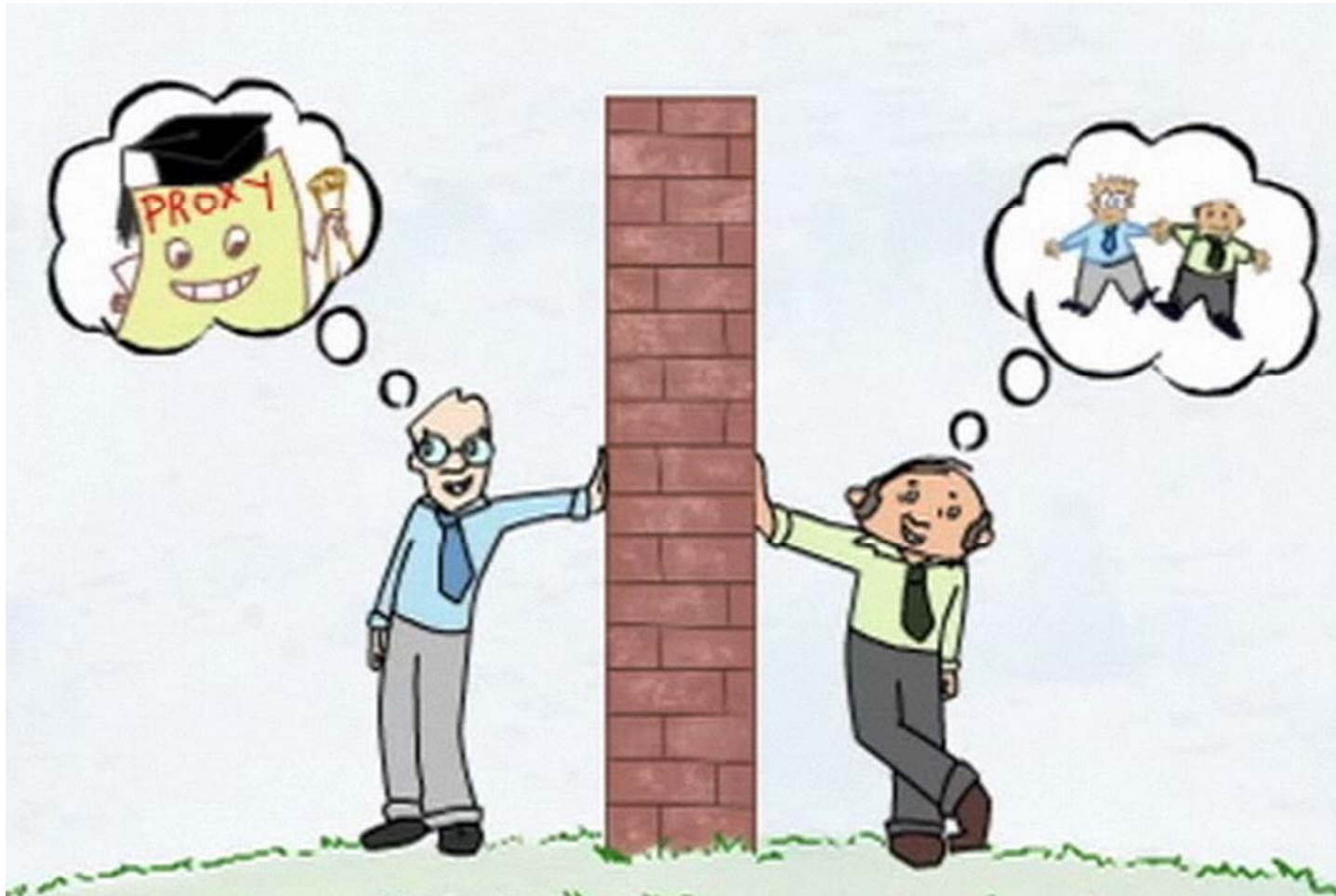
Andy Callow
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 **Computershare**

Transparency – An Issuer Agent's perspective



Does Transparency Matter?

›Fundamental right for Issuers

- ›Who owns our shares?
- ›Identify changes in ownership
- ›Development of effective two-way communications
- ›Demonstrating good corporate governance
- ›Early detection of stake building
- ›Analysing investors
- ›Testing shareholder support
- ›Extending incentive arrangements to intermediated holders

Why it matters

- ›Especially relevant in difficult economic conditions
- ›Communication of management strategy/results
- ›Prioritize management's time
- ›Measure the success of IR
- ›Allow issuers to target new investors
- ›Validate that the financial profile matches that of their investors
- ›Ability to reach key decision makers
- ›Understanding investment discretion versus the voting discretion
- ›Allows directors to exercise their "Duty of care"

Specific Issues

- ›Periodic vs regular demands for information
- ›Legal support
- ›What information
- ›Full disclosure or based on thresholds
- ›Issuer choice
- ›Intermediary costs

Impacts of Intermediation

› **Issues**

- › Intermediary chains can be quite long
- › Frequently several layers deep
- › Each with different systems/operations
- › Enquiries necessary at every level in order determine beneficial holder positions
- › Generic forms
- › Timeliness

Preserving Investor Privacy

›Preserving Anonymity/Privacy

- ›Do holders want to remain anonymous?
- ›Cost of anonymity
- ›Alternate solutions
 - ›Use of Nominees
 - ›Independent 3rd Party Collation

Harmonisation

› **Various harmonisation initiatives in post trade sector**

- › Market Standards for Corporate Actions
- › Market Standards for General Meetings
- › Transparency Directive
- › CSD Law
- › Securities Law Directive
- › Messages
- › Settlement Day Schedule
- › Process Efficiency
- › Code of Conduct
- › Shareholder Rights Directive
- › MiFID

Harmonisation Benefits

› **TARGET2-Securities will have an impact**

- › Consolidation via single accounts
- › Internalisation
- › Competition between CSDs

› **Initial implementation costs but: -**

- › Shared infrastructure – CSD/T2S
- › ISO messaging
- › Reduced ongoing costs
- › Easier Understanding
- › Back Office Efficiencies
- › Accelerated process
- › Issuer savings

Ideal solution

- ›Efficient Id system
- ›Using shared infrastructure
- ›Freedom of choice re timing
- ›Issuer/Investor awareness
- ›Direct communications
- ›Holders get timely information
- ›Direct exercise of rights
- ›Increased participation

Summary

- › Identifying Beneficial Holders **IS** important
- › Current system is inefficient and costly to operate
- › Many systems insufficient for Investor communication
- › Needs action
- › Harmonised Shareholder Id process
- › Supported by legal framework
- › Efficient Id systems and infrastructure

Final outcome – win/win...

