SECURITIES MARKET PRACTICE GROUP

APAC RMPG

Corporate Action Working Group

Agenda

1. Update on the SR 2014 Change Requests outcome from the CA MWG meeting and Country Voting Process
2. Follow up – CA Sub-groups
3. Follow up – TW rights issue
4. New topic – Cash dividends in the TW market
5. New topic – Malaysia's stock dividend event (Yek Ling)
6. New topic – Pakistan dividend dates logic (Madalene Soon)
7. Global CA SMPG - Oversubscription Market Practice Review (Yek Ling)

Update on SR 2014 Change Requests Outcome

- Corporate Action CRs
  - Total 35 Change Requests received, 26 accepted and 9 rejected.
- Common Cat 5 CRs
  - Out of the 3 Change Requests that affect CA, 2 accepted and 1 rejected.
- Country vote sent out with MWG minutes to all national user groups on 17 Sept 2013. National user groups have 5-6 weeks to return their vote. Deadline is on 25 Oct 2013.

APAC CA Sub-groups

Standardise and automate the announcement process			
1	Mai Le	JPM	mai.x.le@jpmorgan.com
2	Nassar Ahmad	Golden Source	NAhmad@thegoldensource.com
3	Rijil Thomas	Golden Source	RThomas@thegoldensource.com
4	John Soo	Standard Chartered	John.Soo@sc.com
5	Jyi-chen Chueh	Standard Chartered	Jyi-chen.Chueh@sc.com
To improve transparency and efficiency of Shareholders meeting services			
1	Mai Le	JPM	mai.x.le@jpmorgan.com
2	Hartini Rahim	Standard Chartered	Hartini.Rahim@sc.com
3	Jyi-chen Chueh	Standard Chartered	Jyi-chen.Chueh@sc.com
Work with infrastructures to move from proprietary to ISO standards			
1	Nassar Ahmad	Golden Source	NAhmad@thegoldensource.com
2	Rijil Thomas	Golden Source	RThomas@thegoldensource.com
3	Jyi-chen Chueh	Standard Chartered	Jyi-chen.Chueh@sc.com
4	John Soo	Standard Chartered	John.Soo@sc.com
EIG+ documentation for all APAC countries (who do not have an NMPG currently)			
1	John Soo	Standard Chartered	John.Soo@sc.com
2	Hartini Rahim	Standard Chartered	Hartini.Rahim@sc.com
General session only (participate to the subgroups on an ad hoc basis)			
1	Jonathan Rodda	State Street	jrodda@statestreet.com

Follow up - Taiwan Rights

- Proposal now is to redefine PRIO to suit TW's situation or to create a new event type.
- The TW local custodian group will discuss in their next meeting in mid-Oct to see if a modification of PRIO works – updates will only be available then.

Cash dividends in the TW market

- Laura of BoNYMellon, and SWIFT is in dialogue with a Taiwanese sub-custodian regarding cash dividends.
- The sub insists that the eligible amount (:19B::ENTL) is actually the gross amount in the MT 564 and not the net amount, and that the UHB definitions support their claim.
- BoNYMellon expect the net amount in the eligible amount field, in line with global SMPG documentation.
- What is the rationale for Taiwan not conforming to the global SMPG market practice? How are the other markets in APAC handling this?
- Update: In the SMPG CA call last week, we touched on the question of ENTL amount being the net amount and the answer was clear that it is the “projected amount that will be included in PSTA in the MT 566”. Therefore, it means the net amount. The CA group has decided to add this as a Market Practice in the GMP Part 1 document.

Malaysia's Stock Dividend Event

- Malaysia for a stock dividend event (mandatory as well as mandatory with option) where the odd lot entitlement will be paid in cash instead of stock as initiated/offered by the issuer company.
- The issuer company will sell odd lot entitlement without giving any other option to the shareholder. The cash payment for odd lot is usually made 10 days after the payment of resulting stock.
- The main issue seems to be that:
  - Should this be handled as one event with a sub option to reflect odd lot entitlement and its payment date, price etc or
  - To be handled as two separate event? And if yes, what is the standard format?

Pakistan Dividend Dates Logic (1/2)

- Since Record Date is not announced/provided by exchange, what is the market practice on Record Date?
  - Record Date = Start of Book Closure OR
  - Record Date = Start of Book Closure + 1 business day
  - Ex Date = Record Date – 1 business day

- Exchange defined Pay Date as below and as seen in the next slide, is this agreed/followed by the market or should it be **45 days**?
  - Interim Dividend: Within **30 days** from the date of commencement of closing of share transfer register
  - Final Dividend: Within **30 days** from the date of General Meeting in which the same as been approved

Pakistan Dividend Dates Logic (2/2)

1. Eg
ISIN PK0080201012
Security Name: OIL & GAS DEVELOPMENT
Announcement Date: 6 Aug 2013

ISIN PK0055601014
Security Name: MCB BANK
Announcement Date: 16 Aug 2013

2. Nov 07 2008 3:23PM HP LASERJET FAX

(SuperLawServices)

FAX NO. 6801129
ATTN: MR ASADULLAH - NCSL
FROM: MR. MALIK AMAN - NRL

ISLAMABAD, WEDNESDAY, SEPTEMBER 3, 2008

PART II
Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 3rd September, 2008

S. R. O. 920(I)/2008.—In pursuance of the provisions of sub-section (1) of section 251 of the Companies Ordinance, 1984 (XLVII of 1984), as amended, the Securities and Exchange Commission of Pakistan is pleased to specify that the chief executive of the company shall be responsible to make the payment of dividend within a period of thirty days of the declaration.

[No. CLD/RD/602(17)2008.]

ABDUL REHMAN QURESHI,
Advisor/Secretary.

3. **THE LISTING REGULATIONS OF THE KARACHI STOCK EXCHANGE LIMITED**

CHAPTER V. DIVIDENDS AND ENTITLEMENTS

19. (1) Every listed company shall:-

(i) dispatch the interim dividend warrants to the shareholders concerned within 30 days from the date of commencement of closing of share transfer register for purpose of determination of entitlement of dividend.

(ii) dispatch the final dividend warrants to the shareholders concerned within 30 days from the date of General Meeting in which the same has been approved.

CHAPTER VII. INCREASE OF CAPITAL & ALLIED ISSUES

24. (1) A listed company shall issue bonus shares certificates within a period of 30 days from the date of re-opening of the share transfer register closed for this purpose.

Oversubscription (1/4)

- The SMPG CA WG discussed the different scenarios (as explained in the following slides) for oversubscription for rights exercise in EXRI, particularly the use of QREC vs QINS.
- The SMPG CA WG is recommending Scenario One (usage of QREC) however Yek Ling has raised up a concern on the need to retain the use of QINS in the MT 565 and STAQ in the MT 567 for oversubscription and offer events.
- To gather feedback from NMPGs on the usage of oversubscription.
- Update: In the SMPG CA call last week, the group has decided to ask again the feedback from the NMPGs about this scenario 3 (which is more a misuse at great scale) that was earlier removed so as to know whether we really want to ignore this misuse.

Oversubscription – Scenario One (2/4)

- **1st flow**

MT564

13A CAON//001
22F CAOP//EXER
13A CAON//002
22F CAOP//OVER
22F OPTF//QREC
13A CAON//003
22F CAOP//LAPS

MT565

To subscribe only:

13A CAON//001
22F CAOP// EXER
36B QINS//UNIT/ Quantity of rights exercised

To subscribe and oversubscribe:

Two MT565 will need to be sent

1) to subscribe

13A CAON//001
22F CAOP// EXER
36B QINS//UNIT/ Quantity of rights exercised

2) to oversubscribe

13A CAON//002
22F CAOP// OVER
36B QREC//UNIT/ Quantity of shares requested via oversubscription

MT567

To subscribe

25D IPRC//PACK
13A CAON//001
22H CAOP//EXER
36B STAQ//UNIT/ Quantity of rights exercised

To oversubscribe

25D IPRC//PACK
13A CAON//002
22H CAOP//OVER
36B QREC//UNIT/ Quantity of shares requested (to receive)

Oversubscription – Scenario Two (3/4)

- **2nd flow**

MT564

13A CAON//001
22F CAOP// EXER
22F OPTF//QOVE
13A CAON//002
22F CAOP//LAPS

MT565

To subscribe only:

13A CAON//001
22F CAOP// EXER
36B QINS//UNIT/ Quantity of rights exercised

To subscribe and oversubscribe:

13A CAON//001
22F CAOP// EXER
36B QINS//UNIT/ Quantity of rights exercised
36B QOVE//UNIT/ Quantity of shares requested via oversubscription (to receive)

MT567

To subscribe

25D IPRC//PACK
13A CAON//001
22H CAOP//EXER
36B STAQ//UNIT/ Quantity of rights exercised

To oversubscribe

25D IPRC//PACK
13A CAON//002
22H CAOP//OVER
36B QREC//UNIT/ Quantity of shares requested (to receive)

Oversubscription – Scenario Three (4/4)

- **3RD flow**

When 22F OPTF//QREC or 22F OPTF//QOVE are not present in the MT564, QINS can be used by default.
The quantity of shares mentioned in 36B QINS//Unit of the MT565 should be understand as the quantity of shares that are oversubscribed for.

MT564

13A CAON//001
22F CAOP//EXER
13A CAON//002
22F CAOP//OVER
13A CAON//003
22F CAOP//LAPS

MT565

To subscribe only:

13A CAON//001
22F CAOP// EXER
36B QINS//UNIT/ Quantity of rights exercised

To oversubscribe:

13A CAON//002
22F CAOP// OVER
36B QINS//UNIT/ Quantity of shares requested via oversubscription (this is how the message will be understood in this specific case)

MT567

To subscribe

25D IPRC//PACK
13A CAON//001
22H CAOP//EXER
36B STAQ//UNIT/ Quantity of rights exercised

To oversubscribe

25D IPRC//PACK
13A CAON//002
22H CAOP//OVER
36B STAQ//UNIT/ Quantity of shares requested via oversubscription (this is how the message will be understood in this specific case)