

Depository Receipts

A depository bank oversees every aspect of a depository receipt program – from pre-launch activities through day-to-day administration – making it instrumental to any program’s success.



The Role of a Depository Bank

Overview

With the growing sophistication of equity issuers, investors, and financial intermediaries, securities servicing providers have been called upon to service increasingly complex financial instruments and structures and to deliver a broader range of value-added support.

This trend is particularly relevant to a depository bank and its ability to deliver all of the services required to properly support an American or global depository receipt program.

A Depository’s Role: The Basics

The primary role of a depository bank is to service the three parties involved in the DR investment process: issuers, investors and financial intermediaries. Service quality is critical as there is a direct correlation between a depository’s servicing of these parties and a program’s overall success.

While issuers, investors, and financial intermediaries still expect depositories to provide day-to-day administrative functions, such as maintenance of DR shareholder records, they also require a full suite of value-added services, such as educational seminars and strategic promotional services.

Evaluating a Depository Bank

In order to support market demands and expectations, it is important for an issuer to carefully evaluate a

depository bank’s securities servicing infrastructure and the depth and breadth of its services. It is equally important to consider a depository’s ability to service not only the issuer, but also investors and financial intermediaries that trade its DRs. A depository must be able to perform and be directly accountable for the following scope of services:

Issuer Services—A depository bank supports the DR issuer from pre-launch planning through the program’s daily administration. The depository can be instrumental in helping the issuer determine the most appropriate type of DR facility, setting an appropriate DR-to-ordinary share ratio, and in planning and preparing for the program’s launch. Once the DR is on the market, the depository issues detailed program reports, communicates market trends, and the like. But it is the value-added services (e.g., merger and acquisition support) that a depository offers that can really make a tangible difference in a program’s performance.

In addition, to most conveniently serve the issuer, the depository’s staffing should include primary and secondary account officers in both New York and the client’s local time zone.

Investor Services—In the U.S., a stock transfer agent provides the investor-focused services typically performed by a “registrar” in many non-U.S. locations. Investor services for a DR program include: processing

DR transfers, executing corporate actions, paying dividends, processing annual and extraordinary general meetings, liaising with the local market’s sub-custodian, and responding to DR holder inquiries on behalf of the company.

In today’s global marketplace, U.S. investors expect to receive the same scope and quality of shareholder services whether investing in U.S.-listed shares of leading U.S. corporations or in U.S.-listed DRs. As BNY Mellon is the only depository bank with integrated stock transfer services, we provide efficient, streamlined service to shareholders, which reflects well on our clients.

Financial Intermediary

Services—As the securities servicer of both the DRs and the local shares, the depository is responsible for the ultimate settlement of DR issuance and cancellation transactions, negotiating DR fees with brokers, facilitating pre-release as required by the marketplace, and providing product and transaction support to brokers. This function should also support a broad promotional and secondary-market visibility program in conjunction with the company and the program administrator.

BNY Mellon as Depository: Adding Value to Issuers’ Programs

BNY Mellon is the leading depository bank, for one simple reason: we provide the best service. We actively address the needs of issuers,

investors, and financial intermediaries in the DR market and consider all of them clients. This “three-client” service philosophy helps to maximize the performance of our clients’ DR programs. We take a proactive approach to service, anticipating the needs of our clients and suggesting to them on an ongoing basis ways to elevate demand.

Another key differentiator is that we are the only depository that considers securities servicing a core business line. As a result, our DR services are supported with extensive resources and the ongoing attention of senior management, and our success directly depends on yours. This serves our clients well as we continuously invest in the specialized technology and personnel vital to effective DR program management. For other depositories, servicing DRs is an adjunct offering of secondary importance to other, core businesses.

Our value-added services add measurable value to clients’ programs. With each client’s specific objectives in mind, we:

- Establish customized DR program goals
- Employ strategic promotional initiatives to build broad investor bases
- Encourage ordinary-share investors to convert their holdings to DRs
- Provide DR investors with the same level of service they expect when investing in top U.S. companies
- Help to attract research coverage

- Provide best-practice investor relations strategies
- Educate the market on DR benefits

Perhaps most importantly, we always remember that the quality of our service impacts each client’s image among its employees, investors and customers worldwide – and steadily focus on providing unmatched service.

To Learn More

For more details, contact any of the following specialists:

Western Europe

Marianne Erlandsen
+1 212 815 4747
marianne.erlandsen@bnymellon.com

Middle East

Mahmoud Salem
+1 212 815 2248
mahmoud.salem@bnymellon.com

Central and Eastern Europe, Africa and the Americas

Anthony Moro
+1 212 815 5838
anthony.moro@bnymellon.com

Asia-Pacific

Chris Kearns
+852 2840 9875
christopher.kearns@bnymellon.com

Who’s Helping You?

As the world’s leading depository bank, acting in partnership with leading companies from over 64 countries, our DR experience is second to none. We have a deep knowledge of local markets, a global perspective and an unmatched, singular focus on the depository receipt business.

Working closely with the worldwide issuers whose DRs we serve, we offer the strategic, administrative and

customized investor outreach programs you need to keep your DRs top-of-mind in the market. Our products and services are designed to meet your unique requirements and to maximize the market performance of your DRs.

About BNY Mellon

BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation. BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has \$20.7 trillion in assets under custody and administration, \$926 billion in assets under management, services \$11.8 trillion in outstanding debt, and processes global payments averaging \$1.8 trillion per day. Additional information is available at bnymellon.com.

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