



Depository Receipt Services

Guide to Proxy Services

Issuer Services



Guide to Proxy Services

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An Introduction to Citi's Proxy Services

An aerial night view of a city, likely Dubai, featuring a prominent skyscraper with a distinctive stepped, pyramidal top. The building is illuminated with green lights. To the left, a multi-lane highway is filled with traffic, creating a long, bright orange light trail. The city lights extend into the distance under a dark sky.

Without question, the growth of depositary receipts (DRs) in the global financial marketplace has been remarkable.

This massive growth in DR programs has been – and will continue to be – driven by growing investor demand for portfolio diversification and international investing.



In this dynamic market environment, shareholder meetings and proxy voting processes have become increasingly key communications activities for companies that have sponsored DR programs. Citi, a recognized DR leader, provides a full range of proxy services. Our Depositary Receipt Services and our global, in-country teams of professionals employ best-in-industry practices to help maximize investor participation in the DR proxy process.

This Guide provides you – as the issuer – with a comprehensive overview of the proxy services we offer and how to best leverage our market-leading expertise in the field.

A Proxy Primer

In the context of depositary receipts (DRs), a proxy is the written authorization given by a registered DR holder to someone to represent him and vote the shares represented by his DRs at a shareholders' meeting. A proxy statement, which is the primary vehicle used in proxy voting, contains the information given to stockholders in conjunction with the solicitation of proxies.

The U.S. Securities and Exchange Commission (SEC) requires that shareholders of a company whose securities are registered under the Securities Exchange Act of 1934 receive a proxy statement prior to an annual or a special shareholders' meeting. The information contained in the proxy statement must be filed with the SEC before soliciting a shareholder vote. Solicitations, whether by management or shareholders, must disclose all important facts about the issues on which shareholders are asked to vote. Foreign private issuers (i.e., DR issuers) are, however, exempt from these U.S. proxy rules.

The Importance of the Proxy Process

Corporate governance – the set of processes, policies, laws and institutions affecting the way a company is directed, administered or controlled – is an important issue for all companies. Corporate governance also involves the relationships among a company’s many stakeholders. As a key component of corporate governance, the proxy process plays a crucial role in communications between a company and its investors, a prime stakeholder audience.

In brief, the proxy process is the term used to describe the means for investors to participate in a shareholders’ meeting and exercise their voting rights as shareholders without attending the meeting.

Depository receipt (DR) issuers all over the world have recognized the importance of incorporating the DR proxy process into their shareholders’ meeting planning.

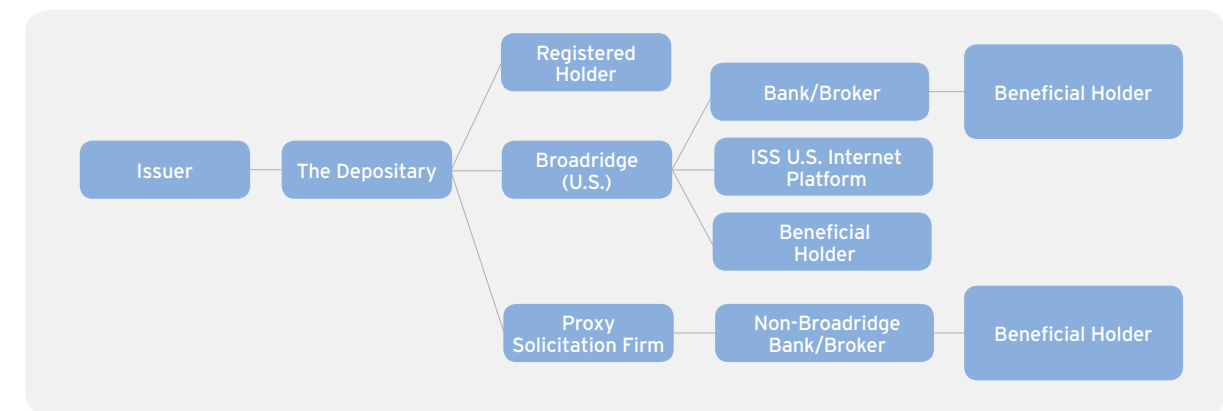
Companies may also choose to use the proxy process as an efficient and effective investor relations tool. The proxy provides increased market visibility and essential information to both beneficial and registered holders, supporting the company’s IR initiatives to describe future strategies and elaborate specific plans.

The Proxy Process

Once a company like yours decides to include the DR holders in the proxy process, you need to coordinate with the depository to send proxy materials to the DR holders in advance of the meeting. The process for an issuer to send proxy materials to them is relatively simple because their names and addresses are listed in the depository’s register of DR holders. However, the process of distributing proxy materials to beneficial owners of DRs is more complicated because of the layers of intermediaries involved in the indirect system of ownership in the U.S.

Broadridge Financial Solutions (Broadridge) is an agent employed by most banks and broker-dealers in the U.S. to handle the distribution of proxy materials to their account holders and the voting of securities on the instruction of these account holders. Citibank, N.A., in its capacity as DR depository (Citi), has no contractual relationship with, or obligation to, Broadridge. Broadridge provides proxy services to approximately 95% of the U.S. broker-dealers.

To ensure successful DR proxy voting for a shareholders’ meeting, early planning is essential.



Once a meeting date has been decided, Citi and you – as the issuer – establish a timeline for the DR holders. This timeline includes a record date for determining DR holders who are entitled to give voting instructions, a distribution date for proxy materials and a voting deadline. As the issuer, you must observe the rules of the local market where your DRs are listed when planning your meeting dates. In addition, the local market voting deadlines play a crucial role in the planning process.



Citi Recommended Timeline

60 days

prior to the Annual General Meeting (AGM):

- At Citi, we arrange a preliminary search through Broadridge to estimate printing requirements and costs.
 - Broadridge completes the broker search in about three business days and provides a preliminary number of sets of materials required for the distribution to beneficial owners of DRs.
- You determine the materials that will be mailed to the DR holders. Together we also agree which materials will be prepared and printed by us and confirm the shipment details for materials you are to provide.

50 days

prior to the AGM:

- We advise NYSE/NASDAQ/FINRA, the Depository Trust Company and Broadridge of the DR Record Date.
- The NYSE requires a minimum of ten calendar days' notice prior to the record date for a shareholders' meeting. Neither NASDAQ nor the OTC markets require advance notification of an AGM record date.

40 days

prior to the AGM:

- **U.S. Record Date** – holders of DRs as of this date are sent the proxy materials and have the right to give voting instructions to Citi.
 - You ship AGM materials to us.
 - Depending on the local market requirements, you announce the meeting agenda in the local market and provide it to us.
 - We recommend that you provide the agenda items on a confidential basis as close to the U.S. Record Date as possible. This should provide us sufficient time to prepare the DR voting instruction card and the related Depository Notice (if applicable).
 - We prepare a draft Depository Notice (if applicable) and DR voting instruction card based on the agenda items and provide it to you for comments.
- We determine the number of sets of materials required for distribution of proxy materials to registered holders of DRs.

35 days

prior to the AGM:

- You approve the DR voting instruction and the Depository Notice (if applicable).
- We receive a report from Broadridge containing the final number of beneficial owners of DRs.

30 days

prior to the AGM:

- **U.S. Distribution Date**
 - We print a sufficient amount of DR voting instruction cards and any other Citi-sourced materials.
 - We send out the materials:
 - By mail and email to registered holders of DRs.
 - By truck to Broadridge for further distribution to beneficial owners of DRs.

25 days

prior to the AGM:

- **Broadridge Distribution Deadline**
 - U.S. law allows nominees five days from the date Broadridge receives the materials to forward them to beneficial owners.
 - Materials are sent electronically or by mail to beneficial owners depending on their instructions to the nominees.

5 days

prior to the AGM:

- DR holder can vote through the DR voting cutoff date.
 - Registered holders submit their votes directly to the depository.
 - Beneficial owners submit votes directly to Broadridge, which then transmits the votes to the depository.
- The DR voting cutoff date is typically five business days prior to the cutoff date for votes in your home market. The date and time depend on the local market requirements and matters relating to the logging of the vote with the custodian in the home jurisdiction. The DR voting cutoff is set by the depository bank and is normally at least one business day prior to the day that the final tabulation of voting is required for votes in your home market.
- We receive the final voting report from the tabulator.
- We prepare the final tabulation report and send it to you and the custodian who holds the securities for us in your home market. Usually the voting instructions are submitted to a custodian in the local market and the custodian in turn facilitates the formal representation at the shareholder meeting.
- The securities represented by DRs are voted by a proxy holder at the shareholders' meeting in accordance with the voting instructions previously received from the DR holders.

Influences on the Proxy Process

The Annual General Meeting (AGM) has become an increasingly visible governance event, and often provides the only opportunity for the DR holders to participate in the governance of the company. As such issues as board performance and executive compensation continue to come under scrutiny, and as institutional investors become increasingly active, the AGM is an important opportunity to secure critical investor participation, and the proxy process plays a crucial role in communication between investors and issuers.

Exchange Regulations and Timing Requirements

The NYSE requires a minimum of ten calendar days' notice prior to the record date for a shareholders' meeting. Neither NASDAQ nor the OTC markets require advance notification of an AGM record date.

Regardless of the U.S. exchange on which a DR program is listed, we recommend a minimum of 30 days between the record and meeting dates, in order to maximize the U.S. vote and ensure that DR holders receive voting materials with enough time to provide voting instructions prior to the U.S. deadline.

The depositary requires a minimum of 40 calendar days' notice prior to the AGM date in order to have sufficient time to conduct a shareholder search through the appropriate vendors and prepare the materials to be distributed to DR holders.

Early planning is essential to ensure maximum participation of DR holders in the proxy process. Often companies rely on the DR vote for quorum purposes, so managing the AGM timetables for each listing location is key to conducting a successful meeting.

Local Market Regulations

Market regulations vary by country, and can cover a wide range of prescribed activities that dictate the procedures required for soliciting proxy votes outside the U.S. For example, some countries require only that a notice of a shareholder meeting be published in a local newspaper. In contrast, U.S. practices – and most Depositary Agreements for DRs – provide for the Depositary to mail the proxy materials to every shareholder.

While DRs are U.S. equity instruments, they are governed by a broad spectrum of local market regulations around the world. Citi, with its vast network of in-country professionals, works closely with DR issuers to facilitate compliance with local market proxy voting regulations within the context of the overall DR strategy.

Company Bylaws

Each corporation has its own bylaws that dictate how shareholder meetings are conducted, the roles and responsibilities of the various corporate officers at the meeting, what constitutes a quorum, etc. The process of your company's bylaws may need to be implemented in the DR proxy process (i.e., blocking).

Proxy Solicitation Firms

To ensure greater voter participation after the initial distribution of the proxy material, you can hire the services of a proxy solicitation firm. As an agent of your company, the proxy solicitation firm is charged to identify, locate and communicate with key shareholders. It can also influence outcomes on specific proposals and offer value-added services to issuers around proxy contests or complex corporate actions. In addition, a proxy solicitation firm can provide an analysis of the outcome of a shareholders' meeting, enabling you to see voting patterns and the effectiveness of communication efforts in order to determine strategy for future proposals and meetings.

Proxy Advisory Firms

Many institutional investors look to proxy advisory firms for guidance when granting their proxies. Proxy advisory firms analyze corporate director nominations, as well as management and shareholder proposals, and make voting recommendations to their clients. Given the large percentage of outstanding shares held by institutions, proxy advisory firms wield significant influence in the voting process. Direct contact between you and the proxy advisory firms well in advance of a shareholder meeting can help to make sure that they have complete information prior to making voting recommendations to their clients.

Summary

- Providing transparent information to shareholders is essential to good corporate governance. As an issuer, you should fully disclose any information relevant to decision-making, such as biographical details of director nominees, changes to director remuneration and amendments to company bylaws.
- A number of factors influence the proxy process, starting with the Deposit Agreement, which specifically describes voting procedures and our responsibility as depositary.
- Generally speaking, you determine the agenda for the AGM, inform us of the upcoming shareholders' meeting and voting requirements, provide us with the information to be shared with DR holders, collect instruction from the holders of the ordinary shares and conduct the meeting. The meeting notice must indicate both the meeting and record dates, as well as matters to be voted on, unless the notice is accompanied by printed material being sent out to shareholders with details on matters to be voted upon.
- We, in turn, are responsible for informing the appropriate market authorities (such as the New York Stock Exchange [NYSE]) and registered holders/beneficial owners of the details related to the shareholder meeting, and for collecting voting instructions from the holders of the DRs. This process is discussed in the following section, "Components of the Proxy Process."

Components of the Proxy Process

At Citi, we take an integrated, end-to-end approach to managing the proxy process, providing you with a dedicated Account Manager who serves as the main contact for your DR program. In the proxy process, your first step should be to contact your Account Manager, who will initiate the process.

Our state-of-the-art, easy-to-use services help streamline the proxy voting process. Proxy voting via telephone and Internet facilitates higher participation levels. An easily understood proxy card, readable by high-speed optical character recognition (OCR) equipment, speeds the tabulation of results. Throughout the process, we provide leading-edge distribution and postal services to support investor mailings.

Key components

The proxy voting process comprises three key components: documentation, mailing/distribution and voting/tabulation. Once we receive from you a notice of an AGM and a final agenda, we prepare the documentation for distribution to the DR holders. All materials must be approved by you. We then send proxy voting documentation to DR holders.

Documentation Phase

Materials

The materials prepared include:

- Your company's shareholder meeting agenda (provided by you)
- Our instruction letter to DR holders (Depositary Notice)
- The proxy card, with appropriate voting options and instructions (required)
- A business reply envelope
- A Q&A document (optional)

Printing

While the printing of the proxy card for registered holders and the Voting Instruction Form (VIF) is part of the basic process, the printing and delivery of any additional materials to be sent to DR holders is determined by you. Physical (i.e., hard copy) documents often printed for DR holders on behalf of issuers include Meeting Agendas and proxy statements. Today, most issuers choose to post these documents on their individual websites rather than print and mail them. Posting documents on your website can realize significant savings in time and costs.

There are many options for printing, and the cost is based upon the number of pages, the thickness of the paper, the number of items being printed and the production process employed. Color printing is far more expensive than black and white, and heavier paper tends to be more expensive to mail.

As a few issuers choose to print documents themselves and deliver them to the depositary, the dedicated Account Manager can help with any customs issues and provide a delivery destination based upon the production process being employed. The depositary, when arranging the printing of additional materials, can be helpful in selecting the most appropriate and/or cost-effective option.

Mailing/Distribution Phase

The mailing/distribution phase is different for registered holders and for the Depositary Trust Corporation (DTC) participants (beneficial owners).

Registered shareholders are serviced directly by the depositary. We mail/distribute all prepared materials directly to each holder registered on our books. For these holders this means that we either (i) send a physical (paper) copy of the materials or (ii) send the holder an e-mail advising the holder where to access the materials online.

Registered Holders/Distribution Options

- Electronic distribution – Holders receive an e-mail advising them that the proxy materials are available at a specific website where they can be downloaded. However, holders that opt for electronic distribution may represent only a portion of the shareholder base, so a hard-copy mailing will be necessary.
- First-Class Mail – USPS First-Class Mail is employed in most cases, as it is appropriate for small and large programs and gets the proxy materials to DR holders in just a few days.
- Overnight courier – When time is short, or to increase participation, some issuers choose to employ an overnight mail option for all, or some, DR holders.
- Stratified mailings – Often, an issuer will choose different mail types for different levels of DR ownership. Stratified mailings are less common for registered DR holders than it is for beneficial shareholders.

Employee Share Plans: You may have an Employee Share Plan whose participants have full voting rights. Whether the plan is administered by Citi or another plan administrator, we can coordinate the proxy process to include voting by mail, telephone and Internet as well as the tabulation and logging of employee plan votes. Your Account Manager can advise you on the most effective process.

Beneficial Owners

The majority of beneficial owners receive their proxy materials through Broadridge Financial Solutions (Broadridge). Broadridge is the largest processor of shareholder communications to corporations, banks, brokerage firms and mutual funds and is employed as an agent by these firms to manage the proxy voting process on behalf of their underlying beneficial owners. Broadridge has no contractual relationship with, or obligation to, Citi in its capacity as depository for DRs. It allows institutional investors to manage and vote their proxies online, helping to ensure participation of many DR issuers' largest holders.

Broadridge Distribution Options

- First-Class Mail – USPS First-Class Mail is employed in most cases, as it is appropriate for small and large programs and gets the material to DR holders in just a few days.
- Overnight courier – When time is short, or to increase participation, some issuers choose to employ an overnight delivery option for all, or some, DR holders.
- Alternate processing options, such as Notice and Access, are available to DR issuers.
- Stratified mailings – Stratified mailings are used to select different mail options for beneficial owners, depending upon their level of DR ownership. A typical example would be to service all holders of over 10,000 shares by overnight mail and all others by First-Class Mail, but other mail options and other “share-breaks” are also viable. When contemplating a stratified mailing, the first step for an issuer is to determine the numbers of holders above and below various thresholds.

- Electronic distribution is an option that is selected by the beneficial owner and records to effectuate electronic distributions are maintained by Broadridge. It is customary for Broadridge to make delivery by electronic distribution unless advised differently by the depository on behalf of the issuer. An issuer can choose to service these holders by e-mail or send a hard copy. Holders receive an e-mail advising them that the proxy materials are available at a specific website where the materials can be downloaded. Beneficial owners who opt for electronic distribution likely represent only a portion of the DR holder base, so a hard copy will be necessary.

Methods of Voting

Registered Holders

Upon receipt of the proxy materials, registered holders can cast their votes by the following methods:

- By Mail: A holder votes by completing the physical proxy card and returning it by mail to Citi, the tabulation agent.
- By Telephone: A DR holder votes by phoning a dedicated toll-free number, entering a security code and entering votes by touch-tone phone.
- Internet Voting: A DR holder votes by accessing a dedicated website via the Internet, entering a security code and keying in the voting instructions online.

Telephone and Internet voting are available as stand-alone products or as part of a combined telephone/Internet voting service. In addition to setup fees for the service selected, the costs associated with telephone and Internet voting are determined by the number of holders who choose to employ it.

There are several variations of telephone and Internet voting, which often have other considerations, such as hard copy fulfillment obligations for annual reports and/or proxy materials.

Through a dedicated service provider, an issuer is offered electronic voting (telephone and Internet) applications. Both are custom branded for the issuer – the website can display the issuer's logo and color scheme and provides space for issuer messaging to the shareholder. A toll-free number is assigned and the telephone system greeting plays the issuer's name and meeting type. Votes are captured in real time and online vote results reports are automatically updated. The website displays the meeting date, time and location and will prompt for e-delivery consent.

Internet and Telephone Voting Is Easy and Helps to Increase the Response Rate

Citi Internet and telephone voting offers registered holders a convenient way to execute their proxy votes. These methods can also decrease the overall response time for receipt of votes – in the U.S., the majority of those persons who vote electronically or by telephone do so within the first two weeks of the mailing date. It can also reduce the following year's mailing costs, if registered holders elect to sign up for future e-delivery of proxy materials. The voting cards sent to registered holders offer the opportunity to vote by mail, telephone or Internet. A unique control number, toll-free telephone number and Internet address are provided on the proxy card. All voting capabilities are available as of the mail date, and end at the cutoff date. The time frame is identical for all media. Both Internet and telephone voting access require the holder to input a unique control number. DR holders vote via the Internet by accessing the Citi DR site, which contains a link to the secure proxy site. All information is encrypted between the holders' personal computer and the server. The control number is transmitted over the network during the login session. Once logged in, the shareholder's name, address and share position are transmitted. Citi uses some of the most sophisticated Internet security technology available, including 128-bit encryption and advanced security protocols, to ensure the utmost in data protection. DR holders can change elections using any of the three mediums, up until the cutoff date. At the designated cutoff time, telephone and Internet voting is immediately blocked. The last instruction received by the cutoff date – by phone, mail or Internet – is the last vote counted.

Holders voting via the Internet have additional flexibility in managing their relationship with the DR issuer. Over the Internet they can change the address, elect to receive future proxy statements and annual reports via e-mail, and submit comments.

Beneficial Owners

Upon receipt of the proxy materials, beneficial owners can cast their votes by the following methods:

- **By Mail:** A holder completes the physical proxy card and returns it by mail to Broadridge Financial Solutions, the tabulation agent.
- **By Telephone:** A DR holder votes by phoning a dedicated toll-free number, entering a security code and votes by touch-tone phone.
- **Internet Voting:** A DR holder votes by accessing a dedicated website via the Internet, entering a security code and keying in the voting instructions online.

The selection of voting medium is not controlled by the issuer or the depository bank. Instead, the beneficial owner separately and independently instructs Broadridge of the medium it wishes to use from proxy purposes.

Tabulation of Votes

Registered Holders

The votes of registered holders are cast via the proxy card, or by electronic response through the use of the telephone and Internet facilities. Voting results are then tabulated by Citi, which consolidates these results with the votes received from Broadridge on behalf of beneficial owners to generate a consolidated report.

Beneficial Owners

Beneficial owners' votes are cast via the proxy card or by electronic response through the touch-tone phone and Internet facilities of Broadridge Financial Solutions. Voting results are then tabulated by Broadridge and forwarded to Citi, which consolidates them with the votes received from registered holders into a consolidated report.

The depository undertakes a quality control check of tabulated voting instructions to ensure that no bank or brokerage firm has attempted to submit instructions for more shares than they actually owned on the record date.

The depository converts the number of DRs represented by voting instructions from both registered and beneficial DR holders into local shares based on the appropriate ratio.

All votes are then tabulated, and the appropriate information is forwarded by Citi to the custodian in the issuer's home market. The custodian, in turn, facilitates the formal representation of the votes at the shareholder meeting. A copy of the tabulation report is also sent to the DR issuer.

Special Voting Situations and Requirements

Discretionary Voting

"Discretionary proxy" is a voting mechanism that may be included in a DR Deposit Agreement if the DR issuer that sponsors the DR program believes there is a need to capture votes for DRs that have not been timely voted by the DR holders, and deems such mechanism to be appropriate. In a typical discretionary proxy clause found in DR Deposit Agreements, the depository bank is authorized and directed (subject to certain contractual limitations specified in the DR deposit agreement) to provide a proxy to a person designated by the DR issuer to vote, at his or her discretion, all the shares for which the DR holders have not given specific voting instructions to the depository bank. The authority of the depository bank to issue a discretionary proxy derives from "standing instructions" a DR holder is deemed to have given to the depository bank upon the purchase of a DR. A discretionary proxy is typically reserved for "routine" items to be voted on at shareholders' meetings. Many DR issuers avoid the use of a discretionary proxy for items involving mergers and acquisitions, for issues subject to shareholder opposition and for decisions that may adversely affect the rights of shareholders.

Legal Opinion and/or Representation Letter

A legal opinion and/or representation letter are typically provided whenever the issuer requests that the depository issue a discretionary proxy. The form representation letter is typically prepared by the DR issuer. The instruction requests that the depository bank give a discretionary proxy for shares represented by DRs for which no voting instructions have been received, and identifies an individual to whom the discretionary proxy is to be given. The letter also confirms that the DR issuer is not aware of the existence of any circumstances that would preclude the issuance of the discretionary proxy, i.e., opposition to the matters to be voted on, and that none of the issues to be voted on at the meeting will have a material adverse effect on the rights of the holders of DRs. The legal opinion is issued by the DR issuer's counsel in its home jurisdiction and confirms that the granting of the discretionary proxy does not violate the issuer's country law or the company's Articles of Association.

Blocking of Shares

In certain jurisdictions, shares must be immobilized for a designated period prior to the shareholders' meeting in order for the votes to be valid. This process is commonly referred to as "blocking." Since Citi (or its nominee) is the shareholder of record for shares represented by DRs, DR issuers in these countries require that the shares underlying the DRs be reregistered in the name of the DR holder during the "blocking period." The blocking period time frame varies depending on local country requirements. To achieve reregistration, the DRs are required to be immobilized with the depository. Thus, no transfers are allowed during this period. The blocking process is intended to ensure that the shares (and DRs) cannot be transferred prior to the meeting to ensure that the voting shareholder is in fact a shareholder at the time of the shareholders' meeting. After the shareholders' meeting, the shares are reregistered back into the name of Citi (or its nominee), and the DRs they represent become freely transferable. During the blocking period, the DR holder retains all rights other than the right to transfer the DRs.

Votable and Non-Votable Items

Votable and non-votable items are unique to the proxy process. The DR voting instruction card may contain some resolutions that are marked as "non-votable" items, although these resolutions may in fact be votable items on the company's agenda. A "non-votable item" refers to an issue presented to DR holders for consideration at a shareholders' meeting for which insufficient information is distributed to DR holders prior to the meeting. For example, in certain instances the names of directors to be nominated for election are not available before a shareholders' meeting. For purposes of soliciting voting instructions or proxies from investors, the securities-processing infrastructure in the United States views this item as "non-votable" because the investors have insufficient information available before the meeting.

The Process for GDRs

Information regarding shareholder meetings for Global Depositary Receipt (GDR) programs outside the U.S. is distributed through two main European clearinghouses, Euroclear and Clearstream. Once the proxy materials and the proxy card have been finalized, we as the depository provide the materials to Euroclear and Clearstream. These institutions in turn make the information available electronically to their participants (banks and brokers). The final beneficial owners are then notified by the participants.

For GDR programs in the U.S. (i.e., Rule 144A GDR programs for Qualified Institutional Buyers), the process for beneficial owners of DRs as previously described is utilized.



The Citi Advantage

Market Leadership

Citi has been a pioneer in the depositary receipts marketplace since we began offering DR services in 1928. Since that time – for more than eight decades – we have acquired an industry-leading reputation for bringing quality issuers to the global capital markets, for promoting DRs as an effective capital markets tool and for developing innovative solutions that deliver bottom-line benefits to DR issuers.

At Citi, we recognize that a winning DR program is the result of the collaboration of many market partners. For that reason, we take a highly consultative approach – working closely with issuers, investors and other market participants – to design and implement the optimal program structure to ensure its success.

With an on-the-ground presence in more than 160 countries – by far the most extensive network in the marketplace – we are the industry's only truly global depositary, providing issuers the powerful combination of global reach and in-depth local market knowledge. To a degree unmatched in the industry, we are able to support a DR program in both the local market and in the U.S., offering operational efficiency and seamless integration that are grounded in our 80-plus-year experience in – and commitment to – the DR industry.

For more information about Citi's depositary receipts services, our role as a depositary and how we can design a DR program to support your specific requirements, please visit our website at www.citi.com/dr.



Frequently Asked Questions (FAQs)

General Questions

1. What can a DR issuer do to ensure greater voter participation after distributing the proxy materials?

A DR issuer can hire the services of a proxy solicitation agent. This agent solicits votes on behalf of the issuer by interacting with the designated target shareholder base, either institutional DR holders or individual DR holders.

2. What is the difference between proxy advisory firms and proxy solicitation firms?

Proxy advisory firms are hired by institutional investors. They analyze all proposals and provide institutional clients with recommendations for how their equity securities should be voted. Proxy solicitation firms, on the other hand, are hired by issuers and contact shareholders to increase voter participation and influence proposal outcomes. A Citi Account Manager can provide previous meeting reports provided by proxy advisory firms and consult with issuers to better understand the process.

3. What is a shareholder identification firm?

The primary function of a shareholder identification firm is to identify the beneficial owners in a DR program. The identity of beneficial owners can be useful information to an issuer for garnering support for certain proposals to be voted upon at a shareholder meeting.

4. How long is the entire proxy process?

The length of the proxy process depends on the type of DR program, the local market regulations and the issuer's designated time frame. It can vary from 45 days for a NYSE-listed program to 30 days for a Level 1 DR program and from region to region. The minimum recommended time frame is between 30 and 45 days from the day Citi receives notice of the meeting date.

5. Whom does the DR issuer contact at the depository bank during the proxy process?

During the first stage of the proxy process, an issuer should contact its Citi Account Manager and provide the appropriate documentation for the proxy material to be drafted and completed by Citi. Once the proxy materials are completed and distributed, the DR issuer should contact its DR administration representative for any information relating to the proxy process.

6. Which items comprise total proxy expenses?

Proxy expenses include the costs of producing the required proxy materials, mailing/distributing expenses incurred by the depository and mailing/distribution/handling expenses incurred by Broadridge Financial Solutions on behalf of brokers, banks and dealers.

7. What is the difference between a beneficial owner and a registered holder?

A beneficial owner is a person or entity entitled to the rights and privileges that accrue to the owner of the asset (securities or cash), regardless of who has physical possession of the asset (the custodian/broker) or the name (nominee name) in which the securities are registered. Citi has no record of the names or contact information of the beneficial owners. Citi only has a record of the brokers that act as agents for the beneficial owners. In most cases, beneficial owners keep their DRs with a broker who is a participant in The Depository Trust Company. In these instances, Broadridge Financial Solutions acts as the distribution agent for the brokers to distribute proxy information to the beneficial owners.

In contrast to a beneficial owner, a registered holder of DRs is registered on the books of the depository. The names and contact information of registered holders appear in Citi's records. As a result, Citi delivers proxy material directly to these holders.

8. What are the Securities Act of 1933 and Securities Exchange Act of 1934?

The Securities Act of 1933, referred to as the "Securities Act" or the "'33 Act," was passed to improve the flow of information to potential investors in new security issues, and to prohibit certain selling practices relating to those issues. The Securities Act requires that issuing corporations engaged in a public offering of their securities register the securities with the SEC, and investment banks provide investors with a prospectus. Secondary trading of registered securities, private placements and certain small issues are normally exempt from the registration requirement of the '33 Act.

The Securities Exchange Act of 1934, also referred to as the "Exchange Act" or the "'34 Act," established the Securities and Exchange Commission and gave it authority over proxy solicitation and registration of organized exchanges. The Exchange Act regulates, among others, the trading of securities, and the disclosure of issuer-specific information in annual and periodic reports.

Mailing/Agent Services Questions

9. Who is Broadridge Financial Solutions?

Broadridge Financial Solutions is the vendor used by the majority of U.S. banks and brokers to service the proxy process for their account holders' clients, known as "beneficial owners." Broadridge's process and fees are regulated by the SEC and apply system-wide across the industry for all DR issuers, whether they are listed or not.

10. To whom does Broadridge deliver?

Broadridge receives the names and addresses of beneficial owners from its bank and broker clients and delivers materials directly to the shareholders.

11. What is a broker search and why is it performed?

A broker search is a poll taken of various banks/brokers/nominees (B/Ns) and major depository participants to determine the amount of proxy materials needed for a distribution and to ensure that all individuals entitled to vote at the shareholders' meeting receive the documentation. Citi hires an information agent to perform this task once the Record Date is set.

The information agent mails B/N search cards within the guidelines dictated by the SEC. The process is continued until all layers of respondents, as identified by record holders, have responded to the search document. The broker search determines how many sets of materials are needed by each B/N.

12. What options do issues have in terms of mailing proxy material?

Issuers can mail proxy documents via bulk, first class, overnight, or overnight with a return option. First-Class Mail is the most often used and most efficient option for depository receipt issuers. Overnight delivery can be costly and is typically used for special situation mailings only.

13. What is E-consent?

The term "E-consent" refers to the consent of a beneficial owner (by informing Broadridge) to receive company information in an electronic format. The holder notifies his/her broker of this request and the depository bank provides Broadridge with files suitable for e-mail distribution.

14. What is a "stratified" mailing?

A stratified mailing refers to the process of establishing different distribution methods depending on the level of DR ownership (i.e., those holders holding 5,000 or more DRs as of record date are to receive materials by overnight mail and all other DR holders are to receive materials via First-Class Mail). For issuers considering a stratified mailing, Citi will work with you to review number of holders and DR amounts at various thresholds.

15. For a discretionary proxy, why is a minimum of 20 business days required between the mailing/distribution date and the DR voting cutoff date?

This time frame demonstrates that the DR issuer has made a prudent effort to provide investors the opportunity to review the proxy materials and express their entitled voting rights prior to the Depository granting a discretionary proxy on unvoted shares.

Without a reasonable mailing period, the issuer's objectives in using the discretionary proxy may be questioned.

16. What is the difference between the U.S. Record Date and the Local Record Date?

The U.S. Record Date is established to identify the DR holders who are entitled to participate in shareholders' meetings or any other corporate actions. Similarly, the Local Record Date is set up to identify the shareholders holding the underlying shares in local (i.e., non-U.S.) markets who are eligible to participate in a shareholders' meeting or any other corporate action.

Separate Record Dates are established at the DR and share levels to enable compliance to comply with the rules, regulations and practices as they exist and operate in the different markets: U.S. market practices guide DRs, while local market practices are directed at underlying shares.

17. Why are there different voting cutoff dates for DR holders than for ordinary shareholders?

Agenda items proposed at the shareholders' meeting are resolved based on the total votes returned from the proxies of DR holders and the underlying common shareholders. Due to location and time-zone differences, there is a need to establish an earlier cutoff date for DR holders. This is to ensure the DR holders' votes will reach the local custodian in time to be included with the other votes before the local cutoff date.

18. Why do DR holders have their own voting card?

DR holders must have a proxy card different from the local card used in the DR issuer's home country. The DR voting cards are in English, are created to adopt the format used in the United States to follow market and operational standards, and reflect the DR voting terms set forth in the applicable deposit agreement for the DRs.

Broadridge Financial Solutions acts as the distribution agent for the majority of the brokerage houses on behalf of the beneficial owners. To ensure smooth dissemination and return of the cards, U.S. proxy cards must adopt the standard created by Broadridge. Any deviation from the established format will affect the result of the proxy.

19. Why should DR issuers follow U.S. standards for the proxy process?

In order to encourage participation of its U.S. shareholder base, a DR issuer should provide proxy materials and follow a proxy process familiar to U.S. investors, consistent with the practices for other U.S. equity securities. While foreign private issuers are exempt from the specific SEC regulations that govern proxies, U.S. investors expect the same voting process for all proxies relating to the equity securities in their profiles.

Proxy Materials/Issuer Requirements

20. Can the agenda be changed after proxy material is distributed?

The material distributed to DR holders must contain the final version of the agenda.

21. Can a DR holder attend a shareholder meeting?

Meeting attendance by DR holders is at the discretion of the issuer, unless the Deposit Agreement states that DR holders have the right to attend the shareholders' meetings. A DR holder cannot attend a shareholders' meeting without a request to and approval by the issuer. A request from a DR holder to attend the shareholders' meeting is typically routed through the depositary.

22. What document outlines an issuer's obligation to DR holders regarding shareholder meetings?

The Deposit Agreement (and exchange guidelines, where appropriate) outlines an issuer's obligation to DR holders regarding shareholders' meetings.

23. Is there a minimum amount of time required to set up the U.S. Record Date?

The minimum time required to set up the U.S. Record Date for NYSE-listed companies is ten calendar days. The NYSE requires a minimum of ten calendar days' notice prior to the record date for a shareholders' meeting. Neither NASDAQ nor the OTC markets require advance notification of an Annual General Meeting (AGM) record date.

24. When and how will a DR issuer be provided with final tabulation?

After the DR voting cutoff date, Citi prepares a tabulation report, submits it to the custodian and provides copies to the issuer. All required documents (e.g., power of attorney, etc.) will be prepared by the depositary and sent to the appropriate parties.

Glossary

American Depositary Receipt (ADR) – A negotiable U.S. certificate, evidencing any American Depositary shares that in turn represent ownership of shares in a non-U.S. corporation. ADRs are quoted and traded in U.S. dollars in the U.S. securities market and the associated dividends are paid to investors in U.S. dollars. ADRs were specifically designed to facilitate the purchase, holding and sale of non-U.S. securities by U.S. investors, and to provide a corporate finance vehicle for non-U.S. issuers.

American Depositary Share (ADS) – A depositary share, issued by a depositary bank to represent the underlying ordinary share trading in the issuer's home market. The term "ADR" or "DR" is often used to mean both the certificates and the securities themselves.

Beneficial Owner – Person or entity entitled to the rights and privileges that accrue to the owner of the asset (securities or cash), regardless of who has physical possession of the asset (the custodian) or the name (nominee name) in which the securities are registered.

"Blue Sky" State Securities Laws – Laws enacted in various U.S. states to protect the public from fraud by regulating the offering and sales of securities.

CEDE & Co. – The Depositary Trust Company's (DTC) nominee name.

Clearstream – An international clearing organization, located in Luxembourg, responsible for holding, clearing and settling international securities transactions.

CUSIP Number – The acronym for Committee on Uniform Securities Identification Procedures. Standard & Poor's issues a unique nine-character identification called a CUSIP number. The first six digits of the CUSIP number identify the issuer and the last three identify the individual security.

Custodian – An agent that safekeeps securities for its customers and performs dividend and interest collection services. With regard to ADRs, the custodian may be the overseas branch, affiliate or correspondent of the depositary bank and is responsible for holding the shares underlying the ADRs.

Depositary – A bank that issues DRs, facilitates cross-border settlement through DRs and administers the DR facility. Aspects of administration include maintenance of DR program records, corporate action processing, interaction with custodians for deposited securities and distribution of dividends in U.S. dollars.



Depository Receipt (DR) – A negotiable certificate representing ownership of shares in a foreign company that is quoted and traded in the currency of the market in which it trades. DRs facilitate the purchase, holding or sale of securities by investors outside the home market.

Depository Share (DS) – A depository share issued by a depository bank to represent the underlying share trading in the issuer’s home market. The term “DR” is often used to mean both the certificate and the securities themselves.

The Depository Trust Company (DTC) – A central depository in the U.S. for book-entry securities that records, maintains and transfers securities electronically. Participants include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a DTC participant.

Dividend Reinvestment Plan (DRIP) – A plan whereby holders may automatically reinvest dividend payments in shares/DRs. Additional purchases through optional cash payments may be available.

Employee Stock Ownership Plan (ESOP) – An employer-sponsored plan pursuant to which companies contribute funds to a tax-deferred compensation plan for the purpose of purchasing employee shares/DRs for ESOP participants in accordance with a compensation-based allocation.

Employee Stock Purchase Plan (ESPP) – An employer-sponsored plan that enables participating employees to purchase employer shares/DRs with after-tax income, typically at a discount from market value.

Euroclear – An international clearing organization, located in Brussels, responsible for holding, clearing and settling international securities transactions.

Fiduciary – An individual or institution responsible for acting on behalf of another in specified matters or for holding funds in trust.

Financial Industry Regulatory Authority, Inc. (FINRA) – The successor to the National Association of Securities Dealers, Inc. (NASD), FINRA was formed in 1997 by a consolidation of the enforcement arm of the New York Stock Exchange, NYSE Regulation, Inc., and the NASD. FINRA focuses on regulatory oversight of all securities firms that do business with the public; professional training, testing and licensing of registered persons; arbitration and mediation; market regulation by contract for the NASDAQ Stock Market, the Chicago Climate Exchange and the International Securities Exchange, LLC; and industry utilities, such as Trade Reporting Facilities and other over-the-counter operations. FINRA is the largest independent regulator for all securities firms doing business in the U.S.

Global Depository Receipt (GDR) – A negotiable instrument issued by a depository bank in international markets – typically in Europe and generally made available to institutional investors both outside and within the U.S. – that evidences ownership in shares in a non-U.S. company.

Institutional Investor – An entity such as an insurance company, investment company, mutual fund, pension fund or trust department of a bank that invests large sums in the securities market.

International Security Identification Number (ISIN) – An identification number that uniquely identifies a security.

Listed Securities – U.S. securities listed on a U.S. stock exchange. In order to be designated for trading on a U.S. stock exchange, the issuer must meet certain eligibility criteria, file an application with the stock exchange and register the securities to be designated with the SEC under the Securities Exchange Act of 1934.

Market Makers – Firms that maintain a firm bid and offer price in a given security by standing ready to buy or sell at publicly quoted prices. Market Makers process orders for their own customers, and for other broker-dealers. Market Makers also buy securities from issuers for resale to customers or other broker-dealers.

(The) NASDAQ Stock Market (NASDAQ) – The NASDAQ Stock Market is a major national and international stock market that uses computers and telecommunications for the trading and surveillance of listed securities. Built on a system of competing Market Maker firms, the NASDAQ Stock Market uses a computer-screen trading system.

(The) New York Stock Exchange (NYSE) – The NYSE is the largest organized securities exchange in the U.S. measured by the dollar value of the securities of its listed companies. On the trading floor, the NYSE trades in a continuous auction format, where traders can execute stock transactions on behalf of investors: A specialist broker, who is employed by an NYSE member firm, acts as an auctioneer in an open outcry auction market environment to bring buyers and sellers together. As of 2007, virtually all NYSE stocks can be traded via its electronic Hybrid Market, allowing customers to send orders for immediate electronic execution.

Nominee – Legal entity established by a custodian solely for the purpose of holding the registration of securities. A custodian will register customer securities in its nominee name for ease of handling subsequent transfers or denomination changes, interest and dividend collections, and other corporate actions. Notwithstanding registration in a nominee name, the customer of the custodian remains the beneficial owner of the securities.

OTC Bulletin Board (OTCBB) – An electronic, dealer-driven quotation system in the U.S. that displays real-time quotes, last-sale prices and volume information for many unlisted securities. Companies listed on the OTCBB are required to maintain SEC filings and certain minimum requirements which are less stringent than those set by the national exchanges.

OTC Markets Group Inc. – Operating an electronic interdealer quotation system for broker-dealers to trade unlisted securities, OTC Markets Group organizes the OTC marketplace into three tiers based on the level of disclosure companies choose to provide to investors: OTCQX, OTCQB and OTC Pink.

Over-the-Counter Market (OTC) – A network of securities dealers that brings together buyers and sellers in many different securities via telephone or computer negotiations. OTC securities can be quoted on the OTC Bulletin Board, in the OTC Markets or in the Grey Market (where no bid/ask information is available), and are issued by companies that choose not to list or are unable to comply with the standards for listing on the NYSE or NASDAQ.

OTCQX – OTCQX is the top tier of the OTC market. Exclusively for companies that meet certain financial standards and undergo a qualitative review, the OTCQX platform is fully electronic. Non-U.S. OTCQX companies must be listed on a qualified stock exchange in their home country, and are required to have a Level 1 Sponsored ADR program in the U.S. or a foreign ordinary that is DTC eligible. All non-U.S. OTCQX companies appoint a qualified, third-party Principal American Liaison (PAL) sponsor to help them with the admission process and serve as a trusted resource regarding all aspects of investor information needs and market protocols.

Private Placements – A securities offering that is not registered with the SEC under the Securities Act of 1933 and is therefore not available to the general public. Private placements are sold to sophisticated investors with resales to Qualified Institutional Buyers (QIBs) permitted by Rule 144A.

Proxy – The instrument or authority transferring a shareholder's voting rights to an agent of the shareholder. Proxy may also mean the person empowered to act as the agent to vote in place of the shareholder. The proxy process represents a communication opportunity between an issuer and its shareholders. The primary vehicle used in proxy voting is the proxy statement, the information given to stockholders in conjunction with the solicitation of proxy.

Qualified Institutional Buyers (QIB) – Investors eligible to participate in the Rule 144A market, primarily institutions that manage at least \$100 million in securities (including banks, savings and loans, insurance companies, investment companies, public employee benefit plans, employee benefit plans under ERISA, or an entity owned entirely by qualified investors) and registered broker-dealers owning and investing on a discretionary basis \$10 million in securities of non-affiliates. QIBs are deemed to be financially sophisticated and are recognized by security market regulators to need less regulatory protection than most public investors.

Ratio – The number of underlying shares represented by a single Depositary Share.

Regulation S (Reg S) – Regulation S clarifies the conditions under which offers and sales of securities outside the United States are exempt from the SEC registration requirements. Regulation S was adopted by the SEC in 1990 in conjunction with the adoption of Rule 144A. These measures, taken together, significantly enhance the liquidity of a private placement or global offering.

Registered Holders – Investors who elect to hold their DRs directly with the depositary or the transfer agent of the depositary, rather than through a bank or broker-dealer. DR positions for registered owners appear on the books of the depositary's transfer agent.

Restricted Securities – A security subject to certain transfer restrictions as a result of a sale by the issuer in a transaction not registered under the Securities Act of 1933, such as a private placement.

Rule 144A – SEC rule permitting Qualified Institutional Buyers (QIBs) to trade privately placed securities without holding requirements applicable to Restricted Securities, thereby substantially increasing the liquidity of those securities.

Rule 144A ADR (RADR) – ADRs issued in the private market that can be sold to non-U.S. Qualified Institutional Buyers (QIBs) without SEC registration. Trading over the OTC system, the settlement conventions for RADRs are identical to those of publicly traded ADRs.

Secondary Market – The market where existing securities are traded among investors through an intermediary, such as an organized exchange like the NYSE or NASDAQ.

Securities Act of 1933 – Passed to improve the flow of information to potential investors in new security issues, the Securities Act of 1933 (sometimes referred to as the "Securities Act" or the "'33 Act") prohibits certain selling practices relating to those issues. The Securities Act ensures that issuing corporations register public offers of their securities with the SEC, and investment bankers provide investors with a prospectus. Secondary trading of registered securities, private placements and certain small issues are normally exempted from the registration requirements of the Securities Act.

Securities and Exchange Commission (SEC) – A U.S. governmental agency created by the Securities Exchange Act of 1934 to regulate the securities industry and the capital markets of the U.S. The SEC enforces provisions of the federal securities laws and its own regulations.

Securities Exchange Act of 1934 – A statute that established the Securities and Exchange Commission (SEC) and gave it authority over proxy solicitation and registration of organized exchanges. The Exchange Act regulates the trading of securities, and the disclosure of issuer-specific information in annual and periodic reports.

Sponsored ADR – ADRs issued pursuant to a depositary receipt program established at the direction of the issuer and in accordance with a deposit agreement between the issuer and a depositary bank.

Unrestricted Securities – Securities that are registered with the Securities and Exchange Commission and therefore may be sold publicly in the U.S.

Un-sponsored ADR – ADRs issued pursuant to a depositary receipt program for which no deposit agreement is entered into between a depositary bank and the issuer. An unlimited number of depositary banks may issue the depositary receipts in an un-sponsored ADR evidencing ownership of the underlying ordinary shares held in custody in the issuer's home market.

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