Cross-border Securities Issuance: DR

GLOBAL BUSINESS TEAM
JA EWON MOON
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OVERVIEW / GLOBAL CAPITAL MARKET

- **GLOBALIZATION**
  - Global Trade
  - Intermediaries

- **INVESTMENT DIVERSIFICATION**
  - Diversify Portfolios
  - Reduce Risks

- **DEREGULATION**
  - Allow Cross-border Securities Issuance

[Image of a building with the text DR]
1. Multiple Parties
   Trade between entities in different countries

2. Time Difference
   Different time-zone facilitates 24 hours transactions

3. FX Risks
   Exposed to currency risks
   Unpredictable profits

4. Legal Risks
   Different regulation between countries
OVERVIEW / GLOBAL CAPITAL MARKET

1  PRIMARY MARKET

① Securities Issuance of Domestic Companies in Foreign Market

② Securities Issuance of Foreign Companies in Domestic Market

2  SECONDARY MARKET

① Residents' Foreign Securities Investment → Outbound

② Non-residents' Domestic Securities Investment → Inbound
CHAPTER 02
PRIMARY MARKET
1. Depositary Receipts
   - Domestic
     - Issuance of Underlying Shares
     - Deposit & Custody
   - Overseas
     - Issuance of DR
     - Deposit & Custody
     - List & Trade

2. Cross-listing
   - Overseas
     - Issuance of Securities
     - Deposit & Custody
     - List & Trade
**Primary Market / Benefits**

- **Signal Effect**
  - Meeting the strict requirement
  - Brand Awareness ↑

- **Portfolio Diversification**
  - Investors can reduce risks

- **Information Disclosure**
  - Disclosure of private information

- **Shareholder Diversification**
  - Issuers can diversify their shareholders

Resolve the Inconveniences of Cross-border Securities Transactions
Derived from Differences in Regulation between the Countries
KSD'S SERVICES / DR ISSUANCE

**Domestic**

1. Underlying share
2. Underlying share
3. Notification of share issuance

**Overseas**

4. DR
5. DR
6. DR

- Issuer
- Deposit a/c
- Participants A
- Participants B
- DR Depository
- DR Depositary
- CSD
- Overseas Agent
- Investors A
- Investors B
- Investors C
- DR Holders
**DR RELEASE**
- When underlying share is more expensive than DR
- Conversion DR into underlying share

**DR ISSUANCE**
- When DR is more expensive than underlying share
- Conversion underlying share into DR
KSD'S SERVICES / DR CONVERSION – ISSUANCE

1. Instruction to receive DR

2. Request for DR conversion

3. Request for DR conversion

4. Mark down

5. Notification of conversion detail

6. Delivery of DR

Domestic Agent

Shareholder

Overseas Agent

DR Depository
KSD'S SERVICES / CORPORATE ACTION

Issuer

KSD

DR Depository

DR Holder

Overseas Agent

① Request for exercising rights

② Request for exercising rights

③ Notification of CA detail

④ Exercise DR rights
· Custody Service
· Prompt DR Conversion Service
· Accurate Corporate Action Service

- 21 Korean Companies
- 25 DR Programs (*'20.10)
Thank you

Korea Securities Depository
Global Business Team
Jaewon Moon
jwmoon@ksd.or.kr