

THE ASSOCIATION OF GLOBAL CUSTODIANS

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By Electronic Delivery

Mr. Peter Gnepf
ISSA c/o UBS
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P.O. Box
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RE: ISSA's Issuance of its Global Corporate Actions Principles

Dear Peter:

We write on behalf of the members of the Association of Global Custodians to compliment and congratulate the International Securities Services Association on its publication of the Global Corporate Actions Principles and the related Working Group Report (collectively, the "Principles"), May 2010, and express the Association's endorsement of the global principles laid out in those two documents. In addition, the Association appreciates ISSA's acknowledgment (in the Principles Part I.4) of the Association's own Statement of the Need for Universal, Standardized Messaging in Corporate Actions, which we published in June 2007.

As is evident from both the Association's and ISSA's publications, our two organizations share a common view with respect to the recommendations and action steps described in the Principles and the importance of progressive evolution toward risk reduction and increased efficiency in the processing of complex events. Commonality of views is not surprising given overlap in our respective membership and constituencies.

The Association fully supports ISSA's effort to provide regional updates in the Principles regarding the current status of processing as well as the evolutionary developments underway in several markets. Providing a baseline for this information and a means to track progress should materially increase evolutionary momentum. As

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you know, global custodians routinely monitor regional and local market developments to ensure that custodians operate with the best available information. In this regard, it may be useful for the Association and ISSA to explore ways to share the work effort involved in maintaining current and accurate regional updates.

Association members will further discuss how to best to leverage endorsement of the Principles and what steps to take to appropriately publicize and reinforce these ISSA publications. Members will also discuss what initiatives could be pursued to promote global acceptance and use of the recommendations and action steps the Principles identify, including across product types and with respect to fixed income P&I processing and corporate governance, where many similar STP issues exist.

We look forward to continued interaction with ISSA on these subjects. If you have questions or would like further dialogue, please contact the undersigned at 1.312.861.2620 as an initial matter.

Sincerely yours,



Dan W. Schneider
Baker & McKenzie LLP
Counsel to the Association

2. Global Principles

ISSA endorses the following principles which aim at reducing risk, improving efficiency by minimizing ambiguity in communication, establishing workable timelines, enabling straight-through processing, and promoting international harmonization of end-to-end standards for corporate actions.

Paperless, Automated Information Exchange

1. Straight-Through Processing (STP) and ISO Standards

Communication should be electronic to ensure an STP flow along the intermediary chain from the issuer to the investor and vice versa. Messaging must be in ISO format and in structured standardized data form across the issuer to investor chain. In implementing ISO standards, local market practice will be adopted as defined by NMPGs (National Market Practice Groups), and ISO 'Extensions' adopted if agreed local market practice cannot be accommodated within the existing global standard and harmonized global market practice.

2. Message Content

The content of messages must be clear, contain all known key information and unambiguous. In particular, all key dates and critical information affecting an event must be carried in the event announcement.

Event Creation

3. Issuer Sourced Key Information

Key summary information must be created by the issuer. It should be, at a minimum, consumable and accessible using the ISO repository of data elements and subsequently usable in structured ISO format and should be simultaneously published to the local exchange and CSDs, regulators and the open market. Issuers should also make prospectus documents (e.g. event terms and conditions) available on public websites. Updates should contain all known information, as a best practice, and recipients should manage any discrepancies from previous messages.

4. Required Information

Subject to compliance with legal requirements, only information that is required for the event type should be carried in the announcement, i.e. only data functionally necessary for processing in an electronic, structured way, as defined by designated organization(s) in each market, implementing standards consistent with global ISO standards. This information must be unambiguous, and should not exclude the use of text in defined fields as used in ISO formats. Other optional information should be retained and accessible at source.

5. Unique Identifiers

Required information must include a unique global event identifier that is assigned at the earliest possible point and remains with the event throughout its lifecycle, despite updates. Issuer and security codes should uniquely identify the issuer as well as the listing location, e.g. using ISIN and MIC.

Event Communication**6. Timelines of Notification**

Notifications to the chain of intermediaries and to the end investor must be made in a timely manner and as close as possible to the issuer's announcement date and time. Sufficient notice to execute the event, including amendments to the event, must be given to allow all parties to complete the process effectively before the event deadline.

Event Processing**7. Process Harmonization**

Where global or regional standards do not already exist, each market should agree its standards for corporate actions processing and, in parallel, aim at convergence of standards across markets.

Processing should involve book-entry payments for both cash and securities proceeds.

Standard election option identification conventions should be adopted to facilitate the election process.

Clear rules should be published by markets on the processing of reversals, which should be pre-advised in all cases and should require the prior consent of intermediaries beyond agreed deadlines and amounts.

8. Publication of Event Processing Rules

Event processing rules and templates should be harmonized as far as possible, and published in a coordinated way for global consumption and adherence.

Transaction Management, Unsettled Transactions**9. Protecting Investors' Rights**

Clear rules concerning buyer protection, market claims (and any other instances where buyers' rights may be affected) should be established in each market and consistently followed, if possible by a central market infrastructure. Equally, consistent transformation methods should be established and applied.