

Reports from key industry institutions - Computershare Update

› Partnerships and Paperless Opportunities within the Canadian Transfer Agency Industry

Prepared for:

**Investment Industry Regulatory Organization of Canada –
Financial Administrators Section**

Presented by:

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Agenda

- › CDS/TA Initiatives
- › CSA initiatives towards a Canadian version of Notice & Access proxy process
- › Canadian Direct Registration System (DRS)

CDS/TA Initiatives

- › NTI (Non Transferrable Issues)
- › Enhanced Warrant Processing
- › New Trust and Warrant Indentures to recognize BEO and Uncertificated processing
- › New CDSX process to facilitate movement of book shares directly to participant

CSA – Proxy Notice & Access

- › TA's are members of the CSA's Advisory and Working Groups
- › OSC staff do not expect any developments that would impact the upcoming 2009/10 proxy season

DRS for Canadian Issuers

How did we get to DRS
and why ...

What is DRS ?

- › Investors are registered on the books of an issuer, but ownership is reflected by an *advice*, not by a physical certificate
- › Why the North American move to DRS?
- › An opportunity to reduce the significant costs associated with processing physical certificates

Annual Costs of Share Certificates

- › Certificates reported lost, stolen or destroyed > 1.2 million
- › Market Value of certificates requiring replacement – > \$5 billion
- › Surety bond costs to replace - > \$50 million
- › In total paper certificates cost the Securities Industry > \$250 million

Who bears these costs?

- › Brokers & Depositories: >\$140 million
 - › Handling, transporting, storing and processing certificates

- › Issuers & T/A's: >\$60 million
 - › Security certificates, vaulting, issuing, distributing

- › Investors: >\$50 million
 - › Safety deposit box costs; replacing lost, stolen or destroyed certificates

Canadian Industry response

- › Brokers/Depositories/Exchanges
 - › Encourage more shares dematerialized in depositories eliminating the need for share certificates (CDS BEO)
- › Computershare and selected Issuer clients
 - › Give registered shareholders a book-entry alternative to share certificates (DRS)

US DRS Environment

- › January 1, 2007 ›All new listings on NYSE, NASDAQ and AMEX must be eligible for DRS

- › March 31, 2008 ›All new and existing issues on above exchanges must eligible for DRS

- › January 2, 2009 ›DTCC has made it more difficult & expensive to request certificate withdrawals

DRS Environment in Canada

- › January, 2009
 - ›Computershare expands DRS through CDSX for IPO's & for cross border listed clients
- › June, 2009
 - ›CDS expands and markets BEO only issues
- › September, 2009
 - ›Computershare expands DRS to all Canadian clients
 - › NOTE: DRS is **not** a mandated Canadian listing requirement

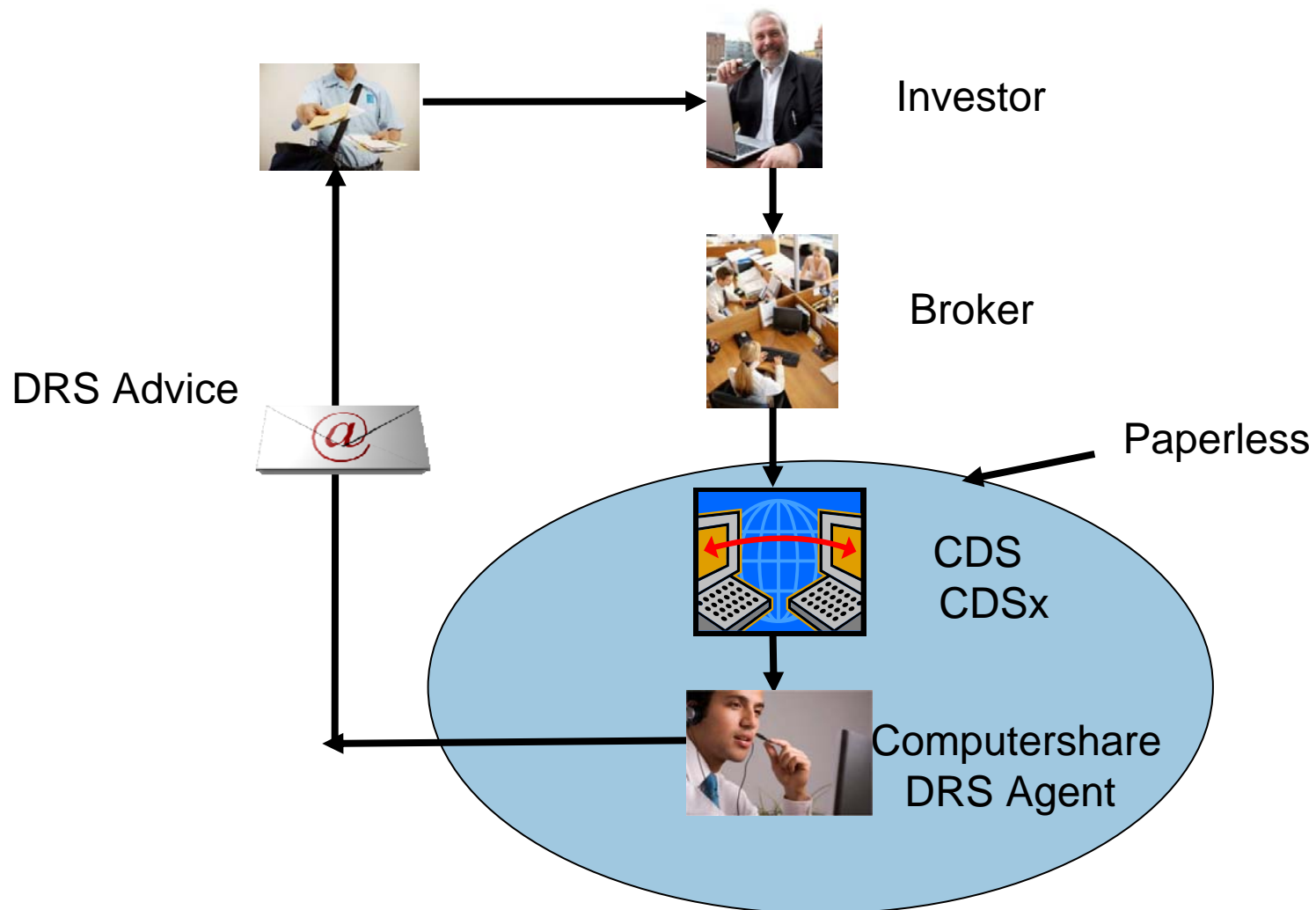
Computershare's Approach

- › Combination of DRS and Quickcert
 - › DRS for most processing
 - › QuickCert (cert-on-demand) when a physical certificate is requested
- › Rationale
 - › Most cost effective option for issuer
 - › Provides choice for the registered holder (book or cert)
 - › Security acts allow for certificated holdings
 - › Reduces costs
 - › Vaults
 - › replacing lost/stolen/destroyed certificates

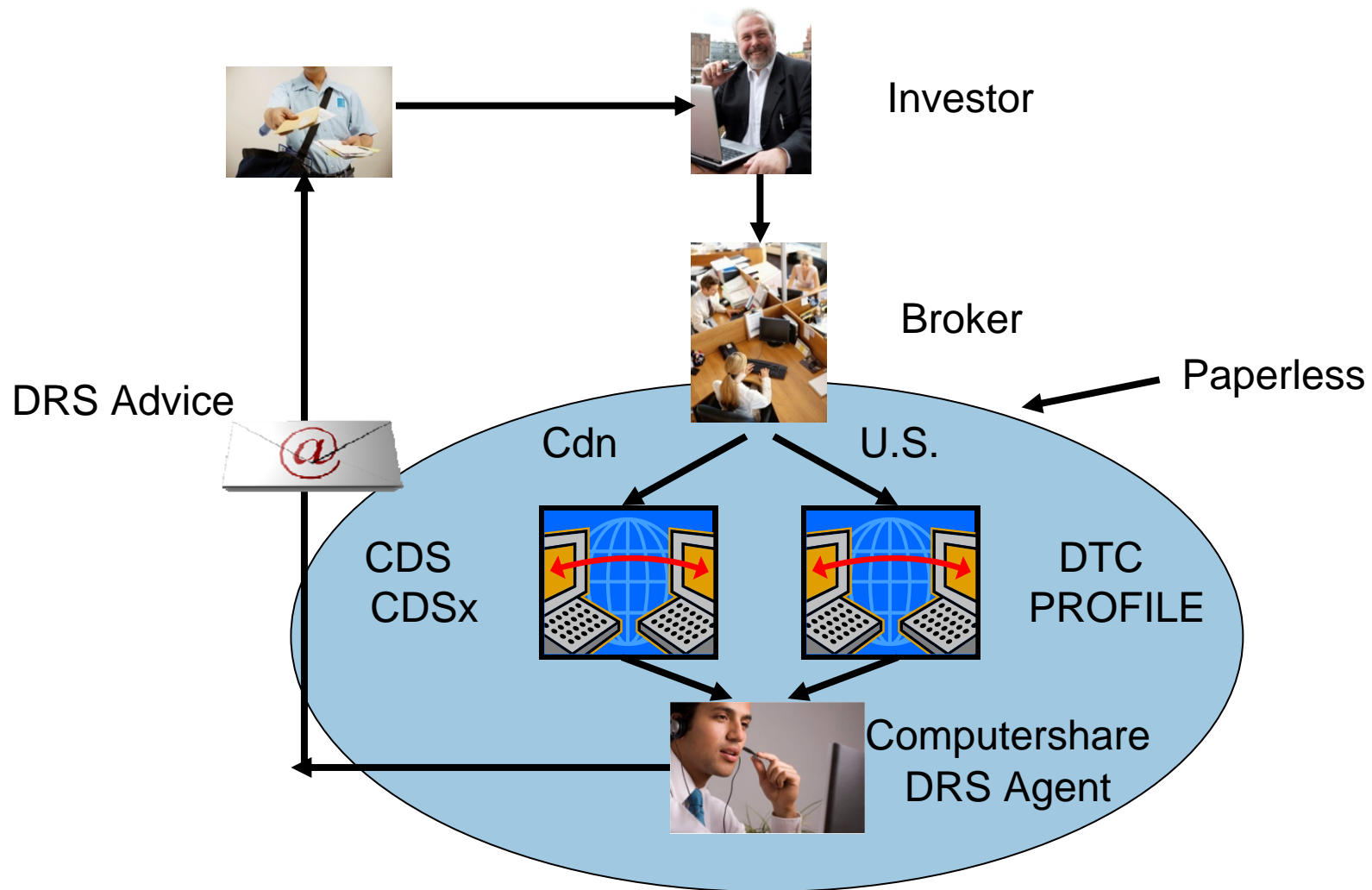
DRS Benefits

- › Corporate restructuring
- › No requirement for security bond
- › Accommodates restricted securities / legends
- › Paperless processing between broker and TA

Canadian DRS



DRS - Cross Border



DRS Advice



Computershare
 9th Floor, 100 University Avenue
 Toronto, Ontario M5J 2Y1
 Telephone 1-800-564-6253
 Fax 1-888-453-0330
 service@computershare.com

Sam Sample
 & Mary Sample JT TEN
 1234 Any Street
 Anytown ON X0X 0X0

000001

Holder Account Number
C1234567890

Brokers: To process deposits correctly through CDSX, enter the Holder Account Number, preceded by '9', e.g. 9C1234567890, in the certificate number field.

Company ID XXXX

Holder Account Number
 Used like a certificate number on a CDSX Deposit

DRS Advice

SAMPLE COMPANY - Direct Registration (DRS) Advice

Transaction(s)

Date	Transaction Description	Total Securities/Units	CUSIP	Class Description
Jun 04, 2008	COMPANY ISSUANCE	5.000000	001940105	COMMON

Transaction Detail
 Represents all transaction on any given day
 Provides date, transaction description etc.

Account Information: Date Dec 31, 2008 (Excludes transactions pending settlement)

Opening Direct Registration Balance	Unrestricted Direct Registration Balance	Restricted Direct Registration Balance	Closing Direct Registration Balance	CUSIP	Class Description
0.000000	0.000000	5.000000	5.000000	001940105	COMMON

Affect of transaction on DRS Account Balance
 Opening balance
 Unrestricted or free tradable holdings
 Restricted holdings

Please see subsequent page(s) for Restriction Details

IMPORTANT INFORMATION RETAIN FOR YOUR RECORDS.

This advice is your record of the security transaction affecting your account on the books of the Company as part of the Direct Registration System. It is neither a negotiable instrument nor a security, and delivery of this advice does not of itself confer any rights on the recipient. It should be kept with your important documents as a record of your ownership of these securities. No action on your part is required. If your plan allows, you can deposit your existing certificates, sell or request a certificate, or transfer your book entry securities.

Upon request, the Company will furnish to any security holder, without charge, a full statement of the designations, rights (including rights under any Company's Rights Agreement, if any), preferences and limitations of the securities of each class and series authorized to be issued and the authority of the Board of Directors to divide the securities into series and to determine and change rights, preferences and limitations of any class or series.

The assets in your account on the books of the Company as part of the Direct Registration System are not deposits of Computershare and are not insured by the Canada Deposit Insurance Corporation or any other governmental agency.

Please see important PRIVACY NOTICE at the end of this statement

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CPUQC01.E.INT/000001/1234

DRS Advice Legends

The following section outlines in detail a record of activity involving either the application and/or expiration of the restrictions applied to your balance of Restricted Direct Registration Securities/Units of Sample Company.

Balance Affected: 5.000000 CUSIP: 001940105 Class Description: COMMON

Date Restriction Issued	Restriction:	Restriction Details:	Status	Date of Expiry:
Jan 1, 2008	Dated Legend	UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER JULY 17, 2008	Enduring	



Details of any restricted holdings as of statement date

Multiple restrictions can apply

Date restriction applied

Description of the restriction (Dated, US 1933)

The restriction details

Status of the restriction ie expired or enduring

Date of expiry

UNTIL THE SEPARATION TIME (AS DEFINED IN THE RIGHTS AGREEMENT REFERRED TO BELOW), THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A SHAREHOLDER RIGHTS PLAN AGREEMENT, DATED AS OF JULY 24, 2007 (THE "RIGHTS AGREEMENT"), BETWEEN XYZ INC. (THE "COMPANY") AND COMPUTERSHARE INVESTOR SERVICE INC., AS RIGHTS AGENT, AS AMENDED FROM TIME TO TIME, THE TERMS OF WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH MAY BE INSPECTED DURING NORMAL BUSINESS HOURS AT THE PRINCIPAL OFFICE OF THE CORPORATION. UNDER CERTAIN CIRCUMSTANCES, AS SET OUT IN THE RIGHTS AGREEMENT, THE RIGHTS MAY BE AMENDED, REDEEMED, MAY EXPIRE, MAY BECOME NULL AND VOID OR MAY BE EVIDENCED BY SEPARATE CERTIFICATES AND NO LONGER EVIDENCED BY THIS CERTIFICATE. THE CORPORATION WILL MAIL OR ARRANGE FOR THE MAILING OF A COPY OF THE RIGHTS AGREEMENT TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE AS SOON AS PRACTICABLE AFTER THE RECEIPT OF A WRITTEN REQUEST THEREFOR.

Privacy Notice

At Computershare, we take privacy seriously. In the course of providing services to you in connection with employee stock purchase plans, dividend reinvestment plans, direct stock purchase plans and/or direct registration services, we receive nonpublic personal information about you. We receive this information through transactions we perform for you, from enrollment forms and through other communications with you. We may also receive information about you by virtue of your transactions with affiliates of Computershare or other parties. This information may include your name, social security number, stock ownership information and other financial information.

With respect both to current and former customers, Computershare does not share nonpublic personal information with any non-affiliated third party except as necessary to process a transaction, service your account or as permitted by law. Our affiliates and outside service providers with whom we share information are legally bound not to disclose the information in any manner, unless permitted by law or other governmental process. We strive to restrict access to your personal information to those employees that need to know the information to provide our services to you. Computershare maintains physical, electronic and procedural safeguards to protect your personal information.

Computershare realizes that you entrust us with confidential personal and financial information and we take that trust very seriously.

Questions?

CERTAINTY | INGENUITY | ADVANTAGE

 **Computershare**