

## ABOUT THE DIRECT REGISTRATION SYSTEM

Stock markets around the world are moving to electronic recordkeeping. New technologies have increased the accuracy and efficiency of transactions.



### WHAT IS THE DIRECT REGISTRATION SYSTEM?

The Direct Registration System (DRS) allows registered securities to be held in electronic form without having a physical security certificate issued as evidence of ownership.

Paper certificates have become an outdated and inefficient way to reflect share ownership. In 2007 regulations in the U.S. made DRS a listing requirement for all newly listed issues on U.S. exchanges and as of January 2008, for all companies (including foreign listed companies) who were already listed on U.S. exchanges.

Canadian organizations are recognizing the need to provide their investors with a DRS option and we have the expertise to help your company make the transition. Computershare has years of experience in providing electronic transfer agency services and has been at the forefront of efforts to move to electronic security ownership in Canada, the U.S., U.K., Australia and New Zealand.

DRS simplifies and streamlines share ownership and investor relations for your securityholders and your organization. DRS has been in use in the U.S. market for over 10 years and is supported by the Securities and Exchange Commission (SEC), the broker dealer members of the Securities Industry and Financial Markets Association (SIFMA), the Depository Trust Clearing Corporation (DTCC), Canadian Depository for Securities (CDS) and by the three national U.S. stock exchanges (NYSE, AMEX and NASDAQ).

### WHAT DOES DRS MEAN FOR MY COMPANY?

DRS prepares your organization for the securities trading environment of the future and will help you to eliminate the administrative burden and cost of ensuring negotiable security certificates are protected from electronic duplication or alterations. DRS enables you to better serve your securityholders with faster transaction times and simplifies your investor relations and corporate actions in Canada and internationally.

#### Some of the ways DRS benefits your organization:

- > You will be participating in growing international trends of movement towards dematerialization, shortened settlement periods and straight-through processing.
- > You can conduct corporate actions such as stock splits, spin-offs and stock dividends without the administrative issues and cost of certificates.
- > Your securityholders' satisfaction will likely increase due to simplified ownership and more secure and efficient transactions.
- > DRS eliminates the risk of loss, theft or destruction of certificates and the time and expense to replace them.

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### **WHAT DOES DRS MEAN FOR MY SECURITYHOLDERS?**

DRS enables you to provide your securityholders with convenience, security and peace of mind. With DRS, your securityholders can own and transfer securities electronically, while enjoying the convenience and safety of a paperless transaction. Your securityholders retain all rights and privileges of security ownership including voting and dividend rights - all without physical certificates. DRS is growing in popularity as more companies realize that it is an excellent tool to build long-term securityholder value in a simple, fast and cost-effective manner.

#### **Some of the important benefits of DRS for your securityholders:**

- > When your securityholders hold their securities in electronic form at Computershare, they no longer have the worry and cost of protecting paper certificates from loss, theft or destruction or of replacing lost certificates, including the expense of open penalty surety bonds.
- > Your securityholders, through their financial intermediary, can securely sell and transfer electronically held securities using the information from the DRS Advice.
- > Your securityholders, through their financial intermediary, can securely move their securities held in DRS to their broker electronically using the information from the DRS Advice, thus allowing them the alternative of holding securities in street name.

### **With DRS, your securityholders will have multiple choices on how their securities are registered:**

In their own name on the books of the issuer in electronic form (DRS) evidenced by a DRS Advice of their electronic holdings; or

- > In their own name on the books of the issuer in certificated form; or
- > In street name, registered in their broker's nominee account at the Canadian Depository for Securities (CDS).

Computershare has expanded the transactions that utilize DRS as a preferred issuance method. You may wish to advise your securityholders of the benefits of DRS. If you do not have an active DRS service with Computershare you can contact your Relationship Manager for assistance.

#### **How do I offer DRS to my registered holders?**

In preparation for DRS, we suggest that you:

- > Review your corporate constating documents and governing legislation to ensure that they allow for the issuance of non-certificated securities.
- > Prepare the consent letter on your letterhead, authorizing Computershare to offer DRS to your investors.
- > Advise your registered securityholders.

**You can provide your securityholders with the option to easily convert their existing physical certificates to electronic security ownership by sending the certificates to Computershare. We can also assist you with your DRS-related communications when you implement your DRS service.**