

About DRs: “The Mechanics”

This diagram shows a typical issuance and cancellation flow.

The depository and custodian work together on the issuance and cancellation of underlying shares and depositary receipts in support of an issuer’s depositary receipt program.

WHAT IS ISSUANCE AND CANCELLATION?

“Issuance” and “Cancellation” simply refer to the transfer of custody of the share between the home market and the overseas market. These terms do not refer to the purchase, sale or trading of the depositary receipt.

A WORD ABOUT LIQUIDITY

Depositary receipts are as liquid as the shares in the home market, because new depositary receipts can be created (or cancelled) as needed based on investor interest. Consequently, the supply of depositary receipts is not constrained by the number of DRs traded at any point in time in the markets where they are available.

Standard Issuance

Standard Cancellations



