



EUROPEAN CENTRAL BANK

PRACTICAL QUESTIONNAIRE FOR PROJECT ON DEMATERIALIZED DEBT

In answering this questionnaire, assume that (a) the entity (the "**Issuer**") issuing the debt instruments is a corporation incorporated in your state (the "**Jurisdiction**"), is governed by the laws of the Jurisdiction applicable to corporations, and whose shares are listed and publicly traded in the Jurisdiction; and (b) that the debt instruments (the "**Debt Instruments**") issued are mainstream – medium to long term - corporate fixed income debt typically issued in the Jurisdiction, syndicated under the supervision of a lead manager (the "**Lead Manager**"), admitted to clearance within the domestic clearing system of the Jurisdiction, listed and publicly offered in the Jurisdiction.

I Issuance

1. How are Debt Instruments issued in the Jurisdiction?

1.1. The Debt Instruments begin their legal existence when the Issuer execute and deliver to the Lead Manager a physical instrument representing the Debt Instruments (e.g. a global instrument or several definitive instruments).

1.2. The Debt Instruments begin their legal existence when a book-entry representing the Debt Instruments is made.

IF YES to Question 1.1.

- is such physical instrument kept by the Lead Manager or is it on-delivered to the domestic clearing system?
- does such physical instrument entitles the (effective physical) holder thereof to any payment under the Debt Instruments (through a wording stating that "the holder hereof is entitled to.....", or by the operation of the applicable law of the Jurisdiction)?
- if the physical instrument is held by the domestic clearing system of the Jurisdiction, do the Debt Instruments belong to the estate of such clearing system?
- if the domestic clearing system is considered the full owner of the Debt Instruments, is there any legal or contractual mechanism to protect the investors against the bankruptcy of such clearing system (i.e. such as the common law "deed of covenant" whereby the Issuer grants a direct right to the investors)?
- is such physical instrument kept in a safe?
- if such physical instrument is destroyed in an accident, could the Issuer claim (even without any reasonable chance of success) that accordingly the holders/investors have lost all repayment rights?

IF YES to Question 1.2.

- who takes to initiative to have the book-entry made (the Issuer, the Lead Manager, the Lead Manager on behalf of the Issuer....)?
- when is the book-entry made (a couple of days prior to / on the very day of closing)?
- if made a couple of days prior to closing, when is such entry becoming representative of the Debt Instruments (the day it is made or value date / Closing date)?

- in the case of listed Debt Instruments who is keeping the book (Issuer, Lead Manager, clearing system,...)?
- Are there in your system debt instruments whose holders are not known to the issuer (apart from the case where the legal owner is a nominee or a trustee)?

II Secondary Trading

1. On the secondary market, how are Debt Instruments transferred between investors/holders?
 - 1.1. Transfer of Debt Instruments is perfected by effective delivery of a materialised instrument.
 - 1.2. Transfer of Debt Instruments is perfected by virtual delivery such as electronic or manual book-entry transfer.

IF YES to Question 1.1.

- is the materialised instrument transferred the same instrument which represented the Debt Instruments upon issue (such as definitive printed notes) or is it another kind of instrument (such as a certificate)?

IF YES to Question 1.2.

- assuming the virtual delivery perfects a complete and legally binding transfer to the transferee of the rights held by the transferor on the Debt Instruments; what are the rights now held by the transferee: an effective direct ownership right on the very Debt Instruments (ie: direct right against the Issuer) or a mere "interest in" the Debt Instruments (ie: co-ownership or right against the clearing system or the depository or the entity having the effective direct ownership right on the very Debt Instruments)?

- is the virtual delivery the only step legally necessary to achieve a complete transfer or are there any other steps to be completed such as the delivery of certificates ? If yes, what step is conclusive (the virtual delivery, the physical delivery of certificates, or both)?