

Deutsche Bank
Direct Securities Services



EXPANDING MARKET INFRASTRUCTURE THROUGH INNOVATION

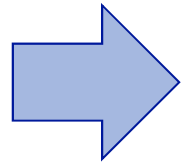
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Passion to Perform

Dirk Reinicke



INNOVATION: A Constant Challenge



Flexibility to change is key to **remain competitive**.

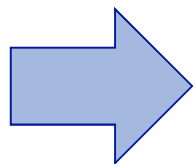
- Creation of **innovative competitive advantage** is key to survival.
 - **Seek to create and expand** a new market segment with growth potential.
 - **Go beyond** geographical borders.
 - **Engage** the right partners.
 - **Nurture** relationship for the long run.



TRANSFERABLE CUSTODY RECEIPTS – TCR

Pioneer Footprint in Global Markets

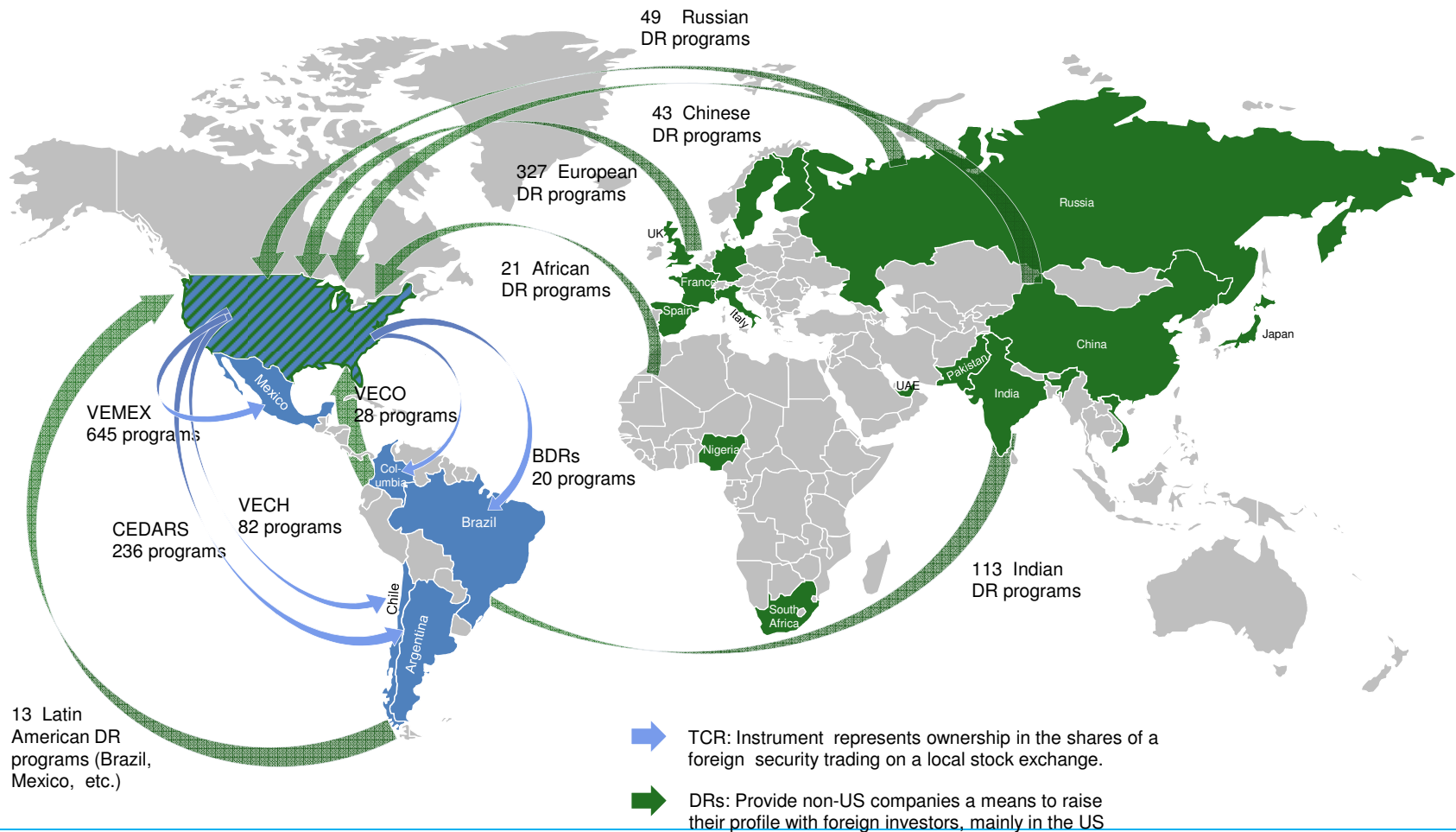
- Expand multiple market segments through focusing on potential demand:
 - DB brings in expertise and education across the market's value chain (infrastructure, market participants, and investors).
 - Our proven track records are testimonial to our commitment in the product
 - Flexibility of TCR models and features to fit each market's demand and regulatory requirements.
- Enables local investors to invest in foreign securities without cross-border transactions.
- TCR calls for partnership with local market regulators, central securities depositories, stock exchange(s), fiscal authorities, to achieve the best model to fit the market's requirements.
- TCR is a long-term program for the market, needs long-term commitment from all parties.



Create a gateway to the world's securities world through the local Exchange and CSD.



INVESTMENT FLOWS OF DB's DR AND TCR PROGRAMS



TCR's live markets



1. Argentina

- Certificado de Deposito Argentino (CEDEARS).
- Trading started in 1998 after the Securities Commission (CNV) released Resolution Nr. 291/97.
- Total of 236 Cedears listed: 205 Equities/ADRs & 31 Corporate Bonds.
- TCR's are considered local securities, hence follow same criteria as local securities.
- <http://latinamerica.db.com/ar/>

2. Mexico

- Valores Extranjeros para Mexicanos (VEMEX).
- Trading started in 2003.
- The basic regulation for the Foreign Investor Segment (SIC), was adapted. Government granted tax exemption for capital gains to Mexican Investors.
- Currently 645 VEMEX listed (330 Equities/ADRs, 309 ETFs, 6 Bonds).
- Represents an average of 25% - 30% of the current traded volume in Mexican Stock Exchange.
- <http://vemex.db.com/>

3. Chile

- Valores Extranjeros en Chile (VECH).
- Trading started in December 2009 after reviewing with DB existing international segment regulation.
- Total of 82 VECH listed (ETFs).
- <http://www.db.com/Chile/VECH>

4. Brazil

- Brazilian Depository Receipts (BDR's).
- Trading started in October 2010.
- Total of 20 Equities.
- Additional 10 programs are pending of approval by the local regulators.
- <http://www.db.com/brazil/>

5. Colombia

- Valores Extranjeros en Colombia (VECO).
- Trading started in December 2010.
- Total of 28 Equities.
- <http://www.db.com/TCR/VECO>

Visit our General TCR's Website: <http://www.db.com/tcr>

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DSS AMERICAS

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TCR Latest Market Updates



Chile (VECH)

- Ongoing discussion with regulators and Central Bank to implement the already approved negotiation in Chilean Pesos.
- Tax exemption for local investors investing abroad through the local Stock Exchange still remains a challenge.

Brazil (BDRs)

- Listed 2 sets of 10 Equities. (total market 70 Programs authorized).
- Abolished IOF Tax 6% but remaining 0,38% => consultation under way.
- Investor qualification criteria allowed to invest in TCR has been expanded .

Colombia (VECO)

- Clarification needed to list other instrument's types, e.g. ETFs.
- Retail investors to be eligible would be convenient considering that Retail Investors represent 40% of the Colombian Market.
- Consultation under way regarding Tax exemption for ETFs.



DR – TCR

Depository Receipts (DR)

- Sponsored by the Company .
- Driven by the Company.
- Capital Raising Product.
- ADR Programs could be consequence of an international IPO.
- DRs underlying assets are mainly equities
- Standard DR model.

Transferable Custody Receipts (TCR)

- “De Facto” sponsored by the TCR Issuer.
- Driven by Investor’s demand thus developing a new market segment with highly liquid securities.
- Not Capital Raising Product.
- TCR Programs are the consequence of the investor interest on existing underlying securities.
- TCRs underlying assets can include Equities, Bonds, ETFs, ADRs, commodities and warrants.
- Flexibility of TCR models and features to fit each market’s demand and regulatory requirements .

KEY BENEFITS OF TCR



Key Benefits of TCR

STOCK EXCHANGE & ECONOMY



- The value chain of transactions is retained in the local market (e.g. trading, brokerage, CSD & Custody Commissions)
- All local market participants e.g. Stock Exchange, CSD, Brokers, Custodians) benefits from **increased volumes** thus reducing marginal cost of transactions
- **Stimulation of the local market.** Supports market capitalization
- Greater selection of securities to offer to investors
- Creates a liquid market with international securities
- Supports stock market role as a capital intermediary
- Market Transparency. All trades can be followed
- Promote fund and portfolio management market

INVESTORS



- Able to gain diversification in a more convenient way; greater accessibility to global choice of investments
- Direct accessibility to foreign securities through the local market
- Trade and execution are done in the local stock market
- Priced in local currency and exchangeable into underlying shares
- Corporate action pre-advises and payment through the local stock market
- TCR holders' interests are also protected

BROKERS / FUND MANAGEMENT

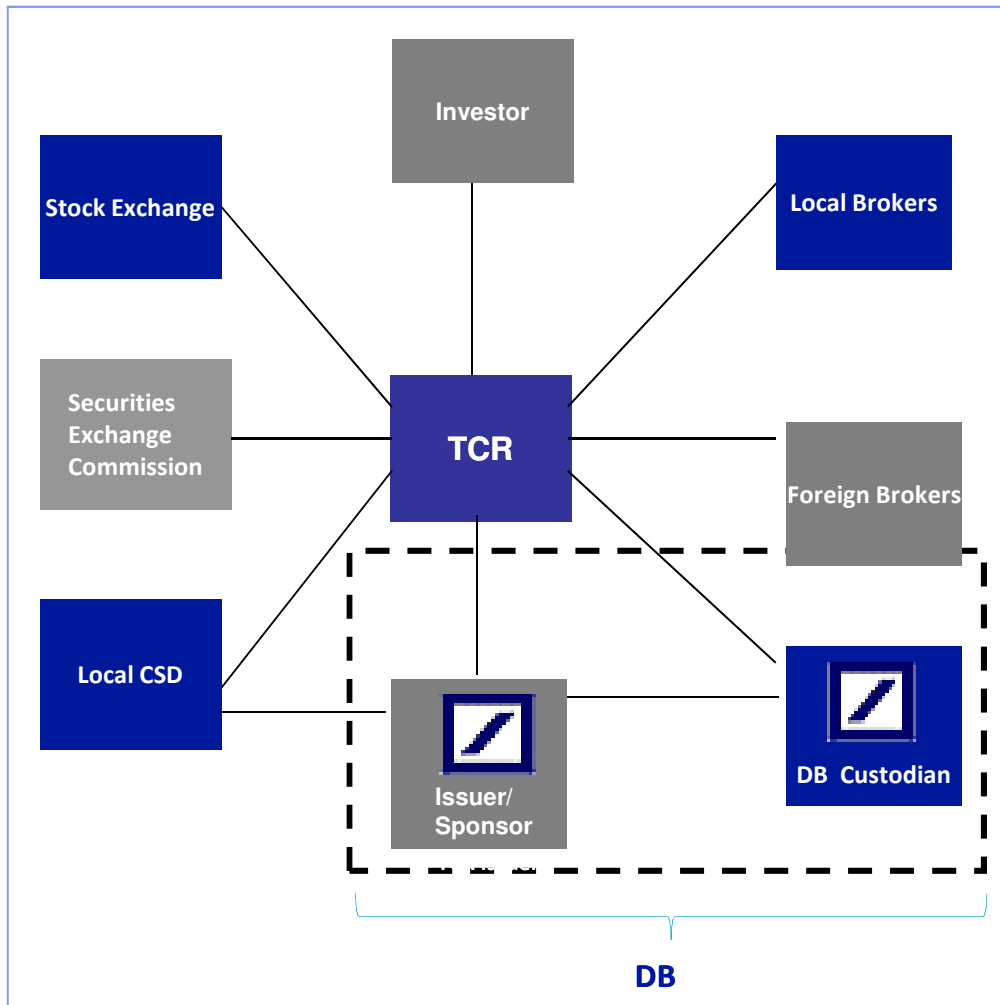


- Opportunity to expand services and knowledge
- Maintain and expand relationships with their client base
- Greater selection of securities for product differentiation
- Encourage diversification of investment portfolio
- Facilitate new product development
- Follow same settlement cycle convention as the local market
- Same trading hours as domestic securities
- Reduce marginal costs through increased trading volumes

TCR PARTICIPANTS



MARKET PARTICIPANTS



STOCK EXCHANGE ROLES

- Establishes the framework for TCR programs
- Monitors TCR issuance and cancellation activities
- Regulates TCR trading in the Stock Exchange
- Verifies and publishes the corporate information reported by the TCR Issuer (DB) at the Stock Exchange
- Monitors the information related to the TCR Issuer (DB)
- Receives and approves the information filed by the TCR Issuer for new TCR programs

DB'S ROLES

- Plays an active consultancy role and works together with the Stock Exchange, Regulators and related parties to develop TCR and the new market segment.
- Assists in drafting TCR rules and regulations
- Acts as a TCR issuer and provides custodian services for the underlying shares
- Provides Corporate Actions Information services.

CONTACTS



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