'LVWU *HQI
2FWREHU

2ULJLQDO (

&RPPLWWHH RI ([SHUWV RQ ,QWHUQDWLRQDO &RRSHUDWLRQ LQ 7D[0DWWHUV
7ZHOIWK 6HVVLRQ
*HQHYD 2FWREHU
$JHQGD LWHP
8SGDWH RI WKH 8QLWHG 1DWLRQV 3UDFWLFDO 0DQXDO RQ 7UDQVIHU 3ULFLQJ IRU 'HYHORSLQJ &RXQWULHV

&RRUGLQDWRU V 5HSRUW RQ :RUN RI WKH 6XEFRP 7UDQVIHU 3ULFLQJ

%DFNJURXQG

7KH &RPPLWWHH RI ([SHUWV RQ ,QWHUQDWLRQDO &RRSHUD LWV ZRUN RQ WKH 8QLWHG 1DWLRQV 3UDFWLFDO 0DQXDO R ³WKH 0DQXDO´ LQ ZKHQ LW HVWDEOLVKHG LWV ILUVW 0DQXDO ZDV DGRSWHG E\ WKH &RPPLWWHH GXULQJ LWV IRUP LQ $V WKH IRUPHU PHPEHUVKLS RI WKH &RPPLWW VR WKDW WKH 6XEFRPPLWWHHV IRUPHG E\ WKDW 0HPEHUVK

7KH 6XEFRPPLWWHH RQ $UWLFOH $VVRFLDWHG (QWHUSUL ZDV FUHDWHG DW WKH ILUVW VHVVLRQ RI WKH FXUUHQW PHP VHVVLRQ RI WKH &RPPLWWHH ZLWK WKH JRDO WR WDNH W LQFOXGLQJ XSGDWLQJ WKH 0DQXDO LQ D IDVW FKDQJLQJ L

WUDQVIHU SULFLQJ L 5HYLVLRQ RI WKH &RPPHQWDU\ R

EHWZHHQ FRPSDQLHV WKDW DUH QRW DVVRFLDWHG DQG FD
DUP¶V OHQJWK EDVLV´ LQ VHWWLQJ WHUPV IRU VXFK WUDG

% 7UDQVIHU SULFLQJ WKXV GRHV QRW QHFHVVDULO\
VXFK SULFHV LV D QRUPDO DVSHFW RI KRZ 01(V PXVW RSH
ZLWK LQWHUQDWLRQDOO\ DSSOLFDEOH QRUPV RU ZLWK WK
WD[DGPLQLVWUDWLRQ PD\ FRQVLGHU WKLV WR EH ³PLV
SULFLQJ´ RU QRQ DUP¶V OHQJWK SULFLQJ DQG LVVXHV R
DULVH $ IHZ H[DPSOHV LOOXVWUDWH WKHVH SRLQWV

- ,Q WKH ILUVW SUHFHGLQJ SDUDJUDSK &R LV D FRPSXWHU JURXS LQ &R
  LWV RZQ VXEVLGLDU\ LQ &RXQWU\ % 7KH SULFH
  VXEVLGLDU\ FRPSDQ\ LQ &RXQWU\ % WKH ³WUDQ
  &RXQWU\ UHSRUWV DQG KRZ PXFK ORFDO WD[
  SULFH WKDW LV ORZHU WKDQ WKH DSSURSULDWH
  EH LQ ILQDQFLDO GLIILFXOW\ HYHQ LI WKLV JURXS
  WKH FRPSOHWHG FRPSXWHU LV VROG
-)URP WKH SHUVSHFWLYH RI WKH WD[DXWKRULWLH
  SURILW UHSRUWHG DW WKHLU HQG E\ WKH FRPS
  FRXQWHUSDUW\ WKH\ QHHG DJUHHG KDYH WKH H[SHFW
  WKH RSHUDWLRQ ,I WKH FRPSXWHU FRPSDQ\ LQ
  FRPSDQ\ LQ &RXQWU\ % XQGHU FRPSDUDEOH FLU
  WKH VXSSOLHU SD\V WD[HV RQ LWV RZQ SURILWV LQ
  IRU WKH SDUHQW RU VXEVLGLDU\ LQ &RXQWU\ ZKLFK
  KLJKHU SURILW E\ IL[LQJ WKH WUDQVIHU SULFH
  LQFLGHQFH
- $FFRUGLQJO\ ZKHQ WKH YDULRXV SDUWV RI WKH
  FRQWURO LW PD\ PHDQ WKDW WUDQVIHU SULFHV
  WKH FRUUHFW DUP¶V OHQJWK SULFH RU D UDQJH
  DUULYHG DW

- ,Q WKH QH[W H[DPSOH &R LV D PDQXIDFWXUHU LQ &R
  WKURXJK D VXEVLGLDU\ LQ &RXQWU\ % ,W LV DV
  FRVWV WKH &RXQWU\ % VXEVLGLDU\ LW 7KH F
  WUDQVIHU SULFH RI DQG WKH VXEVLGLDU\ LQ
  % 2YHUDOO WKH FRPSDQ\ KDV WKXV PDGH LQ
- +RZHYHU &R KDV QR SDUW LQ &RXQWU\ % LV DXGLWHG E
  QRWLFH WKDW WKH GLVWULEXWRU LWVHOI GRHV

(& & 5

(& & 5

% (YROXWLRQ RI 7UDQVIHU 3ULFLQJ

WKH URXQG WKH FORFN WUDGLQJ LQ ILQDQFLDO LQVWUX
FRPPHUFH DQG ,QWHUQHW EDVHG EXVLQHVV PRGHOV DUH
SULFLQJ KDV EHFRPH VXFK D KLJK SURILOH LVVXH RYHU WK

% 2WKHU FRQVLGHUDWLRQV KDYH DOVR KDG DQ LPS
SULFLQJ 6RPH GHYHORSHG FRXQWULHV KDYH WLJKWHQHG
LVVXH RI IRUHLJQ HQWHUSULVHV DFWLYH LQ WKHLU FRXQ
JURXSV &RQVHTXHQWO\ VRPH GHYHORSLQJ FRXQWULHV K
SULFLQJ UHJXODWLRQV LQ WKHLU FRXQWULHV WR NHHS W
DUH UHFRJQL]LQJ WKDW WKH\ QHHG WR HIIHFWLYHO\ DGGU
ZD\

% &RXQWULHV ZLWK OHVV VRSKLVWLFDWHG WD[V\VW
DEVRUELQJ WKH HIIHFW RI VWURQJHU HQIRUFHPHQW RI W
HIIHFW SD\LQJ DW OHDVW VRPH RI WKH 01(V¶ WD[FRVWV
PDQ\ FRXQWULHV KDYH LQWURGXFHG QHZ WUDQVIHU SULFL

% 7KH 2(&' &RPPLWWHH RQ)LVFDO $IIDLUV FRQWLQXH
SULFLQJ LQ SDUWLFXODU GHYHORSPHQWV LQ WKH XVH R
PDWWHUV 7KH UHFHQW WKUXVW RI WKH 2(&' KDV EHHQ VW
LQWHUQDWLRQDO WD[DWLRQ UXOHV WR LGHQWLI\ ZHDNQH
(UROVLRQ DQG 3URILW 6KDULQJ %(36 ,Q 6HSWHPEHU
%(36 LQLWLDWLYH ZKLFK LGHQWLILHG DFWLRQV DLPHG
VWDQGDUGV DQG PHDVXUHV WR KHOS FRXQWULHV WDFNOH
SUHOLPLQDU\ UHSRUWV LQ DQG IROORZHG LW ZLWK WK
IRU HDFK $FWLRQ 3ODQ DW WKH *)LQDQFH 0LQLVWHUV
SURYLGH 0RGHO SURYLVLRQV WR SUHYHQW EV\&RXQWU\
5HSRUWLQJ LQ WHUPV RI GRFXPHQWDWLRQ UHTXLUHPHQ
DGGUHVVLQJ KDUPIXO WD[SUDFWLFHV HQGRUVH D PLQLP
UHVROXWLRQ DQG PDNH PDQ\ RWKHU VXFK UHFRPPHQGDWL

% :KLOH WKH 2(&' %(36 LQLWLDWLYH WKHRUHWLFDOO
VWDQGDUGV WR NHHS SDFH ZLWK WKH FKDQJLQJ JORE
LPSOHPHQWDWLRQ RI VXFK %(36 PHDVXUHV LV GHSHQGH
QHFHVVDU\ FKDQJHV WR WKHLU GRPHVWLF ODZV DV ZHOO
FRXQWULHV DQG GRLQJ DOO RI WKLV LQ D FR RUGLQDWHG PD
UHVROXWLRQ

% ,W LV WR EH QRWHG WKDW ZLWK UHVSHFW WR WKH
RI $UWLFOH RI WKH 2(&' 0RGHO &RQYHQWLRQ WKH\ KDYH
81 0RGHO 'RXEOH 7D[&RQYHQWLRQ +RZHYHU GHYHORSLQ
WR LPSOHPHQW VXFK JXLGHOLQHV LQ SUDFWLFH 7KHUH D
SULFLQJ PHWKRGV VHH 3DUW % WKDW PD\ EH XVHG
VLWXDWLRQV WR DUULYH DW DQ DUP¶V OHQJWK SULFH
SURYLGH D FRPSXWDWLRQ RI WKH DUP¶V OHQJWK SULFH
01(LQ SUDFWLFH GLVDJUHHPHQWV EHWZHHQ WD[DXWKRU
WD[DEOH SURILWV EHWZHHQ WZR 01(V EHLQJ HLWKHU PRUH

% :KLOH LW LV UHODWLYHO\ HDV\ WR GHVFULEH W
JXLGHOLQHV RQ WKH SUDFWLFDO DSSOLFDWLRQ RI WKH SU
WKH SULQFLSOH UHTXLUHV LGHQWLILFDWLRQ DQG DSSOLFD

% $ SUDFWLFDO H[DPSOH IROORZV RI D VLWXDWLRQ Z
DSSOLHG

x

% 7KH DERYH SURFHVVHV DUH GLVFXVVHG LQ GHW
&RPSDUDELOLW\ $QDO\VLV

% 7KH WUDQVIHU SULFLQJ PHWKRGV DUH VHW IRUWK
ZLWK FRPSUHKHQVLYHO\ DW 3DUW % ,W LV KRZHYHU LP
VLQJOH WUDQVIHU SULFLQJ PHWKRG ZKLFK LV JHQHUDOO\ I

% &RPSXWLQJ DQ DUP¶V OHQJWK SULFH XVLQJ WUDQ
WDVN UHTXLUHV HIIRUW DQG JRRGZLOO IURP ERWK WKH V
GRFXPHQWDWLRQ JURXQGZRUN DQDO\VLV DQG UHVHDUFK
VHHNV WR DVVLVW GHYHORSLQJ FRXQWULHV LQ WKDW WDV
WKDW WKH WDVN ZLOO UDUHO\ EH D VLPSOH RQH

% 7UDQVIHU 3ULFLQJ 0HWKRGV

% 7KH NH\ TXHVWLRQ LV KRZ WR DSSO\ WKH DUP¶V
WKH DUP¶V OHQJWK SULFH RI D WUDQVDFWLRQ 6HYHUD
SURYLGLQJ D FRQFHSWXDO IUDPHZRUN IRU WKH GHWHUPL
PHWKRG LV FRQVLGHUHG VXLWDEOH LQ HYHU\ VLWXDWLRQ
SURYLGHV WKH EHVW HVWLPDWH RI DQ DUP¶V OHQJWK SUL

% $OO WKHVH WUDQVIHU SULFLQJ PHWKRGV UHO\ GL
SULFH RU PDUJLQ LQIRUPDWLRQ RI VLPLODU WUDQVDFWL
FRPSDUDEOH´ EDVHG RQ VLPLODU XQFRQWURROHG WUDQVD
³H[WHUQDO FRPSDUDEOH´ LQYROYLQJ LQGHSHQGHQW HQWH

% 7KH VL[PDMRU WUDQVIHU SULFLQJ PHWKRGV GLV
DV IROORZV

7UDQVDFWLRQ EDVHG PHWKRGV

% &RPSDUDEOH 8QFRQWUROOHG &RPSDUDEOH 0HWKRG &3 FRPSDUHV
FKDUJHG IRU D SURSHUW\ RU VHUYLFH WUDQVIHUUHG LQ D
FRPSDUDEOH SURSHUW\ RU VHUYLFH WUDQVIHUUHG LQ
FRPSDUDEOH FLUFXPVWDQFHV

% 5HVDOH 3ULFH 0HWKRG 7KH 5HVDOH 3ULFH 0HWKRG LV XVHG
WR EH SDLG E\ D UHVHOOHU IRU D SURGXFW SXUFKDVHG I
LQGHSHQGHQW HQWHUSULVH 7KH SXUFKDVH SULFH LV VH
VXIILFLHQW WR DOORZ LW WR FRYHU LWV VHOOLQJ DQG RS

% &RVW 3OXV &RVW 3OXV 0HWKRG LV XVHG WR G
SULFH WR EH FKDUJHG E\ D VXSSOLHU RI SURSHUW\ RU V
GHWHUPLQHG E\ DGGLQJ WR FRVWV LQFXUUHG E\ WKH VXS

W U D Q V D F W L R Q V S H F L I L F G R F X P H Q W V

LQGHSHQGHQW HQWHUSULVHV LQ FRPSDUDEOH FLUFXPVWD
WKH 2(&' * $FWLRQ 3ODQ 5HSRUW ZKLFK ORRNV DW WUD

% 7KH 3URILW 6SOLW 0HWKRG LV W\SLFDOO\ XVHG L
WUDQVDFWLRQ PDNH XQLTXH DQG YDOXDEOH FRQWULEXWL
WKH LQWDQJLEOHV LQ TXHVWLRQ ([SHULHQFH KDV VKRZQ
SURYH XVHIXO LQ PDWWHUV LQYROYLQJ WUDQVIHUV RI LQ
0HWKRG DQG WKH 7UDQVDFWLRQDO 3URILW 6SOLW 0HWKR
VRPH FLUFXPVWDQFHV

%XVLQHVV UHVWUXFWXULQJ

% 7KHUH LV QR XQLYHUVDOO\ DFFHSWHG GHILQLWLRQ
SUHFLQJ VFHQDULRWRWEHLVFRQVLGHUHGU UHGHSOR\PHQW RI
ZKLFK D SURILW ORVV SRWHQWLDO PD\ EH DWWDFKHG %X
W\SLFDOO\ LW PD\ FRQFHUQ WKH FRQYHUVLRQ RI ORFDO
PDQXIDFWXUHUV WKH DGRSWLRQ RI D OLPLWHG ULVN GL
WUDQVIHU RI LQWDQJLEOHV WR SULQFLSDO FRPSDQLHV DE

% 7KH JHQHUDO UXOH LV WKDW EXVLQHVVHV PD\
WKHVH ILW 7KH NH\ LVVXH EHFRPHV ZKHWKHU VXFK UHV
FRQVLVWHQW ZLWK WKH DUP V OHQJWK SULQFLSOH

%)RU GHYHORSLQJ FRXQWULHV LW LV LPSRUWDQ
LVDSSOLHG QHXWUDOO\ L H QRW GLVWLQJXLVKLQJ ZKHWKH
GHYHORSLQJ FRXQWU\ 7KHUH PLJKW EH LPSOHPHQWDWL
FRPSDUDEOHV LQ D GHYHORSLQJ FRXQWU\ EXW WKDW VKR
HIIHFWV RI D EXVLQHVV UHVWUXFWXULQJ VKRXOG EH WKH
DFWXDOO\ WDNHV SODFH

% 3DUW % GHDOV ZLWK WKH YDULRXV DSSHFW
UHWUXFWXULQJV LQ PRUH GHWDLO

,QWUD JURXS VHUYLFHV

% $QQXLWLHV DV WKH QDPH VXJJHVWV LV D V
DQRWKHU LQ WKH VDPH 01(JURXS)RU D VHUYLFH WR EH F
VLPLODU WR D VHUYLFH ZKLFK DQ LQGHSHQGHQW HQWHU
ZLOOLQJ WR SD\ IRU LQ KRXVH RU HOVH SHUIRUP E\ LWVHO
DV DQ LQWUD JURXS VHUYLFH XQGHU WKH DUP¶V OHQJWK
PHPEHUV GR QRW QHHG WKH DFWLYLW\ DQG ZRXOG QRW EH

% ,Q WKH FDVH RI FHQWUDOL]HG VHUYLFHV HDFK D

DSSOLFDWLRQ RYHU &)& UXOHV $IWHU WKH DSSOLFDWLRQ
&)& UXOHV RQ WKH UHWDLQHG SURILWV RI IRUHLJQ VXEVLG

7KLQ FDSLWDOL]DWLRQ

% :KHQ WKH FDSLWDO RI D FRPSDQ\ LV PDGH XS RI D
RI HTXLW\ LW LV VDLG WR EH ³WKLQO\ FDSLWDOL]HG´ 7
DGYDQWDJHRXV IURP D WD[DWLRQ YLHZSRLQW W\SLFDO\ EH

DXWKRULWLHV HVSHFLDOO\ LQ WKH IUDPHZRUN RI WKH 0X
QDPHG EHFDXVH SULFLQJ PHWKRGRORJLHV DUH DJUHHG L
WUDQVDFWLRQV RIWHQ FDOOHG WKH ³FRYHUHG WUDQVDF
WD[SD\HU RQ WKH WD[DWLRQ RI FHUWDLQ FURVV ERUGHU V
DV WKH VDIHVW ZD\ WR DYRLG GRXEOH WD[DWLRQ HVSHF
0DQ\ FRXQWULHV KDYH LQWURGXFHG 3 SURFHGXUHV LQ
GLIIHUHQW OHJDO IRUPV)RU H[DPSOH LQ FHUWDLQ FRX
HQJDJHPHQW EHWZHHQ WD[SD\HUV DQG WD[DXWKRULWLHV
LQIRUPDO DUUDQJHPHQW EHWZHHQ WKH WD[DXWKRULWLHV
GLVDGYDQWDJHV RI 3V IRU GHYHORSLQJ FRXQWU\ DGPL
LPSOHPHQWDWLRQ LVVXHV DUH DGGUHVVHG LQ 3DUW &

7LPH OLPLWDWLRQV

% $QRWKHU LPSRUWDQW SRLQW IRU WUDQVIHU SULL
OLPLWDWLRQ RQ WKH WLPH SHULRG DOORZHG LQ GRPHVWLF ODZ IRU WKH
SULFLQJ DXGLW DQG PDNH QHFHVVDU\ DVVHVVPHQWV RU W
KHDY\ EXUGHQ RQ WKH WD[SD\HUV DQG WD[DXWKRULWLH
WDNLQJ DFWLRQ LV RIWHQ H[WHQGHG FRPSDUHG ZLWK JH
ORQJ D SHULRG GXULQJ ZKLFK DGMXVWPHQW LV SRVVLE
SRWHQWLDOO\ YHU\ ODUJH ILQDQFLDO ULVNV 'LIIHUHQFH
OLPLWDWLRQ PD\ OHDG WR GRXEOH WD[DWLRQ &RXQWULH
LQWHUHVWV RI WKH UHYHQXH DQG RI WD[SD\HUV LQ PLQG
DGMXVWPHQWV FDQ EH PDGH

'RPHVWLF WUDQVIHU SULFLQJ UXOHV DQG WD[WUHDWLHV

% %RWK GHYHORSHG DQG GHYHORSLQJ FRXQWULHV
WR FRXQWHU WUDQVIHU SULFLQJ PDQLSXODWLRQ DQG DOV
WUHDWLHV XVXDOO\ $UWLFOH ZKLFK LV UHOHYDQW WR
WR WUDQVIHU SULFLQJ DGMXVWPHQWV 2QH YLHZ LV WKDW
SURYLGHV D VHSDUDWH DQG LQGHSHQGHQW GRPHVWLF EDV
FRQWUDU\ YLHZ LV WKDW WD[WUHDWLHV GR QRW LQFUHDV
DVVRFLDWHG HQWHUSULVHV DUWLFOH RI D FRXQWU\¶V WD
MXULVGLFWLRQ 7KH GHWDLO LQ VXFK GRPHVWLF ODZV ZL
YDU\ GHSHQGLQJ RQ KRZ DGYDQFHG WKH FRXQWU\ LV LQ LV

% 2QH YLHZ LV WKDW D FRXQWU\¶V WD[MXULVGLFW

FRXQWU\ WR SURYLGH D FUHGLW DJDLQVW LWV GRPHVWLF
JHQHUDOO\ KHOG YLHZ LV WKDW XQGHU D WD[WUHDW\ D
WUHDW\ FRXQWU\¶V GRPHVWLF ODZ DQG WKH WD[WUHDW\
WUHDW\ FRXQWU\ DUH EDVHG RQ WKHLU UHVSHFWLYH GRP
H[SDQGHG E\ WKH WUHDW\ $OVR WUHDWLHV GR QRW SU
SULFLQJ UHJLPH ZLOO ZRUN LQ SUDFWLFH VXFK DV WKH
WKHVH IDFWRUV LW LV JHQHUDOO\ FRQVLGHUHG WKDW D
WUDQVIHU SULFLQJ PHDVXUHV UDWKHU WKDQ DVVHUWLQJ
WUDQVIHU SULFLQJ DGMXVWPHQWV

%)RU WUDQVIHU SULFLQJ PHDVXUHV WR EH HIIHFWL
HQVXUH WKDW WD[SD\HUV FRPSO\ ZLWK WKH UXOHV ,I MX
PHDVXUHV RU GR QRW HQIRUFH WKRVH PHDVXUHV WKHUH L
JURXS WUDQVIHU SULFHV IDYRXU MXULVGLFWLRQV WKDW H
WKH OLQH RI OHDVW UHVLVWDQFH EXW LW GRHV SURYLGH
DQG HQIRUFH VRPH IRUP RI WUDQVIHU SULFLQJ UXOHV WR

% 7KDW 01(V PLJKW XVH WUDQVIHU SULFHV WR VKLIW
WD[FRXQWULHV LV D SDUDGR[EXW KDSSHQV LQ SUDFWLF
WKH KLJK WD[FRXQWU\ RU EHFDXVH WKHUH DUH ORVVHV
SURILWV IURP D ORZHU WD[FRXQWU\ 01(V PD\ DOVR K
MXULVGLFWLRQV LQ ZKLFK WD[ODZV VXFK DV WUDQVIHU
LV D ³]HUR VXP JDPH´ VLWXDWLRQ LQ ZKLFK WKH ³JDLQ´ RI WD[D
PXVW EH PDWFKHG E\ D ³ORVV´ E\ WKH RWKHU MXULVGL
HQWHUSULVHV PLJKW VHW WKHLU WUDQVIHU SULFHV WR ID
SULFLQJ UXOHV LQ RUGHU WR PLQLPL]H WKH ULVN RI WUD
MXULVGLFWLRQ 0RUHRYHU WUDQVIHU SULFLQJ GLVSXWHV

% 7UDQVIHU 3ULFLQJ LQ 7UHDWLHV

81 DQG 2(&' 0RGHO &RQYHQWLRQV $Q RYHUYLHZ 0RYH PDV
/HJLVODWLYH 'HVLJQ 3ULQFLSOHV

% 7KH 2(&' 0RGHO &RQYHQWLRQ ZDV RULJLQDOO\ SXEOLVKHG LQ DV D
YHUVLRQ ZDV ILUVW SXEOLVKHG LQ 7KLV 2(&' ZRUN IR
WKH /HDJXH RI 1DWLRQV DQG WKHQ DIWHU :RUOG :DU ,, E
SURGXFHG D 81 0RGHO &RQYHQWLRQ IRU 7UHDWLHV EHWZ
ZLWK D QHZ YHUVLRQ 7KH 81 0RGHO &RQYHQWLRQ KDV
XSGDWHG DQG ZDV ODXQFKHG DV WKH XSGDWH RQ
UHVSHFWV VLPLODU WR WKH 2(&' 0RGHO EXW WKH GLIIHU
ULJKWV WR FRXQWULHV KRVWLQJ LQYHVWPHQWV DUH YHU

$ UHDG RQO\ EXW GRZQORDGDEOH YHUVLRQ RI WKH 2(&' 0RGHO LV
KWWS ZZZ RHFG RUJ WD[WUHDWLHV RHFGPWFDYDLODEOHSURGXFWV
7KH 81 0RGHO LV DYDLODEOH IURP KWWS ZZZ XQ RUJ HVD IIG GR

% 7KHUH KDV KLVWRULFDOO\ EHHQ D ZLGHVSUHDG
DSSURSULDWH IRU QHJRWLDWLRQV EHWZHHQ GHYHORSHG
RU GHYHORSLQJ FRXQWULHV ,Q JHQHUDO LW FDQ EH VDL
ULJKWV WR WKH VRXUFH VWDWH L H KRVW VWDWH RI LQ
2(&' 0RGHO 7KH 81 0RGHO KDV EHHQ HPEUDFHG E\ PDQ\ GH
WUHDW\ SROLF\ 6RPH GHYHORSHG FRXQWULHV DOVR DGRS
KDV LQIOXHQFHG FKDQJHV WR JLYH DVSHFWV RI WKH 2(&' 0

7UDQVIHU SULFLPÀ5&RG 2LP0HVQ P€ÀE 0DE € pP0

FRXQWULHV DQG PD\ EH H[WHQGHG IRU WUDQVIHU SULFL
DUUDQJHPHQWV GLIIHULQJ IURP WKRVH PDGH E\ XQHODWH
VLWXDWLRQ RI ³FRQWURO´ $OVR VRPHGWHLPHXUHD ZLFGRUGLQ
WR OHJDO GRUHDLWRGDFFRUGLQJ WR SUDFWLFDO UHDOLW\
GHILQH PD\ EH DGRSWHG EDVHG RQ WKH DQWL DYRLGDQFH

% 7KH 0RGHO &RQYHQWLRQV DOVR VSHOO RXW LQ $

VHWWOHPCG W RI GLVSXVP€`RZFRUUHV RQWLQJDGMXhWPHQWVD
RWHG WKDW WµH $8 SUUF„G€P‡@0p HV RX JXDUDQWHH UHOL
UÀJKxh 3€DPp0&€ WLbd=XhlXe WKH 0D=80À 0ÀRUH p€GDLú

%‰O V ð Œ º ! Y HdULQ Ü Ø Ø Ø

QRW ODUJH 7KLV PD\ EH HVSHFLDOO\ LPSRUWDQW LQ UHV
DQG PHGLXP VL]HG HQWHUSULVHV 60(V

% *OREDO 7UDQVIHU 3ULFLQJ 5HJLPHV

7DE%H &RXQWULHV ZLWK 7UDQVIHU 3ULFLQJ 5HJLPHV DQG

7UDQVIHU SULFLQJ DQG GHYHORSLQJ FRXQWULHV

%)RU DOO FRXQWULHV EXW SDUWLFXODUO\ IRU P
DGPLQLVWUDWLRQ WR GHDO IDLUO\ DQG HIIHFWLYHO\ ZLW
H[HUFLVH´ ERWK OLWHUDOO\ DQG ILJXUDWLYHO\

% 6RPH RI WKH VSHFLILF FKDOOHQJHV WKDW PDQ\ GHY
GHDOLQJ HIIHFWLYHO\ ZLWK WUDQVIHU SULFLQJ LVVXHV D
LQ WKLV 0DQXDO DUH OLVWHG EHORZ

/DFN RI FRPSDUDEOHV

% 2QH RI WKH IRXQGDWLRQV RI WKH DUP¶V OHQJWK
FRPSDUDEOH WUDQVDFWLRQV 3URSHU FRPSDUDELOLW\ LV
ZKLFK LQ WKH YLHZ RI PDQ\ ZHDNHQV WKH FRQWLQXHG YD
WKH WUDGLWLRQDO WUDQVIHU SULFLQJ PHWKRGV &83 530
FRPSDUDEOHV KDYH WR EH FORVH LQ RUGHU WR EH RI XV
H[WUHPHO\ GLIILFXOW LQ SUDFWLFH HVSHFLDOO\ LQ VRF
LQIRUPDWLRQ WR DSSO\ WKH DUP¶V OHQJWK SULQFLSOH IR

7KHUH WHQG WR EH IHZHU RUJDQL]HG RSHUDWRUV LQ
VR ILQGLQJ SURSHU FRPSDUDEOH GDWD FDQ EH YHU\ G

7KH FRPSDUDEOH

SURFHVV ZKLFK PD\ EH FRQWHQWLRXV DQG PD\ XOWLPDW
FRQIOLFWLQJ LQWHUSUHWDWLRQV

% ,Q FDVH RI ZKLFK XHQXH DXWKRULWLHV RI WZ
DYDLODEOH SUHVFULEHG RSWLRQ LV WKH 0XWXDO $JUHH
SRVVLEO\ OHDG WR D SURWUDFWHG DQG LQYROYHG GLDO
DQG PD\ FDXVH VWUDLQV RQ WKH UHVRXUFHV RI WKH FRPS
RI WKH GHYHORSLQJ FRXQWULHV

*URZWK RI WKH GLJLWDO HFRQRP\

% 7KH ,QWHUQHW KDV FRPSOHWHO\ FKDQJHG WKH
LQIRUPDWLRQ LV H[FKDQJHG DQG EXVLQHVV LV WUDQVDF
GHILQHG WUDGLWLRQDO WD[DWLRQ FRQFHSWV QR ORQJH
FRQFHSWV WR WKH ,QWHUQHW DQG UHODWHG H FRPPHUF
XQFOHDU

%)URP WKH YLHZSRLQW RI PDQ\ FRXQWULHV LW
DSSURSULDWHO\ H[HUFLVH WD[LQJ ULJKWV RQ WKHVH LQW
DQG ZHE EDVHG EXVLQHVV PRGHOV€D :KHWKHU Kp`ÀŸHP À

$ Q Q H [

' %U D] L O ¶ V 5 H V D O H 3 U L F H 0 H W K R G D Q G & R V W 3 O X V
K D U E R X U ¶ P H W K R G V) R U W K H V H S X U S R V H V V D I H K D U E R X
F D W H J R U \ R I W D [S D \ H U V R U W U D Q V D F W L R Q V W K D W U H O L H
G G

Uw A W• Ey A 0 •• pdEp ‘ O L H 0 Q H D H W @ L A ` 0 pD U

x $ 7UDQVIHU 3UICH XQGHU %UD]LOLDQ ODZ

' 5HVDOHZ3LUWLFHPDQXIDFWXULQJ RSHUDWLRQ

,Q WKLV PHWKRGRORJ\ WKH WUDQVIHU SULFH ZRXOG EH FD
SDUWLFLSDWLRQ RI WKH JRRGV QHJRWLDWHG EHWZHHQ DV
UHVROG WR DQ LQGHSHQGHQW HQWHUSULVH SURGXFW %
XVLQJ WKH 5HVDOH 3UICH 0HWKRG ZKHQ WKH UHVHOOHU D
EHWZHHQ DVVRFLDWHG SHUVRQV DQG WKH UHVHOOLQJ VKDOO EH \
WKH UHVHOOLQJ FRPSDQ\ ZLWK DQ LQGHSHQGHQW HQWHUS

)LJXUH '5HVDOH 3ULFH 0HWKRG ZLWK PDQXIDFWXULQJ

' ([DPSOH 5HVDOH RI 6DPH 3URGXFW

$ PDQXIDFWXULQJ HQWHUSULVH GRPLFLOHG LQ &R
SURGXFW DYDLODEOH ZRUOGZLGH WR DQ H[FOXVL
SHU XQLW <' LQ LWV WXUQ [illegible]
WKH WUDQVIHU SULFLQJ UXOHV RI %UD]LO WKH 5H
SURILW PDUJLQ 7KHUHIRUH WKH DUP V OH
EHWZHHQ 0&2 DQG <' ZRXOG GHSHQG RQ
WKHUH ZLOO EH D WUDQVIHU SULFLQJ DGMXVWPHQ

' ([DPSOH 'LIIHUHQW 3URGXFWV ZLWK PDQXIDFWXU

$ FRQWUROOLQJ HQWHUSULVH GRPLFLOHG LQ [illegible]
GRPLFLOHG LQ %UD]LO WKH SDUHQW [illegible]
WXUQ WKH VXEVLGLDU\ PDQXIDFWXUHV ILQDO SUH
SHU XQLW QHW UHDOL[DEOH YDOXH [illegible]
VXEVLGLDU\ DOVR XVHV RWKHU LQSXWV DFTXLUH
RI WKH ILQDO SURGXFW 7KH FRVW RI VXFK DGGLW
FRVW RI WKH ILQDO SURGXFW [illegible]
SHU FHQW WKXV WKH WRWDO FRVW LV
D IL[HG PDUJLQ RI SHU FHQW LQ RUGHU WR FDO
LQIRUPDWLRQ WKH FDOFXODWLRQ LV DV IROORZV

3 9‘&Cxà VR LRQWU\ LQ WKC9‘&K 3^HGG 8 PI LQ WKC9‘&K

' ([D P S O H , Q W H U F R L F S H D Q Q \ H 6 R I W Z D U H

- 3& SURGXFW FRVW
- *30 JURVV SURILW PDUN XS DV GHWHUPLQHG E\ OD
  WKLV VLPSOLILHG H[DPSOH ZKLFK LV WKH IL[HG JUR
  DFFRUGLQJ WR %UD]LOLDQ ODZ

7KLV PHWKRG PD\ EH DOVR DSSOLHG LQ FDVHV ZKHUH W

' ([DPSOH ,QWHUFRPSDQ\ 'LVWULEXWLRQ

3+50; D SKDUPDFHXWLFDO LQGXVWU\ ZLWK KHH
LQJUHGLHQW RI D GUXJ SURGXFHG LQ LWV ODERU
%UD]LO RU DEURDG 7KH SULFH SDLG LQ WKH DFT
ZKLOH 3+50; H[SRUWV PHGLFLQH WR HH WR PHHR 3 SDQU R
7KH &RVW 3OXV 0HWKRG LQ %UD]LO UHTXLUHV \
FRQVLGHUDWLRQ D SHU FHQW JURVV SURILW PDU

' ,I WKH &30 LV DSSOLHG IRU GHWHUPLQLQJ WKH PDQXIDFWXULQJ H[SRUWHU XVHV LWV RZQ ERRNHG FRVWV QHHG WR UHTXHVW DQ\ GDWD IURP WKH QRQ %UD]LOLDQ D QHFHVVDU\ LQIRUPDWLRQ FDQ EH DFFHVVHG DQG YHULILH UHVXOW WKH &RVW 3OXV 0HWKRG ZLWK IL[HG PDUJLQV RSHUDWLRQV

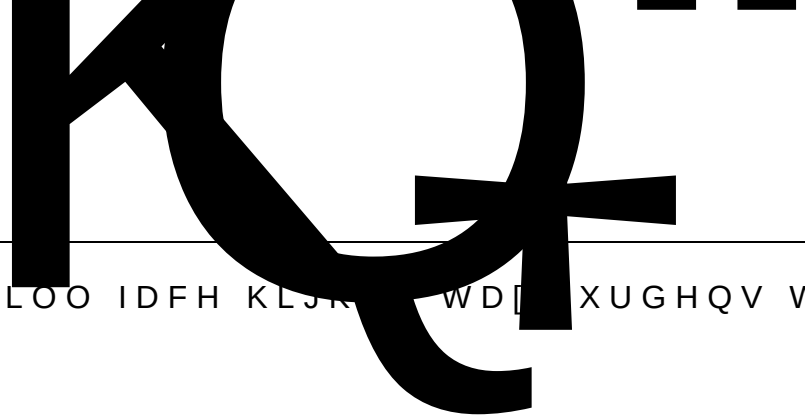
' 6WUHQJWKV DQG :HDNQHVV RI WKH %UD]LOLDQ 0HW 0DUJLQV

' 7KH VWUHQJWKV RI %UD]LO¶V SUHGHWHUPLQHG SU 0HWKRG DQG &RVW 3OXV 0HWKRG LQFOXGH IRFXV RQ VLPSOL

- x ,W DYRLGV WKH QHHG IRU VSHFLILF FRPSDUDEOHV
- x 7KH XVH RI WKH FRQYHQWLRQDO 5HVDOH 3ULFH 0HW WKH DYDLODELOLW\ RI FHUWDLQ GDWD GDWDEDVHV SURILW PDUJLQ DQG JURVV SURILW PDUN XS ,Q JHQH
- x ,W IUHHV VFDUFH KXPDQ UHVRXUFHV DQG FDQ EH DS VSHFLILF WUDQVIHU SULFLQJ LVVXHV
- x ,W VWDELOL]HV WKH H[SHFWDWLRQV RI WD[SD\HUV Z DVVRFLDWHG ZLWK LQWHU FRPSDQ\ WUDQVDFWLRQV
- x ,W LV D ORZ FRVW V\VWHP IRU FRPSDQLHV DQG WKH ZLWK RQH DSHFW RI D WUDQVIHU SULFLQJ DQDO\VL PDUJLQV
- x ,W KDV D VWURQJ HPSKDVLV RQ SUDFWLFDOLW\
- x ,W GRHV QRW GLVWRUW FRPSHWLWLRQ DPRQJ HQWH DSSOLHG VLQFH WKH\ DUH VXEMHFW WR WKH VDPH IURP DV\PPHWU\ RI LQIRUPDWLRQ
- x ,W DOORZV IRU VLPSOH LPSOHPHQWDWLRQ E\ WD[DX
- x ,W LV VLPSOH IRU WD[SD\HUV WR DSSO\

' 7KH ZHDNQHVVHV RI %UD]LO¶V SUHGHWHUPLQHG SU 0HWKRG DQG &RVW 3OXV 0HWKRG LQFOXGH

- x 7KH DSSURDFK PD\ OHDG WR GRXEOH WD[DWLRQ LI DXWKRULWLHV WR QHJRWLDWH UHOLHI IURP GRXEOH
- x 7KH PHWKRG UHTXLUHV FOHDU FODVVLILFDWLRQV DQ WKH DOORFDWLRQ RI H[SHQVHV EHWZHHQ &2*6 DQG R
- x ,W LV XQDYRLGDEOH WKDW VRPH %UD]LOLDQ HQWHU SURILW PDUJLQV QRW FRPSDWLEOH ZLWK WKHLU SU PDUJLQ PHWKRG DSSOLHV UHJDUGOHVV RI WKH FRV RWKHUZLVH HFRQRPLFDOO\ LGHQWLFDO WD[SD\HUV



F R V W V Z L O O I D F H K L J K W D [X U G H Q V W K D Q W D [S D

FRRSHUDWLYH ORZ WD[MXULVGLFWLRQ DV GHILQHG E\ WKH
LV D UHODWHG SDUW\

' 7KH %UD]LOLDQ WUDQVIHU SULFLQJ UHJXODWLRQV
GHYLDWLRQ RI SHU FHQW RU OHVV EHWZHHQ WKH DFWX
LQ DFFRUGDQFH ZLWK WKH %UD]LOLDQ WUDQVIHU SULFLQ
PDNH DQ\ DGMXVWPHQW 7KXV LQ SUDFWLFH WKHUH LV D
RQO\ SHU FHQW ZKHQ WKH PHWKRG LV WKH &83 IRU FRPP
FRUUHVSRQGV WR 3&, IRU LPSRUWV DQG 3(&(IRU LPSRU

' %UD]LOLDQ WUDQVIHU SULFLQJ OHJLVODWLRQ DOV
SDUWLHV ZKLFK LV LQWHQGHG WR FRXQWHU WD[SODQQLQ
DQG WKLV DOVR DIIHFWV WUDQVDFWLRQV EHWZHHQ LQG
WUDQVDFWLRQV EDFN WR EDFN WUDQVDFWLRQV LQWHUSR
DSSOLHV WR DOO WUDQVDFWLRQV ZLWK %UD]LOLDQ UHVL
GHILQHG LQ WKH ODZ UHJDUGOHVV RI ZKHWKHU WKH SHUV
DUH UHODWHG %UD]LO DGRSWV D OLVW RI MXULVGLFWLL
DGPLQLVWUDWLYH UHJXODWLRQV WKDW HQFRPSDVV ORZ V
DQG DOVR SULYLOHJHG WD[UHJLPHV

' &RPPHQWV IRU &RXQWULHV &RQVLGHULQJ WKH $GRS

' &RXQWULHV PD\ HVWDEOLVK GLIIHUHQW SURILW PD

' (DFK FRXQWU\ VKRXOG GHWHUPLQH DFFRUGLQJ WR LQYROYHG DQG W\SHV RI JRRGV DQG VHUYLFHV KRZ VSHFL PDUJLQV DUH PHULWHG $OVR D FRXQWU\ PD\ FRPELQH GL VHHPV DSSURSULDWH LW PD\ VHW IRUWK VRPH JHQHUDO PRUH VSHFLILF PDUJLQV IRU VRPH JRRGV

' ,Q RUGHU WR GHWHUPLQH VXFK IL[HG PDUJLQV WK UHVHDUFK RU SXUFKDVH VXFK LQIRUPDWLRQ IURP H[LVW DSSURSULDWH SULFHV WKDW FRXOG EH XVHG DV D FRPSD PRUH SURILW PDUJLQV WKH WD[DXWKRULWLHV ZLOO QHH D PD[LPXP DQG D PLQLPXP SURILW PDUJLQ WKDW VWDWLV XQFRQWUROOHG WUDQVDFWLRQV 7KH PD[LPXP DQG PLQL DFFHSWDEOH PDUJLQ RI GLYHUJHQFH

' ,W LV UHFRPPHQGHG WKDW UHOHYDQW WD[SD\HUV UHVHDUFK DQG WKDW WKH PDUJLQ IRXQG IRU HDFK VHFWR DSSOLFDEOH WR DQ\ RU WKH YDVW PDMRULW\ RI WUDQVD VXJJHVWV WKDW D PDUJLQ WKDW LV XVHG IRU D VHFWRU FDQ EH XVHG IRU VLPLODU VLWXDWLRQV LQ WKH VDPH EXV

' ,W LV LPSRUWDQW WR HPSKDVL]H WKDW ZKDW ZLO ³PDUJLQV´ EXW ³UDQJHV´ $V D UHVXOW ZKDW ZLOO EH L 7KXV VRPH FRPSDQLHV PD\ XQGHUVWDQG WKDW WKH\ ZL RWKHUV ZLOO IDOO EHWKDW QXPEHU)RU H[DPSOH LV VSHFLILF FRXQWU\ WKH DYHUDJH PDUNHW JURVV SURILW VHFWRU LV SHU FHQW ,W PD\ ZHOO EH HVWDEOLVKHG W DQG RWKHUV D SHU FHQW PDUJLQ 7KXV LW ZRXOG EH D WR SHUWKHQW LV UHJDUGHG DV DFFHSWDEOH 7KH H[D GHSHQG RQ WKH GLVWULEXWLRQ RI WKH PDUJLQV LQ DQ UDQJH 7KH GHWDLOV GHSHQG RQ WKH PDUNHW DQG LI WK QHHG IRU IXUWKHU VSHFLILFDWLRQ WR D OLQH RI SURGXF

$ Q Q H [

' 7U D Q V I H U 3U L F L Q J 3U D F W L F H V D Q G &K D O O H Q

' , Q W U R G X F W L R Q

FRPPLWWHG WR LPSOHPHQWLQJ DOO WKH UHFRPPHQGDWL
WKRVH RQ WUDQVIHU SULFLQJ

' ,Q VXEVHTXHQW SDUDJUDSKV RI WKLV VXE FKDS
WUDQVIHU SULFLQJ UHJLPH LQ ,QGLD DQG WKH RXWVWDQ
WKH WUDQVIHU SULFLQJ DGPLQLVWUDWLRQ DUH GLVFXVVH

' 7UDQVIHU 3ULFLQJ 5HJXODWLRQV LQ ,QGLD

' 7KH ,QGLDQ 7UDQVIHU 3ULFLQJ 5HJXODWLRQV DUH
UHJXODWLRQV FDPH LQWR HIIHFW IURP $SULO 7KH U
IURP DQ LQWHUQDWLRQDO WUDQVDFWLRQ EHWZHHQ DVVF
UHJDUG WR WKH DUP¶V OHQJWK SULFH $/3 7KH FRQFHSW
LQ GHWDLO LQ WKH UHJXODWLRQV

' 7KH $/3 LV WR EH GHWHUPLQHG E\ DQ\ RI WKH S

WKH DVVRFLDWHG HQWHUSULVHV 8VLQJ DQ DUP¶V OHQJW
VDYLQJV DQG UHQWV EHWZHHQ DVVRFLDWHG HQWHUSUL
LQGHSHQGHQW SDUWLHV ZRXOG KDYH DJUHHG LQ FRPSDU
3URILW 6SOLW 0HWKRG WR GHWHUPLQH DUP¶V OHQJWK DO
ZKHUH FRPSDUDEOH XQFRQWUROOHG WUDQVDFWLRQV DUH
FRQVLGHUm¶V• LWD D6V@`BA V@i0DRF¶V @R €)F@D ORF D L

P

(& & 5

D 'LUHFW %HQHILW E\ ZD\ RI LQFUHDVHG UHYHQXH
6DOH 5R\DOW\ )HH IRU 7HFKQLFDO 6HUYLFHV HWF ,Q PDQ\
LPSDFW RQ UHYHQXH HQKDQFHPHQW RI WKH DVVRFLDWHG
H[DPSOH VSRQVRUVKLS RI HYHQWV RU VSRUWV ZDWFKHG
GHYHORSHG LQ ,QGLD LQ RWKHU SDUWV RI WKH ZRUOG HW

E ,QGLUHFW %HQHILW

L 'HYHORSPHQW RI 0DUNHW WKH $(V ZKR DUH RZQHU
LQ WHUPV RI GHYHORSPHQW RI PDUNHW IRU WKHPVHOYHV
SHULRG RI WLPH LW LV PDQLIHVWHG LQ GLIIHUHQW ZD\V
ZLWK D WKLUG SDUW\ IRU GLUHFWO\ VHOOLQJ JRRGV LQ

OLFHQFHV IUDQFKLVHV FXVWRPHU OLVW PDUNHWLQJ FK
WUHPHQGRXV LPSRUWDQFH ZKLOH QHJRWLDWLQJ WKH SULF

' 7KH DGMXVWPHQWV PDGH E\ WKH WUDQVIHU SULFL
MXGLFLDO UHYLHZV LQ ,QGLD DQG DOWKRXJK WKH PDWWHU
&RXUW WKH IROORZLQJ SULQFLSOHV KDYH HPHUJHG IUR
7ULEXQDOV

L 7KH H[LVWHQFH RI DQ LQWHUQDWLRQDO WUDQVDFW
KDYH WR EH HVWDEOLVKHG EHIRUH WUDQVIHU SULFLQJ SU
VHUYLFH RU EHQHILW IRU WKH SXUSRVH RI GHWHUPLQLQJ

LL 7KH PHUH IDFW RI XQXVXDO RU H[FHVVLYH $03
H[LVWHQFH RI VXFK D WUDQVDFWLRQ +RZHYHU RQFH VXF
EHQFKPDUN LW VHSDUDWHO\ DQG LW QHHG QRW DOZD\V
WUDQVDFWLRQV

' 7KH SUHVHQW DSSURDFK RI WKH ,QGLDQ WD[DGPLQ
DGMXVWPHQWV LQ DFFRUGDQFH ZLWK WKH DERYH MXGLFLD

‡ 5HTXHVWLQJ WKH WD[SD\HUV WR SURGXFH GRFXPHQW
LQFOXGLQJ LQIRUPDWLRQ RI SUHYLRXV \HDUV

‡ &DUU\LQJ RXW D GHWDLOHG)$5 DQDO\VLV WR LGHQWL
$(V SHUWDLQLQJ WR DOO LQWHUQDWLRQDO WUD
PDWHULDO FRPSRQHQWV SD\PHQW RI UR\DOW\ SXUFK
JRRGV VXSSRUW VHUYLFHV DQG GLUHFW VDOHV E\ WK

‡ ([DPLQLQJ ZKHWKHU WKH PDUNHWLQJ DFWLYLWLHV PL
GLVWULEXWLRQ FKDQQHO GHDOHUV FKDQQHO FXVWRI
WKH H[SHQGLWXUH LQFXUUHG E\ WKH WD[SD\HU DQG W
IXQFWLRQDO DQG ULVN SURILOHV DQG WKH EHQHILWV
ZKHWKHU WKH $(DVVXPLQJ D ULVN LQ WKH ,QGLDQ P

- 7KH LGHQWLILFDWLRQ RI FRPSDUDEOH WKLUG SDUW\
- 6XLWDEOH DGMXVWPHQWV WR WKH FRPSDUDEOHV WR

' 7KH ,QGLDQ WUDQVIHU SULFLQJ DGPLQLVWUDWLRQ WUDQVDFWLRQV ZKHUH WKH ,QGLDQ SDUHQW KDV DGYDQF IUHH ORDQV RU ORDQV HLWKHU DW /,%25 /RQGRQ ,QWHU ,QWHUEDQN 2IIHUHG 5DWH 7KH PDLQ LVVXH EHIRUH WK EHQFKPDUNLQJ RI WKHVH ORDQ WUDQVDFWLRQV WR DUULY RQ WKHVH ORDQV

' $ IXUWKHU LVVXH LQ ILQDQFLDO WUDQVDFWLR LQFUHDVH LQ RXWERXQG LQYHVWPHQWV WKH ,QGLDQ WU FDVHV RI FRUSRUDWH JXDUDQWHHV H[WHQGHG E\ ,QGLDQ ZKHUH WKH ,QGLDQ SDUHQW DV JXDUDQWRU DJUHHV WR S RQ GHIDXOW E\ WKH ERUURZHU 7KH JXDUDQWHH KHOSV D VHFXUH D ORDQ IURP WKH EDQN 7KH ,QGLDQ WUDQVIHU SU $/3 RI VXFK JXDUDQWHH XQGHU WKH &RPSDUDEOH 8QFRQ LQWHUHVW UDWH TXRWHV DQG JXDUDQWHH UDWH TXRWHV EHQFKPDUN UDWH WR DUULYH DW WKH $/3 7KH ,QGLDQ W SUHYDOHQW LQ WKH UXSHH ERQG PDUNHWV LQ ,QGLD IRU LQ WKH FUHGLW UDWLQJV EHWZHHQ WKH SDUHQW LQ ,QGL DQG WKH UDWH RI LQWHUHVW VSHFLILF WR D FUHGLW U GLQ GHUJV

EE Q0 L 0 P PJV EHW P[BV L8 V H V U[E7• [BV G H H•PG P LW R´Só•Q W U H[E &• P G V G @ H Qe a p À € U?9 ™ Y G U?9 ™ p K I R0 D À € &”À I E R H U G p À D € œ LWm &”Só•Q H K H e a l €

' 'LVSXWH 5HVROXWLRQ

' $ FRPSUHKHQVLYH GLVSXWH UHVROXWLRQ PHFKDQL
IDFLQJ WUDQVIHU SULFLQJ DGMXVWPHQWV $V D SDUW RI
2IILFHU $2 LQFRUSRUDWHV WKH RUGHU RI WKH 7UDQVIH
LVVXHV D GUDIW RUGHU WR WKH WD[SD\HU 7KH WD[SD\HU
GUDIW RUGHU EHIRUH WKH 'LVSXWH 5HVROXWLRQ 3DQHO
&RPPLVVLRQHUV RI ,QFRPH WD[7KH $2 LVVXHV D ILQDO
GLUHFWLRQV $W SUHVHQW WKH GLUHFWLRQ RI WKH '53 L
DSSHDO IXUWKHU DJDLQVW WKH '53¶V RUGHU 7KH WD[SD\
DSSHOODWH IRUXPV

' ` ` H P 0 0 ¼Ðw}@W K Hp @ F D p I A$À5 3 ‡÷ P V H • A$À0H O • P 3 ¶ W K H

VSHFLILHG HQGLDQ 3 6FKHPH DOVR SURYLGHV IRU D URO
\HDUV SULRU WR WKH ILUVW \HDU RI WKH 3 SHULRG 7KH
UROOEDFN SURYLVLRQV LV WD[FHUWDLQW\ IRU \HDUV 5
,QFRPH 7D[$SSHOODWH 7ULEXQDO ,7$7 KDV SURQRXQFH
EH FRYHUHG XQGHU WKH 3 5ROOEDFN $OO WKH SURFHG
SUHVFULEHG LQ GHWDLO XQGHU WKH 3 6FKHPH LQ WKH ,
EHHQ FODULILHG E\ WKH &%'7 WKURXJK YDULRXV &LUFXOD

' 7KH ,QGLDQ 3 SURJUDP KDV EHHQ ZHOO UHFHLYH
DSSOLFDWLRQV KDYH EHHQ ILOHG LQ WKH ILUVW \HDUV
LQWR E\ WKH &%'7 7KH 3V HQWHUHG LQWR VR IDU FRYH
LQFOXGLQ p

$ Q Q H [

' 0H[LFR &RXQWU\ 3UDFWLFH

' ,QWURGXFWLRQ

' 0H[LFR LQWURGXFHG WUDQVIHU SULFLQJ UXOHV LQ
LQ WKH 0H[LFDQ ,QFRPH 7D[/DZ 0,7/ 6LQFH ILVFDO \HDU
IRXQG LQ $UWLFOHV ,; ; ;,, DQG DQG
*XLGHOLQHV IRU 0XOWLQDWLRQDO &RPSDQLHV DQG 7D[$G
WKH 2(&' DUH UHIHUUHG WR DV DSSOLFDEOH LQ WKH 0,7/
WUDQVIHU SULFLQJ PDWWHUV

' 7D[DXGLWV LQ 0H[LFR PD\ EH FRQGXFWHG WKURXJ
UHYLHZ WKHLU DFFRXQWLQJ JRRGV DQG PHUFKDQGLVH I

U @ap UV

' 7KH ODZ LQ IRUFH UHTXLUHV DOO WD[SD\HUV WR SU
WKDW DOO WKH WUDQVDFWLRQV FDUULHG RXW ZLWK UHO
OHQJWK SULQFLSOH 7KH WUDQVIHU SULFLQJ GRFXPHQWD
VKRXOG KDYH DQ HYDOXDWLRQ SHU W\SH RI WUDQVDFWLR
DUH UHTXLUHG WR SURYLGH VSHFLILF LQIRUPDWLRQ LQ W
WKH DUP¶V OHQJWK LQWUD JURXS WUDQVDFWLRQV

' ,Q DGGLWLRQ WD[SD\HUV PXVW DOVR GLVFORVH LQ
WUDQVIHU SULFLQJ GRFXPHQWDWLRQ VWXGLHV DV SDUW R
ZKHQ WKLV UHSRUW LV DSSOLFDEOH

7KH WUDQVIHU SULFLQJ GRFXPHQWDWLRQ PXVW FRQWDLQ

D 1DPH RU ILUP QDPH RI WKH UHODWHG FRPSDQ\ UHVLGL
E ,QIRUPDWLRQ UHODWLQJ WR DVVHWV IXQFWLRQV DQ
F ,QIRUPDWLRQ DQG GRFXPHQWDWLRQ ZLWK WKH GHWDL
WKHLU DPRXQWV SHU W\SH RI WUDQVDFWLRQ DQG
G 7UDQVIHU SULFLQJ PHWKRG DSSOLHG DV ZHOO DV WK
RU WUDQVDFWLRQV SHU W\SH RI WUDQVDFWLRQ ,W LV
REWDLQHG IURP FRPSDUDEOH WUDQVDFWLRQV FRPSDQL

' 7D[SD\HUV ZKRVH LQFRPH IRU WKH LPPHGLDWHO\ SU
SHVRV LQ HQWUHSUHQHXULDO DFWLYLWLHV RU PLOOLRQ
NHHS DQG PDLQWDLQ WKH GRFXPHQWDWLRQ UHIHUUHG WR
FDV LSRIW 0`0RpÈOYLLWRC p50PLFGLVLJ LQ SU@IH!ƒ0p50€G WD[)W3
' RQ WU@ 0P ODP 0V'WT1 0
' RQ @0WU@
' RQ 60WT

H 7KH EXVLQHVV VWUDWHJLHV

' 7KH 0,7/ HVWDEOLVKHV WKH SRVVLELOLW\ RI DSSO\
GLIIHUHQFHV EHWZHHQ WKH FRPSDUDEOH WUDQVDFWLRQV
WKH FRPSDUDELOLW\ IDFWRUV SUHYLRXVO\ PHQWLRQHG 7
IROORZV WKH DUP¶V OHQJWK SULQFLSOH DQG FDQ EH LPS

' 3XEOLF ILQDQFLDO LQIRUPDWLRQ IRU ORFDO FRPSD
6$7 DOORZV WD[SD\HUV WR XVH DGMXVWHG IRUHLJQ FRPSD
WKDW WKH XVH RI IRUHLJQ FRPSDQ\ GDWD LV DFFHSWDEO
GDWD EXW LW KDV WR EH XVHG XQGHU VWULFW VHOHFWLRQ

' 8QGHU $UWLFOH RI WKH)HGHUDO 7D[&RGH &yGL
6$7 PD\ XVH FRQILGHQWLDO LQIRUPDWLRQ REWDLQHG IURP
UHYHQXH LQFRPH DQG DXWKRUL]HG GHGXFWLRQV RI WD
WUDQVDFWLRQV XQGHU WKH DUP¶V OHQJWK SULQFLSOH

' 2QFH WKH FRPSDUDELOLW\ IDFWRUV DUH FRQVLGHUH
ZKLFK XQGHU WKH IDFWV DQG FLUFXPVWDQFHV SURYLGH
OHQJWK UHVXOW 7KH VL[PHWKRGV HVWDEOLVKHG LQ $UV
PHWKRGV LQFOXGHG LQ WKH 2(&' WUDQVIHU SULFLQJ JXLGL

&RPSDUDEOH 8QFRQWUROOHG 3ULFH 0HWKRG
5HVDOH 3ULFH 0HWKRG
&RVW 3OXV 0HWKRG
3URILW 6SOLW 0HWKRG
5HVLGXDO 3URILW 6SOLW 0HWKRG DQG
7UDQVDFWLRQDO 1HW 0DUJLQ 0HWKRG

' ,Q UHVXOWLQJ IURP D UHFRPPHQGDWLRQ IURP \
RI WKH 0H[LFDQ 7UDQVIHU 3ULFLQJ /HJLVODWLRQ DQG 3UD
D KLHUDUFK\ IRU WKH DSSOLFDWLRQ RI WUDQVIHU SULFLQ
HVWDEOLVKHV WKDW WD[SD\HUV PD\ XVH DQRWKHUHPHWKR
2(&' 73 *XLGHOLQHV LV QRW DSSURSULDWH WR GHWHUPL
WUDQVDFWLRQ

7KH WD[SD\HU PXVW VKRZ WKDW WKH PHWKRG XVHG LV WKH
DOO DYDLODEOH LQIRUPDWLRQ JLYLQJ SUHIHUHQFH WR WK
VSOLW RU WUDQVDFWLRQDO QHW PDUJLQ PHWKRGV

' 7R GHWHUPLQH WKH SULFH WKDW VKRXOG EH XVHG
WKH 0,7/ DOORZV WKH XVH RI D UDQJH RI SULFHV RU SURIL
ZLWK WZR RU PRUH FRPSDUDEOH WUDQVDFWLRQV 6XFK
PHWKRGV VSHFLILFDOO\ WKH LQWHUTXDUWLOH UDQJH

' 7KH 0H[LFDQ 7D[$GPLQLVWUDWLRQ KDV UHFHQWO\ I
GHFHQWUDOL]HG DSSURDFK LQ SHUIRUPLQJ WUDQVIHU SU
WUDQVIHU SULFLQJ XQLW LV H[HFXWLQJ WKH ZKROH SUR
WD[SD\HU GLYLVLRQ DQG LQ RWKHU DUHDV RI WKH DGPLQL
DSSURDFK ZKLFK LQFOXGHV WUDQVIHU SULFLQJ DORQJ Z

' &XUUHQW 0DTXLOD 3URYLVLRQV

' 7KH HQWLWLHV FDUU\LQJ RXW PDTXLOD RSHUDWLR

VXFK DVVHWV %RWK HOHPHQWV VKRXOG EH DQDO\]HG XQ
IRUFH VLQFH

' ,Q 0H[LFR DV LQ PDQ\ FRXQWULHV WD[SD\HUV WHQ
WR VXSSRUW WKH 0H[LFDQ FRPSDQ\¶V ILQDQFLDO UHVXOW
WKH WHVWHG SDUW\ FROOHFWLQJ H[WHUQDO FRPSDUD
FRPPHUFLDO GDWDEDVHV PRVWO\ IURP GHYHORSHG FRXQ
SXEOLF GDWD IURP ORFDO FRPSDUDEOHV LV VFDUFH GXH
6LQFH LQ PRVW LQGXVWULHV WKH PDFURHFRQRPLF FRQGLW
VXFK DV WKH 8QLWHG 6WDWHV DQG &DQDGD GLIIHU LW LV
WR WKH ILQDQFLDO UHVXOWV RI WKH FRPSDUDEOHV

' 7KH DSSOLFDWLRQ RI D FRPSDUDELOLW\ DGMXVWPH
WKLV FDQ EH LPSOHPHQWHG DV D FDSLWDO DGMXVWPHQW
WKH VRYHUHLJQ ERQG \LHOG VSUHDG RU WKH FRXQWU\
WKH FRPSDUDQGE DSS\ LW DV D IDFWRU LQ WKH LQYHVWH
FRPSDQLHV (YHQ WKRXJK D FRXQWU\ ULVN DGMXVWPHQW
WKH FRPSDQLHV LQ WKLV VLWXDWLRQ WKHUH FDQ EH VS
ZKLFK PXVW EH HYDOXDWHG LQGHSHQGHQWO\ $QRWKHU V
IURP ORFDO VDYLQJ DGYDQWDJHV

' $Q DJJUHVVLYH WD[SODQQLQJ VWUXFWXUH IRXQG
FRPSDQLHV SHUIRUPLQJ DOO SURGXFWLYH SURFHVVHV IUR
WKH SURGXFWV SURGXFW GHYHORSPHQW DQG LQFRUSRUD
WKH ILQLVKHG SURGXFWV WR WKH FOLHQWV DQG DVVXPL
VXGGHQO\ WKH FRPSDQ\ LV LQFOXGHG LQ WKH PDTXLODG
OLPLWHG ULVN HQWLW\ RQO\ UHFHLYLQJ FRPSHQVDWLRQ V
FRPPLVVLRQ IRU WKH VDOHV WR WKH UHWDLOHUV GHVS
UHRUJDQL]DWLRQ

' 7KHVH UHRUJDQL]DWLRQV DUH EHLQJ FKDOOHQJH
ZKLFK PDTXLOD FRPSDQLHV PXVW H[SRUW DOO RI WKH SUF
IRXQG WR EH VROG LQ 0H[LFR WKH YDOXH FKDLQ HYHQ LI
LWV HQWLUHW\ LQ 0H[LFR LQFOXGLQJ WKH PDQXIDFWXUL
SHUIRUPHG LQ 0H[LFR

' 5HFHQW GHYHORSPHQWV

' 7KH 0H[LFDQ 7D[$XWKRULW\ LV FRPPLWWHG WR LPS
6KLIWLQJ %(36 LQLWLDWLYHV $V VXFK DQG LQ WKH FRO
SDFNDJH FRQWDLQHG LQ $FWLRQ 7UDQVIHU&RQWUDFW
&E& 5HSRUWLQJ WKDW LV WKH LQLWLDWLYH WR UHTXH
/RFDO)LOH DQG &%& 5HSRUW KDV UHFHQWO\ EHHQ DSSURY

EXVLQHVV UHSUHVHQWDWLYHV WUDGH XQLRQV FLY

- ¾ 7KH WUDQVIHU SULFLQJ UXOHV RU HYHQ WKH J
  WKH ,QFRPH 7D[$FW EH DSSOLHG WR FKDOOHQ
  6RXWK $IULFDQ HQWLW\ LQYROYHG LQ WKH ,3 G
- ¾ 8VH VKRXOG EH PDGH RI VHFWLRQ , RI WKH
  DYRLGDQFH SURYLVLRQ ZKLFK SURKLELWV W
  GHGXFWLRQ LQ UHVSHFW RI ³WDLQWHG ,3´
- ¾ 7KH ³EHQHILFLDO RZQHUVKLS´ LQ WHUPV RI WK
  DOVR EH DSSOLHG WR GHQ\ WKH UHGXFHG ZL
  UHFLSLHQW ODFNV VXEVWDQFH

2YHUDOO ZKLOVW WKH '7& UHPDLQHG FRQFHUQHG
DQG LWV SRWHQWLDO IRU EDVH HURVLRQ DQG SUR
FDXWLRQDU\ ODQJXDJH WKDW

³&DUH VKRXOG EH WDNHQ ZKHQ GHYHORSLQJ WD
LQWDQJLEOHV WR HQVXUH WKDW WKH OHJLVODWL
$IULFD¶V DPELWLRQV WR EH D JOREDO SOD\HU LQ

F $FWLRQRFXPHQWDWLRQ

7KH '7& PDGH WKH IROORZLQJ UHFRPPHQGDWLRQV

- x 6$56 VKRXOG SULRULWLVH XSGDWLQJ 3UDFWLFH
  WUDQVIHU SULFLQJ GRFXPHQWDWLRQ JXLGHOLQ
  PRUH VSHFLILF JXLGDQFH RQ ZKDW LQIRUPDWLR
- x SUHSDUDWLRQ RI D ORFDO ILOH D PDVWHU IL
  UHSRUWLQJ VKRXOG EH D FRPSXOVRU\ UHTXLUH
  WXUQRYHU LQ H[FHVV RI 5 ELOOLRQ

)ROORZLQJ ILQDO RXWFRPHV FRQWDLQHG LQ WKH 2(
FRPPLWWHG WR DGKHUH WR WKH DJUHHG IUDPHZRUN
SDVVHG WR HQVXUH WKH ILOLQJ DQG VKDULQJ RI &E

' $FFHVV WR ,QIRUPDWLRQ

2QH RI WKH NH\ FKDOOHQJHV LQ DQ\ WUDQVIHU SUL
7KLV LV D ZLGHVSUHDG SUREOHP QRW XQLTXH WR
DFNQRZOHGJHG LQ WKH %(36 SURMHFW 2YHU WKH
FKDOOHQJHG RQ D QXPEHU RI IURQWV UHJDUGLQJ LV

õfH À@DDJHUL WPÀ••P@@RQI OG T@

(& &

:KLOVW 6RXWK $IULFD PD\ EH ZRUVH RII WKDQ VRPH FR
FRPSDUDEOH GDWD PDQ\ RWKHU FRXQWULHV DUH OL
PXOWLQDWLRQDOV EHFRPH PRUH DQG PRUH FRPSOH[L
ZLGHVSUHDG LQGXVWU\ FRQVROLGDWLRQ LV DFKLHYHG
UHOLDELOLW\ PD\ QRW EH 6RXWK $IULFD¶V SUREOHP D
FHUWDLQ W\SHV RI ODUJH VFDOH PDQXIDFWXULQJ DQG
DXWRPRWLYH LQGXVWU\ WKHUH LV QR LQGHSHQGHQW FI

,W LV IRU WKLV UHDVRQ DPRQJVW RWKHUV WKDW 6$
HVWDEOLVKLQJ ZKHWKHU RU QRW WKH DUP¶V OHQJWK S
WR XQGHUVWDQG WKH EXVLQHVV PRGHO RI WD[SD\HUV
GHSWK XQGHUVWDQGLQJ RI WKH FRPPHUFLDO VHQVLELO
WUDQVDFWLRQV DQG DJUHHPHQWV LW LV HYLGHQW WKD
RU LQ LVRODWLRQ IURP RWKHU UHOHYDQW HFRQRPLF
DSSURSULDWH RU DUP¶V OHQJWK OHYHO RI SURILW KDV

$Q LPSRUWDQW GHYHORSPHQW LQ WKH %(36 3URMHFW
GHYHORS WRROLWV IRU GHYHORSLQJ FRXQWULHV 2QH
WKH DUHD RI FRPSDUDELOLW\ 6$56 LV ZRUNLQJ ZLWK W
WKH KRSH WKDW PHDQLQJIXO VROXWLRQV PD\ EH IRXQG
ZLWK VHUYLFH SURYLGHUV RI FRPSDUDEOH GDWDEDVHV
FKDOOHQJH

' 6HUYLFHV

$V D UHVXOW RI DQ LQFUHDVH LQ JOREDOLVDWLRQ LQ
RSWLPLVH HIILFLHQFLHV LW LV EHFRPLQJ FRPPRQSOD
SURYLVLRQ RI FHUWDLQ VHUYLFHV LQ D VLQJOH HQWLW

7KH FKDOOHQJH LQ HVWDEOLVKLQJ ZKHWKHU RU QRW S
IXUWKHU WKDQ WKH WZR VWHS DSSURDFK VHW RXW LQ
&KDSWHU ZDV FRYHUHG LQ WKH %(36 3URMHFW LW K
H[FHSWLRQ RI WKH LQWURGXFWLRQ RI D VLPSOLILFDW
VHUYLFHV 2YHUDOO WKHUH ZHUH QR VLJQLILFDQW GH
WKDW VHUYLFH SD\PHQWV SUHVHQW IRU GHYHORSLQJ F

6RXWK $IULFD KDV FRQVLVWHQWO\ VWDWHG WKDW LW Z
ORZ YDOXH DGGLQJ VHUYLFHV DV RXWOLQHG LQ WKH IL

,Q HVVHQFH &KDSWHU FRQWLQXHV ZLWK WKH DSSUR
QDWXUH RI LQWUD JURXS VHUYLFHV WKH WHVW LV WZR
KDV EHHQ UHQGHUHG DQG VHFRQGO\ LW PXVW EH GHW
DUP¶V OHQJWK SDUDJUDSK RI WKH 2(&' 7UDQVIHU 3
ILUVW SDUW RI WKH WHVW WKH DSSURDFK IROORZHG LV

- x 3URYLGH WKH UHFLSLHQW ZLWK HFRQRPLF DQG FR
  ³%HQHILWV 7HVW´ LQ WKH UHYLVLRQ WR &KDSWHU
- x $UH QRW VHUYLFHV WKDW WKH UHFLSLHQW LV DOUH
  WHVW DQG
- x $UH QRW RWKHU VHUYLFHV

$V UHJDUGV WKH VHFRQG SDUW RI WKH WHVW WKH DXG

- x 7KDW WKH FRVW EDVH LV DSSURSULDWH WR WKH VHU
- x 7KDW WKH PDUN XS LV DUP¶V OHQJWK DQG
- x 7KDW WKH DOORFDWLRQ NH\V DSSOLHG DUH FRPPHQV

FRPSDUDEOH VHDUFK 7KH FKDQJH LQ SROLF\ LV RIWHQ
WUDQVIHU SULFLQJ DGMXVWPHQWV WR HQVXUH WKDW
WDUJHWHG QHW PDUJLQ ZKLOH WKH UHVLGXDO SURILW

7KHUH LV OLWWOH RU QR UHJDUG IRU WKH GULYHUV RI
FRPSDULQJ WKHP WR FRPSDUDEOH FRPSDQLHV LQ IRUH
FRPSDUDEOHV IRU 6RXWK $IULFD RU FRQVLGHUDWLRQ
WKH 6RXWK $IULFDQ VXEVLGLDU\ 6RXWK $IULFDQ VXE
IUHTXHQWO\ FODVVLILHG DV OLPLWHG ULVN GLVWULEX
DFWXDO IDFW WKH\ DVVXPH PXFK PRUH WKDQ MXVW O
LQVWDQFHV ZKHUH XQLTXH G\QDPLFV H[LVW ZLWKLQ
IUDW` pÀ`P U@ Gp 0 p v0 P

*XLGHOLQHV DV D UHVXOW RI WKH %(36 3URMHFW ZDV Z
GHYHORSLQJ FRXQWULHV

,Q WKH 6RXWK $IULFDQ H[SHULHQFH WKH VDOH RI 6RXW
VRPHZKDW H[FHSWLRQDO VLWXDWLRQ FRPSDUHG WR W
UHJXODWLRQV SURKLELW WKH UHOLFHQVLQJ RI WKDW L
WKH LQWDQJLEOH SURSHUW\ LV VROG WR DQ RIIVKRUH
WKH UHODWHG SDUW\ EHFRPHV WKH OHJDO RZQHU RI W
OLFHQFHV RXW WKH LQWDQJLEOH SURSHUW\ ZRUOGZLG
,Q DGGLWLRQ WHUPV DQG FRQGLWLRQV RI WKH RULJL
HQWLW\ ZLOO FRQWLQXH WR SHUIRUP FHUWDLQ IXQFW
GHYHORSPHQW RI WKH LQWDQJLEOH SURSHUW\ IRU ZKL
SDUW\ WKDW LV QRZ WKH OHJDO RZQHU LQ HVVHQFH
UHJLVWUDWLRQ DQG PDLQWHQDQFH RI WKH LQWDQJLE
UHWXUQ LQ WKH IRUP RI UR\DOWLHV)XUWKHUPRUH
RXWVLGH RI WKH JURXS WKH 6RXWK $IULFDQ HQWLW\
WKDW PD\ EH UHDOLVHG

,Q WKLV UHJDUG WKH 6$56 ZLOO EH DSSO\LQJ WKH JXL
3URMHFW

' 6DIH KDUERXUV DQG $GYDQFH 3ULFLQJ $JUHHPHQW

,Q 6$56 WKH YLHZ LV KHOG WKDW WKH XVH RI VDIH KD
ZLWK FDXWLRQ)RU GHYHORSLQJ FRXQWULHV WKH LQW
FRQVLGHUHG ZKHQ WKH WD[DXWKRULWLHV KDYH HVWD
FHUWDLQ WUDQVDFWLRQ W\SHV ZLWK ORZ ULVN 0RVW
FRQVLGHUHG WR LQFOXGH HDVH RI DXGLW DGPLQLVW
UHVXOWDQW TXDQWXP RI WKH SRVVLEOH WD[OHDNDJH
KDUERXUV)RU WKLV UHDVRQ LW LV LPSRUWDQW WKDV
WKH\ ZLOO EH VDQFWLRQLQJ ZKHQ LQWURGXFLQJ VDIH K

:LWK UHVSHFW WR DQ 3 SURJUDP GHVSLWH LWV R
FRPSOLDQFH DQG UHVROXWLRQ WKHUH DUH DOVR V
FRQVLGHULQJ DQ 3 UHJLPH WKHUH PXVW EH D EDO
WD[SD\HUV DQG HQVXULQJ HIIHFWLYH DGPLQLVWUDW
DGPLQLVWUDWLRQ $Q LPSRUWDQW FRQVLGHUDWLRQ LQ
WR EXLOG DXGLW RU 3 FDSDFLW\ )RU GHYHORSLQJ
UHJLPHV WKHUH QHHG WR EH VDIHJXDUGV DJDLQVW RI
NQRZOHGJH RI KRZ WUDQVIHU PLVSULFLQJ RFFXUV LQ
FRXQWULHV *LYHQ WKDW SUDFWLFDOO\ DQ 3 FRQVLG
VWDQGV WR UHDVRQ WKDW D FRXQWU\ ZLWK OLWWOH DX

7KH NH\ PHVVDJH LV WKDW ZKLOVW VDIH KDUERXUV DQG
VKRXOG EH HTXDOO\ EHQHILFLDO IRU WKH WD[DGPLQLV

' &RQFOXVLRQ

7KH DUP¶V OHQJWK SULQFLSOH SUHVHQWV VHYHUDO
K\SRWKHVLV UHTXLUHG WR DSSUR[LPDWH WUDQVDFWLR

KDYH WUDQVSLUHG KDG WKH\ EHHQ LQGHSHQGHQW FDQ
FRPSDUDEOHV DQG PDNLQJ FRPSDUDELOLW\ DGMXVWPHQ

)RU QRZ WKHUH LV QR GLVDJUHHPHQW WKDW WKH DUP
VROXWLRQ GHVSLWH VRPH RI LWV OLPLWDWLRQV ZKLF