

## GERMANY

### DESCRIPTION OF SITUATION REGARDING UNREGISTERED STOCK

#### *1. CAN THERE BE BEARER SHARES IN GERMANY?*

Yes, paper bearer (holder) shares can exist in Germany.

#### *2. WHAT FORM OF SHARES DO COMPANIES USUALLY GO FOR?*

No such information is available.

#### *3. WHERE IN GERMANY ARE BOOK (CONSTRUCTIVE) SHARES REGISTERED?*

Book shares are registered on securities accounts, usually administered by banks, and further reflected in the central depository. The central depository is Clearstream Banking, which is authorized in accordance with a German law on safekeeping of securities by banks to accept from depositaries shares their clients passed into such custody.

Companies which do not wish to register their shares in the central depository (constructive shares) may open an issuer account with an intermediary (depository), properly authorized to pursue such activities; shareholders can add shares to their securities accounts through this intermediary (depository).

#### *4. IS THE INFORMATION ABOUT SHAREHOLDING PUBLIC?*

No, it is not public.

#### *5. IS THE ULTIMATE SHAREHOLDER TRACEABLE?*

Yes, in case of book (constructive) shares listed on securities accounts managed by intermediaries (depositaries), as these depositaries (intermediaries) are obliged to identify clients and ultimate shareholders in accordance with regulations against money laundering.

Traceability applies also to companies with paper bearer (holder) shares, if their statutes make it compulsory for shareholders to disclose their identity to the company. This duty applies also to intermediaries (banks) keeping shares in their accounts on behalf of clients-shareholders. Failure to honour the identification duty may be punished by an administrative fine, imposed by the supervisory body.

#### *6. HOW ARE SHARES TRANSFERRED?*

In case of book (constructive) shares, by "credit transfer" from one securities account onto another. The account holder orders the intermediary to write down a certain amount of shares from his account to the account of the acquirer's account, kept by his middleman. In case of registered shares, transfer requires also an entry in the list of shareholders, managed by the issuer.

Paper bearer (holder) shares are physically transferred from one person to another by means of a document containing the share in question; this transfer may be accompanied by marking endorsement in the document containing the share. Transfer of registered stock further requires an

entry in Transfer of registered stock further requires an entry in the list of shareholders, managed by the issuer.

*7. WHAT HAPPENS TO BOOK SHARES IN CASE OF BANKRUPTCY OF THE INTERMEDIARY (DEPOSITORY), WHO ADMINISTERS THE SECURITIES ACCOUNT? WILL THE CLIENTS NOT LOSE THEIR SHARES?*

Clients will not lose their book (constructive) shares. These securities, including shares, are exempted by the law from the gross estate of the bankrupt intermediary (depository).