Demerger of South32

1) Private shareholders were pleased to learn that South32 would be listed in London. Most assumed this listing would be similar to BHP Billiton whereby shares could be bought and sold including name on share register (certificated). This isn't the case.

2) A booklet (Corporate Sponsored Nominee Account Terms and Conditions) consisting of 17 sections came with the papers explaining that investments can only be made through a nominee account with Computershare Investor Services PLC. Computershare will be the legal owner of Depositary Interests. (section 2.1). This arrangement together with the following questions mean that private shareholders need to consider carefully whether this to hold or sell.

3) Section2.3 says you can request that the underlying shares be registered in your name on the South32 Limited Share Register. The DIs can be transferred into a CREST participant account.
   a) What will be the costs?
   b) Are there any difficulties that we should be aware of if the nominee opts for this category?

4) Nominee holders who wish to be involved in meetings are required to complete a form after receipt of which they will appoint you as its proxy in respect of your South32 Limited DIs (section 3). The nominee manager will take all reasonable steps so that, as nearly as possible, you are treated in the same way as you would have been as a registered holder (section 4.2).
   a) Will this include hard copy of annual report?

5) Dividends will be converted as offered by South32 Limited (section 4.6). Dividends may be subject to a withholding tax (section 4.7).
   a) Just to be clear will this include the £ sterling?

6) Section 7.1 says you may not buy more South32 Limited DIs except through a DRIP.
   a) Please explain why?

7) Section 9 deals with:
   a) Cancellation rights, which apply on joining the South32 Limited Nominee Account. No fees payable (section 9.1).
   b) Withdrawal rights which apply at any time thereafter. Fees apply (section 9.2)
   c) What are the costs of withdrawal rights?

8) Costs for the service of a South32 Limited sponsored scheme are paid by South32 Limited (section 11.2). There is no annual fee.
   a) Are there any hidden costs for the nominee?

9) Demerger of South32 by BHP Billiton section 8.3 (1) explains that the receipt of South32 shares as part of the Demerger will be treated as a dividend.
   a) Since no asset has been sold this appears an odd ruling. Please explain why and what value is going to be used?