

H-RXUQDO RI 7D[5HVHDFK YRO QR SS

7KH \$XVWUDOLDQ FDSLWDO JD
H[HPSWLRQ ILUP IRXQGDLRQ

*OHQQ 'DYLH&KULV (YDQV

\$EUVDFW

3URIHVVRU -RKQ 7D\ORU QRWHG WKDW PFK RI WKH FRPSOH[LW\ LQ WKH \$XVWUD
WKH GHVLJQ RI WKH PDLQ UHVLGHQFH H[HPSWLRQ %XLOGLQJ RQ WKLV ZRUN W
JHQHURXV FRQFHVVLRQ DQG WKH OHJLVODWLYH SURYLVLRQV LQWURGXFHG WR J
KDV IDLOHG WR SURYLGH DQ DSSURSULDWH VHW RI IRXQGDLRQV IRU VXFK D P
WR DQ\ QRWLRQV RI HTXLW\ HIILFLHQF\ RU VLPSOLFLW\ 7KHVH SRRU IRXQGDL
VXIIHU IURP XQFHUWDLQW\ DQG DPEDOHQFH DQG RIWHQ GR QRW RSHUDWH LQ
ERWK SROLF\ LVVXH DQG WHFKQLFDO LPSURYHPHQWV ZKLFK PD\ OHDG WR LPSU
H[HPSWLRQ IURP FDSLWDO JDLQV DULVLQJ RQ WKH GLVSRVDO RI WKH IDPLO\ KR

.H\ZRUGFDSLWDO JDLQV WD[n ;ò%†òÀPu'A%RFRPPHQWV RQ WKLV DUWLFOH

FO P p B R"WFKdV Q FFDU IDWQOE ù UR I E V3URR òLIF& ROR OD 8RQ E B FRXQ DML QJ \$XGLWLQJ DQG 7D[

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

,1752'8&7,21

3URIHVVRU -RKQ 7D\ORU UHVHDFKHG DQG SXEOLVKHG H[
 WD[&*7 L\W\ZRUN LQ WKH DUHD HPEUDFHG ERWK WKH
 DVSHFWV RI &*7 2I SDUWLFXODU FRQFHUQ ZDV KLV SHU
 UHJLPH ZDV μRQH RI WKH PRUH FRPSOH[HONPKQWV LQ D
 RI WKDW FRPSOH[LW\ LQ 7D\ORU\ V YLHZ ZDV H[SOLFDE
 \$XVWUDOLDQ &*7 UHJLPH DQG WKH PDLQ UHVLGHQFH H[H
 RQH VXFK JHDWPSOH[LW\ LV PHDVXUH E\ UHIHUHQFH WR
 SURYLVLRQV WKH 05(PXVW UD, QFRPLJKD[\$RVHVS DHIQWR
 ,7\$\$ DUH FRQWDLQH G LQ 6XEGLYLVLRQ % WKH
 H[HPSWLRQ WKDQ WR DQ\ RWKHU VXEGLYLVLRQ RI 3DUW
 SURYLVLRQV RI WKH &*7 UHJLPH DUH FRQWDLQH G

7KLV DUWLFOH VHHNV WR EXLOG RQ -RKQ 7D\ORU\ V ZRUN
 05(,W GRHV VR E\ FRQVLGHULQJ ERWK WKH SROLF\ UDW
 RI WKH H[HPSWLRQ XVLQJ D FRPSDUDWLYH LQWHUQDWL
 PRWLYDWRQ LV WR DIILUP KLV FRQFHUQV WKDW WKH XQ
 WKDW WKH H[LVWLQJ SURYLVLRQV UHODWLQJ WR WKLV H[
 WR EH DQG WKDW WKH ODFN RI VROLG IRXQG DWLRQV FD
 RSHUDWRQ RI WKH H[HPSWLRQ LQ DOO EXW WKH VLPSOH

\$Q H[HPSWLRQ IRU WKH KRPH LV KLJKO\ VLJQLILFDQV IRU
 DQG GLUHFWO\ LPSDFWV D FRQVLGHUDEOH QXPEHU RI LC
 7UHDVXU\ HVWLPDWHV LQ -DQXDU\ LQGLFDWH WKDW V
 WKH H[LVWHQFH RI WKH 05(LV D WRWDO RI \$8' ELOOL
 IRU WKH H[HPSWLRQ LWVHOI DQG D IXUWKHU \$8' ELOO
 FRPSRQH QW WKH SHU FHQW H[HPSWLRQ DYDLODEOH IF
 UHVLGHQFH H[HPSWLRQ VLJQLILFDQV VXPV WKDW VHSDU
 FRQFHVVLRQDO WD[DWRQ RI HPSOR\HU VXSHUDDQXDWL
 \$8' ELOOLRQ DQG UHQWDO GHGXFWLRQV UHYHQXH
 RUGHU RI PDJQLWXGH RI WD[FRQFHVVLRQV

7KH KLJK FRVW RI WKH FRQFHVVLRQ LQ \$XVWUDOLD LV PL
 H[HPSWLRQ 7KH FRQFHVVLRQ LQ WKH 8QLWHG .LQJGRP
 355 ± LV ~~L\W\ZRUN WHG WR KDYH FRVW W 8. (FKHTXHU~~
 ,Q &DQDGD WKH WD[VKHOWHU IRU WKH 3ULQFLSDO

H-RXUQDO RI 7D[5HVHDFK

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

RZQHUVKLS LQFOXGLQJ ULVLQJ KRXLQJ XQDWRUGDELOL
ZHOO DV LQWHUJHQHUDWLRQDO LQHTXLW\

7KH IXQGDPHQWDO SROLF\ XQGHUO\LQJ WKH &*7 05(LV VV
% RI WKH ,7\$\$ VHWV RXW WKH UXOHV IRU WKH H[HPS
FDSLWDO JDLQ RU FDSLWDO ORVV WKDW RWKHUZLVH Z
WD[SD\HU ZKHUH D &*7 HYHQW KDSSHQV WR WKHLU RZQH
EHHQ WKH WD[SD\HU V PDLQ UHVLGHQFH)RU SHUVRQV Z
DFTXLUH DV D VXUYLYLQJ MRLQW WHQDQW RU DV D OH

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

DSSO\LQJ WR LQGLYLGXDOV DQG EXVLQHVVHV ZKLOH D I
WKDW DSSOLHG RQO\ WR EXVLQHVVHV

~~ORVOWWVZRXJK QRWQD@DQV~~°SURYLGH VRPH IRUP RI F
KRPH DOWKRXJK QRW QHFHVVDULO\ LQ D XQLIRUP RU FR
HLJKW FRXQWULHV HYLGHQFHG WKH UDQJH RI DSSURDFK
XVHG E\ GLIIHUHQW ~~ZR7RUHWKPHV~~FRXQWULHV \$XVWUDOL
FRPSOHWHO\ H[HPSWHG JDLQV PDGH RQ WKH GLVSRVDO F

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

0HOERXUQH VLJQLILFDQWO\ RXWVWULS RWKHU SDUWV RI
7R FRXQWHU WKHVH PDVVLYH YDULDWLRQV LW PLJKW ZH
FDSV IRU GLIIHUHQW SDUWV RI WKH FRXQWU\ ZKLFK ZRXC
WR DQ DOUHDG\ FRPSOH\XVGHVIRI SURFROWLRQWW KDV VXJJ
FDS RI \$8' PLOOLRQ DFURVV \$XVWUDOLD FODLPLQJ WKD
FRQWHQWLRXV DQG KDYH WKH DGYDQWDJH RI UDLVLQJ U
DIIRUG LW ZKLOH PDLQWDLQLQJ WKH H[HPSWLRQ IRU WKH

\$Q DOWHUQDWLYH WR μFDSSLQJ¶ LV WR LQWURGXFH D IR
6FDQGLQDYLDQ DQG RWKHU FRXQWULHV VXFK DV ,QGLD
FDSLWDO SURFHGGV IURP WKH VDOH RI WKH IDPLO\ KRPH
KRPH6XFK D SROLF\ LV DGYRFDWHG E\ /HH IRU WKH 8. ZK
VKRXOG EH DYDLODEOH LQ WKH VDPH FLUFXPVWDQFHV W
IRU WKH2035 GLIILFXOW\ ZLWK VXFK D SURSRVDO LV WKDW
EH XQIDLU RQ ROGHU WD[SD\HUV GHFLGLQJ WR GRZQVL
H[LVWLQJ KRPH E\ WKH SRWHQWLDO WD[FKDUJH WKDW Z
FRXUVH EH DYRLGHG E\ SHUPLWWLQJ GRZQVL]LQJ UHWL
H[WUDFW D FHUWDLQ DPRXQW RI HTXLW\ IURP WKH IDPLO
D FKDUJHDEOH FDSLWDO JDLQ DV LV WKH FDVH LQ 6ZHGH

\$ IXUWKHU DOWHUQDWLYH PD\ EH WR SURYLGH DQ H[HPS

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

OHJLVODWLYH SURYLVLRQV ± WR ZKLFK WKH DQDO\VLV QF
HIIHFWLYH D IDVKLRQ DV LV SRVVLEOH RU SUDFWLFDEOH

7(&+1,&\$ / ,668(6

2EVHUYDWLRQV UHODWLQJ WR WKH µEDVLF FDVH¶

\$V ZLOO EH VKRZQ WKH 05(SURYLVLRQV DUH DPRQJ WKH
DOO WKH &*7 SURYLVLRQV WR QDYLDJWH XQOHVV D SUDF
QHDWO¶¶ 7KLV LV RIWHQ QRW WKH FDVH 8QIRUWXQDWH
ZKDW WKH DQVZHU µVKRXOG EH¶¶ LQ VXFK FDVHV LW PD\
RI WKH ODZ 7KH LQDSSURSULDWHQHVV RI WKLV LV FOHDU
PDLQO\ DW RUGLQDU\ LQGLYLGXDOV LQ UHODWLRQ WR WK

7KH µEDVLF FDVH¶ IRU GLVUHJDUGLQJ LQ IXOO RU LQ SD
ZKHUH D &*7 HYHQW KDSSHQV LQ UHODWLRQ WR D &*7 DVV
LQWHUHYW¶¶ QHWHUV SUHVXPDEO\ WR WKH &*7 DVVHW WK
QHGGV WR KDYH EHHQ WKH LQGLYLGXDO¶¶V PDLQ UHVLGH

\$OWKRJK QRWKLQJ SUDFWLFDOO\ WXUQV RQ WKLV WKH
SULQFLSDO UHVLGHQFH¶¶ LQ WKH ,7\$\$ WR µPDLQ UHVL
LQH[DFW ± LI D SHUVRQ RZQV RQO\ RQH GZHOOLQJ KRZ F

7KHUH DUH D QXPEHU RI IXUWKHU LVVXHV WKDW DULVH I
LQ VHFWRQ

&*7 DVVHW DQG GZHOOLQJ PD\ QRW EH WKH VDPH

7KH OHJLVODWLRQ DVVXPHV WKDW WKH GZHOOLQJ ZLOO E
WKH &*7 HYHQW KDSSHQV LQ UHODWLRQ WR D &*7 DVVHW
)RU H[DPSOH LI D SURSHU\ FRPSULVLQJ IRXU KHFWDUH
KRXVH LV VROG WKH &*7 DVVHW LV PRVW OLNHO\ WR FR
LPSURYH HQW ZKHUHV WKH µGZHOOLQJ¶¶ LV VWDWXWRU
RQO\ KHFWDUHV RI ODQG LQFOXGLQJ WKH ODQG EHQHDW

7KHUH DUH QR SURYLVLRQV WKDW DGGUHVV WKLV LVVXH
SXEOLFO\ UXOHG RU DGylVHG RQ LW :KLOH D &*7 DVVHW
HYHQW KDSSHQV WR RQO\ SDUW WKH GZHOOLQJ WKH R
FDSLWDO SURFHGGV DSSRUWLRQPHQW UXOH LQ VHFWRQ
HLWKHU EHFDXVH DOO WKH SURFHGGV UHODWH WR WKH &
µGZHOOLQJ¶¶ \$QG KRZ LV WKH FRVW EDVH RI WKH µGZHO
RI WKH ,7\$\$ GHDOLQJ ZLWK VSOLW FDKQJHG RU
RI WKH VDPH \$FW KDV DQ\ DSSOLFDWLRQ

2EYLRXVO\ VRPH VRUW RI UHVRQDEOH DSSRUWLRQPHQV

:KDW LV D WD[SD\HU¶V &*7 DVVHW ± WKH SK\VLFDO GZHOOLQJ

7KH EDVLF FDVH DSSOLHV WR D &*7 HYHQW WKDW KDSSHQ
GZHOOLQJ RU D SHUVRQ¶V RZQHUVKLS LQWHUHVW LQ LW
VHFWLRQ RI WKH ,7\$\$ LV LQFOXVLYH LW LV GHI
WDQJLEOH WHUPV +RZHYHU RZQHUVKLS LQWHUHVW LQ V
GHILQH LQ WHUPV RI D SHUVRQ¶V LQWDQJLEOH OHJDO
RFFXS\ +HQFH ZKLOH LQ FRPPRQ SDUODQFH D SHUVRQ
VHOO WKHLU RZQHUVKLS LQWHUHVW LQ LW

7KXV LW LV WKH GZHOOLQJ WKH SK\VLFDO HOHPHQW LQ
WHVWHG ZKHUHDV LW VHHPV WKH &*7 HYHQW ZRXOG R
LQGLYLGXDO¶V RZQHUVKLS LQWHUHVW IRU H[DPSON ZKH
WR SURSHU\

,I WKDW LV FRUHFV WKH TXHVWLRQ DULVHV DV WR ZK
HYHQW WKDW KDSSHQV µLQ UHODWLRQ WR D &*7 DVVHW V
D SRVVLEOH H[SODQDWRQ PD\ OLH LQ WKH VSHFLILF H[H
LQ VHFWLRQ E RI WKH ,7\$\$ ZKHUH LW LV SDU
RI HYHQWV OHDGLQJ WR D &*7 HYHQW UHIHUUHG WR LQ V
GHSRVLW LV IRUIHLWHG &*7 HYHQW + KDSSHQV µLQ UH
RZQHUVKLS LQWHUHVW LV QRW DW WKDW SRLQW VROG

'ZHOOLQJ LQFOXGHV WKH ODQG XQGHUQHDWK LW EXW QR RW
SURYLVLRQ LQ VHFWLRQ GLVFXVVHG EHORZ DSSOLHV

:KHQ WKH &*7 SURYLVLRQV ZHUH UHZULWWHQ LQ LW
SURYLGH H[SUHVVO\ WKDW WKH ODQG EHQHDWK WKH GZH
ZLWKRXW QHHGLQJ WR KDYL UHJDUG WR WKH DGMDFHQW
WDNHV DFRXQW RI WKH ODQG XQGHU WKH GZHOOLQJ
H[SODQDWRQ ZDV SURYLGHG LQ H[SODQDWRQV WHPBWHWLD
SHUKDSV LV WR PDNH LW PRUH GLILFXOW WR DVVHUW V
GZHOOLQJ ,QWHUHVWLQJO\ ODQG DERYH WKH GZHOOLQJ
DFFRPPRGDWLRQ LV QRW FRYHUHG DQG IDOOV WR EH FR
2QH PLJKW VD\ WKDW VXFK ODQG FRXOG PRUH UHGLQ\
IURP ODQG XQGHU WKH GZHOOLQJ ZKLFK SUREDEO\ FDQQ
WKH FDVH RI µ4XHHQVODQGHUV¶ KRXVHV RQ VWXPSV

:LWK RQH H[FHSWLRQ GLVFXVVHG EHORZ LQFOXGLQJ OD
PHDQLQJ PHUHO\ UDLVHV WKH WKHRUHWLFDO SRVVLELO
H[FHHGHG WZR KHFWDUHV LW PD\ TXDOLI\ IRU H[HPSWLRQ
SUHYLRXV ODZ 7KLV LV RI FRXUVH DQ H[WUHPHO\ XQOLN

ORVVO\ WKH FKDQJH KDV QR SUDFWLFDO HIIHFV DW DOO
WKDQ WZR KHFWDUHV LQWHJUDO WR WKH GZHOOLQJ DQG
WKH GZHOOLQJ LV UHPRYHG DQG WKH ODQG XQGHU WKH
QRZ YDFDQW WKDW ZDV XQGHU WKH EXLOGLQJ WKH VDQ
QRWZLWK D ILQHVVHG DUJXPHQW WKDW WKH ODQG LV FRY

6HQDWH ([SODQDWRU\ 0HPRUDQGXP WR WKH 7D[/DZ ,PSURYHPHQW %
\$72 µ,QFRPH 7D[&DSLWDO *DLQV ,V /DQG 8QGDU D 8QLW RI \$FFF
5HVLGHQFH ([HPSWLRQ 8QGDU 6XEGLYLVLRQ % LQ 3DUW RI WKH

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

μGZHOOLQJ¶ UHPDLQV SUHVHQW ,Q RWKHU ZRUGV WKH
WKDW WKH VDOH RI DGMDFHQW ODQG LV WUHDWHG JHQH
H[FHSWLRQV IRU LQYROXQWDU\ GHVWUXFWLRQ RU DFTXLV
FRUUHFW EXW WKH RXWFRPH LV FHUWDLQO\ XQFOHDU DO
UDLVHG PRUH LVVXHV WKDQ LW KDV VROYHG

μ0DLQ UHVLGHQFH¶ QRW GHILQH

:KHWKHU VRPHWKLQJ LV VRPHRQH¶V PDLQ UHVLGHQFH KD
7KH \$72 KDV SXEOLVKHG EXW RWKHU XQEDLQFHDWLRQ FRXOG X
VRPH QRQ H[KDXVWLYH IDFWRUV WKDW ZRXOG XVXDOO\

7KHUH DUH VRPH FXULRVLWLHV LQ WKLV DUHD 7KH \$72 Z
QHHG IRU DW OHDVW VRPH LQLWLDO SK\VLFD RFFXSDV
GRHV QRW DFWDQO\ VSHFLI\ WKLV ,I D KRXXVH LV VHW X
LV DYDLODEOH WR EH RFFXSLHG DV VXFK E\ WKH SHUVRQ
QRW EH WKH SHUVRQ¶V PDLQ UHVLGHQFH")RU H[DPSON D
EHORQJLQJV WKHUH EXW LV RWKHUZLVH LWLQHGDQW

7KH XVH RI μPDLQ¶ LV DOVR LQWHUHVWLQJ 6RPH SHRSO
GLIIHUHQW FRXQWULHV VXFK WKDW LW PD\ EH YHU\ GLII
ZLWK WKH RQXV WR SURYH ZKLFK RI WKH GZHOOLQJV LV
LW ZRXOG VHHP WKDW QR H[HPSWLRQ PD\ H[LVW DW DOO
EH WR DOORZ WKH WD[SD\HU WR QRPLQDWH RQH GZHOOLQJ
GHSHQGHQW FKLOGUHQ KDYH PRUH WKDQ RQH GZHOOLQJ

7KLV LV LQ IDFV WKH SRVLWLRQ LQ WKH 8.¶V 355 ZKHUH
PD\ QRPLQDWH ZKLFK KRXXVH LV WR UHFHLYH WKH UHOLHI
HQTXLU\ DV PXVW RFFXU LQ \$XVWUDOLD LV QHHGHG EXW
QRPLQDWH :KLOH VRPH FRQFHUQV KDYH EHHQ H[SUHVWH
VXFK DV WKH IDFV WKDW OHVV ZHOO DGYLVHG WD[SD\HU
FDVHV WKH QRPLQDWRQ PLJKW EH μIOLSSHWH¶V WD[SD\HU
GRHV QRW JR WR WKH IXQGDPHQWDO PHULWV RI WKH LGH

2ZQHUVKLS SHULRG GHILQH E\ UHIHUHQFH WR μOHJDO RZQH

,Q RUGHU WR REWDLQ D IXOO H[HPSWLRQ WKH GZHOOL
UHVLGHQFH IRU WKHLU IXOO RZQHUVKLS SHULRG \$ SDUW
FDVHV XQGHU VHFWRQ :KDW VRPH VD\ LV D μTXL
μRZQHUVKLS SHULRG¶ IRU ZKLFK SHULRG D GZHOOLQJ FD
PDLQ UHVLGHQFH LV GHILQH LQ WHUPV RI WKH SHULRG
RU RI WKH ODQG RQ ZKLFK LW VLWV

7D[SD\HU 6HOOV WKH 8QLW RI \$FFRPPRGDWLRQ 6HSDUDWHO\ IURP W

6HH IRU H[DPSON WKH OLVW RI IDFWRUV LQ IRUPHU 7D[DWLRQ 'HV
)DFWRUV \$UH 7DNHQ LQWR \$FFRXQW LQ 'HWHUPLQLQJ :KHWKHU RU 1
3ULQFLSDO 5HVLGHQFH"¶ 0DUFK QRZ ZDQGDZQ EXW FLWHG Z
\$75

2IILFH RI 7D[6LPS0DSLFDQ RQLQV 7D[± 6HFRQG 5HSRUW 6LPSOLI\LQ
DQG \$GPLQLVWUDWLYH ,&DSLWDO *DLQV 7D[± 6HFRQG 5HSRUW

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

\$XVWUDOLD DV GLVFXVVHG EHORZ RI JDUGHQ DQG JURXQ

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

PDUNHW YDOXH DW WKH WLPH RI LWV ILUVW LQFRPH SU
KDSSHQLQJ DW WKDW WLPH LQ WKLV FDVH (YHQ LI WKDW
WKDW LW PD\ QRW EH NQRZDEOH XQWLO D &*7 HYHQW ZK
GZHOOLQJ DW DOO DQG ZKHWKHU WKH VHFWRQ

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

WD[SD\HU FDQ WKDW ODQG EH DGMDFHQW ODQG" ,I WKH
UHVLGHQFH RQH PLJKW DVN ZK\ QRW EXW WKHQ ZRXOG
ZLWK WKH ODQG DW WKH RQH WLPH DQG SHUKDSV WR WK
\$ VLPLODU LVVXH DULVHV ZLWK PRELOH KRPHV OLNH FDU
7KHUH LV QR DSSDUHQW UHTXLUHPHQW LQ WKH ODZ WKH
LPSURYHPHQW IL[HG WR WKH ODQG LQ D UHDO SURSHUW

,W KDV RQ VRPH RFFDVLRQV EHHQ TXHVWLRQHG ZKHWKHU
REWDLQHG IRU YDFDQW ODQG WKDW KDV EHHQ RZQHG IRU
RQ LW FRQFUHWLQJ LQ WKH WHQW SRVWV LI UHTXLUHG
IRU WKUHH PRQWKV DQG PDNLQJ D μFRQVWUXFWLRQ SHU
LV RI FRXUVH D GHILQLWH FKDOOHQJH WR HVWDEOLVK WK
μPDLQ UHVLGHQFH¶ EXW LI WKDW LV HVWDEOLVKHG WKH
ZLWK WKH ODQG UHTXLUHG DQG WKH WD[SD\HU¶V μXVH¶
KRZHYHU KHOS WR PDNH WKLV FOHDU 7KH 05(SROLF\ L
YDFDQW ODQG ZKHUH WKHUH LV D YHU\ WHQXRXV DQG S
GZHOOLQJ

,W LV DUJXDEOH WRR WKDW WKH ODZ QRZ PRUH FOHDUC
DQG VXEVWDQW ~~W~~ ~~X~~ ~~D~~ ~~O~~ ~~D~~ ~~V~~ ~~D~~ ~~X~~ ~~F~~ ~~M~~ ~~Q~~ ~~W~~ ~~H~~ ~~D~~ ~~V~~ ~~D~~ ~~μ~~ ~~G~~ ~~Z~~ ~~H~~ ~~O~~ ~~O~~ ~~L~~ ~~Q~~ ~~J~~ ~~¶~~ ~~E~~ ~~H~~ ~~F~~ ~~D~~ ~~X~~ ~~V~~
RI D μXQLW RI DFFRPPRGDWLRQ¶ FRPSULVLQJ D FDUDYDQ

W

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

7KHVH LVVXHV DUH GHDOV ZLWK FRPSUHKHQVLYHO\ E\ %
FRQVLGHUHG IXUWKHU KHUH

,W LV LPSRUWDQW WR QRWH WKDW ZKHUH DQ DEVHQFH F
FRYHU LQFRPH SURGXFLQJ XVH WKDW H[LVWHG MXVW EH
GRFWRU OHDVHG RXW KHU KRXVH ZKLFK LQFOXGH D VXU
DEVHQFH FKRLFH LW ZRXOG QRW DSSO\ WR WKH SDUW W
LQFRPH SURGXFLQJ XVH ZRXOG EH LJQRUHG

)LUVW LQFRPH SURGXFLQJ XVH UXOH

7KLV SURYLVLRQ KDV DQ LQWHUHVWLQJ KLVWRU\ DQG LW
QRW ZLGHO\ XQGHUVWRRG ,WV HIIHFW LV WR VXEVWLWXV
SURGXFLQJ XVH IRU WKH GZHOOHQJ\ V DFWXDO FRVW EDVH
ZDV LQVHUWHG LQWR WKH ,7\$\$ D SHUVRQ\ V ORVV RI
JDLQ RU FDSLWDO ORVV WKDW DURVH RYHU WKH HQWLUH

7KH SUREOHP ZDV WKDW LI D WD[SD\HU VWDUWHG RXW RQ
QH\HU EH XVHG WR SURGXFH DVVHVVDUOH LQFRPH DQG I
DOZD\V EH H[HPSW UHFRUGV PD\ QRW KDYH EHHQ NHSW
FDSLWDO LPSURYHPHQWV RU QRQ GHGXFWLEOH KROGLQ
SHUVRQ ZKR GLG QRW NHHS WKRVH UHFRUGV ZDV WKHUHI

)RU H[DPSON LI D SHUVRQ ERXJKW D KRXVH IRU

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

7KH ZRUGLQJ RI RQH RI WKH SUHFRQGLWLRQV IRU WKH R
DOVR KLJKO\ QXDQFHG DQG QRW ZHOO XQGHUVWRRG 3DU

\RX ZRXOG JHW RQO\ D SDUWLDO H[HPSWLRQ XQGHU
%@ IRU D &*7 HYHQW KDSSHQLQJ LQ UHODWLRQ
RZQHUVKLS LEADERSHIP SKDQQLWDGGHG@ WKH GZHOOLQ
WKH SXUSR VH RI SURGXFLQJ DVVHVVD EOH LQFRPH G

7KLV LV FOHDUO\ PHDQW WR DSSO\ ERWK WR D FDVH ZKHU
XVH RI WKH GZHOOLQJ HJ D KRPH RIILFH DV ZHOO DV ZI

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

WKH FORFN IRU WKH DGMRLQLQJ EORFN RI ODQG LQ WKD
ZLWK WKH SUHYLRXV GZHOOLQJ 7KLV DQRPDO\ FDQ GLVF
EXLOGQLQJ RI QHZ GZHOOLQJV LQ WLPHV RI KRXLQJ V
SURYLVLRQ RI QHZ DFRPPRGDWLRQ IRU UHODWLYHV
DQJHQJEP,HQW 7KHU DYSHFSLRSDI,@QWHUHVW LV GHVL

&21&/86,216

-RKQ 7D\ORU KDV FRUUHFWO\ LGHQWLILHG WKDW WKH \$X
RI FRPSOH[LW\ ± KRZHYHU PHDVXUHG ± LQ WKH \$XVWUDO
LW ZDV QRWHG WKDW PDQ\ RI WKH GLILFXOWLHV HQFR
LQDSSURSULDWH SROLF\ VHOHFWLRQ SRRU RU LQFRP
LPSOHPHQWDWLRQ DQG DGPLQLVWUDWLRQ RI WKH SURY
ZKHUHE\ QHZ SROLF\ DQG OHJLVODWLRQ LV VXSHULPSRVH
LQVXIIILFLHQWO\ UREXVWRSURFRPSOLVLEOH QRW FKDQJHG L
\HDUV DQG WKH 05(LV D FOHDU H[DPSOH RI WKHVH IRUF

7KLV DUWLFOH KDV VKRZQ WKDW PXFK RI WKH FRPSOH[LV
IURP D ODFN RI FODULW\ DERXW ZKDW WKH H[HPSWLRQ LV
VRPHZKDW HTXLRFDO SROLF\ GHFLVLRQV UHODWLQJ WR
RU QRW WD[HG ± LQ WKH \$XVWUDOLDQ WD[V\WHP 3RRU
FRQVHTXHQFHV DUH QRZ DOO WRR HYLGHQW ,W PD\ QRZ
SROLF\ UDWLRQDOH WKDW XQGHUSLQV WKH H[LVWHQFH
QHLWKHU VLPSON QRU HTXLWDEOH QRU HIILFLHQW

\$XVWUDOLD OLNH PDQ\ RWKHU FRXQWULHV LV SODJXH
VLJQLILFDQW LQWHUJHQHUDWLRQDO ZHDOWK LQHTXDOLW
QRW RQO\ GRHV QRWKLQJ WR DOOHYLDWH WKHVH SUREO
PD\ QRW SURYH SROLWLFDOO\ DFFHSWDEOH WR UHPRYH
PLJKW ZHOORJ SURGXFH LWV RZQ KRUL]RQWDO LQHTXLWLHV
DQG SRWHQWLDOO\ DGG IXUWKHU FRPSOH[LW\ WR WK
UHWURVSHFWLYHO\ RW SURFRSOLVLEOH WKHOHV EH SRVVL
RI WKH PRUH HJUHLRXV DVSHFWV RI WKH SROLF\ VKRUW
RQ WKH H[WHQW RI WKH FRQFHVVLRQ RU E\ LPSRVLQJ D
RQ WKH YDOXH RI DOO SURSHU\ LQFOXGLQJ IDPLO\ KR

7KLV DUWLFOH KDV DOVR H[SORUHG VRPH RI WKH FRPSOH
WKH WHFKQLFDO OHJLVODWLYH SURYLVLVRQV WKDW FRPS
DQG VXJJHVWHG ZD\V WKDW WKHVH FDQ EH PDQDJHG
DPHQGPHQWV WR FODUL\ D QXPEHU RI DUHDV RU DW O
\$72 SRVLWLRQV VR WKDW WD[SD\HUV FDQ DFKLHYH D JUH

,Q D OHJLVODWLYH VHQVH LW VKRXOG EH SRVVLEOH WR

DUDWLRQDOLVH DQG FRUUHFW HUURUV LQ VXFK FRQ
DQG µRZQHUVKLS SHULRG¶ DQG

ESURYLGH PRUH OHJLVODWLYH JXLGDQFH E\ ZD\ RI
IDFWRUV WKDW PD\ EH UHOHYDQW WR GHWHUPLQH Z
UHVLGHQFH

,Q D EURDGHU VHQVH WKHUH LV D TXHVWLRQ ZKHWKHU V
JLYHQ WKH DPRXQW RI UHYHQXH OLNHO\ WR EH FROOHFV
DXGLW DFWLYLW\ DV D UHVXOW RI WHFKQLFDO QRQ FRP

&KULV (YDQV µ&*7 ± 0DWXUH \$GXOW R\$X8\WUKDO LQGR 0D\ FRQXP¶
.HUVKDZ DERYH Q

H-RXUQDO RI 7D[5HVHDFK

7KH \$XVWUDOLDQ FDSLWDO JDLQV WD[PDLQ UH

WKH H[HPSWLRQ GRHV QRW KDYH RU QHHG DQ DXGLW I
SRWHQWLDOO\ DYDLODEOH IURP WKH FXUUHQW OHJLVODV
ELJ ORRSKROHV GR QRW UHVXOW IURP D VLPSOLILFDWL
PLQLPDO EXW WKH UHGXFWRQ LQ FRPSOLDQFH DQG DGF