

# BIOTECHNOLOGY AND ADRs

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Recently, dozens of companies from the Biotechnology and Health Care industries have accessed the U.S. capital markets with American Depositary Receipts, or "ADRs".

## **Why is this sector so popular?**

More than 150 non-U.S. biotechnology and healthcare companies currently have their equity securities traded or listed in the U.S. in the form of American Depositary Receipts or ADRs. We have seen recent biotech and healthcare company listings on the New York Stock Exchange and NASDAQ from companies including China, Germany, France and Israel, so it is truly a global trend.

The U.S. has deep pools of capital liquidity and sophisticated equity research that help these companies attract investor interest.

## **What are ADRs and how do they trade?**

ADRs are U.S. securities that help investors buy, sell, and hold foreign equities. They trade just like stock issued by U.S. companies and are traded on the New York Stock Exchange, NASDAQ and Over-the-Counter. ADR quotes and dividends are in U.S. dollars and information flow is in English just like U.S. companies. Foreign companies looking to access the U.S. markets with ADRs have three primary options:

1. A level I program which is quoted Over-the-Counter and doesn't raise capital
2. A Level II program, which is listed on the New York Stock Exchange or NASDAQ and doesn't raise capital; or
3. A Level III program, which is listed on the New York Stock Exchange or NASDAQ and raises new capital for the issuer.

## **How does BNY Mellon service clients in the Biotechnology and Health Care sector?**

In the last five years, more than 100 companies from the biotech and healthcare sector raised more than \$13 billion via ADRs, reflecting the importance of the product as a tool to access capital. From an issuer perspective, biotech and healthcare companies establish ADRs for a



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variety of reasons, from funding research and development to enhancing the market awareness of their products and services. Given the importance of the biotech and healthcare sector, BNY Mellon has developed specialized expertise to meet the needs of our clients from dedicated investor relations support to robust management reporting, to innovative transaction servicing. BNY Mellon is the leading depositary bank for biotech and healthcare sector issuers. We're proud of our market position and we currently act as depositary for more companies from the sector than all other depositary banks combined. Our leadership has grown because we understand many of the issues faced by biotech and healthcare sector companies. We understand many clients in the sector are classified as emerging growth companies and use provisions of the Jobs Act to access the U.S. markets. We know many clients have U.S. employees that wish to hold ADRs instead of foreign shares, and we understand that some clients list warrants that are convertible to ADRs to meet their financing needs.

We have the in-house expertise to meet any ADR-related challenge.

### **Why BNY Mellon?**

BNY Mellon is independent from the influence of investment banking, trading, and research. This allows us to focus on our client's ADR program goals and objective. No one knows this business better than we do. As the industry leader, the depth of our expertise is unique. We have been pioneers in every region of the world and we have broad local knowledge, far-reaching relationships, and deep industry insight. Finally, we are passionate. Depositary Receipts are a significant business at BNY Mellon. We are able to attract top talent and we can dedicate the appropriate resources to provide outstanding service.

Biotech and healthcare sector ADR issuers can be assured that they will find the right partner in BNY Mellon.

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