



ROADSHOWS: ACCESS DENIED?

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Salzburg

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Corporate access and investor engagement is currently in transition. Driven by the UK, how far will this go, and what do IR teams need to focus on?

- The regulatory picture
- Implications and impacts for IR Teams



THE REGULATORY PICTURE

- FCA Consultation Paper 13/17 issued in late November 2013. Responses were due from market by February 25, 2014. This stated that all aspects of corporate access cannot be payable for via commissions; and that only 'substantive research' qualifies (alongside dealing of course). Definition of corporate access is – 'a service of arranging or bringing about contact between an investment manager and an issuer or potential issuer'.
- There is also a much wider 'thematic review' being led by the FCA on payment for research, and use of commissions. The UK Investment Management Association (IMA) has recently (February 18) issued its response to this review
- The IMA accepts CP13/17 as a reality; and is advising asset managers to enhance processes on how they evaluate and pay research commissions to brokers



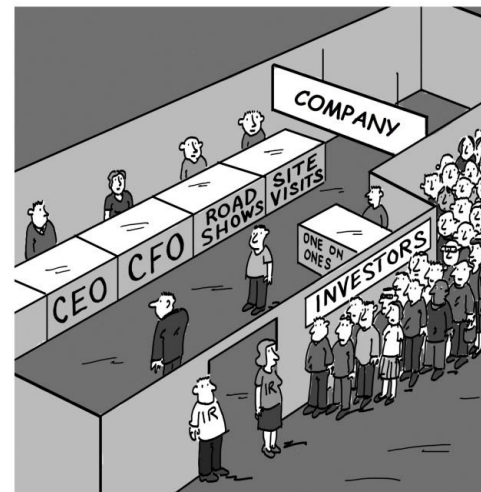
IMPLICATIONS & IMPACTS FOR IR TEAMS

- All UK buy-side will have to use 'hard dollars' to pay for corporate access services. Other buy-side firms who operate globally may follow suit
- They may decide to –
 - Use existing arrangements via brokers.... and take the 'hit'
 - Add the costs to management fees
 - Take on access by themselves
- We understand that NBIM and Fidelity Worldwide amongst those 'doing it themselves'; whilst Invesco are one firm specifically splitting out logistic costs, and paying as hard dollars. All UK buy-side are reviewing their policies & practices
- IR teams will take on more themselves
 - Resources
 - Expertise
 - Logistics
 - Market knowledge



SO WHAT WILL HAPPEN NEXT?

- IR teams may find it harder to get support from brokers for roadshows & conferences – in meeting investors. IR teams will have to handle more direct requests from investors; and do more themselves to reach out to targets & investors
- Corporate access provided by brokers is still perfectly legal in the UK (as elsewhere). Brokers will not disappear from this; and asset managers will still take services from brokers
- The fundamental importance of management meetings & access for the investment decision process will, if anything, continue to increase. The role of IR in making that happen, and framing the narrative of discussions, will be even more vital



QUESTIONS

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