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Is it unfair for exchanges to give away IR services?

22 Jun 2011

A move by the NYSE to give IR services to its listed companies has got other IR service providers in a lather. But is the NYSE treading on shaky new ground or leveling the playing field?

There is some irony in the fact that one of the plan's most vociferous critics is Enzo Villani, president of MZ North America: when he was at NASDAQ, Villani masterminded that exchange's rollup of corporate services through alliances and acquisitions, ending up with a suite of free and paid-for products. What's more, Ipreo and Thomson Reuters, at the same time as they're cozying up to the NYSE in the US are being shouldered aside in South East Asia, where Singapore Exchange has partnered with NASDAQ OMX on IR services.

The back end of this story is that the NYSE has for some time been offering free IR services to all companies. In some cases it has given away high-value services from Ipreo or Thomson as an incentive to list on the NYSE – or as an incentive to existing issuers not to switch to NASDAQ. In a counter-bombardment, NASDAQ has been giving away IR services such as website hosting to some companies. The free stuff can add up to hundreds of thousands of dollars a year for a large issuer.

A lot of those freebies have been piecemeal and private. By formalizing a structure of partners and services and submitting it to the SEC for approval, the NYSE is bringing these incentives into daylight. It could be a big relief for IROs and CFOs – like going to a no-haggle, one-price car dealer.

So which do you want: transparency and candor in the listings war, or open market competition among IR service providers? Should the NYSE instead offer a voucher program, as Villani proposes, so issuers can spend their rebate on whatever they want? Instead of the NYSE being a middleman for IR services, why not reduce its listing fees?

Macro throwdown

In a huge new survey of IROs being unveiled by our research arm, XBInsight, macroeconomic factors scored far lower in terms of importance than the quality of senior management – or the quality of IR personnel. In other words, some IROs seem to view themselves as more important to investors than their company's home economy, commodity prices or interest rates.

Next week at our Euro Leaders Think Tank, the macro question will be decided once and for all in a winner-takes-all debate: Chris Baily from Close Asset Management will argue that 'analyzing macroeconomic indicators is beyond the role of IR'. His opponent: Matt Hardwick, Cisco Systems' London-based IRO, who believes passionately in the importance of IROs being able to analyze and discuss macro issues.