



Investor relations on the Internet: the emperor's new clothes?

By **Susan Werkner-Moallem**, Country Manager, Australia, irasia.com (Australia) Pty Limited

As the urgency for greater corporate transparency and disclosure rages around the world amid a backdrop of large scale corporate collapses, more and more CEOs are increasingly feeling naked and over-exposed. The growing complexity of ensuring compliance with 'full disclosure' is taking its toll.

Where does full disclosure end and the need to maintain a degree of confidentiality regarding competitor initiatives begin? Is the company obliged to respond to all market rumours, or only some? How does the company deal with disclosure in global markets? The lines can sometimes blur and it is increasingly critical for investor relations (IR) professionals and Company Secretaries to maintain a strong policy and watchful eye on all aspects of corporate disclosure.

Company web site

For the Company Secretary responsible for complying with disclosure and risk management, the Internet offers an opportunity to deal more efficiently and effectively with these issues. Nowadays there are few companies without a web site, and those that do not have one risk the watchful eye of the investing public and corporate regulators seeking to ensure continuous and equal disclosure. In fact, the guidelines prepared by the Investor Relations Association and endorsed by the Australian Securities and Investments Commission, state:

Equity of access to information is best achieved by dissemination of information to the *widest range of audiences* utilising all *available technologies*.

In this context, the power of the Internet ensures the company reaches the investing public directly, without filtration by the financial press and analysts. Want to ensure your CEO's message is released in detail, rather than in just a sound bite? Post it to your web site. Prepared a lengthy analyst presentation? Post it to the web site. But while your web site

is critical, it alone does not ensure the 'widest range of audiences'. IR information still needs to be proactively pushed to investors.

Information disseminators

One method that has been adopted effectively by the London Stock Exchange (LSE), is the use of approved information providers who release company information to a wide range of investors. Investor information is not just released on the company web site and on the LSE site, but sent directly to investor channels. Therefore, information hungry investors from around the world can enjoy greater access to company information via these channels than ever before. The trend is also evident in the US.

As companies may have more than one listing and are subject to a number of listing rules and regulations from different equity markets, information providers can ensure that information reaches all markets simultaneously and that an inadvertent comment by a senior executive in one market can be quickly released to the whole market without delay.

Importantly, all IR information is also distributed unedited to investors combating frustrations due to misinformation, inaccuracy and inconsistency in the company's IR message to the market. The need to control the company information flow has also been a key driver, along with transparency, in the rise of secondary information disseminators.

In essence, the quality and consistency of information disseminated by the company is critical in building its own investor credibility and goodwill just as it is to ensure it is meeting all its disclosure obligations. To avoid the spectre of the CEO walking out like the king in the emperor's new clothes, it is up to the Company Secretary to be vigilant and informed and keep his or her CEO the same.

To find out how irasia.com (Australia) Pty Limited can help your company, contact us at 02 9252 8226 or visit www.irasia.com

