Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
London, EC4V 6AW
t +44 20 7492 0500
www.rdir.com

White Paper

Corporate access: impact of new FCA regulation on quoted companies

With a reduction in the income stream deriving from corporate access fees, small- and mid-cap companies become less attractive for brokers as the importance of capitalisation-related trading commissions becomes greater. The new FCA regulation will exacerbate the fact that it is already more challenging for smaller companies to attract investors' attention. We believe that companies of all sizes should consider this regulatory change as an opportunity to take more control over their engagement with investors. Free non-deal roadshows are not necessarily optimal as they can end up costing thousands of pounds in misallocated senior management time. This paper provides quoted companies suggestions to minimize the negative impact of the changing dynamics of the corporate access market.

RDIR Contact		Email	
	Richard Davies		richard.davies@rdir.com
	Philippe Ronceau		philippe.ronceau@rdir.com

Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
London, EC4V 6AW
t +44 20 7492 0500
www.rdir.com

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Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
London, EC4V 6AW
t +44 20 7492 0500
www.rdir.com

Key findings

What is changing?

- Nearly three years after the initial launch of a wide review of conflicts of interest between asset managers and their customers, and six months after the launch of a consultation on the specific subject of the use of dealing commissions, the FCA published a new policy statement (PS14/7) on 08 May 2014.

- **Effective 02 June 2014, the FCA explicitly bans the use of dealing commissions to pay for corporate access** (COBS 11.6.8G). The FCA's definition of corporate access (as added to the FCA Handbook Glossary) is voluntarily wide enough to encompass all forms of meetings between issuers and the buy-side that can be intermediated by the sell-side (one-on-one and group meetings; investor conferences; field trips).
- The FCA's position puts the **UK at odds with the US**, where corporate access is explicitly included within the "safe harbor" provisions allowing fund managers to use client commissions (SEC Section 28e).

Our view on corporate access regulation

- Our view is that both regulators (FCA and SEC) could be wrong as neither of them recognise the **dual-purpose nature of corporate access**.
- When senior management of quoted company meets a **fund manager who already has a holding**, we argue that this is simply good practice on both sides. It seems fair that dealing commissions should not be used to pay for corporate access in this instance.
- However, when a broker facilitates the introduction between a quoted company and a **potential shareholder**, we argue that this can constitute research but only in the broadest sense. Indeed, this introduction forms part of a variety of commissionable broking services that help fund managers in their investment process, from the search for new investment ideas to the actual execution of these ideas. We agree, however, with the regulator that there should be complete clarity to the asset manager, its clients and the potential investee company about the fiscal nature of this particular type of investor research.

Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
London, EC4V 6AW
t +44 20 7492 0500
www.rdir.com

How will new regulation impact quoted companies?

- We believe that **large-caps will remain unaffected** by the new regulation, as the economic forces that make them attractive to the sell-side remain, with or without corporate access fees coming from the buy-side.
- However, without these fees, **small/mid-caps become less attractive for brokers**, simply because the importance of trading commissions becomes greater, and, the smaller the stock, the smaller the value of trades.
- And, whether **fund managers** internalise corporate access, whether they pay brokers out of their own funds, or whether they get it for free with the added pressure of complying with COBS 2.3 ("Inducements"), they will surely **become pickier in selecting who they meet**.
- The tail of small-caps is simply much longer than the tail of larger stocks and the fight for investors' attention is therefore structurally more intense. **So, if attracting investors' attention was already more challenging for small-caps, then that challenge will only get tougher under the new regulatory regime.**

What should/could companies do?

- We share the view of the IMA and CFA Society UK that **quoted companies need to take more control over the engagement with the buy-side**.
- We think that **brokers-led non-deal roadshows can lead to costly misallocation of senior management time**, as illustrated in a real-yet-anonymous case study of two FTSE100 companies.
- **"Free" non-deal roadshows can have a hidden cost**. Putting senior management in contact with the wrong investors could cost up to over **£20,000 a day** (combined average total pay package of a CEO and a CFO a FTSE100 company).
- **Do more:** data shows that companies with a market cap below £1bn can achieve a circa 50% increase in both investor meetings and sell-side coverage by increasing their IR budgets by 25% via an increase in headcount.
- **Do better:** data also shows that bad IR has a larger negative impact on stock valuation than good IR a positive one. In the eyes of investors, "musts" include: corporate access, transparency and guidance. We believe that transparency is the single most important factor impacting senior management credibility in the investment community. Credibility built over months, or even years, can be lost in minutes.

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t +44 20 7492 0500
www.rdir.com

Our view on corporate access regulation

The FCA now explicitly bans corporate access from services eligible to be paid for with dealing commissions while the SEC explicitly authorises it. While they both seem to agree on the definition of corporate access, the FCA says it does not constitute research whereas the SEC says it does.

We find it fascinating that the regulators of two of the most (if not the two most) developed equity markets in the world can have such radically different views.

What if they were both wrong? What if both regulators failed to recognise the dual-purpose nature of corporate access?

In the real world of equity investing, investors and senior management meet very often indeed. According to a survey conducted last year by Rivel Intelligence Council Research, a quoted company based in the UK conducts, on average, 232 investor meetings annually (i.e. nearly one per business day), less than 284 meetings for a company in Continental Europe, but slightly more than 208 in the US.

However, not every meeting serves the same purpose. When senior management of quoted company meets a fund manager who already has a holding, we argue that this is simply good practice on both sides. In this case, both parties have a vested interest in meeting regularly.

We find it fascinating that, for years, brokers have been able to monetise corporate access in this context. Not least in the UK where a legal framework (section 793 of the Companies Act 2006) allows quoted companies to know precisely who their shareholders are. Similarly, one would hope that active fund managers (stock-pickers) know precisely what holdings are in their portfolios.

There seems to be no valid argument to justify using client commissions to reward a broker for simply acting as a concierge. This concierge service is, in some instances, already covered by retainer fees charged by house-brokers to their corporate clients.

When a quoted company meets a potential shareholder (an "absentee" on the register), then corporate access takes another dimension, which we argue is a form of research. The FCA clearly says it is not, according to their definition, but in the real world of equity investing, it is the role of a broker to bring investment ideas to fund managers. The issue is who should pay for these meetings and how these meetings are paid.

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The Rivel survey published last year also revealed that an investor meets senior management 1.9 times on average in the UK before investing in a stock (2.1 times in Continental Europe and 2.3 times in North America). So, clearly this represents an important part of the active equity investment process.

Therefore, when a broker facilitates the introduction between an investor and senior management of a quoted company, as one element of a variety of commissionable broking services that indeed helps a fund manager in his/her investment process (from research to execution), that particular element may be viewed as commissionable.

However, it has been the case historically that there has been a lack of clarity about the payment structure from both the perspective of the company and the investor's clients which has brought about the current regulatory change.

Richard Davies Investor Relations Limited
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t +44 20 7492 0500
www.rdir.com

Potential impacts of the new regulation

We attended the "Corporate access – your world is changing" presentation organised by the Investor Relations Society in London on 01 April 2014. One of the key messages, voiced by both the Investment Management Association (IMA) and the CFA Society UK, was that corporates need to take more control over their engagement with the buy-side.

Before exploring what could change for corporates, let us remind ourselves what is at stake and why taking more control over engagement with investors is indeed a good suggestion.

The Rivel survey published last year indicated that an investor follows an average of 130 stocks in the UK (144 stocks in Continental Europe and 117 stocks in North America). Furthermore, as at 31 March 2014, there were 2,158 companies with an equity listing on the London Stock Exchange: 1,066 on the main market and 1,092 on the AIM market. Therefore, at any point in time an investor covers by meetings just 6% of the entire UK investment universe.

Mitigating this in a favourable way is the fact investors tend to focus on certain segments of the entire equity market. Mitigating this in an unfavourable way is the fact that investors might also be covering stocks quoted outside the UK.

Moreover, our own (limited) survey of the 10 largest UK active equity funds in IMA's "UK All Companies" category (ranked by assets under management) indicates that the median number of holdings per fund is 67. A financial paper by NYU Stern ("Industry Concentration of Actively Managed Equity Mutual Funds") published in 2005 and covering 1,771 actively managed mutual funds in the US showed that the median number of holdings per fund was 65. We therefore conclude that about half of the stocks covered by an investor relate to existing holdings while the other half relate to other stocks of interest, possible future investment ideas.

In conclusion, gaining investors' attention is undeniably a challenge. And, the smaller the market capitalisation and/or liquidity, the harder is this challenge.

The FCA estimates that the total amount of commissions paid by fund managers to brokers in 2012 amounted to £3bn, comprising execution (trading) for £1bn (33%), research for £1.5bn (50%) and corporate access for £500m (17%).

Trading commissions are directly proportional to the value of trades, i.e. directly proportional to the market capitalisation of stocks. In other words, large caps generate more revenues for a broker than small/mid-caps. However, arranging a meeting with management of a small-cap was as valuable to a broker as setting up a meeting with management of a large cap. From a corporate standpoint, that meant that senior management's chances to gain investors' attention were not ex-ante impacted by the market capitalisation of their stock.

Will the £500m worth of corporate access fees paid out of client commissions be paid out of fund managers' own funds? In other words, will this highly profitable income stream for brokers remain undented? Therefore, will the opportunities for corporates to gain investors' attention remain unaffected?

We doubt it very much. There is already evidence of some large asset managers already setting up their own corporate access teams. And even if they continue to take meetings offered to them by brokers, we believe that they are not in a position to pay for this service. Larger cap companies are already setting up their own roadshows and targeting processes.

The buy-side is trading less and less and is therefore well aware that the sell-side is fighting for business. Based on data from the London Stock Exchange, we calculate that the UK equity market turnover (the value of stocks traded divided by the value of the equity market) more than halved between 2008 (222%) and 2013 (96%). In other words, the UK equity market changed hands 0.96 times in 2013, considerably less than 2.22 times in 2008. Actually, market turnover declined every year since 2008, with the exception of a brief recovery in 2011 (136%).

Small independent investment boutiques might have to pay for corporate access out of their own funds, simply because they lack scale and therefore negotiating power. But boutique fund managers are probably more hands-on already, so setting up their own meetings directly with quoted companies could just be another thing they have to do themselves, before considering paying a broker as a last resort.

Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
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t +44 20 7492 0500
www.rdir.com

In summary, we believe that:

- Large-caps will most likely remain unaffected by the new regulation as the economic forces that make these attractive to the sell-side remain, with or without corporate access fees coming from the buy-side.
- Our case study, based on two unnamed FTSE100 companies, shows however that having a large IR team and plenty of help from brokers does not necessarily lead to optimal investor meeting activity.
- Small/mid-caps will most likely suffer from brokers losing some highly profitable stream of revenues that were unrelated to the market capitalisation of stocks.
- Whether fund managers start internalising corporate access or whether they start paying brokers out of their own funds, they will, either way, most likely become even pickier in deciding who they want to meet.

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t +44 20 7492 0500
www.rdir.com

What should/could corporates do?

Take more control over engagement with the buy-side

Brokers continue to play a large role in the organisation of non-deal roadshows. According to the latest BNY Mellon Global IR Survey, 89% of European corporate respondents use brokers (vs. 85% of North American respondents).

We believe that there is one major issue with relying so heavily on brokers to arrange non-deal roadshows, particularly when this is offered as a free service. Indeed, in an attempt to ultimately monetise their efforts, brokers tend to prioritise fund managers with a high portfolio turnover, i.e. those who trade more frequently, thereby generating higher volume of trading commissions. While this is beneficial to a stock to the extent of generating liquidity, we also believe that this stands against the best interest of senior management keen to build and maintain long-lasting relationships with long-term shareholders.

FTSE100 companies usually do not pay a retainer to their house-brokers and have plenty of third-party brokers pitching their "free" non-deal roadshow capabilities. Free is good but is it necessarily optimal?

We have used a real example comparing two FTSE100 companies, both with large IR teams and no stock liquidity issue. We have altered all the figures to preserve anonymity but we have maintained all the proportions in the comparison. The absolute figures are actually smaller but again all the ratios are real. For both companies, we have analysed the period covering 12 months starting the day when their 2013 financial results were announced.

Company A arranged 8% more meetings/calls with the buy-side than company B.

Company A reached out to 15% more institutions than company B.

Company A arranged 1.8 meetings/calls per institution on average, less than 1.9 for company B, thereby reflecting a wider IR reach.

Both firms gave three or more meetings/calls to nearly the same number of buy-side institutions. Among institutions that were given three or more meetings/calls, 15% were hedge funds at company A compared with 36% at company B.

	Company A	Company B
Number of meetings/calls (a)	1000	924
Number of institutions (b)	556	483
Average number of meetings/calls per institution (a/b)	1.8	1.9
Number of institutions given 3 or more meetings/calls (c)	99	98
Number of hedge funds given 3 or more meetings/calls (d)	15	35
3 or more meetings/calls: hedge funds penetration rate (d/c)	15%	36%

Source: RD:IR

Hedge funds tend to be valuable clients for brokers because they usually are high "churners" of stocks compared with traditional long-only investors and they also pay additional fees related to short-selling and/or using leverage.

While meeting hedge funds can be useful (stock liquidity, more active debating of ideas, reaching out to and getting feedback from a variety of investors) meeting too many can lead to a non-optimal allocation of senior management time.

How much control brokers have over non-deal roadshows is ultimately the responsibility of companies themselves. It is up to the IR teams to make the most of a "free" service by pushing their best interest forward. In other words, there is a hidden cost attached to "free" non-deal roadshows, which can take two forms: 1) misallocated senior management time and/or 2) IR time spent optimising roadshow schedules (either internally or externally via an IR consulting firm).

And, of the two, misallocated senior management is by far the costliest. Indeed, according to KPMG's 2013 Guide to Directors' Remuneration and based on our calculations, the average total package value (base salary plus bonus, rewards/incentives and benefits) of a CEO of a FTSE100 is £3,217,000 per annum, equivalent to £12,715 per business day. That of a CFO is £1,948,000 per annum, or £7,700 per day.

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t +44 20 7492 0500
www.rdir.com

The issue of misallocated senior management time is even more important outside the FTSE100. The average pay package of the senior management of a FTSE250 company is 60% smaller than a FTSE100 company (KPMG data). This is broadly aligned with the average IR budget of a mid-cap being 61% smaller than a mega/large cap (IR Magazine data).

However, average senior management attendance at investor meetings varies from 30% at mega caps to 65% at small-caps (IR Magazine data). In other words, the smaller the stock, the less developed the IR function, hence greater the direct involvement of senior management in investor meetings. The cost of misallocated senior management time is therefore potentially greater for smaller companies, simply due to the greater IR involvement of senior executives.

This calls on for smaller companies to be even more in control of their non-deal roadshow schedules. These should be established "bottom-up", as the result of a thorough targeting exercise, and not "top-down", as the result of diary-filling exercise based a finite scope of relationships between a broker and its buy-side clients.

Targeting takes time but delivers tangible results. A case study of a FTSE250 company, covering a period from January 2012 to March 2014, shows that regular targeting has contributed to:

- ✓ increasing the size of the shareholders register by 12%;
- ✓ reducing the concentration of holders, with the top 20 holders accounting for 75% of the share capital in March 2014 compared with 83.4% in January 2012;
- ✓ reducing the mix of UK investors to 77.7% from 79.6%;
- ✓ increasing the geographical register spread outside the UK to 13 countries from 10.

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t +44 20 7492 0500
www.rdir.com

Do more: the benefits of increased IR budgets for small/mid-caps

IR budgets are exponentially skewed towards market capitalisations. Our calculations based on data from the IR Magazine's Global Practice Report indicate that the average IR budget of a large cap is 4.5 times larger than a small cap and 1.6 times larger than a mid-cap. And, the budget of a mega cap is 2.2 times larger than a large cap, hence ten times larger than a small cap.

As these budgets exclude salaries and reporting costs, these figures seem to indicate that small and mid-caps are disproportionately disadvantaged compared with larger stocks in terms of IR resource available to gain investors' attention.

Based on IR Magazine data and our calculations integrating salaries in IR budgets, we conclude that a small cap, by increasing its IR headcount by 87%, resulting in a 25% increase in the overall IR budget including salaries, is able to:

1) Organise 23% more roadshow days resulting in 56% more one-to-one investor meetings, and

2) Increase its sell-side coverage by 50%.

In other words, a 25% increase in total IR budgets can deliver a c.50% increase in both investor meetings and sell-side coverage.

	Average	Large team	Difference
IR budget ($; excl salaries) (a)	219,000	224,000	2%
Team size	1.5	2.8	87%
Average salary: Head of IR ($)	150,000	150,000	-
Average salary: IRO ($)	75,000	75,000	-
Salaries ($; excl. bonuses) (b)	187,500	285,000	52%
IR budget & salaries ($) (a+b)	406,500	509,000	25%
Roadshow days	11.3	13.9	23%
1-1 investor meetings	81	126	56%
Sell-side coverage (number of analysts)	6	9	50%

Source: IR Magazine; RD:IR

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Do better: bad IR has larger negative impact on valuation than good IR a positive one

A survey published by Rivel in 2013 indicated that 70% of US institutional investors believe that IR has a meaningful impact on a quoted company's valuation. Investors evaluated the valuation premium from "superb" IR at plus 10% and the valuation discount from "poor" IR at minus 20%. Results in Europe were similar, with a premium of 13% and a discount of 20%.

We believe that perception here is much more important than debating the absolute value of any valuation premium/discount coming from a superb/poor IR strategy. So, whatever the exact measure of impact on valuation, the important point is that a poor IR strategy seems to be disproportionately detrimental to a stock, hence a risk surely not worth taking.

Not surprisingly, among the important "musts" highlighted in the survey are: corporate access (investors want to meet CEOs/CFOs and not just IROs), transparency (being open and upfront both in good and bad times) and guidance (qualitative insight and operational/financial metrics).

We believe that transparency is the single most important "must". Senior management credibility in the investment community builds gradually over months, even years. Often, however, credibility takes just minutes to vanish. Anecdotally, there remain examples, across the entire market capitalisation spectrum, of profit warnings being inserted at the very end of lengthy press releases trying to emphasise positive developments before the inevitable and critical piece of information. This, and other mishandlings (voluntary or not) standing against transparency are likely to cause long-term damage to management credibility.

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History of corporate access regulation in the UK and US

UK

2001: Myners Report

In 2000, the Treasury asked Paul Myners, then Chairman of investment management house Gartmore, to conduct a review of the UK's institutional asset management industry. The report, published in March 2001, identified various factors distorting the investment decision-making of institutions. Among these featured broking commission: "An important cost to pension funds, namely broking commission, is subject to insufficient scrutiny. Clearer and more rigorous disciplines could be applied to these costs, which are substantial".

2003: FSA Consultation Paper CP176

In April 2003, the FSA published a consultation paper which identified several concerns over bundling and soft commission arrangements. These included:
- a lack of transparency and accountability over the costs of arrangements to customers, which could be leading to higher charges to consumers;
- the potential for relatively opaque bundled arrangements to mask conflicts of interest whereby the investment manager may have an incentive to direct trades to certain brokers to maximise the goods and services they can obtain, which may not always be in the best interests of their customers;
- a lack of effective competition for services bundled with execution, such as third-party research.

2006: FSA rules COBS 11.6 (Conduct of Business Sourcebook)

The FSA initially proposed a radical reform that sought to unbundle services and costs for any non-execution related services. However, the responses to the consultation argued that alternatives approaches could deliver similar improvements at less cost and impact to the industry. So, the FSA adopted a principles-based approach, allowing investment managers to make reasonable judgements about what could constitute execution-related and research goods and services.

This resulted in three changes, which involved:
- new handbook rules from 1 January 2006 limiting the range of goods and services that investment managers can buy with dealing commissions passed to their customers' funds to only execution and research goods and services (now COBS 11.6);
- enhanced disclosures by investment managers to their customers on the costs of execution and research paid for on their behalf through dealing commissions, based on industry-led codes of practice;
- encouraging investment managers to seek, and brokers to provide, clear payment and pricing mechanisms that enable execution and research services to be purchased and valued separately (such as commission sharing arrangements – CSAs).

2012: FSA Dear CEO Letter

In November 2012, the FSA published a Dear CEO letter titled "Conflicts of interest between asset managers and their customers: identifying and mitigating the risks".

During a review of asset management firms between June 2011 and February 2012, the FSA identified that many firms had failed to establish an adequate framework for identifying and managing conflicts of interest.

The FSA observed breaches of its rules governing the use of customers' commissions. It found that few firms regularly reviewed whether the products and services purchased using client commissions were eligible to be paid for with customers' funds. And, more specifically, it added that firms were unable to demonstrate how brokers arranging for access to company management or providing preferential access to IPOs constituted research or execution services.

2013: FCA Chief Executive's keynote speech at the Asset Management Conference

At the FCA Asset Management Conference on 30 October 2013, Martin Wheatley, Chief Executive of the FCA, delivered a speech titled "Shaping the future in asset management".

He said that the principles-based regime established in 2006 had not sufficiently enhanced transparency and accountability. He added that "of most concern is that firms are pushing the definition of research by using client commissions to cover non-eligible costs and services. This includes a significant chunk of clients' commission being paid for corporate access services from investment banks and brokers". While accepting that investors want to engage with the businesses they invest in and practise good corporate stewardship, he also said that asset managers should be using their own funds if they wish to purchase access.

Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
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t +44 20 7492 0500
www.rdir.com

2013: FCA Consultation Paper CP13/17

In November 2013, and, as indicated earlier at the Asset Management Conference, the FCA launched a consultation on the use of dealing commission rules.

Regarding corporate access, the FCA stipulated that "While we are making it clear that this arranging service should not be paid for with dealing commission, we are not banning the arranging or corporate access and investment managers paying for it, as long as it is carried within the boundaries of our wider market conduct regime".

More critically, the consultation proposed to clarify the COBS 11.6 rules to improve the FCA's ability to surpervise and, if necessary, take enforcement action on them.

The proposed changes to COBS 11.6 rules included, among other things:
- defining corporate access in the FCA Handbook Glossary;
- adding corporate access to the list of examples of goods and services that relate to the execution of trades or the provision of research that are not exempt (COBS 11.6.8G), and so cannot be paid for from dealing commission.

Finally, the proposed definition of corporate access was: "a service of arranging or bringing about contact between an investment manager and an issuer or potential issuer."

2014: FCA Policy Statement PS14/7

On 08 May 2014, the FCA published a new Policy Statement (PS14/7) which confirmed the two main changes affecting corporate access as initially outlined in CP13/17, i.e. the definition of corporate access and the explicit exclusion of corporate access as a service eligible to be paid for out of client commissions. The new policy will take effect on 02 June 2014.

Despite some responses to CP13/17 outlining that the definition of corporate access was too wide, the FCA decided not to modify the initial definition, thereby capturing all various forms of meetings that could potentially be intermediated.

Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
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t +44 20 7492 0500
www.rdir.com

The FCA also clarified its views about corporate access as part of a bundled service. When as attending investor conferences or field trips arranged by brokers, "the investment manager should take steps to identify and disaggregate the discrete element of substantive research within this bundled service, from any non-eligible elements such as Corporate Access, and make a fair assessment of the charge it should pass on to their customers through dealing commissions for the acceptable part".

Finally, some responses to CP13/7 also prompted the FCA to clarify its position regarding corporate access as a non-monetary benefit: "as a third-party, non-monetary benefit under COBS 2.3 (Inducements), the investment manager would need to satisfy themselves that the benefit does not impair their compliance to act in the best interest of their clients; disclose it clearly to the client; and ensure the benefit enhances the quality of the service to their clients".

The FCA added that "an investment manager's systems and controls over their dealing commission arrangements will be important in ensuring that they can demonstrate amounts paid to a broker are justified purely in relation to acquiring execution and substantive research goods and services permissible under COBS 11.6".

Richard Davies Investor Relations Limited
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t +44 20 7492 0500
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US: SEC Section 28(e) / "safe harbor"

Background

In the US, the SEC (Securities and Exchange Commission) adopted Rule 19b-3 under the Exchange Act of 1934, which ended fixed commission rates on national securities exchanges effective May 1, 1975. Just one month later, Congress passed legislation unfixing commission rates as part of the Securities Acts Amendments of 1975.

In the era of fixed rates, when broker-dealers could not compete on the basis of the commissions that they could charge for executing orders, they competed on the basis of services, including non-execution services that they could offer. Broker-dealers had long been accustomed to attracting order execution business from institutional money managers by offering them brokerage functions and research reports to distinguish their services from those of their competitors.

Institutional money managers expressed concern that, in an environment of competitive commission rates, they would be forced to allocate brokerage solely on the basis of lowest execution costs, or that paying more than the lowest commission rate would be deemed a breach of fiduciary duty, and that useful research might become more difficult to obtain. Broker-dealers, which were accustomed to producing proprietary research, expressed concern that they could no longer be compensated in commissions for their work product if orders were routed to broker-dealers that provided execution-only service at lower rates.

So, in an effort to address the industry's uncertainties about competitive commission rates, Congress included a safe harbor in the 1975 Amendments, codified as Section 28(e) of the Exchange Act.

Section 28(e) of the Exchange Act establishes a safe harbor that allows money managers to use client commissions to purchase "brokerage and research services" for their managed accounts under certain circumstances without breaching their fiduciary duties to clients. Fiduciary principles require money managers to seek the best execution for client trades, and limit money managers from using client assets for their own benefit.

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Richard Davies Investor Relations Limited
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www.rdir.com

Section 28(e) / "safe harbour"

In July 2006, the SEC published an interpretive release with respect to the scope of "brokerage and research services" and client commission arrangements under Section 28(e).

For purposes of the safe harbor, research services provide:
- advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities;
- analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts.

In determining that a particular product or service falls within the safe harbor, the money manager must therefore conclude that it constitutes "advice", "analysis" or "reports" within the meaning of the statute and its subject matter falls within the categories specified in Section 28(e).

Corporate access is specifically included within the safe harbor boundaries: "Meetings with corporate executives to obtain oral reports on the performance of a company are eligible because reasoning or knowledge will be imparted at the meeting (i.e. "reports") about the subject matter of Section 28(e) (i.e. concerning issuers). Seminars and conferences may also be eligible under the safe harbor if they truly relate to research, that is, they provide substantive content relating to the subject matter in the statute, such as issuers, industries, and securities."

Richard Davies Investor Relations Limited
Bridewell Gate, 9 Bridewell Place
London, EC4V 6AW
t +44 20 7492 0500
www.rdir.com

About RD:IR

Who we are

- Privately-owned, independent, full-service IR consultancy established in London in 2002.
- Dedicated and responsive team of 45 staff, including buy-side and sell-side experience.
- We act for over 600 UK and international clients, including corporates and investment trusts, directly or via their advisors.
- We have our clients' interests at heart and our only agenda is to help them.

What we do

- We are proud of our thorough Share Register Analysis. Strong data is at the core of everything we do. It allows pertinent analysis, leading to actionable recommendations.
- IR InTouch is our fully-integrated, web-based and tablet-friendly CRM platform, containing over 50,000 continuously updated buy-side contacts.
- Advisory: we provide advice to both executive and non-executive directors on all IR-related matters, from strategic, regulatory, and operational perspectives, pre or post IPO.
- Proxy & Corporate Action: we advise on the likely nominee/custodian handling of proxy forms, conduct telephone campaigns of all shareholders/nominees, in the UK and overseas.
- Sentiment Surveys: we provide strategic and practical recommendations to address both known and uncovered issues, having spoken to carefully selected investors and analysts.
- Targeting & roadshows: we reach out to investors, helping issuers gain investors' attention, gathering detailed feedback, on a global scale and without the limitations of a finite scope of existing relationships. This methodical sifting work allows us to deliver roadshow schedules that maximise senior management time.
- We also help with a variety of other IR functions such as email distribution, bespoke analysis & reporting, consensus gathering, and access research for stocks with low sell-side coverage.