



**National Investor Relations Institute**

8020 Towers Crescent Drive, Suite 250, Vienna, VA 22182  
(703) 506-3570 FAX (703) 506-3571  
Website: [www.niri.org](http://www.niri.org)

June 1, 2011

Elizabeth M. Murphy, Secretary  
Securities and Exchange Commission  
100 F St, NE  
Washington, DC 20549-1090

**Re: Comment Request on Existing Private and Public Efforts to Educate Investors  
File No. 4-626**

Dear Ms. Murphy:

This letter is submitted on behalf of the members of the National Investor Relations Institute (“NIRI”). NIRI is the professional association of corporate officers and investor relations consultants responsible for communications among corporate management, shareholders, securities analysts and other financial community constituents. Founded in 1969, NIRI is the largest professional investor relations association in the world with more than 3,500 members representing 2,000 publicly-traded companies and approximately \$5.4 trillion in stock market capitalization.

NIRI supports transparent, fair, efficient and robust capital markets. Vital to such capital markets are rich corporate communications with current and prospective shareholders who are financially literate and understand their responsibilities as owners.

To this end, public company investor relations programs provide investor education in a myriad of forums and communications mediums – from earnings news releases and related conference calls, to helping sell-side analysts understand key underlying assumptions about the companies they follow, to providing valuable financial information on the corporate website – *all of which* are aimed at ensuring that *all* investors and potential investors are able to make informed and timely investment decisions. As a baseline, companies follow mandated disclosure rules, such as Regulation FD, to provide the investment community with this information and education.

While information transparency and consistency is mandated for public companies, the financial literacy of consumers of this corporate information spans a broad range. Consider high-frequency stock traders who hold stocks for a fraction of a second; large institutional shareholders representing thousands of pension holders and billions of dollars in investment capital; and individual investors owning just a few shares of a company. The disparity between the investment sophistication of these participants is extreme.

The resources available to these market participants also vary widely. Individual investors, in particular, are potentially disadvantaged compared to institutional investors with respect to the resources available to assist in various aspects of the investment decisions. This may also include the difficulty for some individual investors to assimilate and comprehend all the issues around an investment, as well as a potential disparity of skills or resources available to sophisticated investors that may not be available or cost effective for individual investors.

In recent years, public companies have been subject to numerous SEC mandates to increase disclosure of information to current and potential investors more quickly (in the form of accelerated filing timelines), potentially more often (as a result of greater specificity in the rules regarding events that require an 8-K filing), with increased transparency (such as required reconciliations of GAAP financial results with non-GAAP measures, and additional information regarding executive compensation), and in support of interactive data reporting standards for financial information (through XBRL). However, to our knowledge, there has been no evaluation of either the usability of this information, or of its role in advancing the SEC's mission of ensuring fair markets and investor protection.

NIRI believes investor education and competence are keys to healthy financial markets. NIRI also believes investment education and competence are shared responsibilities of all financial market participants including investors, brokers, public companies and regulators. Information must flow in both "push" and "pull" methods from companies, brokers and regulators. As consumers of the information, investors must assume their responsibility to learn, understand and use the information prudently. As the SEC website notes in the introduction to the organization, "The world of investing is fascinating and complex, and it can be very fruitful. But unlike the banking world, where deposits are guaranteed by the federal government, stocks, bonds and other securities can lose value. There are no guarantees. That's why investing is not a spectator sport. By far the best way for investors to protect the money they put into the securities markets is to do research and ask questions."

One thought to consider is that many investors acquire shares through an intermediary, such as a broker. Should these intermediaries consider the investment education of their clients, in much the same way advisors currently consider investment suitability for their clients? Should additional investor competence and education be integrated into the investment process at the intermediary level? While this may be a challenge to implement, brokers and other financial intermediaries seem to be an optimum conduit for investor education.

We hope that studies such as this will increase awareness of the educational needs of market participants, and will help to foster efforts beyond what public companies are able to accomplish through both structured and unstructured disclosures. We also hope that a broader based and coordinated national effort by the SEC, FINRA and other financial market participants will increase financial competence for all investors. This education should cover U.S. financial markets, including at a minimum, market structure, proxy voting and corporate disclosures.

Many aspects of our capital markets are in need of reform, including the system for public company shareholder communications and shareholder transparency. In recent years, NIRI has advocated for more timely access by public companies into the ownership positions of their institutional shareholders, as well as the need to further enhance the proxy process so public companies may better serve the needs of all shareholders. We believe these and other changes are necessary enhancements to our capital markets that will further protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation. We welcome the opportunity to discuss these and other relevant subjects, and appreciate this opportunity to share our concerns about shareholder education.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Morgan". The signature is fluid and cursive, with the first name being the most prominent.

Jeffrey D. Morgan, CAE  
President & CEO