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IR UPDATE

THE VOICE OF THE INVESTOR RELATIONS PROFESSION **NOVEMBER/DECEMBER 2018**

Stacey Cunningham



Brett Redfearn



Brian Sullivan



VOICES *OF THE* CAPITAL MARKETS

NYSE President **Stacey Cunningham**, SEC Director of Trading and Markets **Brett Redfearn**, and CNBC Worldwide Exchange Anchor **Brian Sullivan** offer their views on issues facing the capital markets.

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About NIRI

Founded in 1969, the National Investor Relations Institute (www.niri.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts, and other financial community constituents. NIRI is the largest professional investor relations association in the world, with more than 3,300 members representing over 1,600 publicly held companies and \$9 trillion in stock market capitalization. NIRI is dedicated to advancing the practice of investor relations and the professional competency and stature of its members.

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NYSE President Stacey Cunningham, SEC Director of Trading and Markets Brett Redfearn, and CNBC Worldwide Exchange Anchor Brian Sullivan offer their views on issues facing the capital markets in this issue. Their interviews are part of a series of interviews this year in *IR Update* that have also included Nasdaq President and CEO Adena Friedman and FCLTGlobal CEO Sarah Williamson, who gave their insights in the past two issues.

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BY TED ALLEN

An Exciting Year Meeting New Challenges



Lee M. Ahlstrom, IRC
Senior Vice President
and CFO RigNet
lee.ahlstrom@rig.net

It's Autumn again in Houston, which means it's only about five degrees cooler than Summer! It's hard to believe my year as NIRI chairman will shortly end. It's been an incredibly exciting year for NIRI as we not only adapt to the constant challenges and opportunities thrown at us by the capital markets, but push ahead in our own evolution as an organization and as a profession.

Our September Board meeting in Washington, D.C., organized around NIRI's second annual Leadership Week, was productive. We nominated an outstanding slate of four nominees to join the NIRI National Board and also nominated Melissa Plaisance, group vice president, treasury & investor relations, at Albertsons Companies, as our new chair-elect. (Don't forget to login to the NIRI website to vote for these candidates by November 15.) Volunteerism is the cornerstone of NIRI, both at the local and national level, and I hope you will join me in expressing gratitude to these individuals who are not only willing, but enthusiastic about adding additional responsibilities to their already heavy workloads. For me, the experience has been invaluable. I know my fellow Board members feel the same and we wish nothing but success for Melissa and the incoming 'class.'

The Board also approved a revised Mission Statement for NIRI. Our previous statement was: "NIRI is dedicated to advancing the practice of investor relations and the professional competency and stature of its members." You'll recall that we adopted a new Strategic Plan that focuses on NIRI's engagement with the broader capital markets community. The new Mission Statement retains the ideals of advancing the practice of IR while fostering that broader engagement: "Through its collaborative community, NIRI advances engagement in the capital markets and drives best practices in corporate disclosures, governance, and informed investing." Expect to hear more about how the new Strategic Plan and Mission Statement will shape NIRI's future in the months to come.

Let me add a plug for Leadership Week. This year's event was bigger and better than in 2017. More than 50 NIRI members attended a briefing session on NIRI's key advocacy issues and then spent an afternoon visiting the offices of various lawmakers whose support will be critical in advancing our agenda of transparency for companies and investors alike. Many members also stayed to attend our annual meeting with the SEC and a special pre-meeting with SEC Commissioner Hester Peirce. Leadership Week is a fantastic opportunity to not only learn more about the legislative process, but also to participate, and have your voice heard. If there's any way you can attend next September, I'd highly recommend it.

As I sign off on this final column, I want to thank Gary, Matt, Ted, and the rest of the NIRI staff for their support during my year. They are fantastic and do yeoman's work on your behalf. I'd also like to thank Valerie Haertel, our immediate past Board chair, for her guidance and advice as I attempted to follow in her footsteps, as well as the rest of the Board members, both past and present, with whom I had the pleasure of serving. Your dedication to NIRI and consistent engagement in spite of your "day jobs" has been inspiring and has made my job easier. Finally, my best wishes to Ron Parham, incoming Board chair. I've thoroughly enjoyed getting to know Ron and working closely with him and Gary, and I have no doubt that NIRI will be in good hands under his leadership!

Thank you for the opportunity to serve. 



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Ron Parham Named NIRI Chair



Ronald A. Parham, vice president of investor relations, Cura Cannabis Solutions, is the NIRI National Board Chair for 2018-2019. He will take office at the NIRI Annual Meeting in late November 2018.

Parham has had a distinguished career in IR. He was previously senior vice president at LHA Investor Relations. Before that he was senior director, investor relations and corporate communications at Columbia Sportswear. He joined Columbia in January 2008 as director of IR and was named senior director of

IR and corporate communications in October 2008.

From 1998 through 2007, he was a managing director of PondelWilkinson Parham, an IR and corporate communications consulting firm in Portland, Oregon, an affiliate of PondelWilkinson Group in Los Angeles.

From 1983-1998, Parham held various positions with NIKE, Inc., serving as the company's first full-time director of IR from 1987-1995, during which the company's revenues grew from \$900 million to \$6 billion. From 1980-1983, he was an auditor with Coopers & Lybrand in Portland.

Parham has been a member of NIRI since 1988, served as the president of the NIRI Portland chapter from 2001 to 2008, as a board member of the NIRI Virtual chapter since 2011, and was elected to the NIRI National Board in 2016. He served as co-chair of the 1994 NIRI Annual Conference and on the 1993 NIRI Annual Conference Committee. [IR](#)

Melissa Plaisance Named NIRI Chair-Elect



The NIRI Board elected **Melissa Plaisance** as Chair-Elect of NIRI for 2018-19. She will begin her term at the NIRI Annual Meeting in late November 2018.

Plaisance is an experienced IRO and is group vice president, treasury and investor relations, for Albertsons Companies. Prior to this role, she was group vice president, strategic initiatives, and was engaged in identifying and tracking incremental synergies, negotiating payments contracts, and providing investor relations support for former Safeway shareholders and debt holders.

(Albertsons acquired Safeway in 2015.)

Previously, she was senior vice president, finance and investor relations for Safeway Inc. and was involved in the company's strategic development activities. Plaisance was also responsible for corporate communications and public affairs for five years.

Before that, she was senior vice president, finance and corporate communications with Del Monte Foods and vice president in the leveraged buyout group with Bankers Trust Company. She is a member of the San Francisco chapter of NIRI and served on the Steering Committee of the NIRI Senior Roundtable and as co-chair of the NIRI Annual Conference. [IR](#)

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Valerie Haertel Talks About IR as a “Communications Clearinghouse”



Valerie Haertel, IRC, the 2017 chair of NIRI, was interviewed in an article, “Investor Relations – A Communications Clearinghouse,” written by John C. Wilcox, chairman of Morrow Sodali.

Wilcox noted that shareholders want communication that “tells the company’s story and paints a coherent picture of the company’s operations, governance, financial and non-financial risk factors, culture, competitive position and long-term strategic goals as well as its financial performance.”


He asked Haertel to talk about how she has created a role for the investor relations department as a “communications clearinghouse” during her career. Working directly with her peer executives in different departments, she has taken an approach to investor relations that is more strategic and that addresses the full scope of informational needs of investors, including those on the governance side.

“I use the term “clearinghouse” to emphasize the way that internal collaboration works across departmental boundaries, thereby enabling the company to

present a more comprehensive, accurate and unified picture,” Haertel said.

“The business unit leaders helped me to better understand the nuances and complexities of the various operating businesses. These interdepartmental relationships enabled me to bring together diverse perspectives in shaping the content of the investor relations and engagement programs. This is what I mean by a clearinghouse role.”

In the interview, Haertel also offered insights into the convergence of investor relations and corporate governance, engagement with stewardship teams at major institutional investors, active and passive investors, short-term versus long-term business goals, investor relations at the board level, and dealing with activists.

The interview is available online at www.morrowsodali.com/news/investor-relations-a-communications-clearinghouse. 

Mickey Foster Speaks at INARI Mexico Meeting

Mickey Foster, vice president, investor relations at FedEx Corporation (right), spoke recently at a meeting of INARI Mexico AC, the Mexican Institute for Investor Relations. INARI was founded in 2017 and is growing rapidly with the help of seven sponsors, including the Mexican Stock Exchange, which hosted this meeting. INARI plans to at least hold quarterly meetings and an annual conference.

Foster spoke about IR strategies and best practices, helping Mexican IROs navigate many of the same issues that IROs face in the United States.

INARI co-founder and president **Maximilian (Max) Zimmermann** hosted Foster and Elizabeth Allen, director of investor relations at FedEx and president of NIRI Chicago. Zimmermann also attended the 2018 NIRI Annual Conference and is planning to pursue the Investor Relations Charter (IRC) credential.

“INARI is still in its early stages and having Mickey come speak to us about current IR issues is extremely helpful and demonstrates the leadership NIRI is showing to reach out globally to advance the IR profession,” Zimmermann said. “We look forward to continuing our information exchange and networking for our mutual benefit.”

Foster and Allen also visited three top Mexican pension funds, which are now investing outside Mexico. 



INARI President Max Zimmermann (left) and Mickey Foster at the INARI meeting.

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stock trades in a market where fundamentals are often subordinated to robots and computer models. Measuring market behaviors is an essential IR action leading to better decisions about how to spend your time and resources. *You can continue to ignore the passive investment wave, but having no answer when the CEO asks is...awkward.*

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ON THE MOVE



Angela Chang joined Rose & Company as a director in the New York office. She previously worked at Deutsche Bank Trust Americas, where she was the lead New York-based investor relations advisor for the firm's Latin American and Western

European American depositary receipt issuers. Prior to Deutsche Bank, she was an investor relations officer at MF Global, Inc.



Angeline ("Angie") McCabe joined Veracyte, Inc. as vice president, investor relations and corporate communications. Most recently she served as vice president, investor relations at WellCare Health Plans, Inc. Before that she held investor

relations and corporate communications positions at companies including Health Net, Valeant Pharmaceuticals, and WellPoint Health Networks.



Marcus Rogier was named investor relations officer for Worthington Industries, in addition to his role as the company treasurer. Rogier joined Worthington in 2002 and has served as treasurer since 2014. His promotion is one of multiple

organizational changes at Worthington Industries, promoting three company veterans to new and expanded roles.




Melissa Marsden is retiring from Iron Mountain Incorporated, where she was senior vice president, investor relations for six years. She spent more than 35 years in the investor relations profession. She will pursue consulting and board

opportunities and help new public companies understand the necessary requirements and cultural shifts. During her tenure with the company, Marsden served as primary contact for the investment community, transitioned the investor base and enhanced financial disclosure following the company's successful conversion to a REIT, and drove inclusion in major REIT and socially responsible investment indexes. She also led a team responsible for public relations, customer communications, government affairs, and internal communications.



Patricia Figueroa joined Gladstone Place Partners as a senior vice president. She comes to the firm from Arconic Inc., where she served as the head of investor relations since it launched as a stand-alone company

after its separation from Alcoa Inc. in 2016. Prior to Arconic, Figueroa worked in a variety of roles at Alcoa, including investor relations and leading the financial planning and analysis function of the building and construction business unit. She started her career in the United States at Blue Heron Research. 

CALENDAR

These upcoming events provide excellent professional development opportunities for NIRI members. Learn more at www.niri.org/full-calendar.

NOVEMBER 2018

NOVEMBER 28
MIAMI BEACH, FL
NIRI Annual Meeting

NOVEMBER 28-30
MIAMI BEACH, FL
NIRI Senior Roundtable
Annual Meeting

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SAN DIEGO, CA
Fundamentals of
Investor Relations –
NIRI West

JANUARY 16
SAN DIEGO, CA
Finance Essentials –
NIRI West

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An Investment in Our Nation's Capital

NIRI members traveled to Washington to make the case for proxy advisor reform and short-position disclosure. BY TED ALLEN



More than 50 members braved the threat of Hurricane Florence to gather in Washington, DC, in September for NIRI's second annual Leadership Week.

The attendees, who included National Board members and representatives from 14 chapters, came prepared with umbrellas and raincoats, though none were needed after the hurricane tracked south. Members took advantage of the better-than-expected weather to network, share ideas, and express their views on key regulatory issues. Overall, NIRI attendees enjoyed their time in Washington and appreciated the opportunity

to speak directly with legislative staffers and regulators.

The event included a chapter leaders' workshop, where chapter officers discussed ways to engage and serve their members. The NIRI Board of Directors finalized a new strategic plan and heard recommendations for NIRI's 50th anniversary celebration next year. The Service Provider Council met to provide input and suggest ways to enhance collaboration and expand thought leadership.

Most of the attendees gathered together on Capitol Hill for a legislative briefing with John Hair, the chief legislative adviser to U.S. Rep. Sean Duffy (R-WI) on financial services issues, and then heard updates from representatives from the U.S. Chamber of Commerce, Nasdaq, and NYSE Group. NIRI members then split into regional groups and visited 17 Senate and House offices (including lawmakers from California, Texas, New York, Colorado, Delaware, Virginia, Georgia, Minnesota, and Illinois) to talk to legislative staffers about NIRI's public policy agenda. In each meeting, members shared their stories and advocated for proxy advisor reform, improved short-position disclosure, and greater transparency around hedge fund activism.


NIRI members engaged with both Republican and Democratic staffers and sought to emphasize the bipartisan support for the various reforms that NIRI is seeking. With Democrats hopeful to win control of the U.S. House of Representatives in the November mid-term elections, it will become even more important for the IR practitioners to enlist allies on both sides of the political aisle.

The next day, the NIRI delegation traveled to the headquarters of the Securities and Exchange

Commission, where members had a private Q&A session with Commissioner Hester Peirce. The NIRI group also met with William Hinman, director of the SEC's Corporation Finance Division, and a dozen other SEC senior staff members. That meeting covered a wide array of regulatory topics, including proxy system modernization, updating the 13-F long-position disclosure rules, and non-GAAP reporting, as NIRI members told their stories and asked questions of the SEC.

The day before NIRI's visit, the SEC announced that it had withdrawn two 2004 staff "no-action" letters pertaining to proxy advisory firms. Those letters have prompted many investment managers to outsource their proxy voting responsibilities to the proxy firms and significantly increased the firms' influence. NIRI thanked the SEC for taking this action and for scheduling a November 15 roundtable to consider proxy voting reform and proxy firms.

The 2018 Leadership Week events were made possible with support from five sponsors: Corbin Advisors, EQS Group, Equilar, Nasdaq, and UBS.

The visit by NIRI members to Washington illustrates the importance of regularly engaging with the SEC and Congress to make sure they are aware of the views of the IR professionals. Change happens very slowly in Washington, so NIRI encourages public companies and NIRI chapters to write letters to lawmakers and the SEC on proxy advisory firms, short-position disclosure, 13-D modernization, and other regulatory concerns. Several NIRI chapters, including NIRI Capital Area, NIRI DFW, and NIRI Houston, have already submitted letters on these issues. More information on NIRI's advocacy priorities, including briefing papers and links to letters from chapters and companies, can be found on the "Advocacy Call to Action" page (www.niri.org/advocacy/call-to-action) on NIRI's website. 

TED ALLEN is vice president, communications and member engagement for NIRI; tallen@niri.org. To see more photos from Leadership Week, please visit the NIRI Facebook page at www.facebook.com/NIRI.National/



NIRI members visiting the Securities and Exchange Commission during NIRI Leadership Week included (front row, left to right) Cherryl Valenzuela, Bernadette McCormick, and Jennifer Driscoll. Members in the back row (left to right) included Valerie Haertel, Nicole Noutsios, Julie Dewey, Lisa Hartman, Melissa Plaisance, and Moriah Shilton.



NIRI members visiting the office of U.S. Senator Mark Warner (D-VA) during NIRI Leadership Week included (left to right) David Dragics, David Dixon, Steven Rubis, Dan Aldridge, Mark Warren, and Mitzi Reynolds.



A RECIPE
FOR SUCCESS
AT NYSE

Stacey Cunningham joined the New York Stock Exchange as an intern in 1994. Her journey – including her passion for the culinary arts – carried her to the top. Learn what she had to say to NIRI members at the 2018 NIRI Annual Conference.

BY AL RICKARD, CAE

Stacey Cunningham, the 67th President of New York Stock Exchange (NYSE) Group, was a general session speaker at the 2018 NIRI Conference, where she was interviewed by NIRI Chair Lee Ahlstrom, IRC, senior vice president and chief financial officer at RigNet, Inc.

She was named president of the NYSE in May 2018 to become the first woman to lead the NYSE in its 226-year history. She joined NYSE as an intern in 1994, took a break in 2005 which included a nine-month stint at the Institute of Culinary Education, and worked at Nasdaq from 2007-2011 before rejoining the NYSE in 2012 and becoming NYSE chief operating officer in 2015.

Her session, titled “Bulls, Bears, Unicorns and Proxy Wars – The Battle for Clarity and Common Sense in Today’s Capital Markets,” explored many key trends affecting the capital markets and the NYSE. Here’s what she had to say on a range of topics (with updates to some comments since the time of the interview):

Getting Started at NYSE: I was majoring in engineering at Lehigh University, and when I got an internship working on the trading floor, it was just a summer job. But it only took about 15 minutes working on the NYSE trading floor to realize this was what I wanted to do. It just felt so natural. I loved the energy. I loved the sense of community. I

finished my degree in engineering and then went down to trade on the floor for about 10 years. Then I spent the next seven years in client-facing roles where I was leading sales teams and interacting with our customers. This experience all came together years later when I took on the COO role, where I spent a significant amount of time with our customers and our technology teams.

Women Pioneers on Wall Street: Muriel Siebert was the first woman to own a seat on the New York Stock Exchange Floor in 1967, and the first woman to head one of the NYSE’s member firms. It was a challenge for her. When she first tried to become a member and get sponsored, the first nine men she asked said ‘no,’ so it wasn’t an easy path. If you accomplish hard things first, others benefit. My career was very different from hers because she paved the way for future women in the industry. I am humbled to know that I am following in her footsteps.

Her Break for Culinary School: When I left the trading floor in 2005, I enrolled in a nine-month program at the Institute of Culinary Education. What I learned was that working in a kitchen is very much like working on a trading floor. The kitchen’s high-pressure atmosphere and quick pace was not unfamiliar to me. And in that time, not

We are
committed
to our proven
market model
that combines
high-tech
trading
capabilities
with human
judgment at the
point of sale.

only did I evolve, but so did the trading floor. What was once entirely manual became a fast moving, efficient market that combined technology with human interaction.

Technology in Trading: Technology has dramatically evolved over the past 10-20 years on the trading floor. Our trading platforms are made up of state-of-the-art technologies, and as a result, trades that used to occur in seconds now occur in milliseconds. Today, we handle more than 50 billion messages per day, including stocks, quotes, buy and sell orders, compared to 3.5 billion processed by Google. We are committed to our proven market model that combines high-tech trading capabilities with human judgment at the point of sale.

Intercontinental Exchange Acquisition of NYSE: I returned to NYSE in 2010, only 10 days before the announcement that it would be acquired by Intercontinental Exchange (ICE). It raised some eyebrows that a 13-year-old company based in Atlanta was buying a 221-year-old institution. However, Jeff Sprecher, our CEO, is a successful entrepreneur whose company has always been on the forefront of technologies and trends that shape the market, with strong expertise in modernizing exchanges and enhancing efficiencies. Right after the acquisition, a simple question was asked: "What can we keep that has unique value and where can we shift?" The outcome was a full strategy to modernize the Exchange. In just the past two years, we renovated our building, including our trading floor, rolled out a purpose-built state-of-the-art trading platform called NYSE Pillar, expanded trading of all U.S. securities on NYSE (including ETPs and stocks listed on Nasdaq), and improved our host of services for our community of listed clients. It's been an honor to be part of that evolution.

NYSE Proposal to Simplify Trading: Four years ago, Jeff Sprecher and his team of engineers decided to address complicated equity markets. So we put forth a proposal to the SEC and sug-

gested eliminating rebates and lowering access and transaction fees. We coupled it with other incentives to promote displayed markets (as opposed to dark pools) because it's critical that every company that's listed on the NYSE has a robust two-sided quote so their investors can get the best price. There wasn't support for our initial proposal, however, the tide may turn.

SEC Transaction Fee Pilot: The Transaction Fee Pilot is an explicit effort to test tolerance for worsening market conditions for listed companies. We at the NYSE are very concerned that if you take away the incentives for displaying your prices and trading in the market, spreads are going to widen and investors are going to get worse prices as additional market share moves off exchange to dark pools. An important point: The Transaction Fee Pilot does not apply to dark pools, which account for approximately 40% of volume in the equity market. This means that whatever findings the Pilot yields, the SEC will be seeing those results for just over half of the market, and not the whole market.

We are highly concerned about how the Pilot came together. It was initially proposed by an Equity Market Structure Advisory Committee the SEC convened, and then the final version of it was even more aggressive. Some of the institutions support it because they want to see the rebate model eliminated. And frankly we would like to see the rebate model eliminated as well. We just don't think you can do it in isolation. Our objective is to advocate for our listed clients to preserve investor confidence and protect the public price quote and as a result, we recently proposed an alternative solution to the SEC's initial proposal, which seeks to address buy-side concerns, provide reduced costs to broker dealers, protect corporate and ETF issuers, and reduce unnecessary market complexity.

The alternate proposal remains true to the original intent of the SEC Equity Market Structure Advisory Committee's recommendation: to study the impact of reducing the scale of exchange fees and rebates on equity market quality and to reduce the scale of any potential broker routing

As I step
into this
role as
NYSE president,
my primary
focus is to
make sure that
issuers and
investors – the
end users of
our markets
– are well
represented in
Washington,
D.C.

conflicts. The NYSE's alternative fee pilot would impose reduced fee caps on exchanges, but does so uniformly across all Reg NMS stocks in an effort to protect corporate and ETF issuers. Both of these groups previously voiced their concerns in comment letters to the SEC that they may be negatively impacted relative to their peers if their securities were subject to different fee regimes.

Promoting the Voice of the Issuer: There isn't a level playing field between Wall Street and Main Street. What was missing from the SEC Equity Market Structure Advisory Committee that put forward the Transaction Fee Pilot was that there was no voice of the issuer. Neither Nasdaq or NYSE were part of that committee.

As I step into this role as NYSE president, my primary focus is to make sure that issuers and investors – the end users of our markets – are well represented in Washington, D.C. We are very engaged with our listed client community. In fact, we host a twice-a-year meeting with our Listed Company Advisory Board (LCAB), and we

gain candid feedback from our top clients on what challenges them most as public companies. Today, those issues include the impact of proxy advisory firms, short-termism, and the debate around reporting regimes. It is my goal to ensure that we make life easier for our issuers.

Proxy Advisory Firms: Our listed companies identify the issue of proxy advisors as a top #1 or #2 priority, which in turn, means that this issue is at the top of the NYSE's priority list. We are leading efforts in Washington – both in Congress and at the SEC – to change the proxy advisor regime. We are advocating vigorously for a Senate companion to H.R. 4015, otherwise known as the "Corporate Governance Reform and Transparency Act of 2017," which the U.S. House of Representatives passed at the end of 2017. We submitted a letter in support of H.R. 4015 and were pleased to see it progress through the House of Representatives. Our goal now is to work towards a solution that retains the core pillars of H.R. 4015, but that stands a chance of success. We are focused on solutions that first

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There is more than one path to success. You can have a linear career path and what you learn is that skills and experiences that you learn in one job can be easily applied to another, even in a different industry.

and foremost address the concerns of our listed company community. There is a path forward, however, that we believe will help address concerns raised by the institutional investor community on areas such as cost and other process points. Legislation is the more enduring and preferred solution, with SEC rulemaking or guidance as an alternative option.

We also want to work to ensure there aren't default vote settings that are pre-loaded and setting up a predictable result. It will provide more transparency around where some of these proxy advisory firms may be conflicted if they are providing consulting services and then also coming out with voting recommendations. So we are looking at where can we chip away and help solve and improve the situation.

Promoting IPOs: 2016 was a weak year for IPOs due to greater macroeconomic forces, including the U.S. presidential election. History demonstrates that uncertainty in the markets does not help the IPO pipeline. 2017 was a much better year and 2018 is turning out to be one of the best years for IPO in recent history. We are in a much stronger place. The challenge today is that we are seeing a growing number of companies wait much longer to IPO, leaving everyday investors out of their years of high growth.

While we have come a long way, there is always room to improve the process for companies entering the public markets. Entrepreneurial companies today are looking for unique ways to access the public markets. Take Spotify, for example. The streaming music platform listed on the NYSE in April 2018. This was a well-known, well-capitalized consumer brand that had built a global brand presence. They did not necessarily need to raise capital, but they wanted to provide liquidity for their existing shareholders who took an early stake in their innovative idea. In this case, we secured regulatory approval to modernize our listing rules to accommodate a direct listing, allowing Spotify to sidestep a traditional IPO roadshow and instead, offer equal access to buyers and sellers. We are always looking to improve the path for private

companies to reach the public markets, and we work hand-in-hand with prospects to hear their concerns, and also educate them on the process through regular IPO bootcamps and presentations.

Cryptocurrency: The rate of change in that industry is fascinating. One of the big things we have seen in the last year is the level of engagement in that space. There is two parts to that story – the blockchain and cryptocurrency. There are still a lot of questions about the regulatory framework but it is very clear that the government intends to have one.

Our parent company, ICE, was an early investor in Coinbase and recently announced a new company called Bakkt. With Bakkt, we will be the first institution to provide consumers and institutions with a regulated, transparent way to seamlessly buy, sell, store, and spend digital assets through connecting existing market and merchant infrastructure to the blockchain. Ultimately, we want to turn bitcoin and other digital assets into a trusted global currency that has broad usage, and we are working with marquee brands such as Starbucks, Microsoft, and Boston Consulting, to develop mainstream applications so that consumers can one day use crypto currencies to pay for everyday products – the options are open-ended and can include anything from 401Ks to buying a latte.

Career Advice: There is more than one path to success. You can have a linear career path and what you learn is that skills and experiences that you learn in one job can be easily applied to another, even in a different industry. For example, I was leveraging the same skills working in a kitchen as I was on the trading floor. What worked for me was finding something I love to do because if you love what you do, you can pursue new opportunities, learn, and grow. Find what you love and make it as successful as you can. [IR](#)

AL RICKARD, CAE, is president of Association Vision, the company that produces *IR Update* for NIRI.

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AN INTERVIEW WITH **BRETT REDFEARN** OF THE SEC

Brett Redfearn, director of the Division of Trading and Markets at the U.S. Securities and Exchange Commission, recently shared some of his views on issues affecting investor relations officers and public companies.

BY NICOLE NOUTSIOS

Brett Redfearn is director of the Division of Trading and Markets at the U.S. Securities and Exchange Commission. He joined the SEC in 2017 from J.P. Morgan, where he was global head of market structure for the corporate and investment bank.

Redfearn has a long history in the U.S. equity markets, having worked with investors, exchanges, and broker-dealers. During his career, he has focused on how technology, regulation, and business trends are changing trading patterns across asset classes and geographic regions.

He has helped build electronic trading products, worked closely with exchanges and other trading venues as these products evolved, and engaged with global asset managers on major regulatory developments. He has also been a frequent contributor at policy forums surrounding U.S. equity markets, and he has been an active participant at several meetings of the SEC Equity Market Structure Advisory Committee.

IR Update recently interviewed Redfearn about several topics affecting investor relations. He prefaced his comments by noting that his responses reflect his views and do not necessarily reflect those of the Commission, the commissioners, or other members of the agency staff.¹

¹ The Securities and Exchange Commission disclaims responsibility for any private publication or statement of any SEC employee or Commissioner. This article expresses the interviewee's views and does not necessarily reflect those of the Commission, the Commissioners, or other members of the staff.

There has been a lot of discussion around institutional investors publicly reporting their short positions in their 13F filings as NIRI, the New York Stock Exchange (NYSE), and Nasdaq have all petitioned the SEC to implement a Dodd-Frank Act mandate around this, but the SEC didn't act on those petitions. Is there any update on this topic from your organization that you could share?

The Division of Trading and Markets staff is continuing to consider the petitions provided by NIRI, Nasdaq, and NYSE. The SEC is also receiving comment letters on an ongoing basis in response to the petitions. The staff continues to carefully consider the petitions and comment letters addressing the short sale disclosure regime and whether additional public disclosure about short positions would be of benefit to investors, the markets, and issuers. We note that there is already a considerable amount of short-sale data that is currently publicly available, free, or on a fee basis, including daily short sale volume and transaction data, short interest data, and fails to deliver data which we believe provides many benefits to the market.

Why have you identified issues related to market data and market access as one of your top priorities?

Market data, which is fundamental to investor participation in our markets, has been for years

For digital assets to thrive, they must be traded in markets that are fair, efficient, and have investor protections.

– and continues to be – at the forefront of discussions around market structure. A variety of market participants, including investor groups, have asked the Commission to examine issues surrounding the regulation of market data and its effects on efficiency and fairness. There has been considerable evolution in recent years of market data products and market access services, both those provided by the central securities information processors (SIPs) and those provided directly by national securities exchanges (exchanges). I am interested in how the evolution of SIP and exchange products and services has affected the ability of market participants to obtain the data and access needed to trade effectively in today's market structure.

Do these market data and market access issues affect listed companies and their investors?

At the end of the day, data and access costs are borne by investors, as the ultimate end-users of the markets. To the extent these costs are too high or low, they may impact the rate of return investors seek when making their investment decisions. Issuers, of course, generally would like to attract a wide range of investors to help lower their cost of capital.

What changes to the current rules and arrangements are you considering?

The issues surrounding market data and market access are clearly complex, and market participants have expressed a range of views on how to address them. That is why our first step in considering these issues is to hold a public roundtable on market data and market access that will provide an opportunity for representatives from many different parts of the industry to express their views on any steps they believe are needed to address them. [Editor's note: the SEC roundtable on market data was scheduled for late October.]

As the agenda for the roundtables makes clear, we are thinking about things like potential steps to modernize the infrastructure for providing

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the market data products and market access services that market participants need to trade effectively in today's market structure, potential steps to improve the governance of the core data infrastructure, and potential steps to assure that the core data infrastructure is appropriately funded and that the associated fees are fair, reasonable, and not unreasonably discriminatory. Coming out of the roundtable, I anticipate that the SEC staff will be in a good position to consider potential initiatives in this area.

Could you please briefly explain what is the Transaction Fee Pilot and why are you doing it?

There is a robust debate on the impact of exchange fee-and-rebate pricing models and the potential issues they raise – like conflicts of interest, excessive intermediation, venue fragmentation, increased complexity, and cross-subsidization, to name a few. We've been operating under a fee cap set 13 years ago and, for better or worse, that fee cap still serves as the pricing benchmark used by most maker-taker exchanges today. I believe it's time to reevaluate that 30 mil cap.

As proposed, the Commission would conduct a two-year pilot, with an automatic sunset at one year unless extended, across all equities exchanges involving National Market System (NMS) stocks.

Some commenters on the proposed Transaction Fee Pilot suggest that the Pilot would cause spreads to widen in stocks, particularly for stocks in the no-rebate test group, which could harm issuers. Do you agree?

As you know, the Transaction Fee Pilot proposal was issued by the Commission for public comment. We are evaluating the comments carefully.

Commenters fundamentally disagreed about the extent to which a rebate of less than one-third of a penny per share has an impact on quoted spreads, if at all. For stocks with very narrow spreads or very wide spreads (typically

for very thinly traded securities), a number of commenters expressed strong doubts about the likelihood that rebates have any meaningful impact on spreads. For example, one issuer commenter, which is an investment manager, noted that its own stock trades, on average, 1.5 million shares per day with a 7-cent spread. The commenter did not think the proposed pilot would negatively impact its stock's trading volume, spread, or displayed size. Other commenters thought that for certain stocks, the pilot would cause spreads to widen and cause negative impacts. An empirical review with data from a Commission initiated pilot can provide data to explore the impact on issuers.

Only exchanges would be included in the proposed Pilot. Why aren't Alternative Trading Systems (ATSs) included?

As noted above, the Commission proposed the pilot, and we are evaluating comment letters. In its proposal, the Commission stated that the inclusion of non-exchange trading centers, including ATSs, is likely to substantially increase the costs relative to the current proposal and may not be practical. Because broker-dealers that operate ATSs often bundle fees for ATS usage with other broker-dealer fees, the proposal might not practically be able to impose an access fee cap or prohibition on rebates on ATSs. Also, the Commission currently does not require that ATSs provide periodic public disclosures on their fees, as it does with national securities exchanges, and these fees do not need to be filed with or approved by the Commission. In addition, it will test a prohibition on rebates, and I'm not aware of any ATS that currently pays transaction-based rebates to its customers. Also, as noted in the proposal, even in the absence of including ATSs in the proposed Pilot, the Commission would be able to obtain information on the proportion of trades going to ATSs from several sources.

We understand that the Commission adopted amendments to Regulation ATS for alternative trading systems that

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complexity,
and cross-
subsidization.

trade NMS stocks. What are the goals of these amendments?

ATSs provide a significant source of liquidity for NMS stocks and operate with similar complexity as national securities exchanges by offering similar matching mechanisms and order interaction protocols. NMS Stock ATSs compete directly with national securities exchanges but ATSs are not subject to the same operational transparency rules as national securities exchanges. To enhance operational transparency and reduce competitive imbalances with national securities exchanges, the Commission amended Regulation ATS to require NMS Stock ATSs to publicly disclose on new Form ATS-N information about their operations (including order types, use of market data, and fees) and the ATS-related activities of the broker-dealer operator and its affiliates that raise potential conflicts of interests. The Form ATS-N disclosures are designed to help market participants compare and evaluate the operations of NMS Stock ATSs and make informed decisions about where to route their orders to achieve their trading or investment objectives.

What do you see as the future of digital asset trading?

For digital assets to thrive, they must be traded in markets that are fair, efficient, and have investor protections. Currently, however, even for the most popular crypto asset, bitcoin, only a minority of global spot exchanges are subject to regulatory oversight. That said, I am encouraged by the interest of market participants in coming forward to register with the Commission and to develop trading platforms that would be regulated as securities exchanges or ATSs. I also recognize that market structure is not a one-size-fits-all proposition and look forward to working with market participants as they develop more mature and regulatory compliant trading systems. [IR](#)

NICOLE NOUTSIOS is founder of NMN Advisors; nicole@nmnadvisors.com. She is also chair of the NIRI San Francisco chapter.



BRIAN SULLIVAN

TALKS MEDIA, MARKETS, IROS, AND MORE

How can IROs work with the financial media to advance their company goals? CNBC Worldwide Exchange anchor Brian Sullivan shares his thoughts.

BY AL RICKARD, CAE

Longtime financial journalist Brian Sullivan recently started a new show at CNBC called “Worldwide Exchange,” which airs Monday-Friday at 5-6 a.m. Eastern Time.

He’s excited about this new gig, and at the 2018 NIRI Annual Conference he delivered a general session presentation on “Unlocking the Power of the Financial Media,” where he talked about media, markets, IROs, and more.

He began with a nod to Nasdaq President and CEO Adena Friedman, who preceded him on stage. “She said that a good investor relations department will add 10-20 percent to the value of a stock,” Sullivan reported. “That shows the value and importance of your job and is a testament to your industry, which in the 20 years I have been doing this has really been elevated.”

Sullivan also responded to insightful questions from NIRI members and sat down with *IR Update* magazine to answer a few more.

Here are his views on a range of topics:

His New Show: I love the fact that it is broadcast at a time when it can reach a very large audience. It’s early, but the hours mesh up perfectly around the world. This is one of the few hours where it’s afternoon in Europe and early evening in Asia. I’ve got people who are watching in Hong Kong where it becomes an evening news program for them.

Market Growth and Interest Rates: Our expansion cycle has gone on close to a record length and history suggests that nothing lasts forever. Capital is eventually going slow down, and interest rates are going to put the brakes on things. Right now things are darn good and they’re going to last for a while, but higher interest rates are the biggest threat. And if you are under 35 years old, you have never managed money in a rising interest rate environment. Interest rates mean everything. Currencies too. Whenever someone says 30 percent of people in the financial markets are inexperienced at doing something and that “something” is happening, that gets my ears perked up. The fact that we have been in this low-rate environment for so long makes me a little nervous.

Factoring Politics Into Financial Reporting: I don’t want to be a politics-free zone. I frame everything in a way that recognizes that politics is happening, but the news is defined by what happens, not what I think about the news. Most people can’t tell what my politics are and I love that. I just want to tell a good story.

Interviewing IROs on CNBC: No offense to any of you, but the audience wants to hear from the highest-ranking executive they can because they want to eyeball that executive. It builds a connection. I think that’s more important.

The need
for smart
storytelling
is really
important
today. I hope
the media – me,
CNBC, and our
industry – can
help you
do this.

FIVE WAYS IROS CAN WORK WITH FINANCIAL MEDIA

Brian Sullivan says IROs and the financial media have a symbiotic relationship. In his speech to IROs at the 2018 NIRI Annual Conference he talked about his top five ways IROs can work effectively with the media:

5: Earnings Calls

Do you know what the most printed but least read books are? Auto manuals. In your glove box you have a 200-page book you've never read! That is the auto equivalent of the earnings call. You've got this huge untapped resource at your fingertips which you have to do. It's way underutilized, in my opinion. Every quarter you pick up the phone and welcome in 12 analysts, two of whom ask all the questions. You guys need to work more closely with us on that. I am getting more interested in earnings calls, which sounds weird. But I find that with electronically traded funds and the growth of passive investing you get more value out of the earnings call than you used to because it's a little more narrowly focused. Those analysts who ask questions and are digging into the information are the ones I want on my show. You have the ability through the earnings call to communicate with us. Make sure that we at CNBC and the financial media know when your call is and who will be on it. Encourage us to call in.

4: IR Websites

Most of your websites on the investor relations side are pretty terrible. If I don't know a company, that is going to be the first place I go, and yet the investor relations site is built by engineers and buried under five drop-down menus somewhere in the dark corner of your website. Think about the investor as your customer. The investor and financial media should be treated with the same amount of care as your clients and customers. Help us help you. With some companies it is almost like they are trying to

hide the investor information. But I know you're not. You know what you need to convey. Make sure that information is easily available.

3: Social Media

It feels like we're living in the world of 1880s newspapers where you can say and print whatever you want. It's like the wild west out there on social media. (Sullivan asked the audience of nearly 1,000 how many of them believe that social media has made their professional job easier – only six people raised their hands.) But you have to use it. A couple times each week I can find people I need to reach using social media. It's a way for us to find you and you to find us. Be on it. Embrace it. It's only going to grow.

2: In-Person Events

Videoconferencing is a tool you can use. But look, all of us are here at the NIRI Conference in Las Vegas. Every flight is crowded. These kinds of events are useful. I have interacted with 30-50 of you in just 10-12 hours. How long would it take us to do that otherwise? The social side of things – the event and conference side – is growing. CNBC has many large and small conferences from the big to the narrow and we are going to do more of them. Those conferences – the ability to engage many people at one time – are so valuable. Let us know when your people are going to conferences.

1: Handshakes

I cannot overstate the importance of interpersonal relationships. In the digital age, human relationships matter more, not less. Far more. I have never built a relationship digitally, although I have maintained them that way. I tell my team this: One phone call is worth 50 emails and one handshake is worth 50 phone calls. Every person I interview on CNBC gets a personal handwritten thank-you note from me.

Coaching CEOs Who Had Bad Media Experiences:

If you got bit by a dog, I hope you don't fear all dogs. We're not the foe. We're unbiased. You need to convince CEOs of the power of what the financial media does and why it's important. Sometimes I sit down with CEOs for an interview and I see that they're nervous. I say, "Listen, you know your company better than me. I should be nervous about asking a stupid question."

Shrinking Number of Public Companies:

The number of publicly traded companies peaked in 1997 at 8,800. There are 40 percent fewer publicly traded companies now. The private equity markets have expanded, but the public markets have shrunk, which makes your job more important. The need for smart storytelling is really important today. I hope the media – me, CNBC, and our industry – can help you do this. Our jobs are pretty similar – we tell important stories that are clear, easy to communicate, and move people to action.

CEOs Not Following Their Stock Price: What are you going to do in your next job? That stock price is your report card every day. That's reality. We as financial media help tell that report card story.

MiFID II: The bottom line: You are going to have to pay for research with hard dollars. I was out there almost two years ago talking about this. If you're the IRO of a decent-size public company that has analysts who cover your stock, there's a lot more to MiFID than research – that's just a tiny part of it. If you don't dive into the world of MiFID, you're not doing your job. Do you know what percentage of analyst reports are read? The answer is 3 percent. If people I'm talking to are wrong about MiFID and how it will affect public companies and the markets, there's no harm in preparing. It's how these things work. If you overprepare, there's no negative.

Dealing With Information Overload: I'm attached to email all the time, but there are a few

Car racing
is about going
as fast as
you can.
It violates
the rules of
life, and I
like that.

times when I just have to shut off my Outlook or my phone. It's really easy to get distracted – I don't know how to cut through the noise. I think finding one or two trusted sources is key. I use something called Feedly, which is a news aggregator that helps me categorize news. Each day I start with CNBC and business and money news, then I'll broaden out as the day goes on, and by nighttime I'm probably looking around for sports or car racing because you can't live in only one world. You need to decompress.

His First Financial Job: I had an interview appointment with the owner of a search firm. I had a suit on and my resume, but when I got there I learned she had called in sick. I was like, "Could somebody have let me know?" I was living in Hoboken, New Jersey, and I had schlepped into midtown Manhattan. I asked the receptionist for a phone book, found a competing agency nearby, walked into that, explained what just happened to me, and they gave me a computer aptitude test and said, "You know computers pretty well." So they sent me to Bloomberg. If that hadn't happened, who knows where I would be?

Car Racing (Where he has won a few championships): I am hyper-competitive and being competitive is something I also love about my job. Everything in life is about limits, right? Slow down, turn here ... racing is about going as fast as you can. It violates the rules of life, and I like that. In my job, for example, today I'm here giving the speech at NIRI, then I will fly home, be on air at 5 a.m. tomorrow morning talking about North Korea, then two days later I fly to London, do my show in London, then I fly to Vienna, Austria for the OPEC meeting and try to manage these relationships and get the best interviews. I want people to watch CNBC and appreciate that we put in the effort to get the most important people to interview. [IR](#)

AL RICKARD, CAE, is president of Association Vision, the company that produces *IR Update* for NIRI.

A Buy-side View of Investor Relations

At the NIRI Chicago investor relations workshop, Perry Boyle of Point72 Asset Management delivers insights on the capital markets and offers advice to IROs.

BY LISA CIOTA

“In the inexorable drive for intelligence, investors search everywhere for information and companies are losing control over their story,” Perry Boyle, Head of Equities at Point72 Asset Management, L.P., told attendees at the NIRI Chicago chapter’s annual investor relations workshop in September 2018.

During this fireside chat, Boyle talked with Chris Stent, founder, Mission Street Capital Advisors and McDonald’s former vice president of investor relations, about Point72’s investment approach and shared his perspective about the factors driving change on Wall Street and the role of investor relations.

The Point72 Approach

Point72, the successor firm to SAC Capital Advisors, combines fundamental research, quant strategies, and big data and analytics to optimize its investment opportunities through its nine

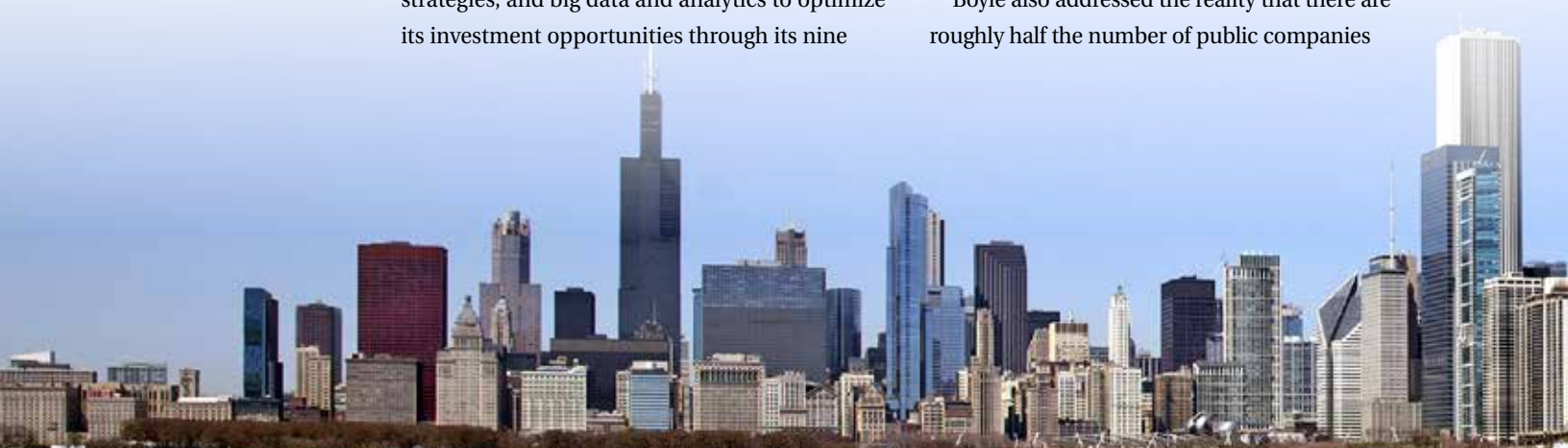
global offices. At any given time, there can be a dozen decision makers with the authority to pursue their fund’s investment objectives. As a result, it’s possible for 5-6 portfolio managers to be simultaneously involved in the same stock – some long, some short.

Boyle appreciates this can be frustrating for IROs, especially when multiple portfolio managers or analysts request meetings. “We know time is a scarce resource for IROs,” said Boyle, “so we train our teams how to work with IROs and try to coordinate meeting requests through our corporate access team.” Boyle introduced Grant Bartucci, Point72’s Head of Corporate Access Origination, as the contact person for IROs when it comes to Point72 meetings.

Changing Investment Landscape

Like all investors, Point72 is adapting to the dynamic securities marketplace. Boyle talked about the constant need to stay ahead of the technologies that track, predict and attempt to front-run Point72’s trading activities; the implications of IOIs – indications of interest – which have essentially displaced dark pools and block trades as a stealth means to acquire or offload a position; and the use of Regulation M, which allows public companies to privately place shares and bypass the investment banking process. Such dynamics can affect market liquidity and make it harder to discern what’s driving a stock’s activity for both companies and investors.

Boyle also addressed the reality that there are roughly half the number of public companies





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than there were 20 years ago and the average pace of IPOs per year over the last several years is about a quarter of that in the late 1990s. This, along with MiFID, is a factor in the secular decline of the sell-side and makes developing relationships with the buy-side ever more important for IROs.

Boyle noted that “Being public no longer assures a premium valuation,” so companies are waiting longer to go public and may not even need to do so given the deep pockets of private equity and venture capital investors. Point72 is part of that club, having established its own venture capital fund a few years ago as a way to be in the forefront of emerging opportunities.

Looking Ahead

Boyle sees rising interest rates, a full-employment economy, and tighter monetary policy as signaling a shift toward increased volatility and lower correlations in the market. This is a change from the recent past where easy liquidity and low volatility contributed to high stock correlations and the growth of passive, ETF, and quant funds. Boyle believes over the next decade, markets will favor real assets and have a heightened focus on companies earning returns in excess of their cost of capital. In this new environment, he expects fundamental investors to outperform. This is good news for storytelling IROs who hone an integrated company narrative that combines corporate strategy and financial results.


Still, there will be valuation anomalies and bellwether companies that “serve as a proxy for a theme such as Tesla for the electrification of



vehicles or Amazon for the decline of brick-and-mortar retail,” according to Boyle.

Advice for IROs

Boyle views the role of investor relations as “providing the relevant information to the relevant people at the relevant time. IROs need to know the numbers and buy-side and sell-side sentiment surrounding those numbers,” said Boyle. Use this knowledge to advise and prep management to build credibility.

He acknowledged that this is easier said than done given that “good news comes out over time, but bad news comes out catalytically.” To that end, Boyle told attendees not to overpromise and be forthright about the company’s challenges. 

Perry Boyle of Point72 Asset Management (left) was interviewed by Chris Stent at the NIRI Chicago investor relations workshop.

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**"I want to be the best of the best.
The IRC is validation and
something that will help me
stand out from the crowd."**

Brandon Hodge, IRC
DIRECTOR, INVESTOR RELATIONS
TEXAS INSTRUMENTS INCORPORATED



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