

### MiFID II Directive on Corporate Access in Europe *“What are your thoughts on MiFID II and the consequences on issuers?”*

Ipreo asked small and mid-caps French issuers, “What are your thoughts on the MiFID II directive and the consequences on issuers?” The overwhelming response from those surveyed was an unhappy feeling about a service that was until then provided by brokers at no cost. They all agreed on how important it was for issuers to meet with investors and organize roadshows in order to raise capital. They all mentioned the preferred relationship they had built with their respective brokers over the years, including trust. One company has already started paying to attend investor conferences organised by a financial communications agency. Certain participants noted that the implementation of MiFID II would certainly leave the way for new intermediate players in the market to develop their corporate access offering, should they investigate options and begin implementation in the thirteen months left before the implementation of MiFID II.

#### In Charge of IR at a small cap in the IT sector

For the moment, we organize roadshows with brokers. We are working towards identifying new investors, and we are meeting interesting existing shareholders. We have a very small free float which means the current system is working fine for us. The demand we get for one-on-one meetings works for us, but that may change post MiFID II.

We have a lot of respect for brokers, and the relationship we have built with them over the years. Brokers are going to diversify their offerings. There are a lot of other players in the market, for instance Ipreo is one of our service providers who could also take an active part post MiFID II.

#### Associate IR at a small cap in the Retail Food sector

There is a positive side to using banks and brokers since they have a much larger pool of institutional contacts than companies in the long-term. If roadshows were to be paid, we would need to evaluate the costs should we use intermediaries.

We have met our large shareholders in roadshows. We however lack the resources to develop a more diversified shareholder base. We need to bring in new investors and organise dedicated roadshows.

We have used online corporate access platforms, and this could be an alternative post MiFID II.

#### Head of Investor Relations at a small cap in the Materials sector

If brokers stop covering a sector or a company, there will no longer be any research. Brokers will no longer have privileged access to issuers’ top management and therefore to roadshows. They will also lose the wealth of information received on issuers’ peers.

It is difficult for us to organize roadshows since we do not have the same structure as brokers. Some issuers are however well equipped to organise roadshows. Issuers do not have the extensive network of institutional contacts like brokers. If we have to pay for roadshows, we will need to find an alternative.

Brokers organise roadshows, but at what cost? Companies have no visibility.

Issuers need pre-marketing (i.e. proactive approach) from brokers to attract investors. They also expect brokers’ research feedback after the meeting to highlight investors’ needs. Sell-side analysts are travelling to meet brokers’ institutional clients, do some marketing, and then provide leads to companies on any potential interest identified from institutions.

Issuers may end up being covered by two sell-side analysts only and work solely with them. Roadshows would be either paid by institutions or issuers themselves.

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#### Head of Investor Relations at a mid-cap in the Real Estate sector

Institutions may not wish to meet issuers should they have to pay. The IR communication will only suffice.

In 2018 if we agreed to pay for brokers to organise roadshows, we would be more demanding regarding the targeting of potential investors, the right decision maker to meet. Or we could alternatively hire someone full-time to do this.

#### Head of Investor Relations at a small cap in the Reinsurance sector

It is more difficult to have brokers organising roadshows at no cost for mid cap companies. We no longer get freely invited to brokers' conferences due to our sector no longer being covered. We had to find alternative ways and we now rely on paid investor conferences organised by financial communications agencies in partnership with European stock exchanges. We have tight budgets hence we have a limited investor conference activity per year. We arrange one-on-one meetings with our top investors on a regular basis.

#### Head of Investor Relations at a mid-cap in the Business Services sector

It will be difficult for small and mid-caps to organize roadshows should brokers stop facilitating those meetings. A number of small caps do not even have a proper IR team. Issuers may have to increase the size of their IR team post MiFID II, and conduct targeting exercise to diversify their shareholder base. Companies could use intermediate players like online corporate access platforms, but those lack the human contact.

## FIND OUT MORE ABOUT IPREO

We welcome any feedback, suggestions, or questions you might have.

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