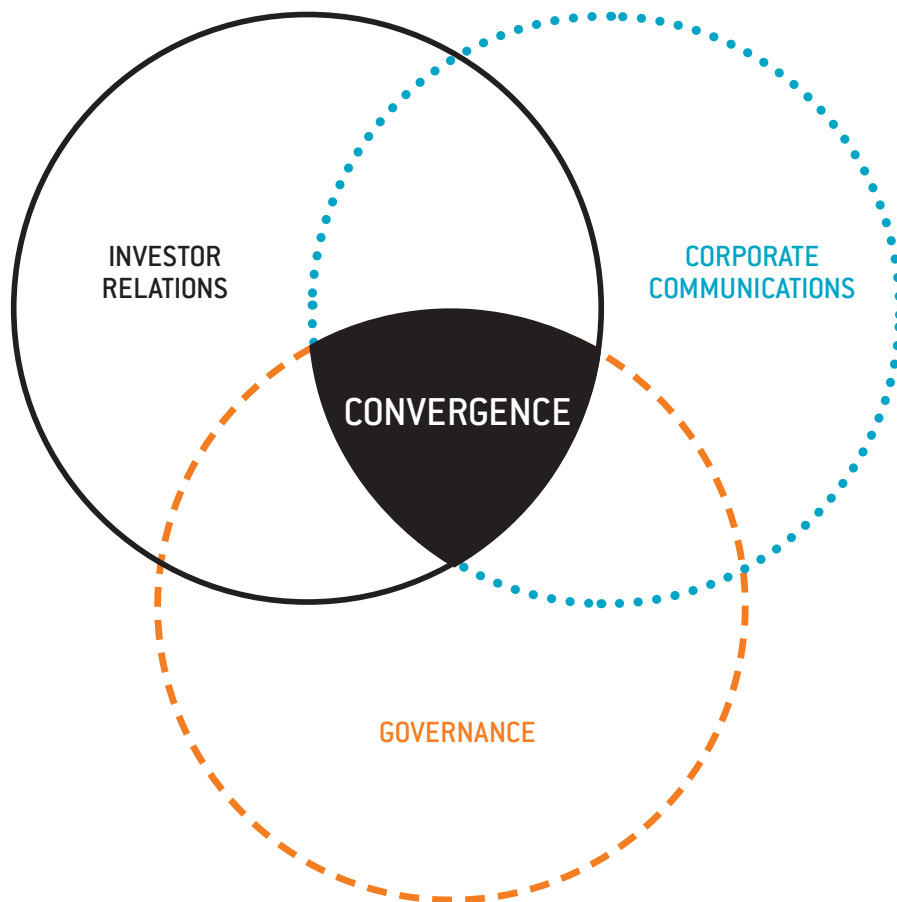


FINANCIAL COMMUNICATIONS AT THE CENTER OF CONVERGENCE

THE CHANGING ROLE OF THE IRO



NASDAQ OMX | Corporate Solutions

**FINANCIAL COMMUNICATIONS AT THE CENTER OF CONVERGENCE:
*The Changing Role of the IRO***

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June 1, 2010

CJP Communications for NASDAQ OMX

It has been almost eight years since the enactment of Public Law 107-204, more commonly known as the Sarbanes-Oxley Act of 2002. While subsequent legislation has contributed to compulsory and accurate disclosure of financial data by public companies, perhaps no single Act in US history has become more synonymous with how public companies catalog, disclose and take responsibility for the information they disseminate. As today's headlines continue to cast doubt on the prospects for a near-term global economic recovery, now more than ever the finance function is front and center. As the US slowly moves out of a recession and several European economies stand on the brink of collapse, the stakes have never been higher. As such, the mere appearance of impropriety can trigger a significant surrender in market capitalization for public companies. Open, frequent and transparent communications with all constituencies is no longer something to aspire to; it is the norm.

As a result of this full disclosure paradigm, it could also be argued that Sarbanes-Oxley was a turning point for the roles and responsibilities of financial communicators within publicly traded companies. Boards, corporate secretaries, treasurers, CFOs and IROs quickly realized that they were no longer simply accessories to financial reporting--they were now legislatively responsible for the accuracy and transparency of the data. And, of all the parties affected by the changes, perhaps no single group has seen their role more directly impacted than IROs. As legislation and technology have evolved, so have their responsibilities. Clearly, the IRO has become a pivotal lynchpin between all the other financial-facing roles.

A True Center of Attention

As the IRO's role has expanded from that of information conduit to a true C-suite partner, so too has the prominence of this role as a public facing one. Over the past several years IROs have seen a dramatic increase in the amount of public communicating they have done on behalf of their employers.

The elevation of the IRO to a front facing communicator has been anchored by the voluminous amount of corporate information that is now available in the mainstream media, and specifically on the Internet. This bridging of the digital gap has made access to company data almost as accessible to individual investors as institutional investors. Even equity research has become more mainstream, with boutique research shops providing quantitative and qualitative information to a much broader audience.

IROs are addressing a better educated base of constituents than even a few years ago. Is it any wonder then that they are now considered intrinsic to the communications process? As such, the IRO is now not only responsible to provide supporting details on the quarterly results, but on the operations and forward-looking strategy as well.

In addition, the sheer volume of media to be addressed --from dailies to trade publications, business press and blogs -- dictates that all corporate communicators be able to adequately and intelligently address the media. The IRO has truly become part of the communications machine. As IROs embrace their expanding influence, they must also stand at the ready to communicate in lock step with the other designated spokespeople, providing unified and cohesive messages to all audiences.

The Convergence of Investor Relations, Public Relations & Governance--The Messaging Mix

While it is clear that the IRO's job description has evolved quickly, adding many new aspects to an already pivotal role, one must not forget that the core function of the IRO is related to the financial foundation of the company. As media, technology and communications continue to evolve at a breakneck pace, the classical disciplines of public relations and corporate governance have changed as well. Companies that recognized this shift early correctly saw how these historically siloed functions were rapidly converging to create a holistic view of the enterprise. At the center of this convergence, we find the IRO.

No longer is IR the domain of the CFO, governance a function of the corporate secretary and PR under the guidance of marcom. Instead, a hybrid has emerged where the financial messages have become as important as the product and service branding, the Boards oversight of the C-suite and the growth trajectory of the Company.

Many companies have adopted a model where investor relations, public relations and corporate governance work hand-in-glove, not just on financial communications, but on broader corporate messages as well. Smart IROs have determined that their historic constituencies, made up of Wall Street audiences, are also embracing the technology shift. In a sense, every press release, every corporate announcement, and every management speaking opportunity has become "financial communications." For example, a CEO who is well prepared by IR for a conference, and can speak intelligently on the Company and the broader industry, can have a meaningful impact on valuation.

Similarly, knowing that financial analysts and investors are scanning the broader media for investment ideas and coverage support, it is essential that the IRO work with the PR and communications teams to ensure that every press release, every interview, every public appearance links back to the financial messages of growth and operational stability that are intrinsic to the corporate messages.

Finally, with the increased scrutiny placed on the financials, direct, organized and complete communications with the Board of Directors is more important than ever. This goes beyond simple quarterly board meeting interaction. It extends to real-time and comprehensive data exchange that keeps the board informed and able take action.

Tools of the trade-Finding the time to do the job right

Today, it seems there is no part of the enterprise that the IRO does not touch. They are financial information conduits. They need to understand the company's operations and vision. They are expected to be a front and center corporate communicator. In addition, they are expected to be a pivotal point of reference between the financial organization, PR and the Board of Directors.

As daunting as these myriad tasks might seem, there are a number of tools which have evolved or have been created to lessen the daily burden of these multiple touch points, while still ensuring that the highest standards of governance and disclosure are met. There are partners providing suites of services, with rigor and attention to detail, that can help the IRO meet the strenuous goals of her or her position.

By way of example, there are five specific conduits discussed in this paper where the IRO can receive well-constructed and timely relief.

Intelligence. Keeping track of institutional holders, analysts' ratings, consensus earnings numbers and other financial metrics is part and parcel to the daily duties of the IRO. Recent enhancements to products like NASDAQ OMX's Investor Intelligence take this type of surveillance to the next level. Leveraging a newly formed partnership with FactSet, this platform has become more robust, allowing users to combine workspaces within a single, intuitive interface. Users can monitor public and private company activity as well as global capital markets in real-time and gain instant visibility into current and potential investors with global share ownership.

Further, to streamline IRO communications, it integrates all of the key elements that a finance organization needs to manage—corporate shareholder communications, capital market information, investor contact management, and board-level reporting—into a unified, easy-to-use, workflow environment. This provides unprecedented insight into the factors affecting shareholder value, maximizing the IRO's strategic contribution.

News Distribution. There is little doubt that while technology is changing, the tried and true method for initial disclosure is still the press release. However, to remain competitive, the traditional newswire has evolved to include many new options that ensure not only full disclosure and compliance, but allows the IRO to ensure that the financial messages of the Company are hitting the widest possible audience.

GlobeNewswire, for example, employs a number of enhanced modules to lighten the load. Automatic 8-K and 6-K filings ensure that press releases that hit the wire are instantaneously communicated to the SEC, guaranteeing filing compliance. Additionally, GlobeNewswire has very recently debuted a "Do It Yourself" model to provide greater flexibility and control costs. From a single platform, announcements can be distributed to the company's fully hosted website, to social media, online media outlets, traditional media, and/or with regulatory disclosure via an EDGAR filing, all with flat rate pricing at each level. GlobeNewswire's DIY model bypasses the traditional editorial review, thereby greatly increasing the client's level of control over timing, security, and making any last minute edits.

Financial Website. The Company's first line of communications defense is the corporate Website. For the finance organization, the Investor Relations page is the home base for compliance and best practices. Products like WebCenter360 ensure that the IRO does not have to worry about the details of the site because it is entrusted to experts who make full disclosure and compliance a priority. Thousands of shareholders visit IR websites every day to verify company data, search for financial information and evaluate and reaffirm the investment in your Company.

Investor Analytics. Tracking the quarterly, weekly and even daily movement in trading patterns and stock price has become an increasingly important responsibility of the IRO. The C-suite and the Board expect this data to be real time and to be accurate. Companies with this data at their disposal are able to make better decisions, as they can better anticipate how their shareholders will react. However, the daily settlement of shares is difficult to track, and requires an enormous investment of time.

IROs need an analytics partner that will take the guesswork out of market data, and make them look smart in the process. Offerings like those from Advanced Intelligence ensure that IROs are tracking short positions, market fluctuations, and justifies the return on investment of the IRO function.

Board Communications. As discussed, keeping the board abreast of developments in the enterprise is intrinsic to the communications flow. Directors Desk, an offering from NASDAQ OMX, offers a comprehensive solution designed to improve board communications and effectiveness while relieving corporate executives of the paperwork and time involved in keeping boards informed. By providing a storehouse for the board, directors can retrieve critical information at all times, wherever they are. Articles, bylaws, minutes, financials, reports, planning documents, contact information, and whatever else the board needs are all stored together are housed centrally. In normal circumstances, this is convenient; in emergencies, it may be vital. This allows the IRO and other executives to keep a central updated repository of all data in one place, freeing up time to deal directly with constituents.

The Future of the IRO

The dramatic shifts in business and in the role of the IRO will continue to evolve. How IROs adapt to meet the challenge will depend not only on remaining at the center of convergence, but also on finding the tools to get the job done right. The best IROs recognize that every financial metric has a corresponding operational trigger, and that they have an obligation to explain it, completely and concisely.