

Tailored for small caps

PR Newswire has introduced a new service that sends press releases from small and mid-cap companies directly to the buy side. Using contact information from Taylor Rafferty, Industry Investor Lists distribute news to sector-specific lists of portfolio managers and buy-side analysts.

Michelle Savage, VP of IR services at PR Newswire, says the new service is a response to small caps' lack of sell-side coverage and the resulting need to target the buy side directly. 'Even before Sarbanes-Oxley, very few small-cap companies had any coverage at all. And since Sox passed, there has been more of a decline,' she says.

Savage points out that the number of stocks followed by seven of the top Wall Street firms decreased by 18 percent between 2000 and 2003 according to Wharton University. The *IR magazine*-commissioned *Investor Perception Study, US 2006* finds that nearly 20 percent of sell-side analysts dropped coverage of small and mid-cap stocks just over the past year.

Meanwhile, analysts are carrying a higher workload; on average, sell-side analysts covered nearly 62 companies in 2005, 79 percent more than the same survey found in 2002.

'A lot of small caps may not have the wherewithal to put together a full IR program,' Savage adds. 'This new service will help small-cap companies that may not have sell-side coverage and may have a pretty limited IR budget. It doesn't replace an IR program, but it can augment what small caps are already doing.'

A comparable Business Wire service, InvestorTargeting, was launched in December 2005. It caters to any size of company, using Bigdough's database. For a flat fee of \$400, customers can tailor a list using seven targeting fields, including geographic coverage and portfolio turnover in addition to industry coverage.

Both these new services give companies a taste of investor targeting at a fraction of the annual fee they might pay for gold-standard services like Bigdough. ■

Self-regulating market

Solid economic fundamentals combined with good results, the competitiveness of companies overseas and an increasing focus on good corporate governance – these factors explain part of the Brazilian capital market's success. Still, the market is well aware it needs to continuously adjust its structure if it is to remain attractive.

With that awareness, Codim (the market information disclosure steering committee) has been set up. Its members are linked to eight organizations representing the various market players: Abrasca (public companies), Anbid (investment banks), Ancor (brokers), Animec (investors), Apimec (analysts), Bovespa (the exchange), IBGC (corporate governance) and finally Ibri (Brazilian Investor Relations Institute). According to Ibri, this amounts to a 'unique project of cooperation and partnership.'

Codim's coordinators are Apimec and Ibri, represented by Haroldo Levy, president of Apimec Sao Paulo, and Geraldo Soares, executive president of Ibri. Levy and Soares say Codim's basic mission is 'to discuss, prepare and recommend the use of listed companies' best disclosure practice for their various public constituents.' The new organization's recommendations, covering disclosure situations and models, will come in the form of guidance announcements to be produced and disseminated by all the participating groups. With a view toward democratic discussion, Codim's rules say the announcements will initially go just to members before a consolidated announcement is widely disseminated to the market. In this manner Codim members expect gradually to create a guidance manual that will serve as a benchmark for companies to improve their market disclosure practices.

Codim has already produced guidance on conference calls that includes the recommendation that calls always be carried out in both English and Portuguese. Rules for a quiet period before an IPO will be next on the agenda, followed by guidance on relationships between companies and investment professionals, shareholders, the press and others in public forums like roadshows as well as private situations like one-on-one meetings. ■

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