



Investment and Corporate Banking Market Study Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

June 22, 2015

Dear Sir / Madam,

Re: Investment and Corporate Banking Market Study – Terms of Reference

Thank you for giving us the opportunity to comment on your Investment and Corporate Banking Market Study Terms of Reference.

The Investor Relations Society's mission is to promote best practice in investor relations; to support the professional development of its members; to represent their views to regulatory bodies, the investment community and government; and to act as a forum for issuers and the investment community. The Investor Relations Society (IR Society) represents members working for public companies and consultancies to assist them in the development of effective two way communication with the markets and to create a level playing field for all investors. It has over 700 members drawn both from the UK and overseas, including the majority of the FTSE 100 and much of the FTSE 250.

On review of the Investment and Corporate Banking Market Study, all three main areas specified – choice of banks and advisors; limited transparency; and bundling and cross-subsidisation - are of interest to the Society and its members. As representatives of corporate issuers across all market-caps, the Society is in a position to offer practical capital markets insight and views from the IR perspective and how the FCA might address these areas going forward. We would therefore be willing to participate in any future roundtable discussions in order to assist the FCA in assessing this study and developing future recommendations.

At this stage it is hard to make specific comments about each of the three areas of focus in the FCA study; however we would like to broadly outline the following points:

- 1) **Choice of banks and advisors:** We would welcome the chance for more dialogue with the FCA on this area and specifically around syndication, where we can offer practical insight and experiences from a corporate perspective ranging from the largest to smallest of issuers. We have had commentary from several members around both debt and equity syndication that the book build and allocation process can often be something of a closed book with limited transparency, hence the increasing use of additional independent IPO advisers.
- 2) **Limited transparency:** As advocates of disclosure and transparency we support the considerations in this area. We would welcome a discussion with the FCA, in particular the practicalities of implementing changes in established practices and regulations on transparency in the transaction process. The timing of connected research during an IPO is particularly relevant here. Under the current system, corporates are exposed post IPO to a void of informed commentary as connected houses are unable to write and new potential followers lack information.
- 3) **Bundling and cross-subsidisation:** While we support undertaking a review of this area, there may be unintended consequences and rise in costs for corporate issuers should these services be unbundled. Corporates also need a full range of services and products in transactions, capital raising and syndication which is of more value to them as a bundled service in what is a very time-pressured and confidential environment. We would therefore appreciate the opportunity to explore this area in more detail with you. As the department in a corporate most often responsible for managing the corporate broking services, investor relations is often best placed to reflect on the value and criteria for these services being received. Corporates should be able to make decisions on what services they are getting for what price, and transparency/ bundling in this area is unlike many other corporate / adviser relationships.

In conclusion, we would welcome the opportunity to be involved in face-to-face discussions with the FCA to discuss the three areas of focus in the market study in more detail and help shape future recommendations ahead of any future reports published by the FCA. Being at the coal face of the capital markets, investor relations officers are best placed to give the FCA practical insight into how investment and corporate banking services are currently used by corporate issuers and how change may impact these services offered going forward – both constructively as well as highlighting any unintended consequences.

We hope you find these comments useful and we look forward to how we can assist the FCA going forward.

Kind regards

A handwritten signature in black ink, appearing to read 'E Burdett', with a horizontal line underneath.

Emma Burdett

Chair of The Investor Relations Society's Policy Committee

020 7379 5151 / eburdett@maitland.co.uk