

Mifid II: What's a Smid to do?

As important regulatory changes unfold in Europe, how should small and mid-cap companies prepare?

While the legislation has been in the works for years, the sell-side community around the globe is now actively preparing for Mifid II, which will take effect in January 2018. These changes include how investment intermediaries that provide research and corporate access services are valued and compensated by the buy side, which could trigger cost cutting and result in fewer investor conferences and non-deal roadshows. Be prepared to interweave video meetings into your IR strategy to ensure you can stay in front of investors not just in Europe, but also in the US and Asia.

'These new regulatory requirements originated in Europe. But Mifid will transform the entire global financial industry, impacting all financial organizations that have operations in European markets,' says Mark Loehr, OpenExchange's CEO. 'We have seen the challenges that face small and mid-cap (Smid) companies. Many don't have the

quantity of research coverage they would like, nor as many opportunities to market to investors at investor conferences and non-deal roadshows. Mifid would magnify these hurdles by squeezing out the ability for brokers to cover the associated costs, so Smids will need to be more creative in their outreach efforts. We see this also affecting large and mega-cap companies.'

OpenExchange is already seeing virtual meeting activity arranged by the sell side picking up ahead of these changes taking place. Several of the top global sell-side firms are incorporating virtual meetings to ensure they still provide the best possible services to the companies they cover. As a result, OpenExchange has seen its Global Connected Network of corporates, intermediaries and investors double to more than 1,100 companies in the last year.

'Regardless of the changes taking place in the regulatory environment in Europe or what we have recently experienced in the US, investors have always stressed the importance and value of a personal meeting with corporate management,' notes Loehr. 'The OpenExchange virtual meeting service combines high-quality connections with a seamless meeting experience so corporates and brokers of all sizes can now integrate video meetings into their marketing efforts.'

'It is our mission at OpenExchange to help make communication between corporates and investors more timely, effective and engaging,' adds Nicole Maselli, head of client strategy at OpenExchange.

'It is critical for every corporate to have video in its investor relations toolbox. Video meetings serve as a strategic tool to leverage management's time to meet with existing shareholders and to build relationships with prospective investors.'

All corporates should be looking at their IR plans for the next two years and looking to see where Mifid might create gaps. Video meetings will play a valuable role for Smids as they face challenges with research coverage and changes in the sell-side landscape. Even if you are not actively marketing to European investors, the sell-side firms that cover your company might be affected – so using video to meet with investors is a great way to offset any impact on in-person meeting activity.

CONNECTING THE FINANCIAL SERVICES COMMUNITY LIKE NEVER BEFORE

OpenExchange is helping issuers, investors and investment banks connect to, initiate, enhance and improve communications with the financial services community. Video meeting formats are flexible regardless of their location and device, and interact with one or multiple parties. Look to OpenExchange to assist in telling your story to your top investors and prospects around the globe.

ABOUT OPENEXCHANGE

OpenExchange is a community-based video exchange that enhances interaction within the financial industry. Our solution enables financial services professionals to communicate more effectively using their existing video infrastructure. By using OpenExchange, the buy side, sell side and corporate issuers can arrange one-on-one and group meetings using secure, private, high-quality video.

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