

RENDERING CORPORATE ACTIONS COMMUNICATIONS MORE TRANSPARENT

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ALAN D. SMITH, ISSUER SERVICES, GLOBAL BUSINESS HEAD OF CITI DISCUSSES REPORTING IN A STANDARDISED, DIGITAL AND COMPUTER-READABLE FORMAT.

WHAT IS THE STATE OF CORPORATE ACTIONS COMMUNICATIONS TODAY?

Whenever a public company acts in a way that might impact upon the holdings of its owners, it is obliged to report this information in a timely, accurate and unambiguous manner. But individual company-issued corporate action messages must travel a tortured and painful route, passing through multiple intermediaries along the way from issuers to investors.

WHAT KIND OF INTERMEDIARIES ARE CONCERNED WITH CORPORATE ACTIONS?

Corporate actions communications are of critical interest to regulators, issuers, asset owners, asset gatherers, asset managers, custody banks and other administrators, as well as to a variety of

infrastructure providers. And of course these individual parties are spread out across multiple geographic markets all over the world.

HOW CAN THE COMMUNICATION OF CORPORATE ACTIONS BE RENDERED MORE EFFICIENT?

As with most activity in an increasingly complex financial marketplace, the goal must be to standardise this reporting and render it both digital and computer-readable.

HOW IS THE INDUSTRY ADDRESSING THIS CHALLENGE?

In December 2012, Citi, together with the Asset Managers Forum group at the Securities Industry and Financial Markets Association (SIFMA) sponsored a conference that included issuers,



has increased the transparency of corporate communications through the creation of standardised reporting, such as 10Ks and 10Qs, in an effort to ensure effective corporate governance for a complex marketplace in which business owners and operators are separated by numerous layers of intermediation.

A critical part of this effort was the decision by the SEC to require all public companies to report their financial statements using XBRL. Today, XBRL is a mainstream communications technology used by public companies, data aggregators, regulators and others throughout the financial ecosystem.

WHAT IS THE NEXT STEP?

Company departments charged with investor communications should take a cue from those responsible for regulatory affairs and undertake to use XBRL to communicate corporate actions.

HOW SOON WILL THIS TAKE PLACE?

While XBRL will deliver considerable benefits to all concerned, we should be mindful that during a transition period of a year or two, implementing the technology will mean additional work and cost for issuers. Over the longer-term, however, enhanced transparency and standardization will make markets more efficient for all concerned. **IBR**

asset managers, regulators and others to consider the use of the eXtensible Business Reporting Language (XBRL) to render corporate actions data computer-readable and therefore more accurate, consistent, functional and actionable.

We believe that using structured XBRL data would help reduce the need for intermediaries and deliver more accurate and consistent corporate action communications to investors, thereby dramatically reducing operational risk and systemic cost.

ISN'T THE INDUSTRY ALREADY USING XBRL?

For decades, the Securities and Exchange Commission (SEC)

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