

Media Release



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31 January 2022

AIRA CALLS FOR GREATER DISCLOSURE OF SHAREHOLDER RIGHTS BY INVESTMENT FACILITATORS

A growing number of retail investment facilitators (IFs) are failing to deliver the 'Full Share Ownership Experience' (FSOE) to their clients. New retail IFs are targeting first time and millennial investors with low costs and ease of use services but not all provide the flow of information and opportunities to their clients as most investors and listed companies expect.

The Australasian Investor Relations Association (AIRA) has called for greater transparency of retail shareholder rights when using 'Investment Facilitators' (IFs). AIRA recently commissioned Listcorp, a listed company and retail investor information platform, to research and produce a white paper. The paper – **'Retail Investor Investment Facilitators and the Full Share Ownership Experience'** - aims to facilitate discussion on this topic and present a number of recommendations.

It is clear that not all IFs are created equal. Access to listed company operational information, meetings, further investment opportunities and other benefits may be forgone due to the structure of the IF. This is particularly prevalent in those that group client holdings together in a custody structure.

Failure by IFs to provide retail investors with the Full Share Ownership Experience (FSOE) negatively impacts listed companies, limiting their ability to communicate, affecting long-term relationships and - through no fault of the Company - a divide in the level of information and reward across its true shareholder base.

"There have been instances of criticism towards companies where shareholders believed that they held direct share ownership and were not aware their IF was not providing the FSOE", said Ian Matheson, CEO AIRA. "They assumed that the information, access and opportunities were selectively coming from the companies but in fact it was the IF and its structure that stopped the flow".

Retail Shareholders need to ask, "Am I getting the FSOE from my investment facilitator?"

"While low-cost trading platforms, wealth management platforms, SMAs etc. may provide innovative and valuable ways for retail investors to arrange and manage their shareholdings, they should also deliver those shareholders the FSOE", said John Daly, CEO, Listcorp. "If not, they must ensure investors are consciously choosing a lesser experience with the benefit of clear, comprehensive and current information."

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AIRA is calling for IFs to be upfront and clearly provide investors with a statement confirming that clients will or will not receive the Full Service Ownership Experience and if not what investors may fall short of.

The white paper reviews the growth and evolution in this area and prompts a move forward in discussion and cooperation along with recommendations. AIRA hopes to provide a better understanding to regulators, retail shareholders and listed entities on the issue and begin a conversation regarding upfront disclosure from IFs that results in unimpeded information flow from listed companies to their true shareholder base, as contemplated under the Corporations Act.

Note: The paper does not include investments held in exchange traded funds (ETFs), listed investment companies (LICs), and managed funds

A full copy of the White Paper can be accessed via the AIRA website [here](#).

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About AIRA

The association's mission is to advance the awareness of, and best practice in, investor relations in Australasia in order to achieve better outcomes for all capital market stakeholders through enhanced engagement.
