

# Bringing corporates and investors together



Work by the UK regulator to curtail the practice of brokers charging investors to meet executives of listed companies will be vital in levelling the playing field among asset managers, according to Michael Hufton, CEO and founder of ingage IR.

Hufton, a former fund manager, has launched ingage IR in response to the Financial Conduct Authority's crackdown on how investors gain access to top corporate management, in order to help corporates and asset managers to meet.

"Our aim is to cut out the middle man and help investors and listed companies to get together," Hufton says. "Traditionally, brokers have stood in the way and made it frustrating and expensive to arrange meetings."

He was previously a fund manager for London-based Polar Capital before leaving to set up ingage IR following a "Dear CEO" letter from the FSA (the FCA's predecessor) in November 2012, in which the regulator told firms they should work to eliminate potential conflicts of interest in their business, including paying for corporate access.

Traditionally, brokers have either charged asset managers to set up meetings with senior management of major listed firms or have tended to favour arranging these meetings for the clients that trade the most.

Hufton said the way the market was set up favoured firms that actively traded over more passive and smaller funds and welcomed FCA initiatives revealed last year to stamp out the practice.

"Paying for corporate access using client commissions is a practice that the FCA is determined to eradicate," he says.

Hufton has worked closely with the FCA in the lead up to the release of its consultation paper on how commissions paid to brokers are used to pay for corporate access and research. Among the recommendations in the paper, which was published in November 2013, is a proposal to ban asset managers from using client funds to pay for corporate access via commissions.

The FCA believes that some buy-side institutions are not seeking out value for money when they use executions commissions, which are typically paid as an expense from the funds they manage rather than a cost to the asset manager itself, to pay for additional services such as corporate access.

ingage IR's technology platform is designed to help both corporates and asset managers to arrange meetings without having to go through a broker, saving costs and increasing efficiency.

The system enables corporates to list times when they are available for meetings. Asset managers can then book meetings with the listed companies they want to meet.

"This will all be available via a web-based cloud platform and can be used as an efficiency tool to help users manage their time. For example, if a fund manager cancels a meeting then that meeting slot can be offered up to other interested investors, ensuring that time does not go to waste," Hufton explains.

So far, ingage IR has signed up asset manager Fidelity and corporates Tullow Oil, Nestlé and National Grid, all of which were involved in testing the technology's functionality ahead of its formal launch last week. Hufton said a large number of asset managers and corporates have shown an interest in the technology and is hopeful that the FCA's consultation will spur more firms to seek out alternatives to broker-arranged corporate meetings.

The FCA's consultation on the use of dealing commissions is currently open and will close on 25 February, with a policy statement due in spring 2014.

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