

## PR pros keep eye on exchange merger mania

By Andrew Edson

Nasdaq has acquired a 25.1% equity stake in the prestigious London Stock Exchange, and may up the ante.

When they were “circling the wagons” around the LSE, the Nasdaq folks were competing in a time race with the older establishment New York Stock Exchange, now a public entity, to see who would make the first move, at what cost and how quickly.

The fact they did, prompted the NYSE to make a successful grab at Paris-based Euronext, the pan-European company that runs exchanges in the French capital, Amsterdam, Brussels, Lisbon and London, to create the first trans-Atlantic stock exchange. This, to the chagrin of Germany's Deutsche Bourse,

*Continued on page 12*



Andrew Edson

## Top Financial/Investor Relations Firms, Pg. 24

1. Edelman **\$31,895,153**
2. Ruder Finn **\$13,532,000**
3. Integrated Corp Rels. **\$11,091,909**
4. Sloane & Co. **\$7,736,179**
5. KCSA PR Worldwide **\$7,668,000**

## SEC, newswires push reporting format

By Greg Hazley

The digital data format known as XBRL has found prominent backing in the U.S. as a means to streamline global financial reporting and could become mandatory in the near future, according to its proponents. But relatively slow adoption by U.S.-based institutions, compared to foreign counterparts, and booming interest in overseas markets could put the U.S. at a disadvantage on the global stage.

Extensible Business Reporting Language, as the format is formally known, was created by an international consortium in the late 1990s and has been embraced in the last few years by major newswires like PR Newswire and Business Wire while earning the support of the Securities and Exchange Commission. Backers say the interactive format would create a versatile data standard with benefits for companies releasing information and for the analysts and press digesting and reporting it. Critics see another hoop to jump through on the way to reporting financials.

“I consider it like a universal bar code – a global language for reporting,” Cathy Baron Tamraz, President and CEO of Business Wire, said in an inter-

view with O’Dwyer’s. The format is based on data being tagged so it can be tracked and moved into various forms like earnings reports and press releases without having to re-enter the information. Such a format could enable analysts to build models for comparing financial data, help investors

searching for information, and cut down on the mounds of data submitted to SEC.

Tamraz and PR Newswire CEO Charles Gregson participated in a June roundtable with SEC Chairman Christopher Cox and four commissioners to discuss interactive financial data, specifically XBRL, and how companies could be urged to embrace it. The

*Continued on page 14*



The EU is ahead of the US on adopting XBRL.

## PRSA chapter presses for democracy

By Jack O’Dwyer

The Central Michigan chapter of PRSA, saying the Society’s bylaws “limit the Assembly from serving in a fully democratic capacity,” has proposed a bylaw that would make the Assembly “the ultimate policy-making body of the Society.”



Central Michigan chapter President Andrew Corner says bylaw changes are necessary.

PRSA headquarters maintains that such a move would open individual Assembly members to lawsuits. Removed from Article III, Section 1(a), would be the wording: “have and may exercise all the powers,

rights and privileges of members at an annual meeting.”

Proposed as new wording for Section 1(c) is: “The Assembly shall have the power, by majority vote of the delegates present, to pass resolutions instructing the directors to take action on matters concerning the business and affairs of the Society. Such resolutions may be introduced through the national office of the Society up to 60 days prior to a meeting of the

*Continued on page 11*

## PR pros keep eye on merger

Continued from page 1

which outbid the Big Board, yet lost. Yet, all might not be lost as shareholders need to vote on the proposed NYSE acquisition.

### Far from over

To add more confusion to a situation that is very far from over – Frankfurt-headquartered Deutsche Bourse is still chomping at the bit to outflank the NYSE and still has its bid on the table. U.K.'s economic secretary has rejected U.S.-style rules for the London market, setting the stage for a conundrum with American regulators as the Nasdaq considers its takeover bid for its rival.

Opined Ed Balls in his maiden speech, he said the British government's "light-touch" regulatory approach was a competitive advantage that should be preserved. This came on the heels of Nasdaq's CEO Robert Griefeld, who acknowledged that it may bid for the London Stock Exchange by October, to which Balls countered, "I don't care who owns the stock exchange. I care that we have

regulation that makes people want to list here from around the world. That's got to continue."

Those comments are only the latest salvo by British officials who have shown concern about how the London exchange would be regulated in the event of a takeover by a foreign company.

The Financial Services Authority of England has opposed the adoption of U.S. rules, including the 2002 Sarbanes-Oxley Act (SOX), which forces companies to disclose more information to protect investors from fraud.

Nasdaq, the second-largest US equity market after the NYSE, has the power to thwart rival bids for the London exchange after securing its stake.

Moreover, it said it would not seek to remove the British regulator's authority over the London exchange in a takeover, to which the British regulator, after talks with the Securities and Exchange Commission, said an American owner of the exchange would not result in the adoption of the

Sarbanes-Oxley rules in the UK.

### Lower costs

So, what does this really mean?

Market seers suggest it isn't which exchange that ultimately prevails, but whether costs incurred by companies and traders decline as a result of the merger.

They argue that lower costs would drive – encourage may be a better word – people to invest in the market. This means buying stock in start-up companies (aka IPO's) and helping established businesses expand, which drives economic growth, especially in Europe where there is serious rhetoric that the existing and fragmented (the operative word) capital markets are not doing enough to spur growth and deliver economies of scale that have helped to fuel the U.S. economy.

Perhaps even before the Nasdaq overture to the LSE, you could easily see a decline in foreign listed shares in the U.S., notably as ADR's (American Depositary Receipts) and even more a move by U.S. companies, especially start-ups, to trade on the AIM (Alternative Investment Market) of the LSE. Not only was it easier to list here, and attract investors, but you were not hindered by SOX obligations.

Some would argue that SOX has achieved its goals of making the corporation more transparent to investors, while others counter it has helped enrich lawyers and accountants.

### What it means for PR

What does this truly mean for the IR or PR professional sitting on the sidelines?

For one, a need to stay abreast of a drama that continues to unfold, such as the latest announcement by cash-flush Toronto Stock Exchange. It hopes to compete with its bigger U.S. rivals by acquiring an American futures exchange, such as the Chicago Mercantile Exchange, New York Mercantile Exchange or the Intercontinental Exchange.

As companies ask questions as they undoubtedly do, the IR/PR counselor needs to be ready with some answers, even if they only confuse rather than enlighten. There is no right or wrong answer, only lots of them.

Andrew Edson is CEO of IR consultancy Andrew Edson & Associates, Inc., with offices in New York City and Long Island. More information is at [www.EdsonPR.com](http://www.EdsonPR.com). ■

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