

**Keynote Speech**  
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**11th Middle East Investor Relations Association Annual**  
**Conference:**  
**IR Matters: The Age of Engagement**  
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**Key note time: 9:10 am**

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Good morning ladies and gentlemen. Thank you for inviting me to deliver the key note address on behalf of the Securities & Commodities Authority (SCA), UAE for this prestigious conference.

I would also like to take this opportunity to appreciate the efforts of Middle East Investor Relations Association for facilitating this rich network of investor relations professionals, representatives from stock exchanges and regulators, as well as emerging markets investors in the region under one roof.

The theme for today's conference focusses on the dynamic role of Investor Relations and SCA plays a critical role in the development of best practices for Investor Relations in this region. Therefore, I would like to talk about the significant

role played by investor relations in UAE and the role of regulator in safeguarding the interests of investors.

Investor relations plays a pivotal role in providing details about the health of an organization. Once a company is listed, it needs to communicate effectively with its shareholders and the wider public. This helps investors to understand the company, which can support its share price.

The principal role of investor relations is to manage interest from those audiences by establishing a framework of communication activities to ensure the investment community is fully informed about the performance of the business as well as identifying potential issues that may influence the Company's reputation. Together, these improve understanding of the Company's investment proposition which in turn will help increase the valuation of the Company's equity by attracting capital, reduce share price volatility and reduce funding costs.

The information disseminated by investor relations through well-defined programs not only projects the financial position of the organization, as a whole, but also allows investment to be made in an informed and confident way.

Additionally, the Company and its Directors are required by regulation to make certain types of public disclosure. This process is managed by the company's Investor Relations Officer. A number of high-level principles sit behind these

requirements, including a desire to ensure a level playing field for all investors and equality of information.

SCA has mandated that all companies wishing to list or remain listed on the exchanges **should employ a dedicated investor relations officer supporting the CEO and CFO.** Additionally, companies should aim to **publish a basic presentation highlighting financial, strategy and outlook at least once a year.** Ideally this should be updated following each results release (quarterly, half and full year, as per regulatory requirements). **Listed companies must adhere to results disclosure deadlines,** and ensure that any price sensitive information (mergers, acquisitions, project backlog etc.) is released strictly in line with international standards. All of the above should be followed by both a Stock Exchange Announcement and a press release to the market. Additionally, listed companies should form a **crisis management team** including CEO, CFO, IRO, Corporate Communications, IT and Marketing, with a spokesman to address investor concerns, and control any impacts on reputation or valuation.

**Apart from policy and procedures, the role of the regulator and exchanges is to ensure that companies and investors have robust and vibrant capital markets that put**

**strategic investor communication at the heart of business by listed companies.**

In this respect, **SCA and exchanges** has taken various initiatives to promote best practice in investor and stakeholder communication. This includes the existing **UAE guidelines by UAE capital markets** to make Investor Relations a properly resourced function at listed companies and more recently, the announcement by **both Exchanges, for example, on the mandating of ESG (Environmental, Social and Governance) reporting for listed companies.** Additionally, I would like to mention here that **SCA has launched its Master Plan for Sustainable Capital Markets in Dec 2018** which incorporates recommendations of the United Nations (UN) Sustainable Stock Exchanges Initiative (SSE) and is in line with the IOSCO recommendations. SCA has now established a core working group for sustainable finance in capital markets consisting of various stakeholders including financial regulators, exchanges, UAE Central Bank, UAE Ministry of Climate Change and Environment, DFSA and ADGM to implement the plan which is expected to complete by Mid-2020.

Further, **various Investor roadshows, interactive educational workshops, investor relation guide** are additional tools deployed by Exchanges, Regulator and Investor Relations to perform their role. Middle East Investor

Relations Society is also focused on promoting best practice in investor relations and providing world-class education for investor relations professionals.

**Retail investors are the lifeblood of UAE stock markets.** Many publicly listed companies are tightly held so the retail investor provides much needed liquidity to the market place. **All listed firms in the UAE are recommended to have a clear, effective and rolling annual investor relations program** focusing on retail investors as well as other shareholders. In the case of specifically reaching retail investors, this can involve encouraging them to attend the Company's Annual General Meeting (AGM), **a dedicated retail investor dedicated section on the Company's IR website, or releasing key information via the business and financial media in the UAE, in both Arabic and English languages.** It is essential for a company to work closely with the stock market to encourage communications with shareholders, through a variety of services that the stock market may offer.

SCA is of the view that some basic information can go a long way to ensuring smooth and effective communication with retail investors. Investor Relations officers should ensure that **the contact details on all communications channels for private investors to be able to get in touch directly with the Company should be easy to find** including functional

email addresses directed to the Investor Relations team rather than a webmaster or the IT department.

SCA has even asked companies to **send the annual general meeting invitation via SMS and E-mail** to all investors to enhance participation of minority investors. Further, SCA has set up a **dedicated minority investor protection page** on its website which informs the investor of his rights and responsibilities and provides all other necessary information.

SCA is working with UAE capital markets to launch e-voting option as another option to be fully involved.

All the above efforts by various stakeholders are visible through significant increase in international investors', **creates the critical mass, increases the level of liquidity, and more importantly, supports the development of our markets by encouraging listed companies** to further embrace international best practices in transparency and corporate governance.

The changing market structure of markets primarily is driven by regulation, investor needs and increasingly, by new technology. Today communications with investors (IR or Investor Relations) matter more than ever given the challenges presenting by a changing marketplace and a broadening array of key business stakeholders and

influencers, from employees and customers/the public to the investment community.

By virtue of their external facing role of **Investor Relations**, they need to know not just what is happening at the Company but have a view on macroeconomic conditions, the competitive environment, changing regulatory codes as well emerging investment trends such as sustainability and other **Corporate Social Responsibility (CSR)** issues. Investor Relations will play a key role in ensuring that the work done by the Company in this area is effectively communicated to all stakeholders and the key messages about the company's moral and financial support for CSR are portrayed.

**Investor relations is an integral part of a good corporate governance framework** - it manages the information and channels by which these efforts of the board and management are communicated to the outside world, and performs a critical liaison role for the Company to understand how these messages are received. Investor Relations should also provide an unbiased feedback route for stakeholders to query and discuss the company's activities, hence the IR professional works closely not only with the board but also other governance officers in the company.

**Investor Relations usually acts as the main point of contact for all external queries with regards to the Company's Corporate Governance activities, its financial and stock prices together with past performance figures for analytical use, and official shareholder communications on such activities as Annual General Meeting (AGM), Extra Ordinary General Meeting (EGM), Dividend and other corporate actions. The sensitivity and complexity of such information and processes require a particular level of professionalism, organizational skill and integrity - hence it is essential that the Investor Relations Department be appropriately resourced and undergo continuous development.**

As far as enforcement measures go, SCA as the market supervisor undertakes **various audits and detailed investigation to check balance sheets of corporates to verify reasons/potential fund misappropriation, mismanagement leading to corporate insolvency and has also enacted external audit quality assurance regulations.**

My purpose of mentioning all the above was to stress on the sensitive role of investor relations today and to set the theme for the event and following panel discussions. I will look forward to hearing more insights from all speakers during further discussions.

Thank you



