

**Institutional  
Investor**

# **2020 EUROPE & EMERGING EMEA RESEARCH FAQs**

**DEVELOPED EUROPE - EMERGING EMEA - UK SMALL & MID-CAP**

**SELL-SIDE, BUY-SIDE, CORPORATES**



*Institutional Investor Research acquired Extel in March 2018*

## Why vote?

The provision of research advisory services to institutional investors has become more competitive after the implementation of MiFID II, and research providers strive to understand their position in the competitive landscape. Whilst payment from the buy-side to the sell-side is more transparent on consumption and quantity, the challenge for sell-side businesses is to validate the feedback they are receiving on the quality of their services. As an aggregator of buy-side opinions, Institutional Investor surveys strive to gather a broad, comprehensive and independent view of the universe of investors and consumers of these services to enable the sell-side to refine their business models in the increasingly competitive and budget conscious environment.

## What are the requirements for buy-side participants?

To participate in an Institutional Investor survey, a buy-side firm must report actively managed assets in the country or region under consideration and procure research from providers in that region. Minimum Commission and Assets-Under-Management (AUM) minimums vary by survey. Commission is bundled and should include research payments.

Europe Commission	Extel Band	Weight	II Band	Europe Commissions	Weight	New Band
US\$ 30 million +	Band 10	x30	6	US\$ >30 million	x30	1
US\$ 20 - 30 million	Band 9	x24	5	US \$20 - 29.99 million	x20	2
US\$ 15 - 20 million	Band 8	x18	4	US \$10 - 19.99 million	x15	3
US\$ 10 - 15 million	Band 7	x14	4	US\$10 - 19.99 million	x15	4
US\$ 5 - 10 million	Band 6	x10	3	US \$5 - 9.99 million	x10	5
US\$ 2 - 5 million	Band 5	x7	2	US \$1 - 4.99 million	x5	6
US\$ 1 - 2 million	Band 4	x5	2	US \$1 - 4.99 million	x5	7
US\$ 500,000 - 1 million	Band 3	x3	1	US \$ < 1 million	x1	8
US\$ 250,000 - 500,000	Band 2	x2	1	US \$ < 1 million	x1	9
US\$ <250,000	Band 1	x1	1	US \$ < 1 million	x1	10

## What are the requirements for sell-side participants?

An analyst must either publish investment research during the period covered by the poll or be an active analyst working with publishing analysts and servicing clients. Each Institutional Investor Research team survey is divided into at least three segments: Industries, Countries and Economics & Strategy. Analysts must be certified pursuant to Regulation AC (or equivalent) to be recognized as winners or team leaders in all industry sectors; no such restriction applies to the sectors in Economics & Strategy categories. Winners must achieve a minimum vote count. We recommend that an analyst is not entered in more than five industry sectors (including Countries).

## Why buy and sell-side should vote for corporates?

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Receiving aggregated feedback from buy and sell-side professionals helps IR and Executive Management teams identify gaps in their engagement, measure their IR activities and shape their long-term corporate strategy. With hundreds of corporates accessing the analysis resulting from the survey feedback, the insights ultimately, lead to better investor relations, a fairer valuation of the stock and better decision making for investment professionals.

## What are the requirements for corporates?

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Only Corporates headquartered in the survey region are eligible. Corporates cast their votes for buy and sell-side and verify their corporate details via a personalised link the Corporate Insights Verification (CIV). Only one per company needs to be completed. Corporates who have not received their personalised link, should email [IJET@iirgs.com](mailto:IJET@iirgs.com).

Due to GDPR we can no longer accept buy and sell-side contacts from Corporates. Therefore, Corporates should encourage their buy and sell-side contacts globally to participate and submit feedback on the quality of their IR. A survey specific banner linked to the voting page can be added to their signature and/or to any communication with their contacts.

## Will you use Extel and Institutional Investor databases?

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We have combined the Extel and Institutional Investor databases for the European and Emerging EMEA Surveys in 2020. Any buy-side investment professionals that voted in Extel 2019 will be automatically permissioned to vote in the European Survey in 2020.

## How do I get a client to receive a ballot?

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The old Institutional Investor survey required a client to be sent a personalised link to a pdf; this is no longer the case. A client wishing to vote should go to [voting.institutionalinvestor.com](http://voting.institutionalinvestor.com) to "Request a Ballot". If they are already registered, they will be able to vote immediately. There is a "Forget password" function. Clients that are not previously registered will be required to undergo a verification process that may take between 24 and 48 hours depending on volume.

## How are the firm and analyst level votes correlated?

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There is no direct correlation between firm and analyst votes. It follows, however, that the votes should be correlated naturally because the sell-side firms with the highest firm-level rating should also receive the highest recognition (and therefore votes) for their analysts.

## How are you addressing the French bias in the Extel survey?

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There is no “French bias” in the survey. Historically there has been a large, active buy-side voting community in France and this continues to be the case. We invite all sell-side firms to comment on the client bands and we achieve a compromise solution on all clients through this consultative process. Votes from French based asset managers represented around 13% of the weighted votes in the Developed Europe Extel Survey.

## Is it compulsory to vote for more than two brokers in a sector or across a sector for the vote to count?

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This is not compulsory, but we would reasonably expect a buy-side investment professional to consume research from at least two research providers in order to form a considered view of their sector or stocks. Whilst a single vote for a single research provider would not be unusual, repeated votes in multiple sectors would cause the Operations Team to examine the submission and question the validity of that individual's contribution.

## Can a voter access the portal to amend/vote further once they have submitted their votes?

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Yes, although there is a “submit” button, voters can access their portal ballot and amend votes up until the close of the survey.

## How do you deal with clients that claim not to participate in the survey?

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We believe that the number of firms that actively discourage or prevent their investment professionals to participate is small. We would seek a dialogue with any firm that claims non-participation to explain the benefits to both the Buy & Sell-sides of providing a coordinated response. Such benefits would include:

- Minimal disruption to the industry (Buy-side and Sell-side). Brokers will not lobby.
- Accurate reflection of the view of the firm, not influenced by some random voter.
- Firm receives the survey output in voted sectors; useful for regulatory reporting.



## **Are the banding weights for some firms in developed & Emerging Europe going to be different?**

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Yes. The surveys are based on (bundled) commission and these two surveys are based on the wallet paid in these markets.

## **If a firm has a centralised voting policy and then a person from that firm separately logs in and votes, do their votes count?**

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In general, no, although if the sector is not included in the coordinated vote, we would usually check with our broker liaison contact whether the vote should be counted.

## **Can you confirm and provide more detail on the broker vote ratings? Do they use the same scoring system as that of the ballot?**

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Each broker vote is different and buy-side research evaluations vary in their approach. In many cases for in a coordinated vote, the firms will use the Institutional Investor categories, but where this is not the case, Institutional Investor Research will apply the closest possible mapping. Equally, the scoring system will be mapped as close as possible to match the client vote.

## **Where are Broker Review votes reflected in the data, and is there a way to separate them out from the votes received directly from the ballot?**

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We will not separate these results out for the published results but we can do so for subscribers to the data and we will provide certain related statistics regarding coordinated votes.

## **How do you ensure the right sell-side firms' teams are assigned votes to the right sectors when working through Broker Review feedback?**

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We rely on sell-side firms to upload and maintain their rosters during the survey preparation phase. We will assign broker review votes to the closest possible match. If there are multiple votes and the sector is not available, the vote entry will be automatically directed to the broker for verification.

## What has not changed?

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### **Timing:**

- March Voting
- Four Week Voting Period
- Results June/July

### **Quality:**

- High Data Integrity
- Robust Process
- Intense Validation

### **Transparency:**

- Participating Firms
- Coordinated Votes
- Band Lists

### **Methodology:**

- Commission Weighted
- Firm then Analyst
- Band Weightings

### **Verification Process:**

- New II Portal Tools
- Voter Identity
- Investment Management Firms
- Broker Verification Tools

### **Voting Categories:**

- 30 Industry Sectors
- Economics & Macro
- ESG
- Global
- Countries
- Emerging EMEA
- UK SMID

### **Customer Service:**

- Dedicated Inbox
  - extel@institutionalinvestor.com
  - europe research@institutionalinvestor.com
- Telephone hotline
  - +44 20 7779 8823 (UK)
- Time Zone Support

## What has changed?

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### **Four Separate Surveys:**

- Developed Europe
- Emerging Europe
- UK Small & Mid-Cap
- Trading & Execution

### **Research Sectors:**

- Thematic Research
- UK Large-Cap Sector (Country)
- Country sub-sectors

### **Portal:**

- User ID & Password
- Upgraded on same principles
- Partial Ballots retained

### **Leaders' Board vs Market Share:**

- Standard Leaders' Board
- Weighted Leaders' Board
- Market Share

### **Analyst Roster:**

- Research Analyst names
- Specialist Sales names
- Open from 10th Feb

### **Bands:**

- Distributed from II Operations Team
- Only two iterations of the list
- Band 1 is the highest
- All Bands included (All categories)

### **Sales & Corporate Access**

- Extended Corporate Access section
- Salespeople names
- No Conference names
- Attributes

### **Results:**

- Leader Board vs. Market Share
- Various dates for categories
- Web site and data room (Excel)
- Commercial output

### **Participation:**

- No Broker Scorecard
- List of voting firms after survey close
- Provided to paying clients only
- Coordinated votes

## Voting platform

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Click here to access the voting platform or copy and paste the link below:

<https://voting.institutionalinvestor.com/welcome>

# CONTACTS

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