



NIRI voices views on the evils of FD

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Taking its show on the road, NIRI plans to espouse what it views as the evils of FD at events in eight cities between now and mid-October.

NIRI was quick to target the issue of 'earnings guidance' in a recent Executive Alert to its members. Regulation FD reads, 'When an issuer official engages in a private discussion with an analyst who is seeking guidance about earnings estimates, he or she takes on a high degree of risk under Regulation FD.'

'I've talked with several securities lawyers on this, and they all find it troubling that the SEC addresses the issue of earnings guidance in absolute terms when, in practice, the overall issue is not that clearly defined,' said NIRI president and CEO Lou Thompson.

With FD taking effect in roughly two months - in the middle of the earnings season for many - the clock is ticking. Most IR pros are already bracing for the changes.

Leon Berman, SVP and head of Makovsky & Company's IR practice, said the rule will make it harder for analysts to do their jobs. 'The onus will be on the IR practitioners to find ways to communicate to the Street, such as by issuing more press releases,' he said. 'The risk is if analysts can't get that guidance, the estimates will be wide.'

For those who are hoping that the SEC may consider a grace period for IR pros struggling to get their arms around FD, forget about it.

'Rules are rules,' said SEC spokesman John Heine.