Certified Professional in Investor Relations

# Regulatory Environment and Compliance

10-K – Annual report filed with the SEC.
Related terms: Form 10-Q, Annual Report, Disclosure.
Explanation: Provides a comprehensive overview of a public company's financial performance, governance, risk factors, and management discussion for the most recent fiscal year.
Example: A company files its 10-K 60 days after year-end, detailing audited financial statements and MD&A.
Practical application: Investor-relations professionals monitor 10-K filings to update analysts, respond to shareholder inquiries, and align communication strategies.
Challenges: Tight filing deadlines, complex accounting standards, and the need to balance transparency with competitive confidentiality.

10-Q – Quarterly report submitted to the SEC.
Related terms: 10-K, Form 8-K, Quarterly Earnings.
Explanation: Summarizes unaudited financial results, management discussion, and material events for each quarter.
Example: A tech firm releases a 10-Q covering Q2, highlighting revenue growth and new product launches.
Practical application: IR teams use 10-Q data to prepare earnings calls, update earnings forecasts, and address investor questions.
Challenges: Rapid turnaround, ensuring consistency with annual filings, and managing market expectations.

12b-1 Fee – Ongoing charge on mutual funds to cover distribution and marketing costs.
Related terms: Expense Ratio, Mutual Fund, Shareholder Communication.
Explanation: Deducted from fund assets, the fee compensates brokers and platforms for promotional activities.
Example: A fund with a 0.25% 12b-1 fee may see higher marketing spend but lower net returns for investors.
Practical application: IR professionals disclose fee structures to institutional investors and explain impact on performance.
Challenges: Regulatory scrutiny over fee transparency and potential conflicts of interest.

ACC – Accounting standards set by the Financial Accounting Standards Board (FASB).
Related terms: GAAP, IFRS, Financial Statements.
Explanation: Provides the framework for preparing and presenting financial information in the United States.
Example: Revenue recognition under ASC 606 replaces older guidance, affecting timing of reported sales.
Practical application: IR teams must understand ACC changes to explain financial impacts to analysts.
Challenges: Frequent updates, interpretation differences, and cross-border comparability.

ADR – American Depositary Receipt, a negotiable certificate representing shares of a foreign company.
Related terms: GDR, Depositary Bank, Cross-Listing.

Explanation: Allows non-U.S. companies to trade on U.S. exchanges, facilitating access to American investors.
Example: A European firm issues ADRs on the NYSE, enabling U.S. investors to buy shares without currency conversion.
Practical application: IR professionals coordinate with depository banks to ensure timely disclosure in both jurisdictions.
Challenges: Dual-reporting requirements, currency risk, and harmonizing regulatory expectations.

AFR – Annual Financial Report required by many jurisdictions for public companies.
Related terms: Annual Report, 10-K, Regulatory Filing.
Explanation: Consolidates audited financial statements, governance disclosures, and shareholder information for the fiscal year.
Example: An Australian firm files an AFR with the ASX, including a directors' report and sustainability section.
Practical application: IR teams align the AFR narrative with investor presentations and roadshow materials.
Challenges: Managing differing formatting standards and ensuring consistency across multiple reporting platforms.

AIFMD – Alternative Investment Fund Managers Directive (EU).
Related terms: UCITS, MiFID II, Regulatory Passport.
Explanation: Sets harmonized rules for managers of alternative investment funds, covering authorization, transparency, and reporting.
Example: A hedge fund manager files periodic disclosure reports under AIFMD to European regulators.
Practical application: IR professionals must convey AIFMD compliance status to European institutional investors.
Challenges: Complex reporting templates, cross-border supervision, and increased operational costs.

AML – Anti-Money-Laundering regulations.
Related terms: KYC, Sanctions, Financial Crime.
Explanation: Legal framework requiring entities to detect, prevent, and report suspicious financial activity.
Example: A brokerage implements AML software to flag large cash transactions for review.
Practical application: IR teams ensure that compliance disclosures include AML policies and any material incidents.
Challenges: Evolving global standards, data privacy concerns, and costly verification processes.

Annual Report – Comprehensive document issued to shareholders each year.
Related terms: 10-K, Shareholder Letter, Corporate Governance.
Explanation: Combines audited financial statements, management commentary, ESG data, and governance disclosures.
Example: A consumer-goods company's annual report highlights a new sustainability initiative and a dividend increase.
Practical application: IR professionals craft the narrative, design visuals, and coordinate distribution to analysts and media.
Challenges: Balancing regulatory compliance with branding, meeting tight production schedules, and

addressing divergent stakeholder expectations.

Appendix A – Supplementary information attached to a primary filing.
Related terms: Exhibit, Schedule, Disclosure.
Explanation: Provides additional data such as detailed risk factors, compensation tables, or contractual agreements.
Example: A 10-K includes Appendix A containing the company's code of ethics.
Practical application: IR staff reference Appendix A when responding to specific investor queries.
Challenges: Ensuring accuracy, updating in real time, and avoiding inadvertent disclosure of confidential information.

ASIC – Australian Securities and Investments Commission.
Related terms: SEC, FCA, Regulatory Oversight.
Explanation: The primary regulator for financial markets, corporate conduct, and consumer protection in Australia.
Example: ASIC issues a corporate governance guideline that Australian listed companies must follow.
Practical application: IR teams monitor ASIC releases to adapt disclosure policies and maintain compliance.
Challenges: Navigating jurisdiction-specific requirements while maintaining global consistency.

Ask-Price – The price at which a seller is willing to sell securities.
Related terms: Bid-Price, Spread, Liquidity.
Explanation: In market quotations, the ask reflects the lowest price a seller will accept for a share.
Example: The quote "$45.10 / $45.08" shows an ask of $45.10 and a bid of $45.08.
Practical application: IR professionals monitor ask-price trends to gauge market sentiment and timing of share repurchases.
Challenges: Rapid price fluctuations and potential impact on perceived valuation.

Audit Committee – Sub-committee of the board responsible for overseeing financial reporting and audit processes.
Related terms: Board of Directors, External Auditor, SOX.
Explanation: Reviews internal controls, approves audit plans, and ensures integrity of financial disclosures.
Example: The audit committee meets quarterly to discuss audit findings and remediation actions.
Practical application: IR teams liaise with the audit committee to align messaging on financial integrity and risk management.
Challenges: Maintaining independence, managing audit-related disclosures, and meeting escalating regulatory expectations.

Basel III – International regulatory framework for bank capital adequacy, stress testing, and liquidity.
Related terms: Capital Ratios, Liquidity Coverage Ratio, Regulatory Capital.
Explanation: Sets minimum capital requirements to improve banking sector resilience after the 2008 crisis.
Example: A bank raises Tier 1 capital to meet Basel III standards, impacting its dividend policy.
Practical application: IR professionals explain how Basel III compliance influences profitability and shareholder returns.

Challenges: Complex calculations, ongoing monitoring, and potential constraints on capital allocation.

Beneficial Owner – Individual or entity that ultimately owns or controls a security, regardless of registration.
Related terms: Shareholder Registry, KYC, Transparency.
Explanation: Identified to prevent illicit activities and ensure accurate voting rights.
Example: A nominee holder reports the underlying beneficial owner to the company for proxy voting.
Practical application: IR teams use beneficial-owner data to target communications and assess shareholder composition.
Challenges: Data collection across jurisdictions, privacy regulations, and reconciling multiple ownership layers.

Black-Box Model – Proprietary algorithmic system whose internal logic is not disclosed.
Related terms: AI, Model Risk, Transparency.
Explanation: Used in risk management or pricing, but limited insight may raise regulatory concerns.
Example: A fund uses a black-box AI to allocate assets, prompting regulator inquiries about model validation.
Practical application: IR professionals must explain model governance and risk controls to investors.
Challenges: Balancing competitive secrecy with regulatory expectations for explainability.

Board Governance – Structures and processes by which a board directs and monitors corporate strategy.
Related terms: Corporate Governance, Audit Committee, Director Independence.
Explanation: Encompasses board composition, duties, and oversight responsibilities.
Example: A board adopts a new charter outlining director responsibilities and evaluation criteria.
Practical application: IR teams highlight governance practices in proxy statements and investor meetings.
Challenges: Aligning global governance norms, meeting evolving best-practice standards, and avoiding "green-washing" of governance claims.

Business Continuity Plan (BCP) – Strategy to maintain essential functions during disruptions.
Related terms: Disaster Recovery, Operational Risk, Resilience.
Explanation: Identifies critical processes, alternate sites, and communication protocols.
Example: A firm activates its BCP after a cyber-attack, ensuring earnings release proceeds on schedule.
Practical application: IR professionals communicate BCP effectiveness to reassure investors about operational stability.
Challenges: Keeping the plan current, testing regularly, and integrating with regulatory reporting of material events.

CA – Corporate Actions such as mergers, dividends, or spin-offs.
Related terms: Shareholder Vote, Proxy Statement, Regulation FD.
Explanation: Events that affect securities and require disclosure to shareholders.
Example: A company announces a cash dividend, triggering a CA filing with the exchange.
Practical application: IR teams coordinate announcements, prepare FAQs, and manage market expectations.
Challenges: Timing disclosures to avoid insider-trading violations and ensuring accurate pricing information.

CAFD – Capital Adequacy Framework Directive (EU).

Related terms: Basel III, Regulatory Capital, Risk Management.
Explanation: Implements capital standards for European banks, aligning with international Basel accords.
Example: A bank adjusts its leverage ratio in response to CAFD requirements.
Practical application: IR professionals explain how CAFD compliance impacts dividend policy and leverage.
Challenges: Complex reporting, cross-border coordination, and potential impact on cost of capital.

CAP – Capital Allocation Plan, outlining how a company will deploy cash.
Related terms: Share Repurchase, Dividend Policy, Investments.
Explanation: Provides investors with a roadmap for growth, returns, and risk mitigation.
Example: A technology firm publishes a CAP that prioritizes R&D, strategic acquisitions, and a modest dividend.
Practical application: IR teams use the CAP to set expectations, defend capital-use decisions, and benchmark performance.
Challenges: Balancing short-term earnings pressure with long-term strategic objectives.

CAS – Corporate Accounting Standards used in Canada.
Related terms: IFRS, GAAP, Financial Reporting.
Explanation: Canada transitioned to IFRS for publicly accountable enterprises, but some private entities may still follow CAS.
Example: A Canadian private firm files financial statements under CAS, while its public subsidiary uses IFRS.
Practical application: IR professionals need to understand differences when comparing peer financials across borders.
Challenges: Reconciling divergent accounting treatments and ensuring consistent investor messaging.

CCPA – California Consumer Privacy Act, a data-protection statute.
Related terms: GDPR, Data Privacy, Regulatory Compliance.
Explanation: Grants California residents rights over personal information and imposes obligations on businesses.
Example: A U.S. tech company updates its privacy policy to comply with CCPA, disclosing data-handling practices.
Practical application: IR teams disclose privacy-related risks in risk-factor sections and respond to shareholder inquiries.
Challenges: Overlapping with other privacy regimes, managing data-subject requests, and tracking regulatory updates.

CEO – Chief Executive Officer, the top executive responsible for overall corporate performance.
Related terms: Executive Compensation, Leadership, Shareholder Engagement.
Explanation: Sets strategic direction, interacts with boards, and serves as primary spokesperson to investors.
Example: The CEO delivers the annual shareholders' meeting keynote, outlining growth strategy.
Practical application: IR professionals coordinate CEO messaging, prepare briefing books, and manage media interactions.
Challenges: Aligning CEO statements with regulatory filings, avoiding forward-looking statements that could trigger liability, and handling unexpected market reactions.

CFIUS – Committee on Foreign Investment in the United States.
Related terms: National Security Review, M&A, Foreign Ownership.
Explanation: Reviews transactions that could affect U.S. national security, potentially imposing conditions or blocking deals.
Example: A foreign firm seeks to acquire a U.S. semiconductor company; CFIUS conducts a review and imposes mitigation measures.
Practical application: IR teams disclose CFIUS outcomes in proxy statements and explain implications for shareholders.
Challenges: Confidentiality of review processes, timing uncertainties, and potential impact on deal valuation.

Charter – Foundational document that defines a corporation's purpose and governance structure.
Related terms: Bylaws, Corporate Governance, Shareholder Rights.
Explanation: Sets limits on corporate activities, voting rights, and board composition.
Example: A company amends its charter to create a dual-class share structure, granting founders super-voting rights.
Practical application: IR professionals must explain charter changes, their rationale, and potential effects on control and valuation.
Challenges: Investor perception of governance dilution, regulatory review of charter amendments, and proxy-vote outcomes.

CLAR – Centralized Legal and Regulatory repository used by some firms.
Related terms: Document Management, Compliance, Regulatory Reporting.
Explanation: Stores policies, filings, and correspondence to streamline compliance monitoring.
Example: A multinational corporation uses CLAR to track all 10-K and ESG disclosures across subsidiaries.
Practical application: IR teams access CLAR to retrieve historical filings, ensuring consistency in investor communications.
Challenges: Data integration across platforms, maintaining version control, and safeguarding confidential information.

COB – Close-of-Business, the time by which a trading day ends.
Related terms: Market Close, End-of-Day Reporting, Liquidity.
Explanation: Used as a reference point for deadlines, such as filing material events before the next COB.
Example: A company must disclose a merger announcement before COB to avoid insider-trading violations.
Practical application: IR teams coordinate press releases and filing timelines around COB to meet regulatory windows.
Challenges: Coordinating across time zones, managing last-minute developments, and ensuring accurate market-timing.

Confidential Information – Non-public data that could influence investment decisions if disclosed.
Related terms: Material Non-Public Information, Insider Trading, Regulation FD.
Explanation: Must be protected until appropriately disclosed; premature leakage can lead to enforcement actions.
Example: A pending acquisition is treated as confidential until a formal announcement.

Practical application: IR professionals implement controls, such as blackout periods and secure communication channels, to prevent leaks.
Challenges: Balancing internal collaboration with confidentiality, monitoring employee communications, and responding to inadvertent disclosures.

Corporate Governance – System of rules, practices, and processes by which a firm is directed and controlled.
Related terms: Board Governance, Shareholder Rights, Regulatory Framework.
Explanation: Encompasses board composition, ethics, risk oversight, and stakeholder engagement.
Example: Adoption of a governance code that requires annual director evaluations and independent audit committees.
Practical application: IR teams highlight governance strengths in proxy statements and during analyst briefings.
Challenges: Aligning with varied global standards, mitigating governance-related reputational risk, and avoiding “checkbox” compliance.

CRD IV – Fourth Capital Requirements Directive (EU), governing banks and investment firms.
Related terms: MiFID II, Risk Management, Regulatory Capital.
Explanation: Sets prudential standards, governance, and disclosure obligations for financial institutions.
Example: A bank enhances its governance framework to satisfy CRD IV supervisory expectations.
Practical application: IR professionals convey CRD IV compliance status and its impact on capital allocation to investors.
Challenges: Complex reporting matrices, integration with national regulations, and continuous supervisory dialogue.

CSR – Corporate Social Responsibility, initiatives that address environmental, social, and governance (ESG) concerns.
Related terms: ESG, Sustainability Reporting, Stakeholder Engagement.
Explanation: Reflects a company’s commitment to ethical behavior, community impact, and long-term value creation.
Example: A manufacturing firm publishes a CSR report detailing carbon-reduction targets and community programs.
Practical application: IR teams integrate CSR achievements into earnings calls and investor presentations to attract ESG-focused capital.
Challenges: Avoiding “green-washing,” measuring impact, and aligning CSR with core business strategy.

Debt Covenant – Contractual clause in loan agreements that restricts certain corporate actions.
Related terms: Leverage Ratio, Financial Ratios, Default.
Explanation: Designed to protect lenders by imposing limits on leverage, dividend payments, or asset sales.
Example: A covenant prohibits dividend increases if the debt-to-EBITDA ratio exceeds a specified threshold.
Practical application: IR professionals monitor covenant compliance and communicate any breaches to investors.
Challenges: Balancing covenant restrictions with shareholder expectations, negotiating waivers, and managing covenant-related disclosures.

Disclosure – The act of providing material information to the market and stakeholders.
Related terms: Regulation FD, Form 8-K, Materiality.
Explanation: Ensures transparency, mitigates information asymmetry, and fulfills legal obligations.
Example: A company files a Form 8-K to disclose a material acquisition.
Practical application: IR teams coordinate with legal and finance to prepare accurate, timely disclosures.
Challenges: Determining materiality thresholds, avoiding selective disclosure, and managing the speed of information flow.

EFG – European Financial Group, a notional term for collective EU-wide financial regulatory initiatives.
Related terms: ESMA, MiFID II, Regulatory Harmonization.
Explanation: Represents collaborative efforts to standardize financial market rules across EU member states.
Example: EFG guidelines influence how cross-border securities are reported under MiFID II.
Practical application: IR professionals reference EFG standards when dealing with multi-jurisdictional investors.
Challenges: Navigating divergent national implementations and staying abreast of evolving EU policy.

ESG – Environmental, Social, and Governance criteria used to evaluate corporate sustainability.
Related terms: CSR, Sustainability Reporting, Impact Investing.
Explanation: Provides a framework for assessing non-financial risks and opportunities that affect long-term value.
Example: An investor screens for companies with strong ESG scores, favoring those with low carbon intensity.
Practical application: IR teams disclose ESG metrics, set targets, and respond to ESG-focused analyst inquiries.
Challenges: Standardizing metrics, avoiding superficial disclosures, and integrating ESG into core strategy.

FAIR Disclosure – Regulation FD's principle that material information must be disseminated promptly and broadly.
Related terms: Regulation FD, Selective Disclosure, Market Integrity.
Explanation: Requires companies to release material news through a public channel to prevent insider advantages.
Example: A firm issues a press release on a earnings beat, simultaneously filing a Form 8-K.
Practical application: IR professionals coordinate media releases, webcast transcripts, and filing submissions to satisfy FAIR disclosure.
Challenges: Timing coordination, ensuring consistent messaging across channels, and dealing with accidental leaks.

FASB – Financial Accounting Standards Board, the U.S. body that establishes GAAP.
Related terms: GAAP, ASC, Financial Reporting.
Explanation: Issues accounting standards that guide how financial transactions are recorded and presented.
Example: FASB issues ASC 606 to standardize revenue recognition across industries.
Practical application: IR staff must understand new FASB pronouncements to explain financial statement impacts to analysts.

Challenges: Interpreting technical guidance, implementing changes across finance systems, and communicating effects to investors.

FDI – Foreign Direct Investment, capital invested by a foreign entity in a domestic company.
Related terms: Cross-Border M&A, Regulatory Approval, Ownership Structure.
Explanation: Often requires disclosure, especially when it triggers material-event filing or changes control.
Example: A sovereign wealth fund acquires a 10% stake in a U.S. retailer, prompting a Schedule 13D filing.
Practical application: IR teams assess FDI impact on governance, shareholder composition, and market perception.
Challenges: Managing regulatory approvals, cultural integration, and potential political scrutiny.

Form 8-K – Current report filed with the SEC to announce major events.
Related terms: Material Event, Regulation FD, Disclosure.
Explanation: Must be filed within four business days of the event, covering items such as acquisitions, departures, or bankruptcy.
Example: A company files a Form 8-K to disclose the resignation of its CFO.
Practical application: IR professionals draft concise narratives, coordinate with legal, and disseminate the filing to the market.
Challenges: Rapid preparation, ensuring completeness, and avoiding inadvertent omission of required details.

Form S-1 – Registration statement for securities offered in a public offering.
Related terms: IPO, Prospectus, SEC Review.
Explanation: Provides detailed information about the issuer, its business, financials, and risks to prospective investors.
Example: A biotech firm files Form S-1 before launching its initial public offering.
Practical application: IR teams develop roadshow decks, respond to SEC comments, and manage investor outreach.
Challenges: Extensive disclosure requirements, lengthy review cycles, and market timing considerations.

GDPR – General Data Protection Regulation, EU data-privacy law.
Related terms: CCPA, Data Protection, Regulatory Compliance.
Explanation: Imposes strict consent, breach-notification, and data-subject rights obligations on organizations handling EU personal data.
Example: A multinational company appoints a Data Protection Officer to oversee GDPR compliance.
Practical application: IR professionals disclose data-privacy risks, breach incidents, and remediation actions in risk-factor sections.
Challenges: Cross-border data transfers, harmonizing with other privacy regimes, and potential fines for non-compliance.

Greenwashing – Misleading claims about environmental performance.
Related terms: ESG, Sustainability Reporting, Regulatory Scrutiny.
Explanation: Occurs when a firm exaggerates or fabricates its eco-friendly initiatives, leading to reputational

damage.
Example: A company advertises “100% renewable energy” while still purchasing significant fossil-fuel power.
Practical application: IR staff must verify ESG statements, provide supporting data, and respond to activist inquiries.
Challenges: Maintaining authenticity, aligning marketing with actual performance, and navigating regulator investigations.

Harvard Business Review – Not a regulatory body, but a source often cited for best-practice governance.
Related terms: Corporate Governance, Leadership, Strategic Management.
Explanation: Publishes research and case studies that influence boardroom thinking and IR communication styles.
Example: An IR executive references a HBR article on stakeholder capitalism during a conference.
Practical application: Leveraging thought-leadership to shape investor narratives and demonstrate strategic insight.
Challenges: Translating academic concepts into actionable disclosures without over-promising.

HTM – Held-to-Maturity securities, a classification under GAAP.
Related terms: AFS, Fair Value, Investment Accounting.
Explanation: Debt instruments the company intends to hold until maturity, reported at amortized cost.
Example: A bank classifies its corporate bond portfolio as HTM, reducing volatility in earnings.
Practical application: IR professionals explain HTM treatment when discussing interest-rate risk and balance-sheet composition.
Challenges: Re-classifying securities may trigger earnings impacts and requires justification under GAAP.

IBOR – Inter-Bank Offered Rate, benchmark interest rates such as LIBOR.
Related terms: Reference Rate, Transition, Derivatives.
Explanation: Used as a reference for floating-rate loans and derivatives; undergoing global transition to risk-free rates.
Example: A corporate loan tied to LIBOR is renegotiated to reference SOFR after the 2021 LIBOR cessation.
Practical application: IR teams disclose rate-transition risk and its effect on cash-flow forecasts.
Challenges: Contractual amendment complexities, valuation adjustments, and communicating transition plans to investors.

Insider Trading – Illegal buying or selling of securities based on material non-public information.
Related terms: Material Non-Public Information, Regulation FD, SEC Enforcement.
Explanation: Violates market fairness and can result in civil and criminal penalties.
Example: An employee trades shares after learning of an undisclosed acquisition.
Practical application: IR departments enforce blackout periods, monitor trading activity, and provide compliance training.
Challenges: Detecting inadvertent breaches, maintaining robust surveillance, and managing reputational fallout.

International Financial Reporting Standards (IFRS) – Global accounting standards issued by the IASB.

Related terms: GAAP, IAS, Convergence.
Explanation: Provides principles-based guidance for financial statement preparation, facilitating cross-border comparability.
Example: A European company reports revenue under IFRS 15, differing from U.S. ASC 606 in presentation.
Practical application: IR professionals must explain IFRS impacts on earnings, margins, and ratio analysis to global investors.
Challenges: Ongoing convergence projects, managing dual-reporting for U.S. and non-U.S. audiences, and interpreting nuanced IFRS guidance.

KYC – Know-Your-Customer, due-diligence process to verify client identity.
Related terms: AML, Regulatory Compliance, Risk Assessment.
Explanation: Required to prevent money laundering, terrorist financing, and fraud.
Example: A brokerage collects identification documents and conducts background checks before opening an account.
Practical application: IR teams ensure that shareholder registers are KYC-compliant, especially for large institutional investors.
Challenges: Balancing privacy concerns, handling high-volume onboarding, and staying current with jurisdictional variations.

Liquidity Ratio – Metric assessing a company's ability to meet short-term obligations.
Related terms: Current Ratio, Quick Ratio, Cash Flow.
Explanation: Provides insight into financial health and influences credit ratings.
Example: A firm reports a current ratio of 2.5, indicating strong short-term liquidity.
Practical application: IR professionals discuss liquidity trends in earnings calls and address investor concerns about working-capital management.
Challenges: Interpreting ratios across industries, explaining seasonal effects, and linking liquidity to strategic initiatives.

Market Abuse Regulation (MAR) – EU law prohibiting insider dealing, market manipulation, and disclosure violations.
Related terms: Insider Trading, Manipulation, Transparency.
Explanation: Sets obligations for issuers to publish inside information and maintain market integrity.
Example: A listed company must publish a press release when a price-sensitive announcement is made, per MAR.
Practical application: IR teams coordinate with legal to ensure timely dissemination of inside information across EU exchanges.
Challenges: Harmonizing MAR with local securities laws, managing multilingual disclosures, and monitoring for potential manipulation.

Materiality – Threshold for determining whether information is significant enough to affect investor decisions.
Related terms: Disclosure, Regulation FD, Risk Factor.
Explanation: Companies must disclose all material facts; non-material items may be omitted.

Example: A minor contract renewal is deemed immaterial and not disclosed, whereas a major acquisition is material.
Practical application: IR professionals assess materiality in collaboration with finance and legal to decide on filing requirements.
Challenges: Subjectivity in assessment, potential for regulator challenges, and balancing transparency with competitive concerns.

MiFID II – Markets in Financial Instruments Directive (EU), a comprehensive regulatory framework.
Related terms: Transparency, Investor Protection, Reporting Obligation.
Explanation: Enhances pre- and post-trade transparency, imposes stricter reporting, and expands product governance.
Example: An EU broker updates its systems to meet MiFID II transaction-reporting deadlines.
Practical application: IR teams explain how MiFID II affects market liquidity, pricing, and the cost of capital for European issuers.
Challenges: Complex data-capture requirements, cross-border coordination, and increased compliance costs.

Nasdaq – U.S. electronic stock exchange known for technology listings.
Related terms: NYSE, Listing Requirements, Market Data.
Explanation: Provides a platform for buying and selling securities, with specific corporate governance and reporting standards.
Example: A company meets Nasdaq's corporate-governance standards to list its shares.
Practical application: IR professionals coordinate with Nasdaq for listing applications, disclosure compliance, and investor outreach.
Challenges: Maintaining listing standards, managing market-wide volatility, and meeting Nasdaq's periodic reporting obligations.

Negative Control – Shareholder influence that prevents certain corporate actions without owning a majority.
Related terms: Shareholder Rights, Voting Power, Proxy Fight.
Explanation: Achieved through super-voting shares, staggered boards, or other mechanisms that limit activist influence.
Example: A founder retains 30% of super-voting shares, enabling negative control over major transactions.
Practical application: IR teams disclose negative-control structures in proxy statements and discuss implications for governance.
Challenges: Investor perception of entrenched control, potential activist campaigns, and regulatory scrutiny of voting rights.

Non-Disclosure Agreement (NDA) – Confidentiality contract restricting information sharing.
Related terms: Confidential Information, Legal Counsel, Material Non-Public Information.
Explanation: Used when parties exchange sensitive data, such as during M&A due diligence.
Example: A potential acquirer signs an NDA before reviewing the target's financials.
Practical application: IR professionals ensure NDAs are in place before providing investors with non-public information, and they manage post-deal disclosure obligations.

Challenges: Enforcing NDAs across jurisdictions, balancing confidentiality with market transparency, and handling breaches.

Non-Financial Reporting – Disclosure of ESG, sustainability, and governance data.
Related terms: ESG, Integrated Reporting, Sustainability Metrics.
Explanation: Complements financial statements by providing insight into long-term risks and opportunities.
Example: A firm publishes a sustainability report aligned with the GRI framework.
Practical application: IR teams integrate non-financial metrics into earnings presentations and analyst briefings.
Challenges: Data reliability, metric standardization, and avoiding superficial “tick-box” reporting.

NYSE – New York Stock Exchange, the world’s largest equity market by market capitalization.
Related terms