

# Emerging Trends with Corporate Actions Communications



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**It's commonly accepted that the only way to communicate a corporate action is to send a physical mailing – often including a lengthy regulatory filing – to each and every shareholder.**

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In the ever evolving world of the digital shareholder, companies have a variety of cost-friendly options when it comes to the creation and distribution of proxy and annual meeting materials. But why not apply the same principles to corporate action communications? Aren't there more modern ways to communicate with shareholders about important events such as acquisitions, mergers, bankruptcy or spinoffs?

But some pioneering attorneys and the companies they represent are considering new and more efficient ways to communicate with shareholders around these events – ways that can help provide more shareholder clarity and oftentimes, reduce cost. Whether it's using e-delivery to inform holders of a lawsuit or creating a short branded letter to clarify the details of a spinoff or something as seemingly simple as using standard mail instead of first class – new trends are emerging in shareholder communications and lawyers are taking note.

## **A LAWSUIT CASE STUDY: GOING DIGITAL FOR SHAREHOLDERS**

One company that recently faced the challenge of deciding how to best communicate with their shareholders about a shareholder lawsuit settlement looked to leverage digital communication to better meet shareholder preferences.

The typical method of communicating with their thousands of shareholders via printed mail meant not just a large price tag but also didn't consider the e-delivery preferences of the company's beneficial holders.

By applying the e-delivery consent from beneficial shareholders to this lawsuit communication, the company was able to reach half of its shareholders digitally, cutting costs by approximately 50%. On top of the cost savings, the company was also able to effectively get its message to holders via their preferred form of communication.

Finding ways to decrease the time and money spent on a mailing can make a significant impact on the bottom line – not to mention reduce the headache for IR and legal teams.

## A SPINOFF CASE STUDY: CREATING CLARITY

One company that recently faced an upcoming spinoff opted to take a new approach. The company was concerned about the confusion that may occur if just the Form 10 was sent to each and every holder – especially given the aging population that makes up a significant portion of its shareholder base.

As such, the company was keenly aware that it needed to communicate this news as clearly as possible to ensure shareholders didn't feel left in the dark.

The company decided to create a simple one-page letter to shareholders which would precede the full Form 10 mailing. This letter provided a high-level overview of what was happening, why it was happening and what it really meant for shareholders – giving holders clarity they might not otherwise have.

In this short letter, the company also leveraged design elements to clearly display the two new brands post-spinoff to get shareholders familiar with the new direction for the two firms from the very beginning. In highlighting the key things shareholders needed to know and displaying the two brands alongside each other, the company was able to ensure that when the Form 10 mailing arrived, shareholders knew what was happening.

## DUAL RECORD DATE CASE STUDY: PREPARATION PAYS OFF

When it comes to any large mailing for a corporate action – from a spinoff to a tender offer – companies have traditionally just accepted that there will be a high price tag for the first class mailing needed for hundreds of pages of documents to thousands of shareholders. One company recently used a dual record date mailing process to send out its prepared Form 10s

in order to save significant money on something as simple as postage. In this case the company had its – well over 200 page – Form 10 ready to send to shareholders in advance of the record date.

By sending this Form 10 to record shareholders ahead of time via standard mail, the company then only had to send it to new shareholders added since the mailing date via first-class mail. Since corporate action mailings are typically very large, this approach allowed the company to save significant postage expense – proving that preparation can actually pay off.

## MODERNIZING COMMUNICATIONS FOR TODAY'S SHAREHOLDER

Are companies you work with facing an upcoming corporate action? Whether communicating about a lawsuit, spinoff,

M&A or other corporate action – attorneys and the companies they represent are getting creative with the way they deliver the message to shareholders – providing clarity and saving money along the way.

Broadridge has pioneered the use of digital capabilities, dual record date processing and engagement strategies, while helping companies consolidate all their shareholder constituents – beneficial, registered, and employee plans – together to eliminate duplication and save costs.

## NEED MORE INFORMATION?

We provide free, customized and scheduled “lunch and learns” in person or via webinar, with licensed attorneys available to allow you and your colleagues the opportunity to earn CLE credits and learn about innovative approaches to shareholder communications.

Broadridge, a global fintech leader with \$4 billion in revenue, provides communications, technology, data and analytics solutions. We help drive business transformation for our clients with solutions for enriching client engagement, navigating risk, optimizing efficiency and generating revenue growth.

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