

Timeliness of Investor Relations Data at Corporate Web Sites

ONLINE DATA FOR INVESTORS IS OFTEN STALE, EVEN WHEN OF HIGH QUALITY. HOW CAN THIS SITUATION BE IMPROVED?

In recent years Securities and Exchange Commission (SEC) regulators have promoted the widespread and speedy dissemination of financial information to all users. The SEC Web site provides the following statement regarding its EDGAR archives of downloadable company financial reports and other filings (www.sec.gov/edgar/aboutedgar.htm):

"Its primary purpose is to increase the efficiency and fairness of the securities market for the benefit of investors, corporations, and the economy by *accelerating* the receipt, acceptance, dissemination, and analysis of time-sensitive corporate information filed with the agency." [emphasis added]

In October 2000, the SEC Regulation FD (fair disclosure) became effective. Although it requires companies to disseminate important investor relations (IR) information via press releases, Regulation FD specifically encourages them to use the Internet to accomplish broad and rapid dissemination [1]. The Sarbanes-Oxley Act, signed into law in July 2002, requires larger companies to accelerate the filing of their Forms 10-Q and 10-K. In addition, these firms will be required to dis-

close in Form 10-K whether they provide these reports at their Web sites "as soon as reasonably practicable" after filing them with the SEC [8].

Corporate IR personnel also are vitally interested in using the Internet to rapidly disseminate IR information. The Standards of Practice for Investor Relations [10] states:

"Information should be released in a manner designed to reach the widest public audience possible, including the individual investor. Companies should encourage the use of multiple technologies to disseminate information."

Corporate Web sites are especially suitable for distributing a wide variety of IR data, including analyst conference calls and manager presentations, since information can be posted in multiple formats (text, graphics, audio, and video) and languages.

Clearly, the rapid and widespread distribution of IR information via technology is desirable, both from the social (SEC) and corporate (investor relations) perspectives. Use of corporate Web sites for this purpose is an important activity with a relatively short history. Several studies have investigated

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