

HIGHLIGHTS

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UPCOMING EVENTS

July 14 - 11 a.m.

Join Investorside members and Timothy P. Noonan of HodgsonRuss LLP, for a regulatory update conference call at 11 a.m. EDT. Register [here](#).

**October 11 - 8:30
a.m to 5:00 p.m. at
Bloomberg in NYC**

Independents' Day brings together Investorside members to focus on industry issues through case studies, panels and guest speakers. The case studies serve as the nominees for the Investorside Awards given at Members' Day each year.

Chairman's Column

Membership Is Our Strength

In discussing his success, Isaac Newton is reported to have said, "If I have seen further than others, it is by standing upon the shoulders of giants." As the newly elected Chairman of Investorside following a long line of giants, including Rich Leggett, Stanton Green, and John Eade, I can truly say that I am walking in the shadows of giants -- at what looks to be a very busy time for our organization.



Challenges abound, ranging from a difficult economic environment with tight budgets at our members' clients, to regulatory changes that can affect how and with whom our members do business, to insider trading investigations that can have unintended consequences for independent research providers in our membership.

Our goal is to serve our members and help members address these and other challenges. To do so, under the very capable leadership of our Executive Director, Pat Shea, and the aforementioned giants, Investorside has undertaken a number of initiatives, including:

- ◆ increasing our alliances with service providers for the benefit of the members;
- ◆ elevating our regulatory profile by submitting amicus curiae briefs in the Fly On The Wall litigation and commenting on some regulatory initiatives at the state level; and by

◆ commencing discussions with other investor-oriented trade associations and lobbying groups to find ways we can work together and develop a greater voice in Washington (and elsewhere) around issues where we have common, and consistent, interests.

We will continue down this path and will work to continue to grow our membership, increase our profile in Washington to benefit our members, and search for other ways to bring value to the membership.

In addition, we have recently entered into alliances with our counterparts in Europe and Asia (EuroIRP and AsiaIRP, respectively), and believe that our affiliation with those organizations may help our members who seek to expand their businesses geographically.

We continue to look for ways to work with others to stretch our dollars further. We are not blessed with a big endowment or large annual operating budget, so we have to make every dollar count. Pat Shea has done, and continues to do, a great job in that department.

At the end of the day, though, the strength of our organization lies not in the giants that preceded me, but in our membership. By serving our members' interests we can become a bigger, and stronger organization. To that end, we welcome your comments, suggestions and criticisms on building a better organization.

Thank you, and I look forward to serving you.

Regulatory Issues

Massachusetts' Rule Changes Threaten Independent Research

Investorside sent a letter to the Massachusetts Securities Division to point out the potential damaging effects enactment of changes to regulation 950 CMR 12.205(9)(c)(16) could have on independent research. The crux of the matter revolves around the Division's new approach to ferreting out dishonesty in investment circles. Instead of relying on investigation and prosecution, the Division is adding new regulations while defining dishonest and unethical practices. The new regulations unfairly target buy-side researchers by requiring disclosure of "all confidentiality restrictions the consultant has, or reasonably expects to have, regarding confidential information."

In its letter the association suggested changes to the wording of the regulation to reduce the all encompassing requirements and to make the rule easier to comply with. Those recommendations were:

- ◆ The proposal specify that only confidentiality restrictions relevant to the consultant's engagement must be disclosed; and that
- ◆ The Office of the Secretary clarify that any disclosure or certification by a consultant may be made in writing or through electronic delivery, either directly or through an intermediary (such as the expert network firm).

Here's where you can [read the letter](#).

Theflyonthewall.com Ruling

The Second Circuit Court determined that the investment banks' claims against Theflyonthewall.com were preempted by federal copyright law and therefore Fly could continue its practice of reporting summaries of trading recommendations. Will Edick, Investorside's counsel, emphasized that the text of research reports is and has always been protected by copyright law. What was at issue in the case was whether the conclusion of the report (e.g., Goldman changes rating on IBM to hold), which is a fact, and not subject to copyright law, is protected by the "hot news" doctrine. The Second Circuit determined that it is not.

It is possible the investment banks will decide to appeal the decision. Here's where you can [read a news overview](#) of the ruling.

Events & Information

Special Event

The Investorside Research Association invites you to join Timothy P. Noonan of HodgsonRuss LLP, and other Investorside Members, for a regulatory update conference call, Thursday – July 14, 2011 at 11:00 am. The purpose of this conference call is to update members on the State Sales Tax issues as they will affect Investment Research Providers. Mr. Noonan will cover certain responsibilities of entities that sell investment research services in New York. Read more [here](#), and register [here](#).

Update on Research 2.0

If you are not up to date on the latest developments in social media impacting the investment community then [listen in](#) to the

podcast on the introduction to Research 2.0-- Ready to Go Viral. Also, The Dynamic Publisher conducted in-depth [interviews](#) with Chris Williams, the developer of Research 2.0, and Jack Roehrig, Executive Director of [RIXML.org](#), that highlight the key points of this new technology and why it is important to investors.

The key objective of RIXML.org's mission is to develop an open standard for categorizing, tagging, and distributing global investment research, thereby allowing analysts to access the research they want more quickly and efficiently and to allow sales people to broaden their reach thereby generating more commission dollars.

Member Resources Affinity Providers

[Berkery Noyes](#) - Mergers/
Acquisitions/Consulting

[Montieth & Co.](#) - Public Relations

[Butcher Financial LLC](#) - Sales

[Zacks Investment Research](#) -
Data Provider

[worldflow](#) - Research/Software/
Systems/Startup

[3B NEXUS Limited](#) - Marketing

[InvestingChannel](#) - Marketing/
Sales

BOARD NEWS

ANNUAL MEETING HELD

The annual board meeting was held June 3 in New York and was also available as a conference call for those who could not physically attend. The board ratified the members of the current board, added a new director and elected David Good as chairman.

Patrick Shea reported on the association's financials which showed an increase in expenditures and reduction in income. However, most expenditures were in the nonrecurring category for items such as expert counsel and other legal expenses associated with re-registrations and filings.

He also reported on the association's efforts to raise more money during the remainder of 2011 and through 2012. The three efforts are:

- Increase memberships;
 - Increase sponsorship fees for conferences;
- and
- Increase the number of Affinity Resources.

Discussions followed the elections about whether the association should increase its certification standards, but the questions surrounding ensuring compliance and the maintenance of the process were stumbling blocks. An alternate idea aimed at advancing the independent research story, helping people to discern the differences between independents and sell-side researchers and to leverage a connection with the IAA, was to sponsor white papers on topics such as how to select an independent research firm. No decision was made and the association will be continuing to discuss this topic.



Talk focused on the newsletter and website and on the value they offer as recruiting tools. The board then discussed the past and future Members' Day and considered topics related to the upcoming Independents' Day, scheduled for October 11. The association's counsel, Will Edick, reported on regulatory issues including the FlyOnTheWall case, changes to the Massachusetts regulations related to what is considered dishonest or unethical practices for researchers, and updates on the insider trading investigations. David Good then reported on the results of the surveys of members which led into a discussion about channel checking and how using certain terms can lead casual observers of the industry to make inaccurate assumptions.

Representatives of the new Affinity Resource member, worldflow, gave a brief presentation on the iPad app they have developed that can help

Investorside members manage and sell their research. The company also offered the app free to the association so it can control member-only content more effectively and can have access to more statistics about the use of its Web presence. The board voted to accept the app.

Before adjourning, the directors thanked outgoing chairman Richard Leggett for the new energy and vision he brought to the association during his two-year tenure. Board members also welcomed David Good, the incoming chairman.

Board Member Biographies



Stanton Green, CEO, OTR Global

Stanton Green joined OTR Global LLC as President and CEO in July 2007. Before OTR, he was a founding partner, President and

CEO of Vista Research, acquired by Standard & Poor's in 2005, and was a leading provider of research services to the financial services industry. Mr. Green was a Managing Director of Epoch Partners, an investment bank formed in 1999 and later sold to Goldman Sachs in 2001. He began his career at Merrill Lynch in the equity derivatives business and spent four years in Morgan Stanley's institutional derivatives group. He was the Chairman of Investorside, a Board Member of several organizations and is involved in a number of philanthropic activities in New York. He holds a B.A. from Dartmouth College

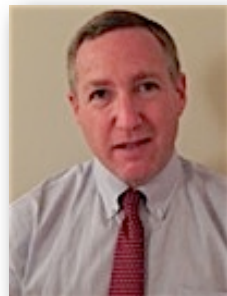
and is active with the Dartmouth Alumni Association.



Tony Berkman, CEO, ITG Investment Research

Tony was previously Chief Risk Officer for Tower Capital, a multi-billion portfolio of hedge funds. Prior to Tower, he was a Director of Research for the

\$15 billion Zweig family of funds. Tony was named to Institutional Investor's "Online 40" annual ranking of e-finance leaders. He is a board member of Investorside Research Association. Tony has a B.S. in Applied Math & Computer Science and an MS in Computational Finance from Carnegie Mellon University.



David Good, CFO, Creditsights

Mr. Good is the firm's Chief Financial Officer, Chief Compliance Officer, and general counsel, and advises the firm and its management on various issues, including

legal and regulatory matters. He is a member of the firm's Executive Committee. He has more than 20 years of experience specializing in corporate finance transactions. Previously, he was senior vice president at MacKay Gardner Capital Partners. From 1999 to 2002, he served as senior vice president at Instinet, where he was responsible for executing M&A activities and a portfolio of financial services venture investments such as WR Hambrecht, Archipelago and Starmine, while directing business development

(Board Member Bios Cont'd.)

efforts and leading the company's initial public offering in 2001. As a vice president at Citibank's asset-backed securities group in London, he originated, structured, and executed ABS transactions. He previously worked at GE Capital in Connecticut and London. Mr. Good received a JD from the University of Virginia, and a Bachelor of Arts from Yale University.



**Richard Leggett,
Business
Intelligence
Advisors (BIA)
Chairman and CEO**

Before joining BIA, Mr. Leggett led the Governance Business of

RiskMetrics Group, where he was responsible for the following business lines: proxy research and voting, securities class action services, global proxy distribution, financial research and analysis, and compensation services. Mr. Leggett joined RiskMetrics Group in 2007, when the firm acquired the Center for Financial Research & Analysis (CFRA), where Mr. Leggett became President and CEO in 2005. CFRA, founded in 1994, was a leading global independent research firm with a specialization in forensic accounting and legal risk research.

From 2000 to 2005 Mr. Leggett was a Managing Director at Goldman Sachs in New York and London in both the technology equity research and investment banking divisions before joining CFRA. Prior to Goldman Sachs, Mr. Leggett held leadership roles at Friedman, Billings, Ramsey & Co., Inc. and Accenture, (then Andersen Consulting).

Mr. Leggett graduated cum laude from Georgetown University in May 1990 with a B.S. in

Business Administration. He currently serves on the Board of Directors for New York City Outward Bound, a non-profit that opens and operates small public schools in conjunction with New York City's Department of Education. Mr. Leggett is also Chairman of the Board of Directors for the Boys and Girls Clubs of Greater Washington, D.C.



**Michael W. Mayhew,
Integrity Research
Chairman, Founder,
and Global Director
of Research**

Mr. Mayhew is one of the leading experts on the investment research industry with more than 25 years of

research industry experience. He started the predecessor to Integrity Research, a financial services consulting firm, in 2000, and formed Integrity Research in 2003. Before Integrity, he was: CEO and President of Garban Information Systems, a provider of fixed income, money market and foreign exchange analytics; Managing Director, Research, for Maria Fiorini Ramirez Inc., an economic research firm; and head of strategic planning for Standard & Poor's. He started his career with MMS International, a fixed income research provider, where he was a financial market analyst, sales manager, and product manager.

Along with being a frequent speaker on research topics, Mr Mayhew is quoted widely in news sources, including Reuters, Institutional Investor, Bloomberg, Forbes, the Wall Street Journal, the New York Times, the Financial Times, and Business Week. He graduated with a B.A. in Economics from Stanford University in 1981.

(Board Member Bios Cont'd.)

Francis (Frank) Porcelli, Head of Commission Management and Research Solutions Group at Bloomberg Tradebook LLC

He is responsible for global strategy, product

development and North American sales initiatives covering commission management services and boutique research. He also serves as Tradebook's representative on Bloomberg LP. Before joining Bloomberg Tradebook, Frank spent 14 years at Citigroup where he was the managing director for Citigroup Capital Markets Global Commission Management Services Program.



Matthew A. Sakey, Vice President and Director of Broker Relations at FactSet Research Systems Inc.

Matt's responsibilities

also include partnering with product development and sales to promote their research products. He spent six years working as vice president on FactSet's institutional Sales team where he worked with the buy side community. Before his career at FactSet, Matt worked at both John Hancock Funds and Scudder Kemper Investments.



Garvis Toler leads the Financial Research & Analysis Business (CFRA) at RiskMetrics.

His company's focus is on providing tools and insights that help investors, insurance companies, law firms and

others to understand financial, legal/regulatory and governance risk. Before joining RiskMetrics, Garvis was director of sales and marketing for the Center for Financial Research & Analysis, and worked in Institutional Sales at JP Morgan and Leerink Swann in New York.



Jack Zwingli, CEO of Audit Integrity

Jack has successfully led businesses both large and small. With more than a decade of experience at Standard & Poor's, Jack had overall management responsibility for many of

S&P's well-known business lines and products, achieving strong top-line growth and global expansion. Some of the business information services Jack managed included the Compustat financial database services, the equity analytical group responsible for producing stock ratings and stock reports, and S&P global indices, including S&P 500 Index. As CEO of Vantra Group, he successfully led the company to a market-leading position and successful sale. Jack also held management positions in marketing and product development at Dun & Bradstreet and Automatic Data Processing.

(Board Member Bios Cont'd.)

**John D. Meserve,
Executive
Managing
Director of
ConvergeX Group**

In this capacity, Mr. Meserve is responsible for the company's research and commission management businesses. This includes

Westminster Research Associates and ConvergeX Research Solutions (of which Cogent and Jaywalk are divisions).

Prior to his current role, Mr. Meserve served as Director of BNY Securities Group, a division of The Bank of New York, and was responsible for Westminster Research Associates and Jaywalk. From 1989 to 1999, Mr. Meserve served as Senior Vice President of The Bank of New York and head of the International Marketing Division, where he was responsible for coordinating the Bank's worldwide depositary receipts and securities processing marketing. In addition, before joining the private sector, Mr. Meserve held a number of key positions in the United States Department of Commerce during the Reagan Administration.

Mr. Meserve is a member and former chairman of the SIFMA's Institutional Brokerage Committee, an active member of the Alliance in Support of Independent Research and a founding member of the Investorside Research Association.

Mr. Meserve has a B.A. from Bowdoin College and an MBA from George Washington University.



**Laurence
Herman,
General Counsel
and Managing
Director of
Gerson Lehrman
Group**

Mr. Herman previously practiced law at Cahill Gordon & Reindel and was

senior vice president, operations, for Capital IQ, Inc. He worked in strategic development for Delphi Capital, working with the firm's affiliated fund of funds and hedge funds, insurance companies and other investment projects. Laurence received a BA from Williams College and earned a JD from the University of Chicago.

Member Resources Affinity Providers

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**[worldflow](#) - Research/Software/
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[3B NEXUS Limited](#) - Marketing

[InvestingChannel](#) - Marketing/Sales

DIRECTOR SPOTLIGHT

MIKE MAYHEW: MAINTAINING THE RIGHT FOCUS

When Investorside held its most recent Members' Day on April 6 at the New York Athletic Club, the turnout was among the best ever for this event. According to Mike Mayhew, Integrity Research Chairman, Founder and Global Director of Research and Investorside director, generating that level of response in a tough market environment was extremely satisfying. "I had many attendees tell me that the conference was most useful in terms of the content and information provided to help them run their business," Mayhew reported.



"I think that means that Investorside is more relevant than ever."

Mayhew has been on the Investorside board of directors for many years during which his focus has been on ensuring the organization addresses the most important issues for independent research providers. That includes members and non-members alike.

Focusing on key issues

According to Mayhew, there was a point in time when Investorside was all about leveling the playing field with sell-side research. However, it soon became clear that the organization had to focus on other issues as well.

"One of the first issues Investorside took on during my time as a board member was soft money. We knew members were concerned," Mayhew said.

Investorside intensified its lobbying efforts in Washington, D.C. around the issue and assumed an educational role to help independent research providers understand and accommodate the SEC regulations around soft money.

More recently, the insider trading investigations are raising concerns among independent research providers. Investorside has held a series of conference calls for its members

to discuss the steps needed to comply with an evolving regulatory stance. Outside counsel and other experts also have been brought in to speak with members on the issue.

Continuing to evolve

Mayhew believes compliance will remain a key challenge over the near term. As a result, the focus at Investorside will be less on lobbying in Washington, D.C. and more on the day-to-day issues of operating an independent research firm in the existing regulatory and competitive environment. One example of that focus is Investorside's educational efforts with buy-side clients.

"Some asset managers are eliminating or limiting relationships with independent research providers out of fear since most providers are not regulated entities," Mayhew said.

Investorside is also developing relationships with vendors who can provide discounted services to members. These Affinity Providers are listed on the Investorside website under Member Resources.

"The board is constantly looking at what more can we do as an organization for independent research providers," Mayhew said.

MEMBER PROFILE

ARGUS RESEARCH HELPS CLIENTS STAY IN FRONT OF MARKET TRENDS

For nearly 70 years, Argus Research Company has provided products and services to help clients address market trends effectively and efficiently. The company listens to its clients and then acts quickly to meet their needs for timely and insightful information. In today's uncertain and volatile investing environment, the focus is on primary research sources, asset allocation, and cost-effective investment tools, according to John Eade, president and CEO.

“Consider asset allocation. We're improving this element of our offering by providing additional information on relative valuations and growth expectations of emerging markets versus developed, small caps versus large caps, sovereign debt versus Treasuries and commodities.”

Based in New York, Argus Research is an independent research firm that produces, distributes and markets high-quality investment and economic research. The firm issues buy, hold and sell recommendations on the 450 stocks in its universe of coverage that are based on a company's prospects as an investment in terms of value, expected growth and risks. Argus Research serves institutional investors, hedge funds, regional brokerage firms, bank trust companies, discount brokers and others.

The investment community today faces increased scrutiny and regulation as illustrated by



Daily Spotlight

Consumer Metrics Flatten a Bit

Retail sales and personal income continue to head higher, according to latest government data — but consumer confidence has slipped in the month. Many economists have lowered their forecasts for the consumer sector based on the spike in oil prices since the MidEast uprisings began in Egypt. But we expect this all-important segment of the economy to grow solid ...

high-profile insider trading cases currently in the news. In particular, regulators have focused on the use of expert networks. At the same time, hedge fund managers still want new forms of research and primary sources for investment decision-making.

Argus Research offers a Corporate Access service that makes corporate managers available to clients for interviews and discussions. The product has been around for four years and is transparent, with a published calendar.

“We are able to offer this service because of the relationships Argus analysts have with corporate management teams. Our analysts average eight years with Argus and 20 years on the Street, which gives them credibility with corporate management teams so they are willing to participate,” Eade explained.

Model Portfolios: saving cost and adding value

According to Eade, consolidation among regional brokers and banks is a trend many clients face. Driving the trend is the need to reduce costs and leverage infrastructure investments.

Argus Research offers to this market several tools that save money, among them model portfolios popular with bank trust companies.

“A number of bank trust companies outsource their investment portfolios to us. We model investment portfolios based on Modern Portfolio Theory and Argus research, and work on a variable cost basis based on basis points,” Eade said.

Argus has been running models for 10 years but in the last two years shifted to working on a variable cost basis. This pricing strategy enables Argus to participate on the upside if a portfolio does well and as clients bring in more assets. The appeal of model portfolios is not only reduced costs; they also appeal to clients seeking less of the “stock of the day” approach and more of a total portfolio solution, according to Eade.

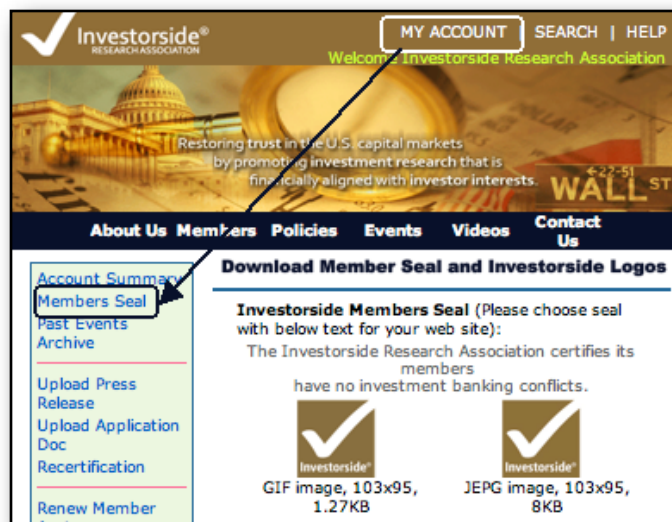
Expanding coverage

Argus Research typically supplies research reports to its discount broker clients, many of whom are just now seeing their volumes pick up as individual investors return to the equity markets. For these clients, the firm is expanding coverage, adding new companies into its universe of coverage to meet investor needs.

“We’ve cycled away from companies that we covered as part of the Global Settlement. We cover 450 companies now, with the S&P 200 at the core and 250 additional companies that we think can be in the next group of good growth stories,” Eade said.

Its coverage universe includes all major sectors, leading U.S. and international companies and accounts for more than 80 percent of U.S. stock market capitalization. The firm covers the balance of the S&P 1500 with its A6 Quant model, a proprietary algorithm based on the Argus Six-Point Research System.

More information on Argus Research, its products and research system is available online at www.argusresearch.com.



New Members

Caminus Capital Management, LLC

260 Madison Avenue, 8th Floor

New York, NY 10016

United States

212-961-0444

www.caminuscapital.com

Contact: [Joe Vencil](#)

Caminus Capital Partners, LLC is a small Independent Research Provider that uses a quantitative approach to investing driven primarily by Economic Value Added (EVA) analysis. Our research offers timely, actionable and dispassionate analysis that spans nearly the entire universe of investible equities. Using publicly disclosed financial data to analyze a firm's true economic value and the amount of wealth that it is creating or destroying, we rank our universe (Mkt Cap > 200ml) from best to worst based on the current level of a Company's performance as well as any ongoing changes to its relative performance, relative value and overriding risk factors. Our database is updated on a daily basis to reflect any ratings changes based on these factors.

JJK Research LLC

15 Rutland Road

Scarsdale, NY 10583

United States

914-393-4421

jjkr.com

Contact: [Janet Kloppenburg](#)

Independent research provider, performing fundamental research and focusing on the specialty retailing group.

Potomac Research Group

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United States

202-600-1750


www.potomacresearch.com

Contact: [Erin O'Connor](#)

Potomac Research Group is an independent research firm formed in early 2008 to provide Washington policy and market technical analysis to institutional investors. PRG's analysis of federal legislative activities and regulatory policies helps investors determine Washington's impact on industry sectors. PRG's market technical analysis helps portfolio managers focus on the changing dynamics within industries and sectors over the long term.

Press Release Nirvana

Have you sent a press release lately? Take advantage of our cost effective Mediahub distribution service to promote your business. For only \$100 you can send a press release to more than 1,300 media contacts in the US. If you send press releases via another service please remember to send PDF versions to us so we can post it on our website. For more information contact Lisa Russo at 561-578-7736.



The screenshot shows the Investorside Research Association website. At the top, there is a navigation bar with 'MY ACCOUNT | SEARCH | HELP' and a welcome message. Below this is a main banner with the text 'Restoring trust in the U.S. capital markets by promoting investment research that is financially aligned with investor interests.' and 'WALL ST'. A secondary navigation bar includes 'About Us', 'Members', 'Policies', 'Events', 'Videos', and 'Contact Us'. On the left, a menu lists 'Account Summary', 'Members See', 'Past Events', and 'Archive'. The 'Past Events' section features a list item: 'Dec. 1, 2010 - Conference Call: Recent events affecting our industry'. Below this, a 'Past Events' section is highlighted in orange, containing the text: 'Listen in to director meetings and watch videos from past events that feature presentations and panel discussions. Once signed in to "My Account" select the Past Events link in the left menu bar.'

The Investorside Research Association's mission is to increase investor and pensioner trust in the U.S. capital markets system through the promotion and use of investment research that is financially aligned with investor interests.

