

24 April 2015

ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

By email: Mavis.tan@asx.com.au

Dear Sir/Madam

Proposed Update to ASX Listing Rules Guidance Note 8

Thank you for the opportunity to make a submission on the proposed updates to ASX Listing Rules Guidance Note 8 (GN 8) outlined in the consultation paper released by the ASX on 6 March 2015.

Please find attached Telstra's submission with respect to the proposed changes to GN 8 regarding analyst and investor briefings, analyst forecasts, consensus estimates and earnings surprises.

If you have any queries or would like to discuss our submission further, please do not hesitate to contact me.

Yours sincerely



Damien Coleman
Company Secretary

Consultation Paper - Proposed changes to ASX Listing Rules Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B ('GN 8')

Submission by Telstra Corporation Limited

Telstra welcomes the opportunity to make a submission on the draft revised GN 8 regarding analyst and investor briefings, analyst forecasts, consensus estimates and earnings surprises. We support the intent of guidance which is directed towards maintaining an informed market through greater transparency and appropriate, non-selective, communication between listed entities and the market on consensus estimates.

Our submission is focused on a number of queries and suggestions for clarification as follows:

Correcting analyst forecasts and consensus estimates

Telstra supports the proposal to provide greater clarity on when an earnings surprise may require disclosure and the distinction in this regard between circumstances where market expectations may be measured by reference to an entity's published earnings guidance and where they are not.

We also broadly support the proposed rewrite of ASX guidance on when it may be appropriate to correct analyst forecasts and consensus estimates. However we consider it would be helpful for ASX to clarify the proposed application of the rewritten guidance on monitoring analyst forecasts and consensus estimates in cases where an entity has published current earnings guidance. We note that:

- footnote 198 of the marked-up draft GN 8 clearly states ASX does not expect an entity that has current published guidance to make an earnings surprise announcement merely because of a misalignment between internal and analyst forecasts; and
- the proposed new guidance on dealing with misalignments that relate to a significant proportion of analysts is prefaced in the third and fourth paragraphs of page 51 by discussion on the role of sell-side analyst consensus as an indicator of market expectations and the obligations outlined in section 7.3 (which suggests that analyst forecasts are the most appropriate base guide for market expectations only where an entity does not have published guidance).

Given this context, we think it may be useful for ASX to confirm the extent to which the proposed guidance on correcting analyst forecasts in the final paragraph on page 51, and first paragraph on page 52, is not intended to apply to entities that have published current earnings guidance.

Analyst and investor briefings

We recognise that it is important for entities to understand the risks of inadvertent disclosure of market sensitive information whenever a new analyst or investor briefing takes place. We are however concerned that the universal description of this risk in the final sentence of the third paragraph in section 7.6, albeit in the context of guidance on prudent practice, may potentially be interpreted as leaving entities without any discretion to determine if disclosure of briefing materials is necessary. This may result in some entities unnecessarily disclosing a large volume of repetitive and non-material information on the Market Announcement Platform (MAP), which may in turn make it more difficult for market participants to distinguish between material and non-material information on the MAP.

We suggest the proposed guidance be amended to clarify that disclosure of particular briefing materials remains a matter for the entity to determine, having regard to the risks of inadvertent selective disclosure. For example, an entity may choose to provide to ASX all briefing materials containing any different or up to date information, whether material or otherwise, to completely avoid this risk. Alternatively, if an entity is satisfied that particular materials do not include any new market sensitive information, an entity may decide not to release those materials on the MAP. We believe it is important for some level of discretion be retained and that these judgements are made by entities on a case by case basis.

Disclosure of parties to contracts

Telstra supports the proposal to include reference to the identity of relevant contracting parties in the list of matters that should be disclosed where a significant acquisition or disposal is announced. However we note in some cases reference merely to the name of the specific contracting parties may result in less meaningful information being provided to the market. For example, where a wholly owned subsidiary or project vehicle is the contracting party, the identity of the contracting party's controller or associates will often be the matter of material interest to the market.

Accordingly, we suggest the wording make it clear that there are circumstances where, in order to provide sufficient detail to enable investors to understand the ramifications and impact of the transaction, it may be appropriate for the parties to identify other persons having a material commercial interest. This may be achieved by noting that an entity might include information about the parties to the contract, or the parties with a material commercial interest in the transaction (including, where relevant, details of those persons and their relationship to the contracting parties).

Telstra Corporation Limited

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