



Commonwealth Bank  
of Australia

# Market Soundings and Investor Roadshows Guidelines Summary

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# Table of contents

Purpose	3
Conduct Market Soundings and Roadshows	3

# Purpose

This document sets out the summary framework that Commonwealth Bank of Australia's (CBA) Global Markets Group operates within when selecting investors for market soundings and investor roadshows. All final decisions rest with the Issuer. For clarification, this summary does not extend to CBA issues.

This is an external facing document which is a summary of CBA's internal *Global Markets and CTC Conducting Market Sounding Procedure*. CBA's internal procedure is to be read in conjunction with the Group Conflict Management Policies.

## Conduct Market Soundings and Roadshows

### 1. Definitions

Market Sounding, is the term given to discussions with potential investors, lenders, Public Area sales or trading personnel, which takes place prior to an public announcement of an actual or imminent transaction, to ascertain interest and/or preferences for a potential transaction that may involve the disclosure of Confidential Information and/or Inside Information.

### 2. Market Sounding vs Market Colour

Market Sounding is different to obtaining Market Colour.

The term Market Colour refers to general discussions with potential investors, lenders or other interested parties using information that does not amount to Inside Information or Confidential Information. Market Colour captures discussions that:

- Concern trends, conditions and developments in the market generally, or routine discussions to gauge the counterparty's level of interest in a potential transaction without any knowledge or confirmation as to an actual or imminent transaction; or
- Are so general that the other party cannot derive the issuer, borrower or counterparty being discussed.

### 3. Considerations prior to and when sounding investors or lenders

- a. *Approvals*: Prior to any Market Sounding, the Bank must be authorised by the issuer or borrower to undertake the sounding. This authorisation should confirm what information should be disclosed to the potential investor/s or lenders.
- b. *Number of institutions*: Market Soundings should only be conducted on a selective basis and limited to as few investors or lenders as possible. The aim is to reduce the risk of leakage and insider trading offences.
- c. *The decision to select investors for market soundings or roadshows should be justifiable and take the following factors into account: For example, an investor or lender may be chosen for one of the following reasons:*
  - i. Investor's participation in similar processes
  - ii. Regular past dealings by the investor with the issuer or borrower;

- iii. Likely interest in the contemplated transaction;
  - iv. Ability of the investor or lender to provide feedback on pricing parameters; or
  - v. Ability of the investor or lender to participate in the contemplated transaction.
  - vi. The views of the issuer
- d. *Appropriate role and seniority*: prior to sounding an institution, CBA will first contact an identified person with the appropriate role and seniority at the institution to confirm whether that person is prepared to be sounded. The sounding cannot proceed if the identified person at the institution does not agree to be sounded or that the institution will treat the information it will receive as Confidential or Inside Information.
- e. *Initiation of the Market Sounding process*: approaches to investors or lenders will firstly be made on a "no names" basis. "No names" basis approaches may include a reference to: an industry sector, country, listing venue, type of security and disclosure of other 'general information'. The objective is to provide potential investors or lenders with sufficient information to assess whether they want to participate in the sounding without providing them with Inside Information or other information that is not sanctioned or appropriate for further disclosure until the investor or lender has agreed to be sounded and/or wall crossed.
- f. *Named basis*: where the approach to an investor or lender requires identification of the issuer or borrower and/or likely disclosure of Inside Information.
- g. *Timing*: Market Soundings should only be undertaken as close as reasonably practicable to the proposed launch of the transaction. Soundings should take place outside times at which affected financial products may be traded on a financial market and in circumstances where the transaction is proposed to be launched before trading next commences.
- h. *Scripts*: the sounding must be conducted pursuant to an approved script.
- i. *Setting*: a Market Sounding in relation to Capital Markets products must be conducted as a formal conversation over a recorded telephone line in a space segregated from the Public Area or a bilateral chatroom.
- j. *Email confirmation*: after the conversation, CBA will send an email confirmation of market sounding arrangement to the relevant person within the sounded institution. The email may include the type of information disclosed (i.e. Inside Information) and basis on which the information was provided during the course of the sounding.

#### **4. Confidential Information – including additional requirements under the European Union (EU) Market Abuse Regulations (MAR)**

- a. EU nexus: A Market Sounding has an EU nexus if the transaction involves financial instruments that have been admitted to trading on an EU trading venue (Regulated Market, Multilateral Trading Facility or Organised Trading Facility) or for which a request for admission to trading has been made. Transactions that involve financial instruments that depend on or would have an influence on other financial instruments listed and trading on an EU trading venue.
- b. Where a Market Sounding has an EU nexus the Market Sounding procedure must be followed even if the information isn't Inside Information (i.e. where the information is still confidential).