

**AIRA WEBINAR**

# NZX Continuous Disclosure Guidance Update

**28 October 2020 | 11.00am – 12.00noon (NZT)**

# WELCOME



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NEW ZEALAND'S EXCHANGE

# Continuous Disclosure Guidance Note Update

28 October  
AIRA Briefing



# Overview



- Changes describe how Issuers should manage their continuous disclosure obligations when an Issuer experiences performance that differs from market expectations.
- Conscious of the COVID environment, and the increase in market volatility and wished to better align the NZX position with the ASX position.
- As we looked at the guidance more decided to enhance other areas, by:
  - clarifying the types of statements from an issuer that might amount to earnings' guidance;
  - clarifying that the nature of the deviation should also be considered;
  - including some bright-line thresholds by which the materiality of the extent of a deviation should be considered.
- Headline test remains whether the deviation is Material Information. To do that Issuers should consider:
  - nature of market expectations
  - nature of deviation
  - extent of deviation
  - how certain the deviation is.

# Nature of the changes



## Section 3.4: Issuing Earnings Guidance

- Types of statements that amount to earnings guidance

## Section 3.5: Correcting Market Expectations

### Assess Market Expectations

- Waterfall by which to assess expectations
- Recognises analysts are on the outside looking in

### Nature of Deviations

- Included non-exhaustive factors against which Issuers should consider whether the nature of the deviation is Material Information

### Extent of the Deviation

- Included brightlines to assess material deviation against own earnings guidance
- No brightlines in respect of deviations from market expectations informed by analyst coverage

# Nature of the changes



## Certainty of the Deviation

- Deviation needs to be sufficiently certain for a disclosure obligation to occur
- Can't slice and dice deviations, need to look at the cumulative effect

## **3.5.5 and 3.5.6 Engaging with analysts**

- Encourage engagement with analysts
- Ensure that you don't release material information to analysts without releasing it to the market first



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# Questions



# QUESTIONS



*Moderated by*

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