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AFFILIATE OFFICES
MUMBAI, INDIA

FCC/MELLON

DEC 04 2006

December 4, 2006

DATE STAMP & RETURN

VIA COURIER

Marlene H. Dortch, Secretary
Federal Communications Commission
International Bureau - Policy
P.O. Box 358115
Pittsburgh, PA 15251-5115

Re: Application of Reach Global Networks Limited for Transfer of Control of
Cable Landing License

Dear Ms. Dortch:

On behalf of Reach Global Networks Limited ("RGNL"), enclosed for filing are an original and six (6) copies of an application for Commission approval to transfer control of Telstra Holdings (Bermuda) No. 1 Limited ("Telstra Bermuda"), an entity with 50% negative ownership control of Reach Ltd., the parent company of RGNL, which may result from the sale and transfer of shares of Telstra Bermuda's ultimate parent company, Telstra Corporation limited. RGNL holds a cable landing license for the Japan-U.S. cable network (see File no. SCL-T/C/-20011220-00026).

Also enclosed is a completed Fee Remittance Form 159, and a check in the amount of \$965.00 payable to the Federal Communications Commission, to cover the application filing fee. Please date-stamp the enclosed extra copy of this filing and return it to me in the envelope provided.

KELLEY DRYE & WARREN LLP

Marlene H. Dortch, Secretary
December 4, 2006
Page Two

If you have any questions regarding this filing, please contact the undersigned.

Very truly yours,

Kelley Drye & Warren LLP

A handwritten signature in cursive script that reads "Randall W. Sifers".

Randall W. Sifers
Counsel to
Reach Global Networks Limited

Enclosure

DATE	DESCRIPTION	AMOUNT
12/4/06	Filing fee for the transfer of control application for the Reach Global Networks Limited cable landing license	\$965.00

FCC/MELLON

DEC 04 2006

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDINGFEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB

3060-0589

Page 1 o.

(1) LOCKBOX # 358115		SPECIAL USE ONLY	
		FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Kelley Drye & Warren LLP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$965.00	
(4) STREET ADDRESS LINE NO. 1 3050 K Street. NW			
(5) STREET ADDRESS LINE NO. 2 Suite 400			
(6) CITY Washington		(7) STATE DC	(8) ZIP CODE 20007-5108
(9) DAYTIME TELEPHONE NUMBER (include area code) 202 342-8601		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0003-7201-58		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Reach Global Networks Limited			
(14) STREET ADDRESS LINE NO. 1 % Kelley Drye & Warren LLP			
(15) STREET ADDRESS LINE NO. 2 3050 K Street. NW. Suite 400			
(16) CITY Washington		(17) STATE DC	(18) ZIP CODE 20007 -5108
(19) DAYTIME TELEPHONE NUMBER (include area code) 202 342-8601		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0015721913		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$965.00	(27A) TOTAL FEE \$965.00	FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2	
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, <u>Randall W. Sifers</u> , certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE <u>Randall W. Sifers</u>		DATE <u>12/04/2006</u>	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.			
SIGNATURE _____		DATE _____	

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Reach Global Networks Limited)	
<i>Licensee</i>)	
)	
Commonwealth of Australia)	File No. SCL-T/C-2006 _____
<i>Transferor</i>)	
)	
Telstra Corporation Limited)	
<i>Transferee</i>)	
)	
Application for Transfer of Control of)	
Cable Landing License)	

**APPLICATION FOR TRANSFER OF CONTROL OF
CABLE LANDING LICENSE – STREAMLINED PROCESSING REQUESTED**

Reach Global Networks Ltd. (“RGNL”) (FRN: 0015721913), through its undersigned counsel and pursuant to an Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39 (1994), Executive Order No. 10530, Exec. Ord. No. 10530 *reprinted as amended in* 3 U.S.C. § 301, and Section 1.767 of the Rules of the Federal Communications Commission (“Commission”), 47 C.F.R. § 1.767, hereby requests approval¹ to consummate the transfer of control of Telstra Holdings (Bermuda) No. 1 Limited (“Telstra Bermuda”), an entity with 50% negative ownership control of Reach Ltd. (“Reach”), the parent company of RGNL, which may result from the sale and transfer of shares of Telstra Bermuda’s

¹ Pursuant to Section 7.2 of the Agreement by and between Reach Ltd., Telstra Corporation Limited, and Pacific Century CyberWorks Limited, on the one hand, and the Federal Bureau of Investigation and the U.S. Department of Justice, on the other, effective November 29, 2001, Telstra and Reach hereby request that the Commission condition the grant of such approval on compliance with the terms of such Agreement.

ultimate parent company, Australian-based global carrier Telstra Corporation Limited (ABN 33 051 775 556) ("Telstra"), as described below.² RGNL holds a cable landing license for the Japan-U.S. cable network.³

As described more fully below, pursuant to a global offering, the Commonwealth of Australia (the "Commonwealth") has sold to retail and institutional investors in Australia and New Zealand, qualified institutional buyers in the United States and institutional investors in the rest of the world shares representing approximately 30% of Telstra's issued shares, or approximately 34% if the lead managers exercise their overallotment option on or before December 18, 2006, as expected (although there is no obligation upon the lead managers to exercise that option) (the "Offer").⁴ Upon closing of the Offer, the Commonwealth's holdings in Telstra decreased from 51.8% to approximately 22%, or approximately 17% if the overallotment

² A separate application to transfer control of Reach as the holder of an international Section 214 authorization is being filed simultaneously with the submission of this Application.

³ See File No. SCL-T/C-20011220-00026 (granted 1/25/2003) (non-streamlined application to transfer ownership interest in Japan-U.S. Cable Network from Level 3 Communications, Inc. to Reach Global Networks Limited).

⁴ Pursuant to the terms of the Offer, Telstra shares are payable in two instalments. Upon payment of the first instalment, a purchaser will direct the transfer of their Telstra shares to be held on trust until the final instalment is paid, will receive an instalment receipt for each Telstra share purchased and will be regarded as the beneficial owner of such Telstra share. Subject to a security interest in favor of the Commonwealth securing the obligation of the purchaser to pay the final instalment, the Telstra shares will be held in trust for the benefit of the instalment receipt holders. Separate and individual trusts will be created for each Telstra share transferred in the Offer.

While each of the trusts will have the same trustee, no single beneficial owner or individual trust will hold 10% or more of the shares in Telstra. Each separate and individual trust will be kept distinct from each of the other trusts and there will be no pooling of any of the interests in shares held on trust. Upon payment of the final instalment in respect of a Telstra share transferred in the Offer, the trust will be dissolved and legal and beneficial ownership will reside with the purchaser. The final instalment must be paid no later than May 29, 2008.

option is exercised, with the Commonwealth maintaining *de facto* control over Telstra, pursuant to certain provisions in the Telstra Corporation Act 1991, as amended (the “Telstra Act”).⁵

As soon as practicable and, in any event, no later than February 24, 2007 (subject to obtaining necessary regulatory approvals), the Commonwealth intends to transfer to the Future Fund Board of Guardians (the “Future Fund Board”) all of its Telstra shares not transferred in the Offer. The Future Fund is a Commonwealth investment fund set up to strengthen the Commonwealth’s long-term finances by providing for its unfunded superannuation liabilities. The Future Fund Board holds the Future Fund’s assets for and on behalf of the Commonwealth. Upon closing of the share transfer, assuming exercise of the overallotment option, the Future Fund Board will hold an ownership interest in Telstra of approximately 17% for a mandatory two-year period from the date the instalment receipts representing Telstra shares transferred in the Offer are first listed on the Australian Stock Exchange, subject to limited exceptions. Post-close, the Future Fund Board will have rights and obligations like any other Telstra shareholder, and thus will not have *de facto* control of Telstra. However, as described below, the Future Fund Board will be required to hold the transferred Telstra shares for the two year escrow period.

This transaction will not involve a transfer of operating authority, assets or customers. Immediately following the consummation of the aforementioned transaction, RGNL will continue to operate its cable assets consistent with its existing submarine cable landing license granted by the Commission. Attached hereto as *Exhibit A* are organization charts that

⁵ The Telstra Act is the Australian law that governs the formation and management of Telstra. In September 2005, the Commonwealth amended the Telstra Act by passing the Telstra (Transition to Full Private Ownership) Act 2005 to enable the Commonwealth to undertake a sale of all or part of its stake in Telstra. Certain provisions of the Telstra Act providing the Commonwealth with oversight authority over Telstra will cease to apply when the Commonwealth’s shareholding falls to 15% or less following the proposed transfer of shares not transferred in the Offer to the Future Fund Board.

illustrate the current corporate structure of the parties to the transaction and the structure that will exist following consummation of the proposed transaction.

RGNL respectfully requests streamlined, expedited processing of this Application pursuant to Sections 1.767(j) and (k)(2) of the Commission's Rules, 47 C.F.R. §§ 1.767 (j) and (k)(2). This Application is eligible for streamlined processing pursuant to the Commission's Rules because following consummation of the transaction described herein, neither Telstra, RGNL, nor any affiliated entity will be a foreign carrier with market power in Japan, or affiliated with a foreign carrier with market power in Japan. Japan is the destination market served by the cable that is the subject of this Application.

I. THE PARTIES TO THE TRANSACTION

A. RGNL and Telstra

RGNL is the owner of various cable and network assets in international waters and is a wholly-owned subsidiary of Reach. Reach, a joint venture between Telstra Bermuda and PCCW Limited ("PCCW"), is an international carrier of combined voice, private line, and IP data services, serving markets in Asia and around the world, and focusing primarily on the provision of services at the wholesale level. Reach holds an international Section 214 authorization to provide international global facilities-based and global resale services between the United States and all international points except Kiribati.⁶

Telstra is an Australian public corporation headquartered at 242 Exhibition Street, Melbourne, Victoria 3000, Australia. Telstra is Australia's leading telecommunications and information services company. Telstra offers a full range of integrated telecommunications services and competes in all telecommunications markets throughout Australia, providing service

⁶ See *International Authorizations Granted, Public Notice*, DA 01-2833 (released Dec. 6, 2001) ("*Reach 214*"); FCC File No. ITC-214-20001228-00771.

to more than 9.9 million Australian fixed lines and more than 8.4 million wireless cellular telephony subscribers. Telstra's primary activities include the provision of basic access services to most homes and businesses in Australia; local, long distance and international service to and from Australia; wireless cellular telecommunications services; broadband access and content; a comprehensive range of data and Internet services; management of business customers' IT and telecommunications services; wholesale services to other carriers and ISPs; and cable television distribution services.

Prior to the Offer, the Commonwealth held a majority (51.8%) of the shares in Telstra, and thus, an indirect negative controlling interest in RGNL. No other entity held 10% or more of the shares in Telstra.

B. The Future Fund

The Future Fund is a Commonwealth investment fund that was established under the Future Fund Act 2006 to strengthen the Commonwealth's long-term finances by providing for its unfunded superannuation liabilities. The Future Fund Board is a separate legal entity from the Commonwealth, is responsible for investment decisions of the Future Fund, and holds the Future Fund's assets for and on behalf of the Commonwealth. The Future Fund Board must seek to maximize returns on investments in the Future Fund, subject to complying with the Future Fund Board's obligations under the Future Fund Act 2006 and any direction from the Commonwealth itself. All members of the Future Fund Board are held to similar standards of care and duties as those of company directors under Australian law. The Future Fund Act 2006 allows the Commonwealth to transfer Commonwealth-owned assets, such as the Commonwealth's interest in Telstra, to the Future Fund Board.

II. DESCRIPTION OF THE TRANSACTION

A. The Commonwealth's interests in Telstra

Prior to the Offer, the Commonwealth was Telstra's majority shareholder with a 51.8% ownership interest. As a result of the Commonwealth's shareholding (both prior to the Offer and following the Offer but prior to the transfer of shares not transferred in the Offer to the Future Fund) and certain provisions of the Telstra Act, Telstra owes certain obligations to the Commonwealth that it does not owe to other shareholders and the Commonwealth has certain rights vis-à-vis Telstra that are not held by other shareholders. Among other things, Telstra is required to provide the Commonwealth with certain information that it would not generally be required to disclose to other shareholders. The Telstra Act also requires Telstra to keep the Communications Minister and the Finance Minister generally informed about Telstra's operations and to give them information about Telstra's operations as they require. The Communications Minister has the power under Section 9 of the Telstra Act to give Telstra written directions as appear to the Communications Minister to be necessary in the public interest. Telstra also is required to notify the Finance Minister if Telstra intends to issue securities or financial products or otherwise engage in conduct that is likely to result in a dilution of the Commonwealth's equity in Telstra. The Finance Minister may direct Telstra not to engage in such conduct.

B. The Offer

Pursuant to the terms of the Offer, the Commonwealth has sold to retail and institutional investors in Australia and New Zealand, qualified institutional buyers in the United States and institutional investors in the rest of the world, shares representing approximately 30% of Telstra's issued shares, or approximately 34% if the overallotment option is exercised. Upon completion of the Offer on November 24, 2006, the Commonwealth's holdings in Telstra decreased from 51.8% to approximately 22%, or approximately 17% if the lead managers

exercise their overallotment option on or before December 18, 2006, as expected (although there is no obligation upon the lead managers to exercise that option).⁷ While the Commonwealth has lost *de jure* control, it maintains *de facto* control over Telstra, as the unique rights and obligations discussed above remain in place. Such change in control constitutes a *pro forma* transfer under Section 1.767(g)(7) of the Commission's Rules. However, because RGNL's cable landing license has not been modified to exempt *pro forma* transfers of control from the prior approval requirement in Section 1.767(g)(6) of the Commission's Rules,⁸ RGNL respectfully requests that the Commission approve *nunc pro tunc* this *pro forma* transfer of control.⁹

⁷ The actual percentage of Telstra shares held by the Commonwealth after completion of the Offer may vary depending upon the exercise of certain share allocation options by the lead managers, but will not exceed 22%.

⁸ See *Review of Commission Consideration of Applications Under the Cable Landing License Act*, Report and Order, 16 FCC Rcd. 22167 (2001) at ¶ 63.

⁹ RGNL submits that it is unclear whether the closing of the Offer on November 24, 2006, which resulted in an insubstantial transfer of control (*i.e.*, a *pro forma* transfer) from the Commonwealth (*de jure* control) to the Commonwealth (*de facto* control), was subject to the condition in the Japan-US cable landing license regarding Commission prior approval of the transfer, assignment or disposition of the license to "any persons". Since the Commonwealth controlled Telstra prior to the Offer closing and continues to control Telstra post closing (and thus, has always retained negative control of RGNL as well), RGNL believes that the *pro forma* transfer did not implicate the condition to the license. Nevertheless, out of an abundance of caution, RGNL respectfully requests that the Commission grant approval *nunc pro tunc*, to the extent it may be required, of this *pro forma* transfer of control. RGNL's failure to raise this issue previously with the Commission was due to an inadvertent oversight. RGNL did not confirm until the day before the consummation of the closing of the Offer that its cable landing license had not been modified to remove the condition or conform it to the current rules applicable to *pro forma* transfers of control. See *Review of Commission Consideration of Applications under the Cable Landing License Act*, 16 FCC Rcd. 22167 ¶¶ 62-63 (2001) (inviting existing licensees to seek deletion of their cable landing license conditions and adopting Section 1.767(g)(7) which permits *pro forma* transfers of control without prior Commission approval). Given the identity of the transferor and transferee in the instant case, RGNL submits that the *pro forma* transfer of control resulting from the Offer raises no public interest issue. RGNL notes that grant of the requested approval *nunc pro tunc* is consistent with the Commission's action in similar cases. See, e.g., Application of Williams Communications, LLC in File No. SCL-T/C-20020926-00080, DA 02-3248, Nov. 25, 2002 (approval of *pro forma* transfer of control of entity holding cable landing

C. Transfer of shares to the Future Fund Board

The Commonwealth will transfer its interest in Telstra of approximately 22%, or approximately 17% if the overallotment option is exercised, including any residual shares from the Offer, to the Future Fund Board. The transfer to the Future Fund Board will occur in at least two stages, with the intention that the transfer of the bulk of the shares to be transferred to the Future Fund Board will take place no later than February 24, 2007. Thus, after this transfer, the Future Fund Board will hold an ownership interest in Telstra of approximately 22%, or approximately 17% if the overallotment option is exercised. It is not anticipated that there will be any entity other than the Future Fund Board that holds 10% or more of the shares in Telstra following the transfer of shares to the Future Fund Board.¹⁰

D. Impact of transfer of shares to the Future Fund Board on control of Telstra

Control by the Commonwealth. The Australian Government has stated an intention that the Future Fund Board will manage the Future Fund's Telstra shareholding at arm's length from the Government and, after an escrow period of two years from the date the instalment receipts representing Telstra shares transferred in the Offer are first listed on the

license *nunc pro tunc*); *Transfer of Control of International Exchange Networks, Ltd.*, 15 FCC Rcd. 24924 (2000) (approval of *pro forma* transfer of control of entity holding cable landing license *nunc pro tunc*); *Williams Communications, Inc.*, 15 FCC Rcd. 19610 (2000) (approval of *pro forma* transfer of control of entity holding cable landing license and *pro forma* assignment of cable landing license *nunc pro tunc*).

¹⁰ As noted previously, prior to payment of the final instalment, the Telstra shares transferred pursuant to the Offer will be held in separate and individual trusts for the benefit of the beneficial owners. While each of the trusts will have the same trustee, no single beneficial owner or individual trust will hold 10% or more of the shares in Telstra.

Australian Stock Exchange (subject to limited exceptions),¹¹ will be required to sell down the shares over time and reinvest the proceeds. In accordance with this policy, the Australian Government has stated that it does not intend to issue directions specific to Telstra shares held by the Future Fund Board, other than the escrow direction and changes to the general investment mandate issued by the Commonwealth. However, a future Government may take a different approach. The Telstra shares transferred to the Future Fund Board following completion of the Offer will not be considered to be owned by the Commonwealth for certain purposes under Australian legislation.

Certain provisions in the Telstra Act and other Commonwealth legislation will cease to have effect or apply to Telstra once the Commonwealth transfers its shares in Telstra to the Future Fund Board. The main consequences of this transfer are:

- Telstra will no longer be subject to certain obligations to provide financial and other information to the Commonwealth;
- Telstra will no longer be subject to the Communications Minister's power to direct Telstra as appears to the Communications Minister to be necessary, in the public interest; and

¹¹ The Future Fund Board must hold the Telstra shares for the two-year escrow period except:

- in order to satisfy demand from eligible Telstra shareholders under a Telstra initiated dividend reinvestment plan (if any);
- as part of a Telstra capital management initiative (if any), such as a buy-back or capital reduction; or
- to a single investor, provided that:
 - the disposal involves more than 3% of Telstra's issued ordinary shares at the time of the disposal;
 - the disposal does not take place until at least six months after the date instalment receipts representing Telstra shares transferred in the Offer are first listed on the Australian Stock Exchange;
 - the investor provides an acceptable undertaking for at least the balance of the escrow period;
 - the price per share is no less than the institutional offer price; and
 - Telstra is advised prior to such disposal.

- Telstra will no longer be subject to the Finance Minister's power to direct Telstra not to dilute the Commonwealth's equity in Telstra or to issue securities or financial products.

Thus, once the Commonwealth transfers its shares to the Future Fund Board, the Commonwealth will no longer have such special statutory powers vis-à-vis Telstra.

Control by the Future Fund Board. While the Future Fund Board will be the largest individual shareholder of Telstra with a stake of approximately 22%, or approximately 17% assuming exercise of the overallotment option, the Future Fund Board will not have *de facto* control of Telstra. In examining whether a minority shareholder has *de facto* control of a licensee, "[a]lthough the percentage of voting stock held by a minority shareholder is relevant, the FCC also has considered as important factors the right to elect members of the company's board of directors, to determine the manner of operation, to make strategic decisions, and to control personnel and financing decisions."¹²

The Future Fund Board will not have the ability to dominate Telstra's affairs. None of the special statutory rights possessed by the Commonwealth with respect to the control of Telstra will be conveyed to the Future Fund Board. No special voting rights will be associated with the Future Fund's Telstra shares. The Future Fund Board will not have the power on its own to designate any of the directors or officers of Telstra, or otherwise to dominate the Board of Directors, control the operations of the company, or control hiring or finances. Assuming the overallotment option is exercised, more than 80% of Telstra shares will be publicly traded shares

¹² *GTE Corp.*, 155 FCC Rcd. 14032, 14076 (2000); *see also McCaw Cellular Communications, Inc.*, 4 FCC Rcd. 3784, at ¶ 34 (1989) ("A minority shareholder will not be viewed as in control of a company unless its influence is so great that it is able to determine the licensee's policies and method of operation or dominate corporate affairs."); *William S. Paley*, 1 FCC Rcd. at 1025, 1025-26 (1986).

held by a variety of investors, none of whom is expected to hold more than 10% of the outstanding shares.

Moreover, as the manager of an investment fund charged with “maximizing the return earned on the Fund over the long term, consistent with international best practice for institutional investment,” Future Fund Act 2006, § 18, the Future Fund Board can be expected to act as a normal institutional investor, and not to seek to influence the day-to-day operations of Telstra. As discussed above, after the required two-year holding period, the Future Fund Board will be seeking to sell down its stake in Telstra in order to maximize returns from its holdings. Thus, far from exerting *de facto* control of Telstra, the Future Fund Board will be just one of many financial investors in Telstra, none of which will individually possess the necessary voting power to control the company.

III. PUBLIC INTEREST STATEMENT

The proposed transaction will serve the public interest. The Commonwealth of Australia has exercised its sovereign authority to determine that its continued participation as the controlling investor in Telstra is no longer consistent with its objectives. The public offering of the Commonwealth’s shares enables RGNL to continue to operate its cable assets, to the ultimate benefit of U.S. consumers.

As designed, the proposed transaction will be completely transparent to all consumers. Post-close, RGNL will continue to operate under the same name and operating authorities as at present. The transaction entails no immediate change to RGNL’s operation of its cable assets; any future change will be made in accordance with all applicable Commission requirements. RGNL will continue to have the same management in place overseeing its day-to-day operations and continue to be backed by the same financial qualifications. The only change will be in the ownership of the ultimate parent company of one of the entities that jointly own

RGNL's parent company, Reach. The proposed transaction will not have a negative impact on competition because no competitors will be eliminated as a result of the transaction.

Further, it bears emphasis that the Commonwealth's decision to reduce its ownership interest in Telstra is consistent with U.S. Government policy. Indeed, the U.S. Government sought and received from the Australian government an express statement of its commitment to the sell-down of Telstra in a side-letter to the Free Trade Agreement that was negotiated between the two countries.¹³ Moreover, earlier this year, the Office of the United States Trade Representative stated in its Annual Report to Congress under Section 1377 of the Omnibus Trade and Competitiveness Act of 1998 that the United States "strongly supports" the legislation in Australia authorizing the Commonwealth to sell all or part of its remaining stake in Telstra.¹⁴ That statement reflects the consistent position of the U.S. Government for many years that liberalization in the telecommunications sector is promoted by actions designed to promote private sector rather than public sector ownership of incumbent carriers. Hence, the Commission's expeditious grant of this Application would promote the U.S. public interest as articulated by the relevant U.S. Government agencies.

¹³ See Letter dated May 18, 2004, from Australian Minister for Trade, Mark Vaile to USTR, Robert Zoellick, *available at*: www.ustr.gov/assets/Trade_Agreements/Bilateral/Australia_FTA/Final_Text/asset_upload_file688_3904.pdf

¹⁴ See United States Trade Representative, *Results of the 2006 Section 1377 Review of Telecommunications Trade Agreements* at 9, *available at*: www.ustr.gov/assets/Trade_Sectors/Telecom-E-commerce/Section_1377/asset_upload_file43_9276.pdf.

IV. INFORMATION REQUIRED BY SECTION 1.767 OF THE COMMISSION'S RULES

In support of this Application, RGNL submits the following information pursuant to Section 1.767 of the Commission's Rules, 47 C.F.R. § 1.767:

(a)(1) Name, address and telephone number of the parties to the transaction:

Licensee: Reach Global Networks Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda
Telephone: +1 441 278 7960

Transferor: Commonwealth of Australia
Department of Finance and Administration
John Gorton Building
King Edward Terrace
Parkes, ACT 2600
Australia
Telephone: 011 61 2 6215 2222

Transferee: Telstra Corporation Limited (ABN 33 051 775 556)
Level 41
242 Exhibition Street
Melbourne VIC 3000
Australia
Telephone: 011 61 2 9396 1193

(a)(2) Place of Formation:

RGNL is a corporation organized under the laws of Bermuda. Telstra is a corporation organized under the laws of Australia. The Commonwealth of Australia is a sovereign nation, established in 1901, that operates as a federal parliamentary democracy.

(a)(3) Correspondence concerning this Application should be sent to:

For Reach Global Networks Ltd. c/o Reach Ltd.	For the Commonwealth	For Telstra
Nick Tomlinson General Counsel and Director of Corporate Development Reach Ltd., 20 th Floor Telecom House 3 Gloucester Road Wan Chai Hong Kong Tel.: 011 852 2983 3665 With copies to: Robert J. Aamoth Joan M. Griffin Randall Sifers Kelley Drye & Warren LLP 3050 K Street, N.W. Suite 400 Washington, DC 20007 Tel: (202) 342-8620 Fax: (202) 342-8451 raamoth@kelleydrye.com Counsel to Reach	Richard A. Hindman Skadden, Arps, Slate, Meagher & Flom LLP 1440 New York Avenue, NW Washington, D.C. 20005- 2111 Tel: (202) 371-7552 Fax: (202) 393-5760 rhindman@skadden.com Counsel to the Commonwealth	Amy Rosen General Counsel Telstra Incorporated 40 Wall Street 40th Floor New York, New York 10005 Tel: (212) 863-2811 With copies to: Robert J. Aamoth Joan M. Griffin Randall W. Sifers Kelley Drye & Warren LLP 3050 K Street, N.W. Suite 400 Washington, DC 20007 Tel: (202) 342-8620 Fax: (202) 342-8451 raamoth@kelleydrye.com Counsel to Telstra

(4)-(7) Not Applicable.

(8) Certification and Ownership Information Required by Sections 63.18(h)-(k) and (o) of the Commission's Rules, 47 C.F.R. §§ 63.18(h)-(k), (o):

Section 63.18(h) – Transferee Information:

Following consummation of the transaction described in this Application, the Future Fund Board will hold for a mandatory two-year period an ownership interest in Telstra of approximately 22%, or approximately 17% if the overallotment option is exercised. The Future Fund is a Commonwealth investment fund organized under the laws of Australia. The Future Fund Board manages and administers the Future Fund. The Future Fund Board is a separate legal entity from the Commonwealth, is responsible for investment decisions of the Future Fund, and holds the Future Fund's assets for and on behalf of the Commonwealth. The principal business of the Future Fund and the Future Fund Board is to acquire and grow financial assets in

order to offset the Commonwealth's unfunded superannuation liability. The address of the Future Fund and the Future Fund Board is Locked Bag 20010, Melbourne Victoria 3001, Australia. Post-close, it is not expected that any entity other than the Future Fund Board will hold 10% or more of Telstra's equity.

Telstra will not have any interlocking directors with a foreign carrier post-close.

63.18(i) -- Certification Regarding Foreign Carrier Status and Foreign Affiliation:

As evidenced by the signature of its authorized representative to this Application, Telstra certifies that it is a carrier in Australia and is affiliated through its ownership interest in Telstra with foreign carriers in Australia, Bangladesh, Hong Kong, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, and the United Kingdom.

63.18(j) -- Certification Regarding Destination Markets:

Not applicable; Telstra does not seek to provide international telecommunications services in the U.S.

63.18(k) -- Demonstration Regarding WTO Status, Market Power, and the Effective Competitive Opportunities Test:

Not applicable; Telstra does not seek to provide international telecommunications services in the U.S.

63.18(o) -- Certification Regarding the Anti-Drug Abuse Act of 1988:

As evidenced by the signature of its authorized representative to this Application, Telstra certifies, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules, that it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

(9) Certification of Compliance:

As evidenced by the signature of its authorized representative to this Application, Telstra certifies that it accepts and will abide by the routine conditions set forth in Section 1.767(g) of the Commission's Rules, 47 C.F.R. § 1.767(g).

(10) Additional information:

Not applicable.

(11) Information Required of Transfer of Control Applicants

RGNL's ownership percentage and voting interest in the Japan-U.S. Cable Network are each 13.849206 percent. There will be no changes to RGNL's financial or managerial qualifications as a result of the proposed transaction.

V. REQUESTS FOR STREAMLINED PROCESSING

RGNL requests streamlined processing of this Application pursuant to Section 1.767(j) and (k)(2) of the Commission's Rules, 47 C.F.R. §§ 1.767(j) and (k)(2). Telstra and RGNL are affiliated with three (3) foreign carriers – Reach Services K.K., Reach Networks K.K., Telstra Japan (Retail) K.K. – in Japan, the destination market served by the cable that is the subject of this Application. Nonetheless, by the signature of its authorized representative to this Application, RGNL certifies that this Application is eligible for streamlined processing because the subject foreign carrier affiliates each lack a 50 percent market share in the international transport and local access markets in Japan and thus lack market power in the destination market.

VI. CONCLUSION

Based on the foregoing, RGNL respectfully submits that the public interest, convenience, and necessity would be furthered by the grant of this Application.

Respectfully submitted,

Reach Global Networks Limited



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Dated: December 4, 2006

VI. CONCLUSION

Based on the foregoing, RGNL respectfully submits that the public interest, convenience, and necessity would be furthered by the grant of this Application.

Respectfully submitted,

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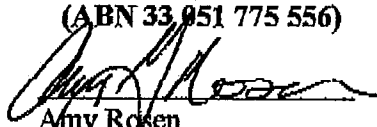
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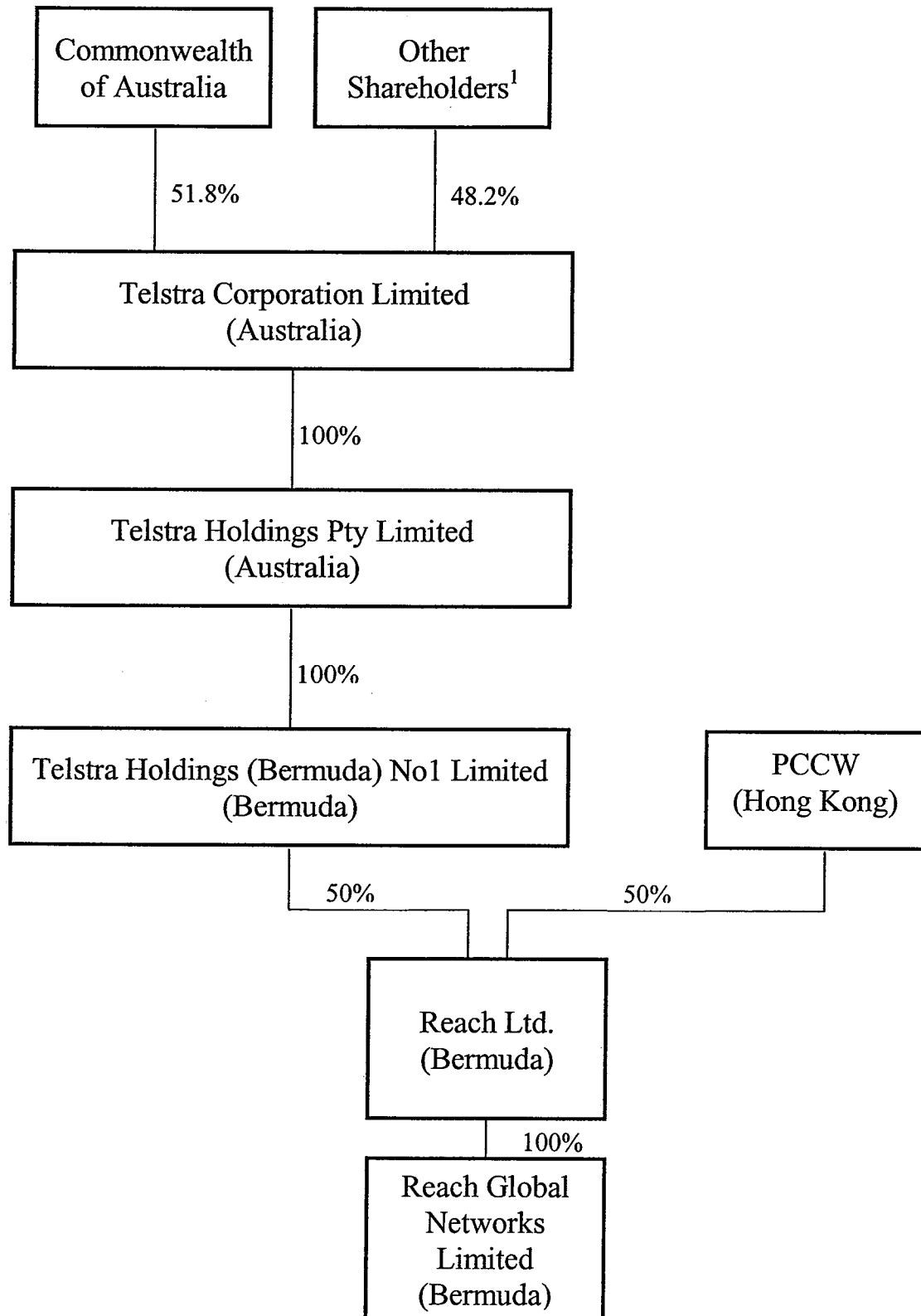
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Dated: ^{Dec} November 2, 2006

EXHIBIT A

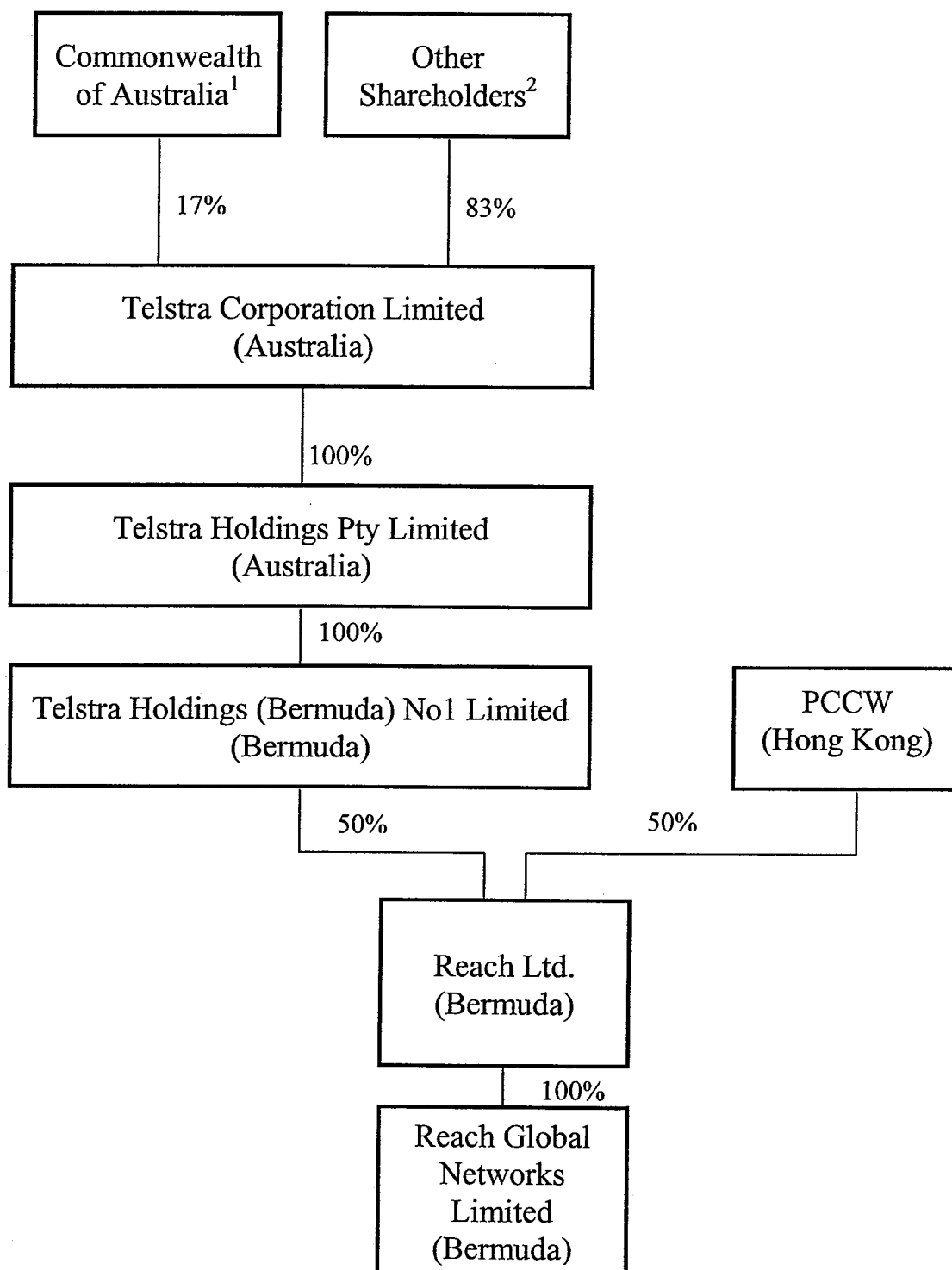
Pre-Transaction Ownership Structure



1. No entity other than the Commonwealth of Australia held 10% or more of the equity of Telstra Corporation Limited.

Post-Offer Ownership Structure

(on November 24, 2006)

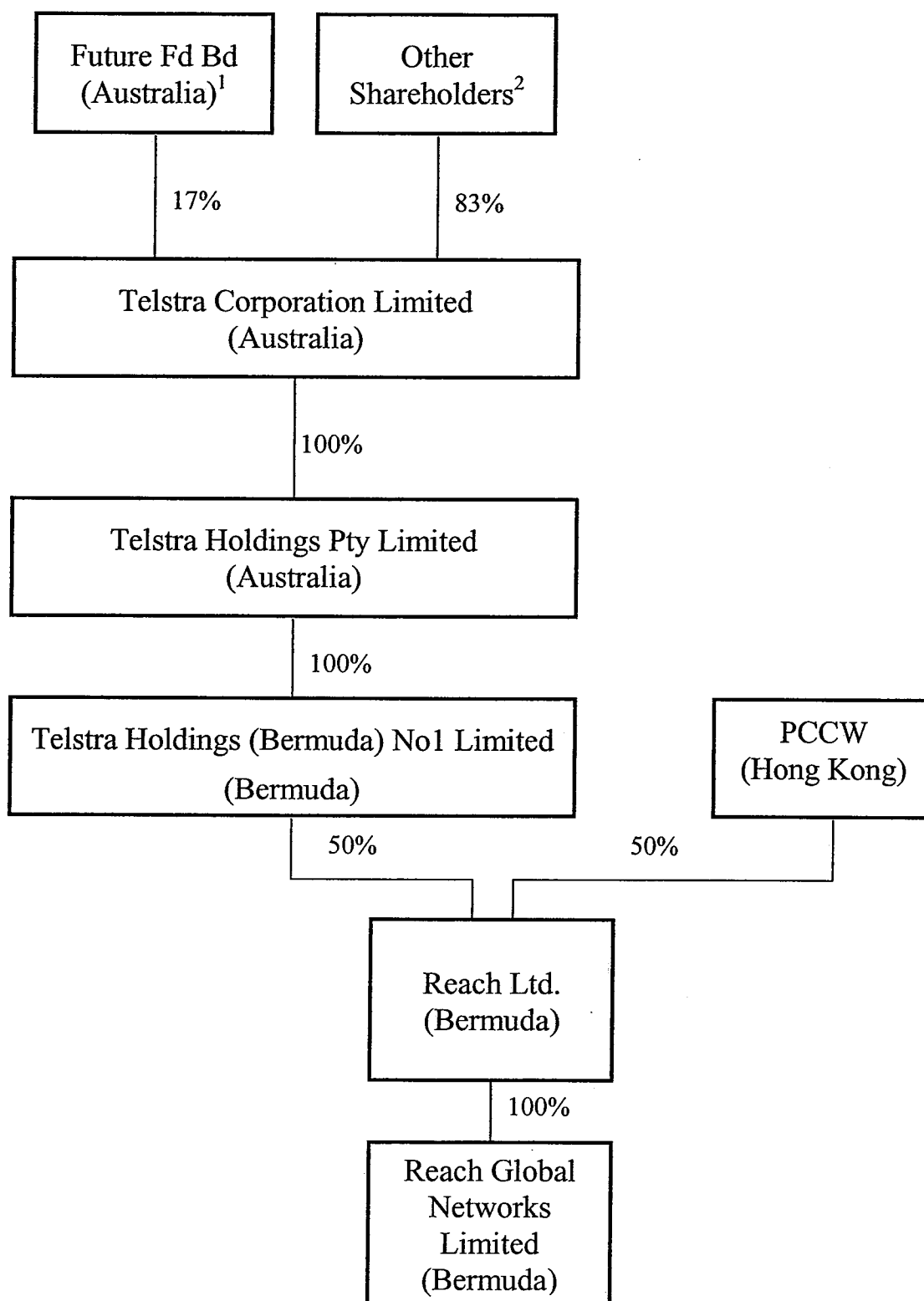


1. The percentages shown for the Commonwealth and other shareholders are approximate and assume exercise of the over-allotment option. The actual percentage of Telstra shares held by the Commonwealth after completion of the Offer may vary depending upon whether the lead managers exercise the over-allotment option, but will not exceed 22%.

2. No entity other than the Commonwealth of Australia is expected to hold 10% or more of the equity of Telstra Corporation Limited.

Post-Transfer Ownership Structure

(no later than February 24, 2007)



1. The percentages shown for the Future Fund Board and other shareholders are approximate and assume exercise of the overallotment option. The actual percentage of Telstra shares held by the Future Fund Board after completion of the Offer may vary depending upon whether the lead managers exercise the overallotment option, but will not exceed 22%.

2. No entity other than the Future Fund Board is expected to hold 10% or more of the shares in Telstra Corporation Limited following the transfer of shares to the Future Fund Board.

CERTIFICATION

I hereby certify that (a) the transfer of control of Telstra Holdings (Bermuda) No. 1 Limited, an entity with negative control of Reach Ltd., the parent company of Reach Global Networks Ltd., that will result from the share transfer as described in the instant application will not be transferred until the consent of the Federal Communications Commission has been given; and (b) all statements made in this application, exhibits and attachments that are a part of this application, as they pertain to the Commonwealth, as transferor, are true, complete, correct, and made in good faith.

The Commonwealth of Australia

By: 

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Date: ^{Dec} ~~Nov~~ember 4, 2006