

# Stronger foundations for resilience and growth

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Managing Director and CEO

Stockbrokers and Financial Advisers Conference  
23 May 2018

# Agenda



**Stronger  
foundations**  
for resilience  
and growth



**Contemporary  
technology**  
to drive efficiency  
and innovation



**A new  
generation**  
of products  
and services



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# Focus on core operations and future growth

	Listings	Trade execution	Post-trade		
Core customer value proposition	<ul style="list-style-type: none"> <li>Access to capital</li> <li>Listings integrity</li> <li>Trusted brand</li> <li>Investor choice</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity</li> <li>Risk management</li> <li>Market integrity</li> <li>Efficient and timely access</li> </ul>	<ul style="list-style-type: none"> <li>Capital efficiency</li> <li>Risk reduction</li> <li>Operational efficiency</li> <li>Settlement certainty</li> </ul>		
Macro growth drivers	<ul style="list-style-type: none"> <li>Expanding savings system</li> <li>Product diversification</li> <li>Growing capital needs</li> </ul>	<ul style="list-style-type: none"> <li>Globalisation of markets</li> <li>Automation of OTC markets</li> <li>24 hour trading</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory developments</li> <li>Operational efficiency</li> <li>Capital efficiency</li> </ul>		
<b>ASX initiatives</b>  New products and services	<ul style="list-style-type: none"> <li>Listings franchise expansion</li> <li>ETF/ETP listings</li> <li>mFund growth</li> <li>LIC/LIT listings</li> </ul>	<ul style="list-style-type: none"> <li>Growing customer ecosystem</li> <li>ASX Benchmarks (BBSW)</li> <li>Centre Point innovation</li> <li>ALC/ASX Net solutions</li> </ul>	<ul style="list-style-type: none"> <li>Distributed ledger technology</li> <li>OTC Clearing</li> <li>Margin efficiency</li> <li>ASX Collateral</li> </ul>		
 Licence to operate	<ul style="list-style-type: none"> <li>Market Announcement</li> <li>Platforms upgrade</li> <li>Secondary data centre</li> </ul>	<ul style="list-style-type: none"> <li>Business monitoring tools and processes</li> <li>ASX Net upgrade</li> </ul>	<ul style="list-style-type: none"> <li>Listings compliance enhancements</li> <li>Digital refresh</li> </ul>	<ul style="list-style-type: none"> <li>Operational infrastructure</li> <li>CHESS replacement</li> </ul>	<ul style="list-style-type: none"> <li>Customer service improvements</li> <li>Investor education</li> </ul>

# Contemporising technology platforms

To support the next 20 years of growth



Richer, more  
timely data sets



Better operational  
functionality & resilience



Improved  
analytics



New futures platform

Operational infrastructure

Secondary data centre

ASX Net upgrade

Digital refresh

BBSW robustness

CHES replacement



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# Extensive evaluation to inform DA and DLT decision

Enterprise-grade software developed to test for functional and non-functional aspects

2016

2017

2018

2019

2020

2021



**Technology partner  
and software evaluation**

DLT companies assessed } Build prototype and software } Testing and review

**Dec 2017**

Decision to use DA and DLT

# Stakeholder input drives CHES replacement planning

Currently consulting on Day 1 functionality, timing and implementation

2016

2017

2018

2019

2020

2021



## Technology partner and software evaluation

DLT companies assessed } Build prototype and software } Testing and review

**Dec 2017**

Decision to use DA and DLT



## Stakeholder consultation and Day 1 functionality

Initial consultation } DLT demos } Industry working groups } Day 1 consultation

**Mid 2018**

Day 1 scope agreed



# Proposed new functionality

Provides streamlined processes and standardisation



50 functional  
and non-functional  
opportunities

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Connectivity choice

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2 ½+ year planning  
and preparation



## 40 features

### Day 1

Enhanced corporate  
actions management

Improved settlement processing

Electronic provision of  
CHESS holding statements

Corporate Actions STP Phase II

Move to global messaging  
standard ISO 20022



## Further features

### Phase II

# Multi-year build, test and readiness program

Preparing for system cut-over in Q4 2020 - Q1 2021

2016

2017

2018

2019

2020

2021



## Technology partner and software evaluation

**Dec 2017**

Decision to use DA and DLT

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## Stakeholder consultation and Day 1 functionality

**Mid 2018**

Day 1 scope agreed

Initial consultation } DLT demos } Industry working groups } Day 1 consultation



## Analysis, building and testing

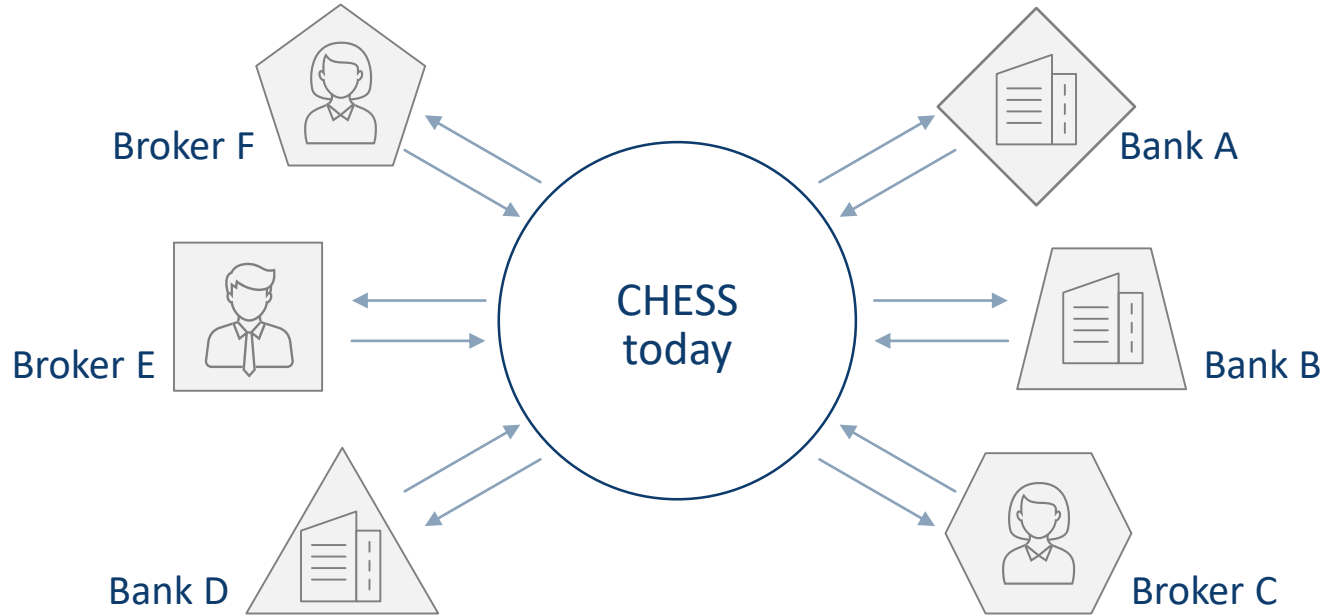
**Q4 2020 - Q1 2021\***

Go live

Enterprise-grade build } Incremental external software drops } Industry-wide testing

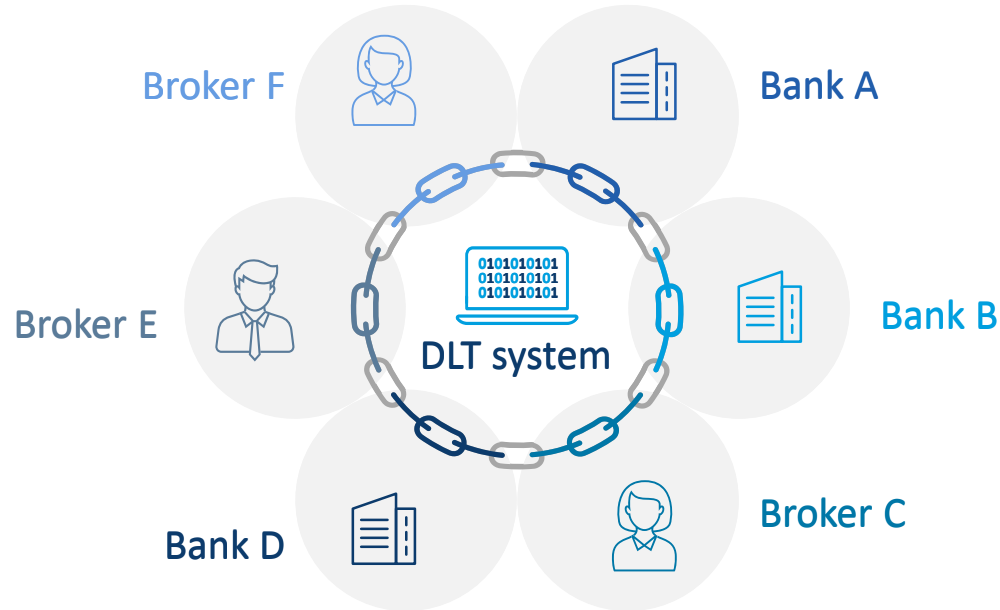
# CHES today

Sends messages to reconcile many and different systems



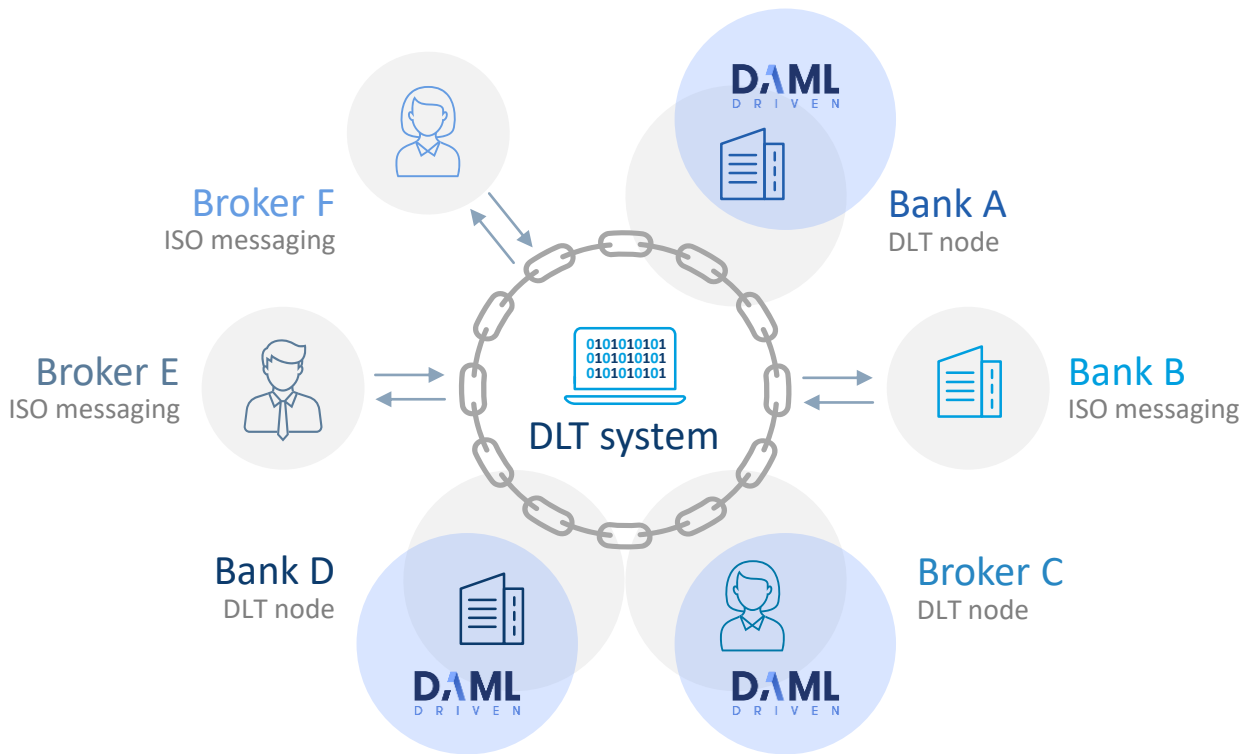
# DLT-based CHES

Offers real-time, single source of truth data on standardised databases



# DLT-based CHESS offers flexibility and choice

Connection options via DLT node or message-based like today





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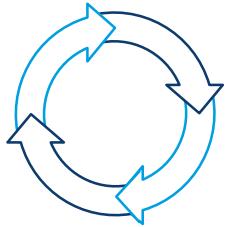
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# New products and services

To meet increasing and changing investor appetite



**\$2.6t**

in super, growing to  
**\$9.4t** by 2035

**\$1.9t**

total market cap  
of ASX listed equities

**6.9m**

hold on-exchange  
investment

**27%**

super held  
in SMSF



**\$239b** via  
ASX

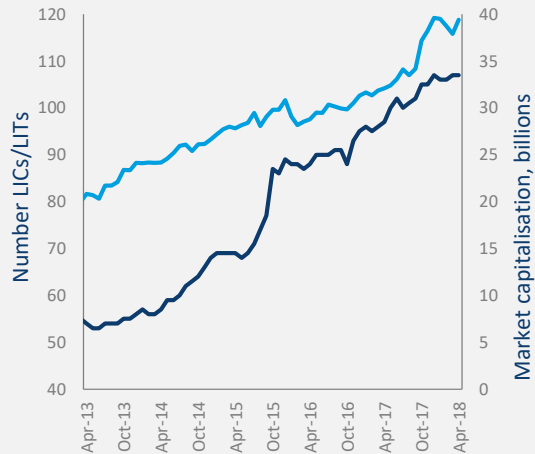
high proportion in  
large cap Australian equities

# Strong growth in ASX investment products

Early days, but mFund growing fast

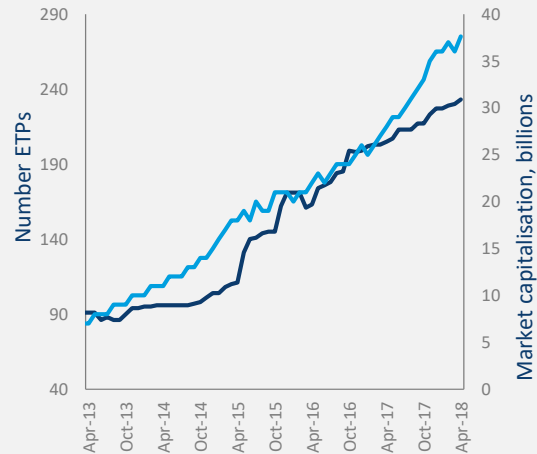
## LICs and LITs

**\$39.4b**  
market cap (FUM)      **107**  
Funds



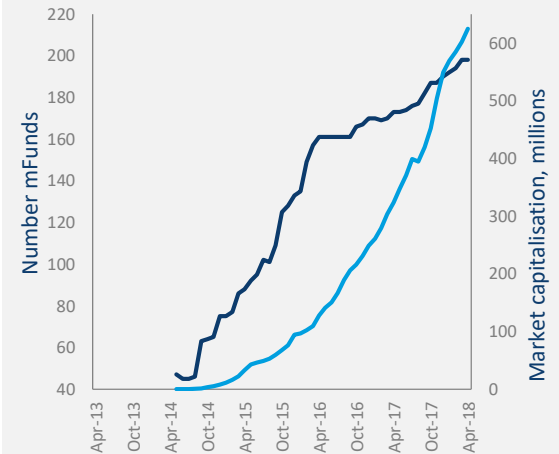
## Exchange traded products

**\$37.6b**  
market cap (FUM)      **233**  
Funds



## mFund

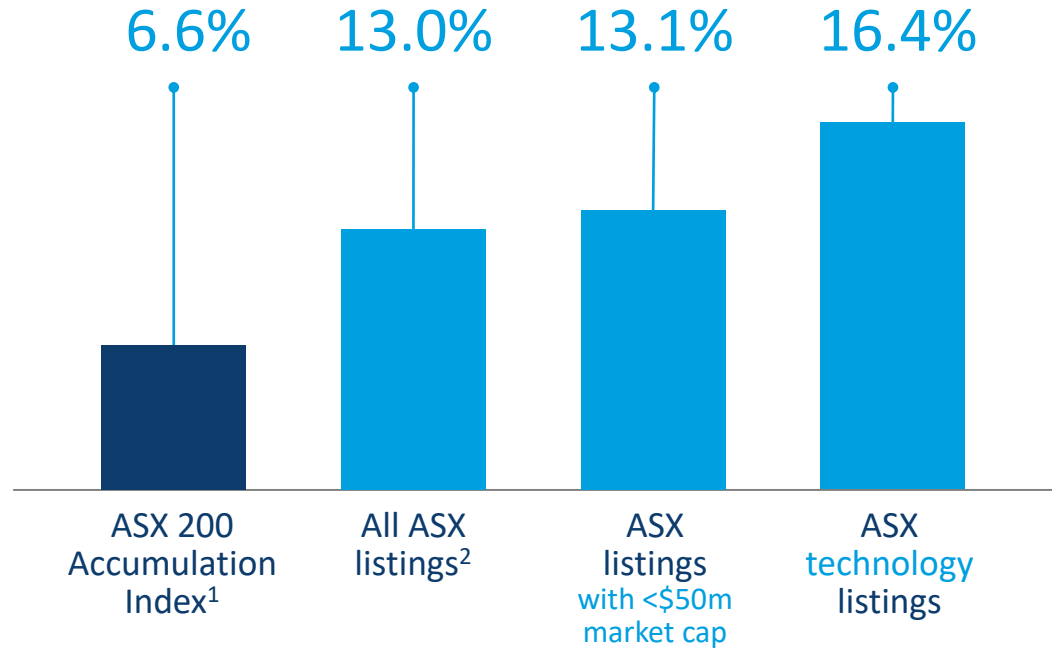
**\$624.5m**  
market cap (FUM)      **198**  
Funds





# New listings

Since 2012, new listings have provided attractive returns to investors



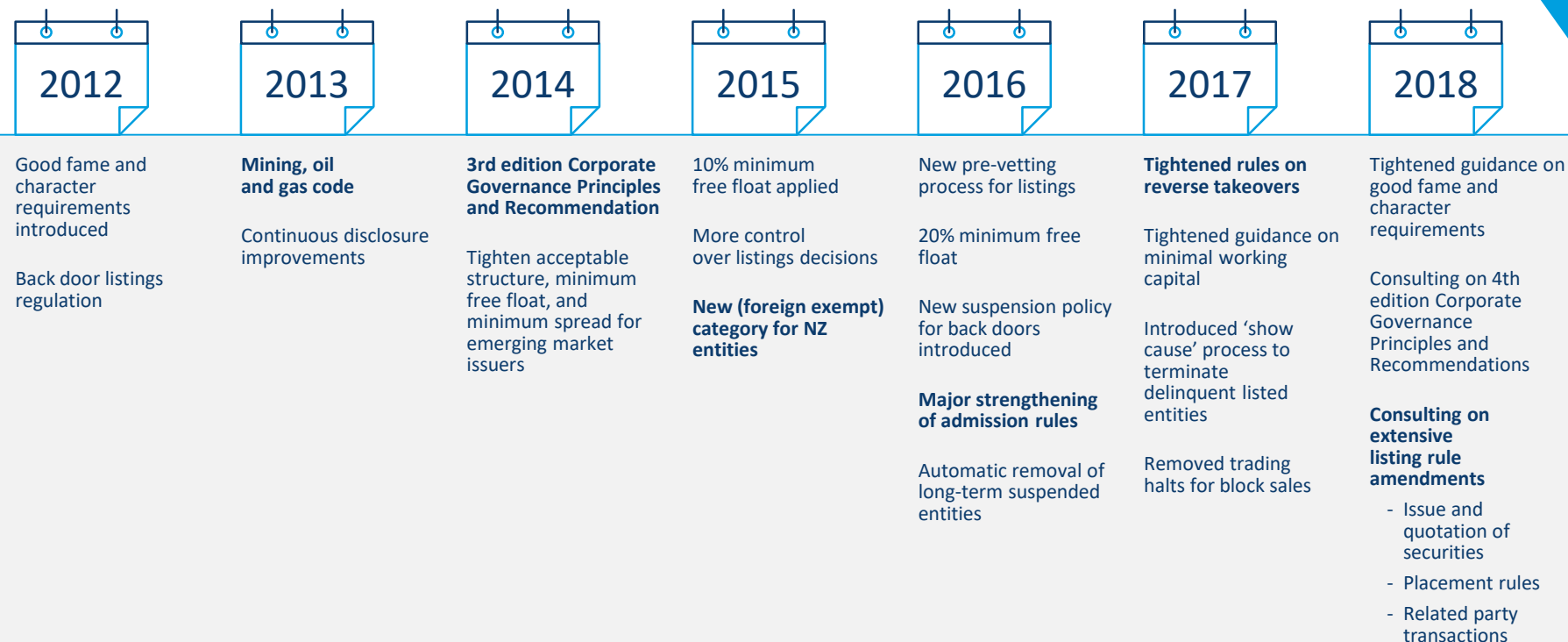
Appetite for diversification

A collection of logos for various ASX-listed companies, arranged in a grid. The logos include: bigtincan, livehire, Kelly + Partners (Chartered Accountants), Smiles (Together We Smile), Domain group, WiseTech Global, updater, and Audinate.

17 | <sup>1</sup>\$1 invested in ASX 200 on each day of every ASX listing Jan 2012 – Feb 2018  
<sup>2</sup>\$1 invested in every ASX listing Jan 2012 – Feb 2018 (includes back door listings)

# Quality is key for market integrity

## Continued evolution and strengthening of listings framework





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Thank you.

