

# ASX Limited

Annual Report 2021



# ASX operates at the heart of the globally attractive, deep and liquid Australian financial markets

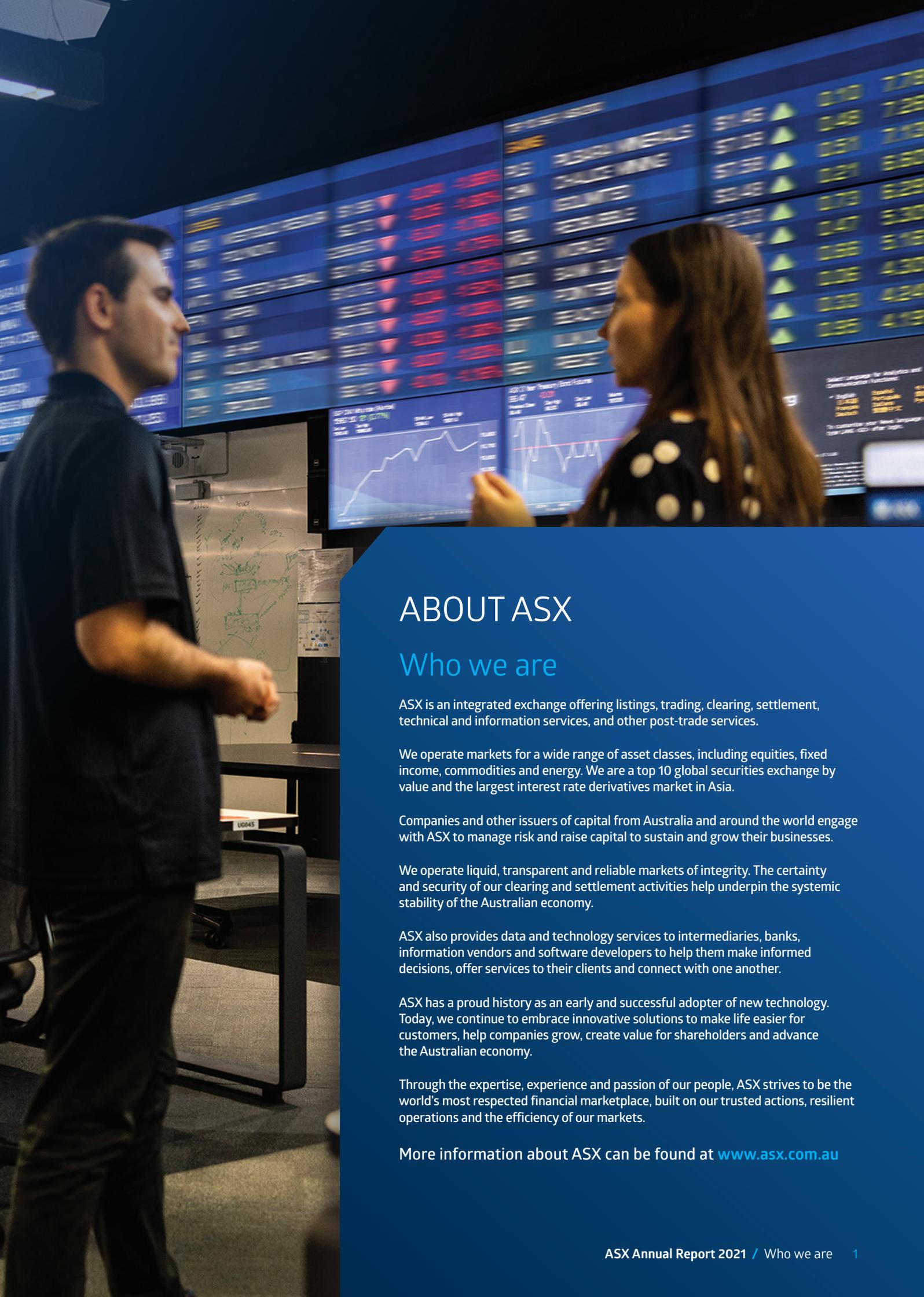
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ASX will hold its Annual General Meeting at 10am (Sydney time) on Wednesday 29 September 2021. Shareholders can participate online at <https://agmlive.link/ASX2021>

Further details are available at <https://www.asx.com.au/agm>

ASX Limited ABN 98 008 624 691



## ABOUT ASX

### Who we are

ASX is an integrated exchange offering listings, trading, clearing, settlement, technical and information services, and other post-trade services.

We operate markets for a wide range of asset classes, including equities, fixed income, commodities and energy. We are a top 10 global securities exchange by value and the largest interest rate derivatives market in Asia.

Companies and other issuers of capital from Australia and around the world engage with ASX to manage risk and raise capital to sustain and grow their businesses.

We operate liquid, transparent and reliable markets of integrity. The certainty and security of our clearing and settlement activities help underpin the systemic stability of the Australian economy.

ASX also provides data and technology services to intermediaries, banks, information vendors and software developers to help them make informed decisions, offer services to their clients and connect with one another.

ASX has a proud history as an early and successful adopter of new technology. Today, we continue to embrace innovative solutions to make life easier for customers, help companies grow, create value for shareholders and advance the Australian economy.

Through the expertise, experience and passion of our people, ASX strives to be the world's most respected financial marketplace, built on our trusted actions, resilient operations and the efficiency of our markets.

More information about ASX can be found at [www.asx.com.au](http://www.asx.com.au)

## Our vision

The world's most respected financial marketplace

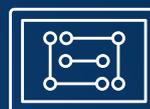
## FY21 HIGHLIGHTS

### Our strategy



#### Diverse ecosystem

Provide an open system to support partnerships, products and services across the Australian financial ecosystem



#### Innovative solutions and technology

Offer innovative solutions and technology to drive efficiency and deliver benefits to customers, employees and the wider financial marketplace



#### Enduring trust, integrity and resilience

Earn trust and deliver resilience by making sure our systems and processes are stable, secure, reliable and fair, and our people act with integrity towards the market and each other



#### Customer-focused

Think deeply about how we can improve the experience for our customers, deliver them value and make their lives easier



#### Collaborative culture

Foster collaboration and agility within our businesses, across our teams and among our customers, regulators and other stakeholders

## For our customers

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**\$102bn**

total capital raised to enable companies to manage their operations and grow, up 5% on last year

**199**

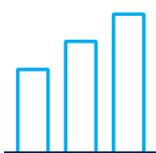
total listings, including 43 technology companies

**93%**

corporate action volume now straight-through processed for real-time delivery in ASX's new global messaging corporate action notification service, removing manual handling, delivering richer market data and lowering risk

## For our shareholders

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**Nine**

consecutive years of operating revenue growth reflecting the strength of ASX's diversification

**\$480.9m**

statutory net profit after tax, down 3.6% on last year due to interest rate environment; underlying net profit after tax down 6.4% on last year

**223.6c**

total dividends per share, fully franked, down 6.4% on last year

## For our people

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**92%**

of employees proud to work at ASX

**96%**

believe ASX is committed to providing a safe and healthy workplace

**98%**

of our people have confidence in ASX's response to the COVID-19 pandemic

## For our financial markets and Australia

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**147,077**

company announcements published on our platform - a new annual record, up 7% - an average of 66 per company across the year, keeping the market informed

**6.6m**

Australians hold listed investments directly with a further 900k intending to invest, according to the latest ASX Australian Investor Study

**\$586k**

raised on the inaugural Trading Day for Charity for the ASX Refinitiv Charity Foundation, to support Australian-based children's, disability and medical research causes

# CHAIRMAN'S LETTER

Dear fellow shareholders,

It is a great pleasure to be writing my first letter as your Chairman of ASX.

No other organisation plays the role ASX does: provider of critical financial market infrastructure for the nation; trusted and respected around the globe; and strongly committed to serving all its stakeholders with diligence and integrity. Doing what we do is a privilege that carries significant responsibility.

I come into the position at an exciting time. ASX is a great company with an attractive business model, proud history and talented people. The extraordinary period of the pandemic has tested all of these qualities.

I will build on the work of my predecessors and apply fresh energy and insights to navigate through the dynamic environment in which we operate. There are challenges ahead but opportunities too.

It is an honour to lead the Board and represent your interests. I look forward to meeting you soon.

## Long-term sustainability

The theme of the report for the 2021 financial year (FY21) is long-term sustainability. This means acting prudently and with purpose across time.

Long-term sustainability aptly describes ASX's history. Our company stretches back 150 years to the Sydney Stock Exchange, which had the longest period of continuous operation among the six state-based exchanges that amalgamated to form ASX in 1987. Earlier exchanges, emerging from the Victorian gold fields in the 1850s, were relatively short-lived. Hand-in-hand with longevity is ASX's preparedness to innovate. Be it introducing electronic trading, merging equities and futures markets, or embracing distributed ledger technology, we often lead the exchange world.

The ASX way is to hasten slowly. To build value patiently and strategically. We must continue to perform our core functions with excellence and adopt new, world-best technologies too. This means keeping our people, regulators and investors close, and our customers even closer. It might not be spectacular or revolutionary but it achieves results. While long-term sustainability means staying the course and keeping an eye on the future, it also means learning from experience and improving our practices when things go wrong.

Your Board and senior management do not take your support nor the confidence our stakeholders have in ASX's operations for granted. We are determined to earn and retain your trust. Trust underpins our sustainability. It is the most valuable of assets.

## Financial highlights

The COVID-19 pandemic continued to have an impact on markets in FY21. Nevertheless, the inherent strength of ASX's diversified business model delivered solid financial results.

- Statutory net profit after tax (NPAT) fell 3.6% to \$480.9 million, down \$17.7 million, compared to last year (FY20) and underlying NPAT fell 6.4%, down \$32.9 million. This was driven by the impact of the Reserve Bank's current policy settings on our futures volumes and interest income.



‘Modernising and innovating are key to long-term sustainability and future value, including for our customers, employees, shareholders and other users of Australia's financial markets.’

**Damian Roche**

- Statutory earnings per share (EPS) fell 3.6% to 248.4 cents, down from 257.6 cents last year, and underlying EPS fell 6.4%, down from 265.4 cents.
- Total ordinary dividends (interim and final) were 223.6 cents per share, fully franked, down 6.4% on FY20. We have maintained our payout ratio of 90% of underlying profit.

## Accountable

ASX is working hard to rebuild trust following the technology challenges experienced in FY21. Accountability has been an important part of that rebuild.

We are sorry for the disruption caused by the market outage in November 2020. In consultation with our regulatory agencies, we commissioned an independent expert to review the incident. We will incorporate the insights from this review into our own program of improvement over the next 12 to 18 months. In addition, we have reduced short-term variable reward payments to relevant executives, and put in place a new organisational structure that will support greater accountability.

# Chairman's letter continued

While the Board accepts that risk is an unavoidable companion to change, the outage fell short of the high standards we expect. We will strengthen our framework and, just as importantly, continue our technology upgrade program. This program has led to a lift in ASX's overall operational reliability and resilience in recent years. Modernising and innovating are key to long-term sustainability and future value, including for our customers, employees, shareholders and other users of Australia's financial markets.

## Customers at the centre

All successful companies have customers at the centre of their activities. It is critical to long-term sustainability. It is no different for ASX. I thank our customers sincerely for their support.

Across the year, ASX delivered value to our customers on multiple fronts. Late in the period, for example, we completed the real-time corporate actions straight-through processing service. This enables the processing and delivery of critical information, everything from dividends to entitlement offers, within seconds of announcement using the latest global standard messaging. We also launched a 5-year treasury bond futures contract, which fills a gap in our interest rate suite between the 3 and 10-year products, and continued the expansion of our listings franchise. Here, new annual records were set for technology and New Zealand company listings (excluding backdoors), and the mining and resources sector had its best year since 2011. These deepen the range of investable products and stimulate the broader ecosystem.

ASX's highest profile project – the replacement of CHES powered by distributed ledger technology – made good progress in FY21. Work has moved from the design and build phase to testing and delivery. The re-plan announced in October 2020 introduced new leadership and will increase the new system's scale and scope. It has also added more time for testing, accreditation and customer readiness. CHES replacement is at the forefront of our goals to make business easier for our customers and build an exchange for the future. The project is on track for go-live in April 2023.

Underpinning all is continued investment in our licence to operate activities. This includes strengthening our cyber resilience, refreshing our rules and guidance, enhancing our risk management processes, expanding our range of education and training materials, and protecting the wellbeing of our people.

There can be no sustainable future without these vital building blocks. Nor can we achieve long-term sustainability without setting goals for ourselves. Your Board has adopted three sustainability goals we aim to achieve by FY25. They relate to enhancing the diversity and inclusiveness of our workplace; embracing renewable energy sources and cutting emissions within our own operations; and enabling the transition to a low carbon economy through the products we develop and the disclosure and reporting standards we encourage as market operator. Please see the Sustainability section, starting on page 19, for details.

## Board commitment

In April 2021 we farewelled Chairman Rick Holliday-Smith, who served as a director of ASX since the merger with the Sydney Futures Exchange in July 2006 and as Chairman from March 2012. Rick's achievements are numerous and impressive. He was an exemplar of integrity, who managed a multitude of stakeholder interests fairly and with skill. He understood the responsibility accompanying the privilege of ASX's position at the heart of Australia's financial markets.

I also acknowledge the sizeable contribution of Peter Marriott, who stepped down as Chair of the Audit and Risk Committee in August 2021 after 12 years in the role. Peter is continuing as a director.

Ensuring the ASX Board has the right mix of expertise, industry experience and diversity to oversee the next stage in the company's development is one of my priorities. We use a skills matrix to assure ourselves that collectively the Board is well qualified in areas like strategy, risk management, governance and technology to fulfil its obligations to shareholders, staff and our broader communities.

Your Board is conscientious and committed. The blend of talent and perspectives around the table keeps us grounded and focused on our duties to you, our company and customers, and the environment in which we operate.

I thank my fellow directors for their care and dedication.

I also thank our regulators, especially the Australian Securities and Investments Commission and the Reserve Bank of Australia, with whom we engage often and constructively. We have a common interest in preserving the integrity, stability and long-term quality of Australia's financial markets.

Even with the customer at the centre, no organisation can succeed without the talent, dedication and goodwill of its people. ASX's workforce has risen to extreme challenges in recent years. I congratulate them on their achievements. Our stakeholders are in safe hands.

Serving as Chairman of ASX comes with high expectations. I welcome them. While we now live in a more uncertain world, I am optimistic about the prospects for ASX. Thank you for your support in FY21 and for your confidence in ASX's future.



**Damian Roche**  
Chairman

# CEO'S YEAR IN REVIEW

Dear fellow shareholders,

It has been an eventful 12 months as the world has navigated the health, social and economic impacts of COVID-19.

In Australia, we have seen a recession for the first time in decades promptly followed by a swift recovery in GDP. We also saw the highest rate of unemployment in 20 years recover to pre-COVID levels within 14 months. The equity market has reached new highs while interest rates have been at historic lows – a similar experience to many developed markets around the world.

At ASX, it has been an intense and productive time, progressing our technology contemporisation investment program alongside our day-to-day activities, against the backdrop of changing COVID-19 conditions. I am proud of the way our people have responded to the uncertainty and the challenges. Their resilience and commitment to supporting each other, our customers and industry are commendable.

## FY21 financial performance

The benefit of ASX's diversification was evident in our financial results for the 2021 financial year (FY21). Strong listings and equity market activity countered the effects of the Reserve Bank of Australia's (RBA) unprecedented policy settings put in place to deal with the pandemic.

Operating revenue (as per ASX's segment reporting) increased by 1.4% to \$951.5 million, as three of ASX's four business units delivered revenue growth for the period.

- Listings and Issuer Services revenue rose by 8.9% driven by new listings, which were at their highest number (176) since FY08. The total amount of capital raised also grew to \$102.5 billion, up over 5%.
- Derivatives and OTC Markets revenue decreased by 10.4% due to the RBA's yield curve control (YCC) measures at the short-end of Australia's interest rate curve impacting trading volumes. This was partially offset by Austraclear's higher transaction and holding revenues.
- Trading Services revenue grew by 3.4% reflecting the increased demand for ASX's data and information products, which offset the decline in cash market trading revenue, which was down slightly on its record FY20 performance.
- Equity Post-Trade Services delivered a 12.8% increase in revenue reflecting higher settlement messages.

Expenses (as per ASX's segment reporting) rose 8.4% due to additional costs to support licence to operate and growth initiatives, as well as to manage variable equity market activity. In FY22, we expect expense growth to return to between 5 to 7%.

Earnings before interest and tax (EBIT) (as per ASX's segment reporting) for the period was \$641.2 million, down 1.7% on the prior year.

Capital expenditure was \$109.8 million, reflecting the expanded CHES replacement project and the continued investment in ASX's multi-year technology contemporisation program. Once the program is completed in April 2023, the average age of our equity technology infrastructure will be at its lowest level since the digitisation of our markets in the 1990s.



'The investments we are making position ASX and our industry for ongoing success into the next decade and beyond.'

**Dominic Stevens**

## Investing in our ongoing success

We continue to position ASX to deliver long-term value for all its stakeholders through our once-in-a-generation technology investment program. The investments we are making position ASX and our industry for ongoing success into the next decade and beyond.

As we see locally and across the world, it is those companies embracing technological change that lead their industry and grow their business. In the increasingly technology-enabled world we operate in, ASX also requires the flexibility and efficiencies of a modern technology stack to provide the infrastructure and services desired by our customers.

Importantly, ASX is well down this transformation track. Since 2016, we have refreshed our derivatives and equities trading systems, and upgraded the communications infrastructure that carries the trading, clearing, settlement and data information between ASX and its customers as well as the RBA's Information and Transfer System (RITS). We have also replaced our secondary data centre, risk management and surveillance systems, and website.

# CEO's year in review continued

## Change is hard but worth it

Driving significant technological change is not easy. Change costs time and money, and creates transition risk. The market outage experienced when we changed our equity trading system last November caused significant disruption to the market. This fell short of our own high standards and the expectations we want to meet.

All outages are regrettable, but this one was particularly disappointing as it overshadowed the improved operational resilience our technology transformation program is delivering.

As a result of our efforts since 2016 to strengthen our risk management, technology governance, enterprise architecture and incident management, resilience has improved across our five key trading, clearing and settlement systems. Specifically, on a six-month rolling average, there has been an 87% drop in the number of incidents that impact customers. There has also been a significant reduction in the long-term run rate of outages since the end of 2016. This is particularly encouraging considering these improvements have been made during a period of significant expansion to the scale and scope of our technology footprint.

We are working hard to regain the trust of our stakeholders following the outage. We've applied learnings from the experience and taken steps to enhance our processes and practices. An independent review of the outage was commissioned by ASX in consultation with our regulators. We expect the report will offer insights that we can use on our journey to strengthen the resilience and reliability of our infrastructure with world-leading technology over the next 12 to 18 months.

## Digitising processes for the benefit of our customers and industry

ASX's history of technological innovation tells us that the long-term benefits of change outweigh the short-term risks. Our program to contemporise our technology will enable the next evolution of process digitisation across Australia's financial system. This evolution will deliver cost and efficiency benefits to our customers and the whole industry. These benefits will also flow through to the majority of Australians given our compulsory superannuation system.

An example of how we are digitising processes is our recently launched real-time corporate actions straight-through processing service. It enables the processing and delivery of critical information – everything from dividends to entitlement offers – within seconds of announcement using the ISO 20022 global standard messaging. This world-leading service makes it easier for companies to lodge their corporate actions with fewer manual steps, which reduces the risk of human error, ultimately delivering time and cost savings. The benefits to investors include increased confidence in the data and more timely information.

## Providing open, innovative, technology infrastructure

Another example of our investment in digitising Australia's financial system processes is the replacement of the technology that powers ASX's CHESSE equity clearing and settlement system with distributed ledger technology (DLT).

It has been a busy year for the project as it completes the build phase and transitions into testing and delivery. This phase will see the accreditation of all users, the migration of \$2.7 trillion in equities and the comprehensive testing of the completed new system. We are meeting our milestones and on track for go-live in April 2023.

The new DLT-enabled CHESSE system will unlock benefits and enable innovation in the coming decade for ASX and our stakeholders. Our confidence in its ability is anchored in the power of DLT. Sometimes referred to as blockchain, DLT is called out as one of the key technologies that will transform the way we do business and manage data in the next 10 to 20 years.

ASX's investment in an enterprise-grade DLT is a long-term strategy. It is akin to our experience investing in an enterprise grade data centre, the Australian Liquidity Centre (ALC), which serves not only ASX but our customers and the broader industry too. Just as the ALC enables us to connect with our customers and allows our customers to connect with their customers, ASX's DLT platform will provide direct connectivity between organisations across the industry.

I am comfortable with these long-term strategies given the long-term nature of who we are and what we do. We have transformed and evolved, adapted and reinvented ourselves many times over our 150-year history. This has included increasing the speed, accuracy and accessibility of the data our customers use, as well as improving the efficiency, capability and resilience of the infrastructure upon which those business activities are conducted.

## Aligning our business for the future

In 18 months' time, with our technology contemporisation program complete, we will be entering an era when we can leverage our investments of the past five years. In readying ourselves for this new era, we have evolved ASX's structure to better reflect our strategic priorities, enhance management responsibility and accountability, and sharpen our focus on customers. We have realigned our teams under four new business units reporting directly to me. They are a:

- Listings business – responsible for the origination of listed primary and secondary equity, and investment products
- Markets business – responsible for cash equities and equity derivatives trading, futures trading and clearing, and OTC clearing
- Securities and Payments business – responsible for cash equities clearing and settlement, issuer services and post-trade investor services, Austraclear, ASX Collateral, payments and Financial Settlement Management. This business includes the CHESSE replacement project
- Technology and Data business – responsible for technology, connectivity and data-related businesses including Technical and Information Services, DataSphere and DLT Solutions.

# CEO's year in review continued

An important part of the new structure is the creation of a Customer division, which brings together our customer-facing operations, projects, digital, brand and marketing activities. The goal is to improve the end-to-end customer experience.

This new structure took effect from 1 July 2021 and will be reflected in ASX's financial statements for the first half of FY22.

## Announcing our three sustainability goals

Alongside creating the financial markets infrastructure of the future, we are strengthening the key characteristics that have shaped ASX over 150 years and which represent the three pillars of our approach to sustainability: having trusted actions, resilient operations and supporting efficient markets. These pillars are underpinned by our six building blocks: good corporate governance, engaged people, effective long-term risk management, responsible business, market integrity and encouraging innovation.

In FY21, we identified three sustainability goals we want to achieve by the end of FY25. These goals are in areas where we can make meaningful progress from where we are today. They will be pursued alongside our broader sustainability efforts.

Our first goal relates to our people; specifically, continuing our efforts to build an increasingly diverse and inclusive workplace. In recent years, we have made pleasing progress in this area. For example, our efforts to narrow the pay gap between men and women is working; on average, there were no pay gaps in similar roles in FY21. ASX was also named in 2020-2021 by the Federal Government's Workplace Gender Equality Agency as an Employer of Choice for Gender Equality.

Reflecting our commitment to having a truly diverse and inclusive workplace, we have set ourselves a female workforce representation target of 45% to be achieved by FY25.

Our second goal is committing to achieve net zero scope 1 and 2 emissions from our operations by the end of FY25. We recognise we all have a part to play in transitioning to a low carbon economy. As a marker of our progress, we are targeting 100% renewable electricity from FY23, which will reduce our carbon emissions by over 85%.

These complement our work to reduce our energy usage through investment in contemporary technology, which has enabled the adoption of more energy efficient technology hardware and the use of cloud computing.

The third goal encompasses ASX's ability to help the transition of the broader economy to a low carbon state. For example, our energy derivatives can play an important part in supporting the transition of the energy generation industry to renewable sources. And as a market operator, we can encourage issuers to adopt best practice climate change reporting via the Task Force on Climate-related Financial Disclosures (TCFD) framework. We took this step as a listed company ourselves this year.

## Looking to FY22

We enter FY22 with a new Chair, Damian Roche, following the retirement of Rick Holliday-Smith in April 2021. During his 23 years of service – first with SFE and then ASX – Rick's passion for financial markets and Australian ingenuity earned the respect of many, including me. I thank Rick for his support and counsel, and I am looking forward to working closely with Damian as we continue to build an exchange for the future.

I am pleased with the overall progress ASX made during FY21 and encouraged by the operational momentum we take into the new financial year.

Finally, I would like to thank each and every employee of ASX for their dedication and effort over the past year. It is likely that FY22 will again be a year of uncertainty due to the ongoing impact of COVID-19. However, I am confident that we have the right team and are on the right path to earn the business and strengthen the trust of all our stakeholders.

Thank you for your support.



**Dominic Stevens**  
Managing Director and Chief Executive Officer

# OPERATING AND FINANCIAL REVIEW



The Operating and Financial Review outlines ASX's activities, performance, financial position and main business strategies. It also discusses the key risks and uncertainties that could impact on ASX and its subsidiaries (together referred to as the Group), and its ability to achieve its financial and other objectives. The statements are prepared and audited in accordance with the *Corporations Act 2001* and Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS).

## Business model and operating environment

ASX operates a significant part of the infrastructure that supports Australia's financial markets. ASX is a multi-asset class and integrated exchange group. The Group operates markets for cash equities and derivatives, and provides a full service offering including listings, trading, clearing, settlement, registry, and information and technical services.

The business is conducted through a number of regulated legal entities. ASX holds market operator licences and clearing and settlement licences to undertake its activities. ASX is subject to oversight by the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA).

ASX's activities and revenues are grouped into four key businesses: Listings and Issuer Services, Derivatives and OTC Markets, Trading Services, and Equity Post-Trade Services. These are each discussed separately later in this report.

# Operating and financial review continued

## Group financial performance

### Net profit after tax

Statutory net profit after tax (NPAT) for FY21 decreased 3.6% on the prior comparative period (pcp) to \$480.9 million. Statutory earnings per share (EPS) were 248.4 cents, down 3.6% from the previously reported EPS of 257.6 cents, reflecting the decline in earnings. FY20 included the non-cash impairment of \$15.2 million on the Group's investment in Yieldbroker. There were no significant items in FY21.

The Group's underlying NPAT, which excludes significant items, decreased 6.4% on the prior year. Underlying EPS was down 6.4%.

### Dividends

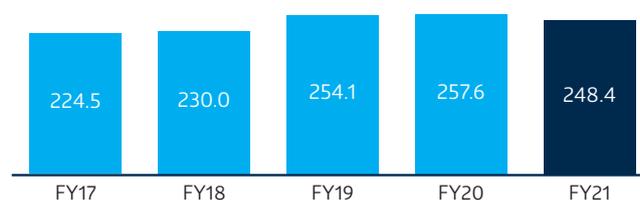
The Board's dividend policy is to pay 90% of underlying profit after tax. This is reviewed each time the Board considers payment of a dividend. Underlying profit reflects NPAT adjusted for any significant revenues or expenses such as those associated with major restructuring, transactions or other material items that are not commonly recurring.

ASX paid an interim dividend of 112.4 cents per share in March 2021 and directors have determined a final dividend of 111.2 cents per share. Total interim and final dividends per share for FY21 of 223.6 cents are 6.4% lower than the prior year, and reflect the decrease in underlying earnings. The final dividend will be paid on 29 September 2021.

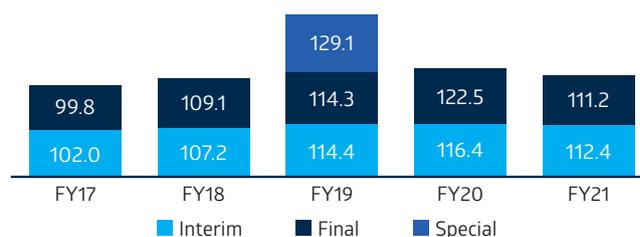
### Statutory net profit after tax (\$million)



### Statutory earnings per share (EPS) (cents)



### Dividends per share (DPS) (cents)



## Summary income statement for the year ending 30 June 2021

Based on the Group segment reporting note

	FY21 \$m	FY20 \$m	Variance fav/(unfav)	
			\$m	%
Operating revenue	951.5	938.4	13.1	1.4
Operating expenses	(256.8)	(235.7)	(21.1)	(8.9)
<b>EBITDA</b>	<b>694.7</b>	<b>702.7</b>	<b>(8.0)</b>	<b>(1.1)</b>
Depreciation and amortisation	(53.5)	(50.5)	(3.0)	(6.0)
<i>Total expenses</i>	<i>(310.3)</i>	<i>(286.2)</i>	<i>(24.1)</i>	<i>(8.4)</i>
<b>EBIT</b>	<b>641.2</b>	<b>652.2</b>	<b>(11.0)</b>	<b>(1.7)</b>
Net interest income	46.7	83.8	(37.1)	(44.3)
<b>Underlying profit before tax</b>	<b>687.9</b>	<b>736.0</b>	<b>(48.1)</b>	<b>(6.5)</b>
Tax expense	(207.0)	(222.2)	15.2	6.8
<b>Underlying profit after tax</b>	<b>480.9</b>	<b>513.8</b>	<b>(32.9)</b>	<b>(6.4%)</b>
Significant items after tax <sup>1</sup>	-	(15.2)	15.2	-
<b>Statutory profit after tax</b>	<b>480.9</b>	<b>498.6</b>	<b>(17.7)</b>	<b>(3.6%)</b>
Statutory earnings per share (cents) <sup>1</sup>	248.4	257.6	(9.2)	(3.6)
Underlying earnings per share (cents)	248.4	265.4	(17.0)	(6.4)
Dividends per share (cents)	223.6	238.9	(15.3)	(6.4)

<sup>1</sup> Refer to note D2 of the financial statements for further detail.

# Operating and financial review continued

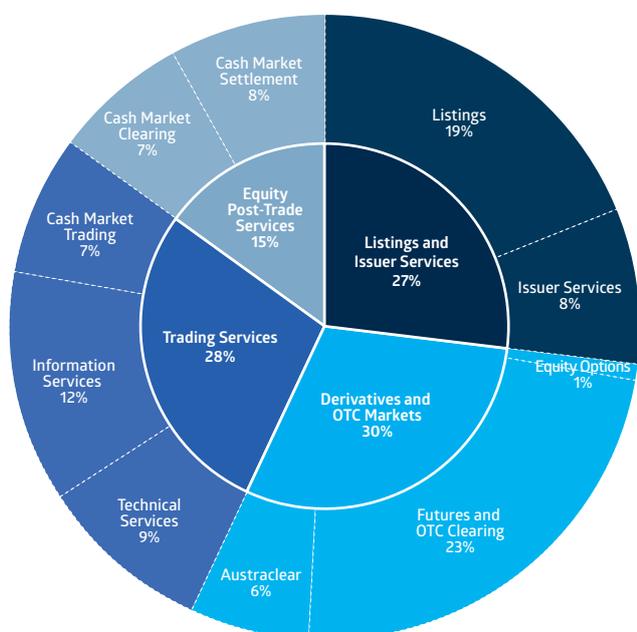
## Operating revenue

Operating revenue as reflected in the Group's segment note in FY21 increased 1.4% on the pcp to \$951.5 million.

### The key components of operating revenue

- **Listings and Issuer Services** revenue increased 8.9%, as a result of strong new listings activity, elevated CHES holding statement volumes and other issuer-related CHES messages.
- **Derivatives and OTC Markets** revenue decreased 10.4%, reflecting lower futures and OTC clearing revenues, partially offset by higher transactions and balances for Austraclear services.
- **Trading Services** revenue increased 3.4%, resulting from higher demand for information services.
- **Equity Post-Trade Services** revenue increased 12.8%, reflecting higher settlement messages.

	FY21 \$m	FY20 \$m	Variance fav/(unfav)	
			\$m	%
Listings and Issuer Services	258.2	237.1	21.1	8.9
Derivatives and OTC Markets	284.6	317.6	(33.0)	(10.4)
Trading Services	265.0	256.3	8.7	3.4
Equity Post-Trade Services	143.7	127.4	16.3	12.8
<b>Total operating revenues</b>	<b>951.5</b>	<b>938.4</b>	<b>13.1</b>	<b>1.4</b>



## Total expenses

As reflected in the segment note, total expenses (excluding significant items) increased 8.4% to \$310.3 million. This was within guidance and is a result of higher costs to support initiatives and heightened variable costs in line with greater issuer activity.

	FY21 \$m	FY20 \$m	Variance fav/(unfav)	
			\$m	%
Staff	154.3	145.4	(8.9)	(6.1)
Occupancy	9.4	9.7	0.3	2.7
Equipment	42.5	35.4	(7.1)	(20.0)
Administration	27.9	26.0	(1.9)	(7.4)
Variable	14.2	10.7	(3.5)	(32.1)
ASIC levy	8.5	8.5	0.0	0.5
<b>Operating expenses</b>	<b>256.8</b>	<b>235.7</b>	<b>(21.1)</b>	<b>(8.9)</b>
Depreciation and amortisation	53.5	50.5	(3.0)	(6.0)
<b>Total expenses</b>	<b>310.3</b>	<b>286.2</b>	<b>(24.1)</b>	<b>(8.4)</b>

- Staff costs increased 6.1% to \$154.3 million. This reflects the onboarding of headcount to support key initiatives. The average full-time equivalent (FTE) headcount increased to 742 compared to 709 in the pcp.
- Occupancy costs decreased 2.7% to \$9.4 million, broadly flat on pcp.
- Equipment costs increased 20.0% to \$42.5 million, due to new licensing and maintenance costs for initiatives and projects that went live in the past 12 months.
- Administration costs increased 7.4% to \$27.9 million, due to insurance premium uplift and higher professional consulting costs.
- Variable costs increased 32.1% to \$14.2 million, due to higher postage costs and volumes of CHES statements aligned with issuer activity.
- ASIC supervision levy decreased 0.5% to \$8.5 million, broadly flat on pcp.
- Depreciation and amortisation expenses increased 6.0% to \$53.5 million, primarily reflecting ASX's investments in recent years.

## Capital expenditure

The Group invested \$109.8 million in capital expenditure during the year, compared to \$80.4 million in the pcp. This is within guidance.

FY21 expenditure primarily included the continued investment in the CHES replacement project, as well as for ASX Trade platform upgrades and various initiatives to strengthen the resiliency of ASX services.

# Operating and financial review continued

## Net interest income

	FY21	FY20	Variance fav/(unfav)	
	\$m		\$m	\$m
ASX Group net interest income	(3.9)	7.6	(11.5)	(151.5)
Net interest on collateral balances	50.6	76.2	(25.6)	(33.6)
<b>Total net interest income</b>	<b>46.7</b>	<b>83.8</b>	<b>(37.1)</b>	<b>(44.3)</b>

Net interest income decreased 44.3% to \$46.7 million. Net interest consists of two components: interest earned on ASX's cash balances and net interest earned from the investment of collateral balances lodged by participants.

Net interest on ASX's cash balances and financing costs from borrowings and leases was down 151.5% to (\$3.9) million. Cash balances incurred decreased earnings rates, resulting in lower interest predominantly due to RBA rate cuts.

Net interest earned from the investment of participant balances decreased 33.6% to \$50.6 million. Investment earnings on this portfolio averaged 13 basis points compared to 37 basis points in the pcp. The average Futures Client charge also decreased to 32 basis points compared to 35 basis points in the pcp. This decrease was partially offset by a 14.0% increase in average cash collateral and commitment balances to \$12.2 billion.

## Financial position

At 30 June 2021, the net assets of the Group were \$3,736.3 million, broadly flat on 30 June 2020.

## Summary balance sheet for year ending 30 June 2021

	30 June 2021	30 June 2020	Variance increase/(decrease)	
	\$m	\$m	\$m	%
<b>Assets</b>				
Cash	5,357.8	858.1	4,499.7	524.4
Other financial assets <sup>1</sup>	8,024.1	12,998.9	(4,974.8)	(38.3)
Intangibles (excluding software)	2,325.6	2,325.9	(0.3)	(0.0)
Investments	87.6	85.6	2.0	2.4
Right-of-use assets	64.3	74.9	(10.6)	(14.2)
Other assets <sup>2</sup>	737.6	1,071.4	(333.8)	(31.2)
<b>Total assets</b>	<b>16,597.0</b>	<b>17,414.8</b>	<b>(817.8)</b>	<b>(4.7)</b>
<b>Liabilities</b>				
Amounts owing to participants	12,214.8	12,677.2	(462.4)	(3.6)
Lease liabilities	72.4	81.1	(8.7)	(10.8)
Other liabilities	573.5	936.1	(362.6)	(38.7)
<b>Total liabilities</b>	<b>12,860.7</b>	<b>13,694.4</b>	<b>(833.7)</b>	<b>(6.1)</b>
<b>Equity</b>				
Capital	3,027.2	3,027.2	-	-
Retained earnings	629.9	603.8	26.1	4.3
Reserves	79.2	89.4	(10.2)	(11.4)
<b>Total equity</b>	<b>3,736.3</b>	<b>3,720.4</b>	<b>15.9</b>	<b>0.4</b>

<sup>1</sup> Includes other financial assets at amortised cost and financial assets at fair value through profit or loss.

<sup>2</sup> Other assets include software.

## Investments

Investments for the period were up \$2.0 million or 2.4% on the prior year. Investments are detailed below. The movement reflects the change in fair value of these investments.

- 44.3% shareholding in Yieldbroker Pty Limited, up \$0.4 million representing the share of equity profits. An unlisted entity licensed to operate in electronic markets for trading Australian and New Zealand debt securities.
- 5.6% shareholding in Digital Asset Holdings LLC, down \$13.3 million as a result of a decrease in share price from US\$17.94 in the previous share issue to US\$13.04 in the last funding round in which ASX didn't participate. This was partially offset by a further US\$2.0 million investment during the year. An unlisted US domiciled technology entity.
- 49.5% shareholding in Sympli, up \$4.9 million representing additional investment partly offset by share of equity accounting loss. A joint venture established to provide electronic property conveyancing and settlement services.
- 9.8% shareholding in DSMJ Pty Ltd (trading as Grow Inc). In May 2021, ASX invested \$10.0 million in Grow Inc, an entity that develops key infrastructure for superannuation funds via the implementation of a distributed ledger technology application platform.

## Amounts owing to participants

Amounts owing to participants were down \$462.4 million or 3.6% compared to the prior year, reflecting a decrease in the open positions held in interest rate and equity index futures, as well as equity margins and OTC derivative positions. ASX holds these collateral positions to cover cash market and derivatives exposures as part of its clearing operations.

The movement in participant balances results in a corresponding movement in cash and other financial assets, as the balances are invested by ASX.

## Right-of-use assets and lease liabilities

In accordance with AASB 16, ASX recognised assets and liabilities for all leases with a term more than 12 months. As at 30 June 2021, \$64.3 million of right-of-use assets and \$72.4 million of lease liabilities are recognised on the balance sheet, representing ASX's right to use the underlying leased asset and obligations to make lease payments respectively.

# Operating and financial review continued

## Listings and Issuer Services

### Business model and operating environment

ASX, through its listing rules and infrastructure, provides a facility for companies to list, raise capital and have their securities publicly traded.

The Group provides a range of services to issuers of capital, including the generation of issuer holding statements and other shareholder and sub-register services. ASX also lists debt securities (including government debt securities) and exchange-traded investment products.

The Group earns revenue from listed entities for initial listing, annual listing, secondary capital raisings and for issuer services. The main drivers of revenue in this category include the:

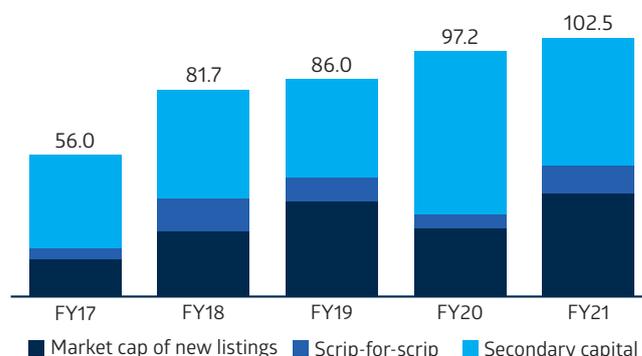
- Number of listed entities and their market value
- Number and value of initial public offerings (IPOs)
- Level of corporate actions, such as secondary capital raisings
- Number of holding statements.

### Results of operations

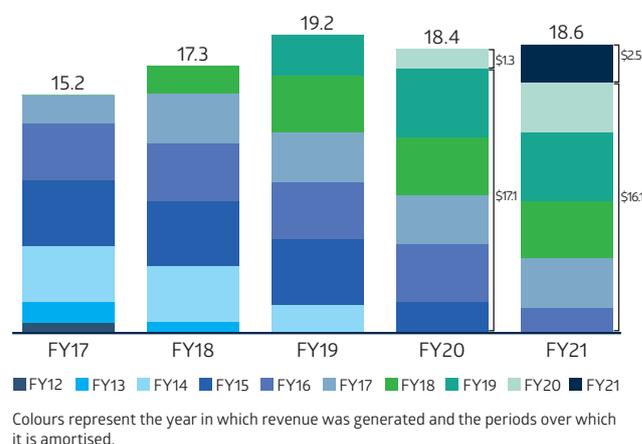
Listings and Issuer Services revenue was \$258.2 million, up 8.9%, reflecting the following.

- **Annual listing** revenue down 2.7% to \$89.9 million. A decrease in the number of billed listed entities and a decline in billed market capitalisation resulted in lower revenue.
- **Initial listing** revenue up 0.9% to \$18.6 million. There were 176 new listings compared to 83 in the pcp and capital raised in the current period of \$40.6 billion was well up on the pcp of \$27.0 billion. However, revenue is amortised over five years and the pattern of historical initial listing fees received resulted in an increase of 0.9% for the period.
- **Secondary capital raisings** revenue up 14.3% to \$64.1 million. Capital raised in the current period of \$61.9 billion was down on the pcp of \$70.2 billion. However, revenue is amortised over three years and the pattern of historical secondary listing fees received led to an increase of 14.3% for the period.
- **Other listings** revenue up 11.0% to \$9.9 million. Exchange-traded products (ETP) revenue increased as a result of strong growth in funds under management (FUM) balances year-on-year. There was also an increase in re-instatement activity and higher application review/advice fees for future new listings compared to the pcp.
- **Issuer services** revenue up 23.6% to \$75.7 million. With elevated issuer activity there was a notable increase in the number of CHES holding statements, up 32.1%, and other issuer-related CHES messages compared to pcp.

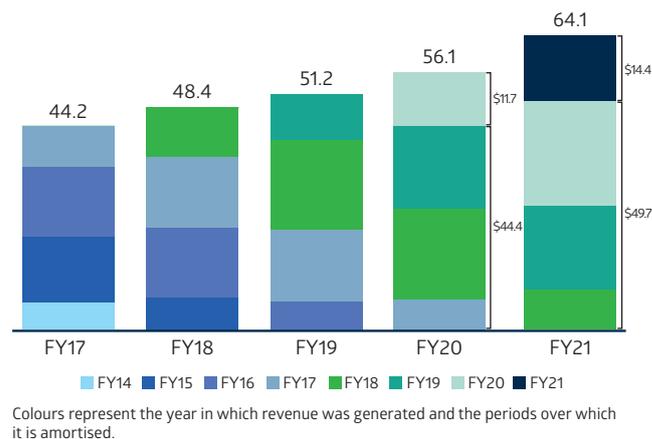
Total capital raised (\$billion)



Initial listing fee revenue contribution per year under AASB 15 (\$million)



Secondary listing fee revenue contribution per year under AASB 15 (\$million)



# Operating and financial review continued

## Business strategies

ASX has implemented a range of initiatives in recent years aimed at enhancing the attractiveness of Australia as a place to list and raise capital. These include updates to the listing rules and guidance notes.

ASX has continued to focus on expanding the number of foreign companies and those from the technology sector listed on the exchange.

Leveraging on the increasing number of technology companies listed, ASX launched the S&P/ASX All Technology Index in FY20. The index has enhanced the profile and understanding of the technology sector in Australia and increased opportunities for investors.

In order to broaden the choice for customers, ASX has a range of products and asset classes available for issuers and investors. Some of the investment products that complement traditional equities include:

- Bonds – ASX provides the ability for clients to trade Australian Government bonds on exchange in the same way as equities are traded
- ETPs – in recent years ASX has increased the number and range of ETPs. The value of ETPs listed on ASX increased 72.8% to \$113.7 billion in FY21
- Managed funds (mFund) – mFund allows investors to apply for and redeem unlisted managed funds using their broker platform. At 30 June 2021, there were 240 funds available on mFund with a market capitalisation of \$1.74 billion, 52.5% up on the pcp.

## Derivatives and OTC Markets

### Business model and operating environment

ASX offers exchange-traded derivatives, including the trading and clearing of futures and options on futures on interest rate, equity index, agricultural and energy contracts, as well as exchange-traded options over individual securities. The number of contracts traded is the primary revenue driver.

Through the licensed ASX Clear (Futures), ASX provides central counterparty clearing (CCP) of these exchange-traded derivatives as well as clearing of over-the-counter (OTC) derivatives. This entity provides risk management services supported by clearing participant collateral and funds provided by both ASX and participants, which are available in the event participants fail to meet their obligations. Through a process known as novation, the CCP assumes the credit risk of all trades centrally cleared and thus facilitates an efficient and orderly clearing and settlement function for the market.

FY21 futures activity was impacted by the RBA's COVID-driven yield curve control (YCC) program. In the short-term, YCC is expected to remain in place.

Austraclear provides settlement, depository and registry services for debt securities and cash transactions. ASX's model for debt securities settles transactions on a trade-by-trade basis, which provides for certainty of settlement. The number of transactions is the main revenue driver.

Depository services are provided through the Austraclear central securities depository (CSD). These securities consist of fixed income securities including government bonds. Settlement of transactions on these securities occurs through real-time gross settlement (RTGS). The value of securities held is the main revenue driver.

Registry services are provided whereby Austraclear facilitates security registration and the subsequent cash transfers associated with the terms of the individual securities. The main drivers of registry revenue are the number and value of securities held in the registry.

ASX Collateral service allows customers of ASX to utilise collateral held in Austraclear to meet obligations to other customers or to ASX's clearing subsidiaries. The value of collateral balances managed is the main revenue driver.

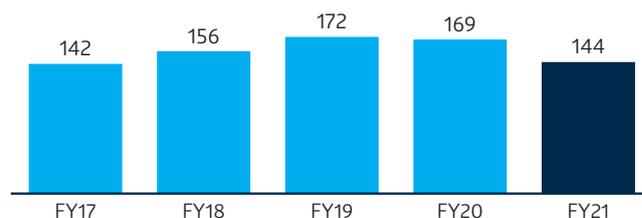
ASX's investments in Yieldbroker and Symplici are equity accounted for within the Derivatives business line.

## Results of operations

Derivatives and OTC Markets revenue was \$284.6 million, down 10.4%, reflecting the following:

- **Futures and OTC** revenue down 11.8% to \$214.4 million. Futures volumes down 15.0% on the pcp. The introduction of a 5-year bond product and strong growth in the 10-year bond product (up 15.1%), partly offset a decline in the short-term rates products. The overall decline in volumes is partially offset by an increase in the average futures fee due to a change in the product mix, with growth in commodities products. Value cleared through the OTC clearing service was down 58.2% on the pcp.
- **Equity options** revenue down 37.3% to \$11.6 million. Subdued activity resulted in lower index options volumes, down 45.9%, and single stock option volumes, down 13.7% on the pcp. A rebate scheme, Options Liquidity Growth Program, was also in place for 3Q21 to help promote growth.
- **Austraclear** revenue up 4.4% to \$58.6 million. The increase was primarily driven by registry, with higher balances in the depository and increased transactions.

### ASX futures and options on futures contract volume (million)



# Operating and financial review continued

## Business strategies

Through ASX's Austraclear platform, ASX delivers collateral efficiency to customers with its collateral management service. This service allows customers to utilise collateral held in ASX's Austraclear debt registry to meet obligations to other customers (mainly repo transactions) or to ASX's clearing subsidiaries.

The OTC Clearing service includes A\$ and NZ\$ interest rate swaps and client clearing. Notional open interest at the end of June 2021 was \$3.1 trillion, down 39.2% on the pcp.

In FY18, ASX invested in a joint venture, Symplic, which has been established as an electronic lodgment network operator (ELNO). Symplic is approved to operate as an ELNO in Victoria, Queensland, South Australia and New South Wales. Integration with the RBA and the first major commercial bank is complete.

## Trading Services

### Business model and operating environment

Trading Services comprises the trading of securities in the cash market, as well as the information and technical services offered by ASX.

Cash market comprises the trading of equities, warrants, exchange-traded funds and listed debt securities. The value of turnover transacted on the ASX market is the primary revenue driver.

Information services includes the provision of real-time market data for the cash and derivative markets, and the provision of indices, company news, and index and other reference data. The main revenue drivers are the number of end-users accessing real-time market data and customer enterprise agreements for the provision of data.

Technical services consists of four main categories of services to facilitate market connectivity and access to ASX and third-party services by customers. These are:

- ASX's distribution platform, hosting of customer infrastructure within the Australian Liquidity Centre (ALC) and ASX Net site management
- Connection services to facilitate connectivity to the ALC
- ASX service access including access and sessions for market data products and clearing and settlement systems
- Market access to trading sessions, liquidity cross-connects and order entry, as well as trade gateways.

Revenue drivers for each category consist of the volume of services used by customers, such as the number of connections to ASX markets or the number of cabinets hosted in the ALC.

## Results of operations

Trading Services revenue was \$265.0 million, up 3.4%, reflecting the following.

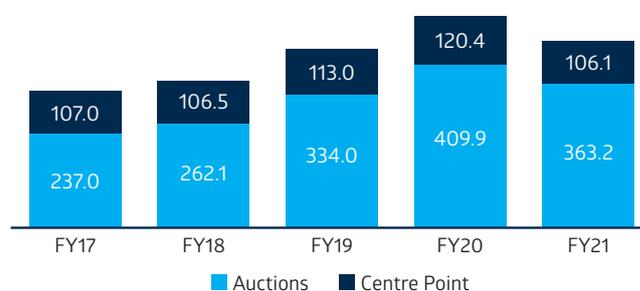
- **Cash market trading** revenue down 5.0% to \$61.0 million. The decrease in revenue resulted from:
  - Lower on-market trading value of \$5.8 billion per day, down 3.7%. ASX's share of on-market trading averaged 88.8% in FY21, down 0.6% on the average of 89.4% in the pcp
  - Auctions and Centre Point value were down 11.5% on the pcp, both of which have higher associated revenues.
- **Information services** revenue up 10.5% to \$118.0 million. The increase in revenue resulted from:
  - Increase in equities and futures market data distribution, and fee changes to certain data products
  - Increased index royalties from Standard & Poor's (S&P) and additional bank bill swap rate (BBSW) distribution.
- **Technical services** revenue up 0.9% to \$86.0 million. The increase in revenue was due to:
  - Growth in hosting and connections with the number of cabinets up from 326 to 368 and the number of ALC cross-connections up from 1,078 to 1,170 at 30 June 2021
  - Growth in revenue was offset by a decline in futures market access fees.

## Business strategies

The Trading Services strategy is to provide innovative services to maximise the attractiveness of trading on ASX and to meet the needs of a varied customer base. This includes providing leading price discovery and liquidity access execution types, such as Auctions and Centre Point.

The Centre Point order type is an example of ASX innovation following feedback from end investors. The various Centre Point order types provide customers with optionality and control over how their orders are executed.

### Auctions and Centre Point value traded (\$billion)



# Operating and financial review continued

ASX DataSphere is ASX's open data infrastructure solution offering customers the ability to unlock value through insights and analysis in a secure and governed ecosystem. ASX's broad range of data, combined with other data sources, provides the ability to offer additional data and analytics to an array of users.

Within the information and technical services offerings, ASX's strategy is predominantly driven by the needs of clients in equities and derivatives. These requirements include the hosting of hardware and connectivity, as well as low latency (high speed) services to access information and ASX's trading platforms.

Demand for information services is impacted by the level of market activity and the number of users accessing ASX market data. ASX's services are tailored to meet changing customer requirements such as electronic usage of data. ASX provides enterprise licences for large users of data that offer pricing certainty to customers along with standard monthly royalty plans.

ASX's success in expanding its technical services follows the investment in the ALC and communications network (ASX Net). ASX will continue to invest in its product and service offerings in its efforts to be the leading provider for the financial community.

## Equity Post-Trade Services

### Business model and operating environment

ASX's clearing and settlement infrastructure provides risk management services through its CCP and delivery-versus-payment settlement of cash market trades. ASX's post-trade operations are backed by significant Australian-based capital and collateral, and are overseen by Australia's regulators. Through a process known as novation, the CCP assumes the credit risk of all trades centrally cleared and thus facilitates an efficient and orderly clearing and settlement function for the market.

### Cash market clearing

The CCP supports these risk management activities with collateral lodged by clearing participants and ASX funds in the clearing guarantee fund. These collateral and guarantee fund resources can be called upon if a clearing participant does not meet its obligation to finalise a trade that has been novated to the CCP. The main revenue driver is the value of equity securities centrally cleared.

### Cash market settlement

Cash market settlement is conducted through the Clearing House Electronic Sub-register System (CHES). This system registers the title (ownership) of shares. ASX's model for cash market settlement maximises efficiency through the netting of settlement obligations in each individual security and the netting of all payment obligations, while minimising the risk of settlement failure. The main driver of settlement revenue is the number of settlement messages, which can be impacted by a number of variables including the level of transactions and the netting efficiency.

## Results of operations

Equity Post-Trade operating revenue was \$143.7 million, up 12.8%, reflecting the following.

- **Cash market clearing** revenue up 8.6% to \$71.0 million. There was a decrease of 3.6% in the value of on-market trades centrally cleared in the market in line with total value traded in the market. An average of \$6.1 billion on-market value was centrally cleared each day by ASX Clear and no calls were made on the clearing guarantee fund in the current or prior year. As a result of the decline in year-on-year activity, a revenue sharing rebate is not applicable and therefore overall revenue is up on the pcp, given \$8.3 million was paid in the pcp.
- **Cash market settlement** revenue up 17.2% to \$72.7 million. The number of messages was up on pcp with the most notable growth in transfer and conversions, up 30.9%, resulting in a revenue share rebate of \$4.5 million. This is lower than the FY20 revenue share rebate of \$6.1 million. FY20's rebate was higher because of the heightened volumes of 2H20.

## Business strategies

ASX provides cash market clearing and settlement services to the Australian market.

ASX's Equity Post-Trade strategy is to innovate to improve the efficiency of clearing and settlement, so to allow our customers to offer new products and services to benefit issuers and investors.

ASX's CHES replacement project continues to progress. In October 2020, following industry consultation, the scope and functionality of the new system was expanded and the time for testing increased. Go-live was updated to April 2023.

Further details on this initiative are included on page 7.

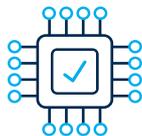
# Operating and financial review continued

The table below describes ASX's key risks and how we respond to them. For more information on ASX's approach to risk management please see page 26 of this report.

Risk	The risk and its impact	How we are responding
<p><b>Regulation, market structure and competition</b></p> 	<p>ASX operates in highly regulated markets. Changes in regulations and/or market structure can impact on ASX or its customers and the environment in which we operate.</p> <p>Examples of how ASX's business could be impacted include if:</p> <ul style="list-style-type: none"> <li>Regulatory requirements were changed for certain important services</li> <li>ASX's products or services did not meet industry expectations in terms of quality or value</li> <li>New competitors commenced operation in Australia.</li> </ul>	<ul style="list-style-type: none"> <li>We regularly engage with government, regulators and industry participants on market structure issues to promote the best industry-wide efficiency outcomes.</li> <li>We engage with our customers to seek feedback on the quality and value of our products and services, and continually look for ways to improve these.</li> <li>We monitor the performance of individual products and services against those available elsewhere to support ASX's ability to deliver a strong value proposition.</li> <li>We consider the impact of ASX-driven change on our customers.</li> <li>We invest in technology enabling us to stay at the forefront of innovative products and services.</li> <li>We regularly and constructively engage with government on the future direction of policy impacting our business.</li> </ul>
<p><b>Economic environment and market activity</b></p> 	<p>ASX's business can be impacted by the level of market activity. This is influenced by one or more of economic performance, government policy, RBA policy, and general financial market conditions in Australia and overseas.</p> <p>Slowing economic conditions or a lessening of general market volatility can lead to a reduction in activity and revenues.</p> <p>Examples of how ASX's business could be impacted if there was a slowdown in the Australian economy include:</p> <ul style="list-style-type: none"> <li>Fewer new listings</li> <li>Less secondary capital raisings</li> <li>Slowdown of growth rates associated with data products and/or technical services.</li> </ul> <p>Examples of how ASX's business could be impacted if there was a lessening of market volatility include:</p> <ul style="list-style-type: none"> <li>Decline in the volume and value of equities traded</li> <li>Lower trading volumes in derivatives.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to build resilience into our business model through the diversification of revenue streams.</li> <li>We are growing those services that have annuity-style revenue streams.</li> <li>We are focusing on enhancing our reputation as a listing venue with emphasis on both technology and foreign companies.</li> <li>We continually look to introduce new domestic and international participants to our trading markets and clearing and settlement facilities.</li> <li>We continue to add to and enhance ASX's suite of products and services to meet evolving customer needs and which adapt to changing market conditions.</li> </ul>
<p><b>Operational excellence</b></p> 	<p>The resilience, continuity and quality of our operational processes are critical to our ability to operate.</p> <p>This risk arises when failures in our people, processes, systems or controls impact on the delivery of our products or services to our customers.</p> <p>The occurrence of such a failure may result in reduced customer service, the inability to provide services, reduced revenues, increased costs, fines or regulatory issues.</p> <p>This category also captures the risk that our project execution is poor, which could lead to a failure of our strategic projects to deliver expected outcomes.</p>	<ul style="list-style-type: none"> <li>We have people, processes, systems and controls in place designed to meet our operational benchmarks.</li> <li>We regularly assess how we can make improvements to the resilience and reliability of our operational processes.</li> <li>We regularly consider the effectiveness of our controls.</li> <li>We monitor customer complaints for feedback on where we could improve performance.</li> <li>We have project management disciplines in place to reduce the likelihood of poor project execution leading to delays or delivery failures in strategic projects, and will upgrade these in response to the independent expert's review of the November 2020 outage.</li> <li>We have business continuity plans that are regularly tested.</li> <li>We have an incident management framework requiring that timely attention be paid to rectifying incidents as they occur.</li> <li>We undertake resource planning and have staff training and retention programs.</li> </ul>

# Operating and financial review continued

## Technology availability



ASX operates critically important financial market infrastructure which is expected to be open and available at all relevant business times.

A risk to ASX arises where infrastructure and technology are unreliable and have slow recoverability or insufficient capacity, and where this cannot be quickly increased. Issues that would heighten this risk are the prevalence of ageing infrastructure, systems or applications that are near their end of life, and a significant increase in cyber attack activity.

The risk may result in reduced ability or an inability to deliver ASX's trading, clearing and settlement services, reduced customer service, reduced revenues, unplanned remediation or replacement costs, or further licence conditions.

- We regularly monitor the availability of our systems against targets and test to understand maximum throughput capacity.
- We monitor the health of critical systems and have contingency plans in place for disruptions.
- We replace ageing technology in a phased and planned manner. Recent examples include the project to replace CHES with a DLT solution, and upgrading our secondary data centre and ASX Trade platform.
- We constantly engage with our vendor partners who provide some of our critical systems and applications.
- We have a regular disaster recovery testing program in place.
- We have a cyber security strategy in place and continually look to improve our capability.

## Counterparty default risk



This risk arises in our licensed clearing and settlement facilities when a participant fails to meet its contractual obligations to any of the facilities.

Depending on the size and complexity of the defaulting counterparty, the default could lead to extremely volatile conditions in global financial markets. This, along with ASX's default management strategy, will determine the size of any possible loss sustained by ASX.

- As part of our regulatory framework, ASX has the financial resources in place to withstand the concurrent default of our two largest participants under extreme but plausible market conditions.
- We enforce minimum financial and operating criteria for participants.
- We require participants to provide collateral in the form of initial margin, and to make regular, frequent and at least daily variation margin payments.
- We hold pre-funded default risk financial resources.
- We have technology and risk policies and procedures to constantly monitor and manage counterparty exposures.
- We have default management strategies that are regularly fire-drilled.
- We have recovery plans for extreme default scenarios.

## Investment returns



Financial losses may arise from investment decisions taken in relation to the management of collateral balances received from clearing and settlement activity, from the investment of ASX's own capital, or the clearing and settlement facilities' pre-funded default capital resources.

Investment returns on collateral balances and ASX's own capital can also be impacted by changes in RBA policy. Lower interest rates and investment spreads can lead to lower returns.

ASX also makes equity investments in support of its broader business objectives (e.g. Yieldbroker, Digital Asset, Sympli, Grow Inc).

- We have investment limits in place under which ASX is required to invest its funds in highly rated counterparties, with short-term maturities.
- We closely monitor financial markets activity, performance and sentiment to inform investment decisions.
- We monitor the business strategy and financial performance of companies that we have invested in, and follow the prescribed accounting treatment in terms of impairment or loss recognition should that be necessary.

## Reputation and stakeholder confidence



The ongoing success of ASX is highly dependent on its reputation for trust, integrity and resilience in everything we do.

Reputation risk arises in a wide variety of situations. For example, where ASX is perceived to have not acted with integrity or failed to deliver resiliency in its activities.

Any outcome that causes detriment to this reputation has the potential to damage ASX's future business prospects through reduced business volumes, or regulatory impact or intervention.

- We aspire to be the world's most respected financial marketplace.
- Understanding the importance of our reputation and protecting it is at the centre of everything we do.
- ASX considers the possible reputation risk in all its business activities and decisions.
- We have refreshed our company values and focus on trustworthy behaviours.
- We have regular and open engagement with customers and wider stakeholders to seek feedback on our performance.
- We have regular interaction with our regulators and government at management, CEO and Board level to facilitate thorough coverage of issues.
- We engage regularly with media to help generate reporting that is fair, informed and balanced.

# SUSTAINABILITY



As the custodians of a business that has been operating in various forms for 150 years, ASX's Board and Management are committed to the company's long-term sustainability.

We recognise that our responsibilities go beyond providing financial markets infrastructure, products and services. They also include supporting the long-term success of our industry and a responsibility to lead by example among our listed company peers. And as an employer we have a responsibility to support and develop our people and our workforce.

## Sustainability governance

The Board oversees ASX's sustainability approach and activities. It is responsible for approving sustainability matters as well as monitoring ASX's progress.

The CEO is responsible for and reports to the Board on sustainability matters including ASX's sustainability agenda and priorities.

ASX's sustainability approach is driven by the Sustainability Working Group (SWG). Chaired by the Chief Financial Officer, the SWG comprises a mix of executive managers and senior employees from across the business, as well as functional areas such as risk management. The SWG is also responsible for the coordination and implementation of ASX's sustainability initiatives across the Group.

# Sustainability continued

## Our approach

Trust, resilience and efficiency have long been hallmarks of ASX. The last 18 months of a global pandemic have shown the importance of these foundational elements to ASX's ability to operate at the heart of Australia's financial markets.

Our 2021 sustainability disclosures have been prepared in accordance with the GRI Standards: Core Option and can be found throughout this Annual Report and on ASX's website. In addition, for the first time, ASX will publish a Task Force on Climate-related Financial Disclosures (TCFD) report, which outlines how we assess and monitor possible climate-related risks and opportunities.

## Sustainability pillars

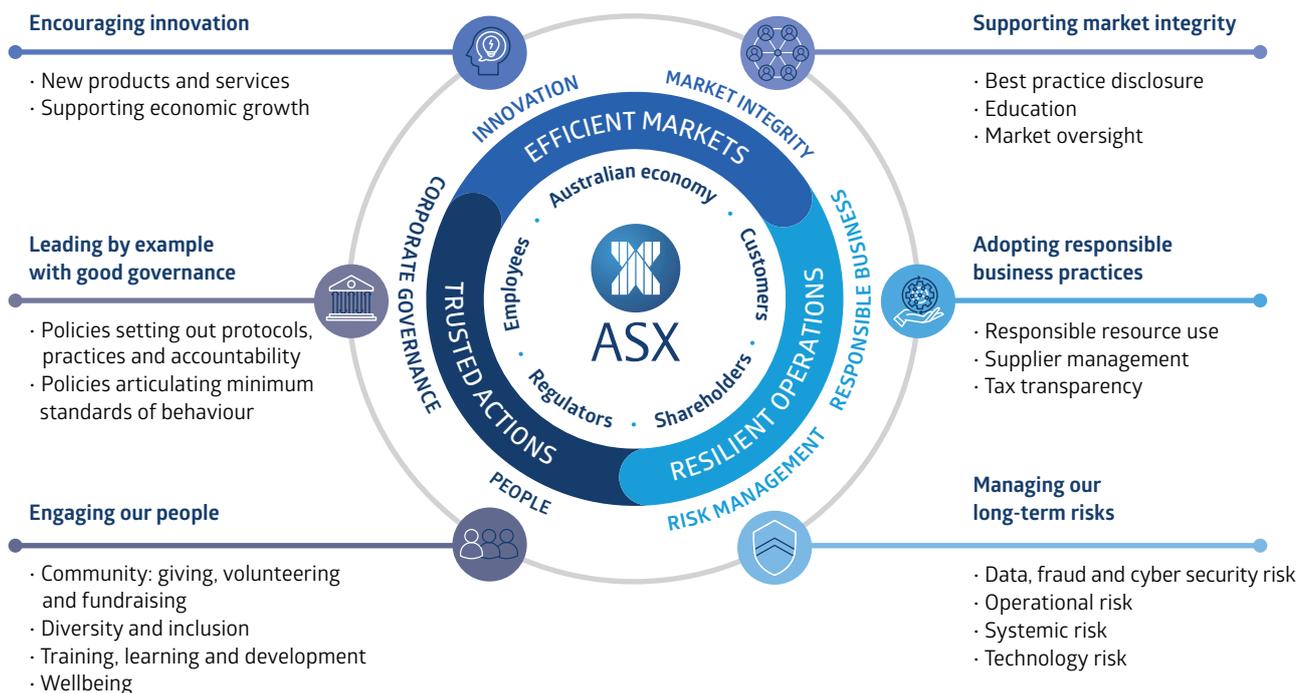
ASX's approach is designed to strengthen our three sustainability pillars: trusted for our actions, providing resilient operations and supporting efficient markets. Together, they form a foundation from which ASX can create value for its customers, regulators, employees and shareholders.

## Material focus areas

Underpinning our three pillars are six focus areas, each one considered to be material to our business.

These material focus areas were identified through a robust process in FY20. Following continued monitoring and engagement with internal and external stakeholders, we remain confident these are the most material non-financial risk areas for ASX to focus on acknowledging that they can - and are likely to - change over time as environmental, social and governance (ESG) areas and issues evolve.

We have changed the descriptors of three focus areas to more accurately reflect the nature of their activities. Specifically, Economic Growth has been updated to Innovation; Market Oversight has been updated to Market Integrity; and Business Ethics has been updated to Responsible Business.



# Sustainability continued

## Trusted actions

## Resilient operations

## Efficient markets

In various forms, ASX has been at the heart of Australia's financial services industry for 150 years. We strive to earn our stakeholders confidence in our actions through good corporate governance and engaging our people.

Through good **corporate governance** practices, we act with transparency, accountability and effectiveness. We seek to lead by example and showcase the importance and value of good corporate governance.

Our ability to be trusted for our actions reflects the values and behaviours of our **people**. We recognise that we have the ability to influence the actions of our people through what we do to look after their wellbeing, support their career aspirations, and help them feel included and valued. We are committed to building an engaged, skilled and responsible workforce, guided by our BE Values and behaviours. Doing so enables ASX to achieve our vision of being the world's most respected financial marketplace.

## Enhancing our Code of Conduct

### Corporate governance

Through ASX's Code of Conduct, Anti-bribery and Corruption, and Whistleblower Protection policies, we set the standards of behaviour expected from our people to collectively meet the standards required by stakeholders. These policies apply to our directors, employees and contractors.

Over the last 12 months, ASX's Code of Conduct was updated to provide greater clarity on its expectations regarding behaviour. This was achieved through distilling ASX's expectations into specific standards and providing relevant examples to enhance understanding.

## Embedding and managing standards of behaviour

### Corporate governance

Each year, all ASX employees undertake mandatory online training.

In FY21, the Code of Conduct online training module was updated to reflect the Code's update during the year.

ASX's annual processes to embed standards of behaviour also includes policy adherence attestation from all staff.

ASX also monitors and investigates breaches of Board-approved policies. In FY21, ASX did not identify any Code of Conduct breaches or instances of bribery or corruption.

For more information regarding ASX's approach to corporate governance, please see pages 30 to 42, as well as ASX's website.

## Measuring our values-based culture

### People

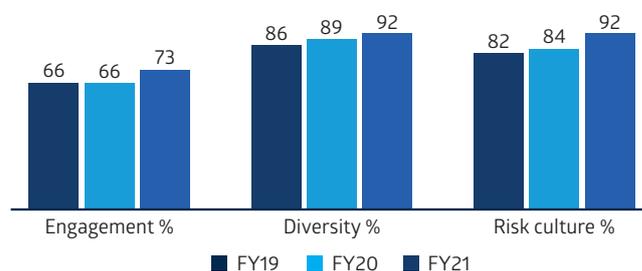
We are committed to building a values-driven culture because our people's actions are just as important as the outcomes they deliver.

Our values are interwoven with the way we work. Each year we review our peoples' demonstration of our values as part of their performance review process, and this is connected to their reward. We reinforce this through ongoing recognition programs and quarterly awards. We measure how our employees live the values through regular surveys, the results of which are reviewed by the Board.

Our values are to:

**Be Open, Be Trustworthy, Be Original, Be The Example.**

The annual ASX staff survey assesses the company against 18 factors, including engagement, leadership, collaboration, communication, alignment and involvement.



Key insights from the FY21 survey included:

- ASX's overall engagement score increased to 73%
- The aggregate measures of how employees rate ASX's support for and actions to increase diversity at ASX improved for the third year in a row to 92%
- The aggregate measure of employee responses to a range of questions asked to measure risk management and compliance practices and behaviours was 92%.

Instilling a culture where every employee not only has the opportunity to speak up but feels comfortable to do so is a key area of focus for ASX. In FY21, 92% of employees agreed that they feel this at ASX.

# Sustainability continued

## Trusted actions

## Resilient operations

## Efficient markets

### Developing our workforce

#### People

##### Headcount

Over FY21, ASX's permanent employee base grew by 4% as we continued to strengthen our skills and add to our capabilities, particularly in the areas of technology and data.

In FY21, voluntary turnover was 10% compared to 11% in the previous financial year. This is a level that balances workforce stability with the introduction of new skills. Given the backdrop of COVID-19 uncertainty and impact, it was not surprising that ASX's rate declined. Ours was an experience consistent across the industry – the average voluntary turnover of Australia's financial services industry declined to 9% in 2020 from 12% in 2019.

##### Remuneration

ASX employees receive a market competitive fixed remuneration package. Subject to performance, employees also participate in a short-term variable reward program, which provides employees with a mix of ASX shares and/or cash (depending on the role). Details about our remuneration practices and policies are included in the Remuneration Report on pages 43 to 60.

Through the General Employee Share Plan, ASX supports employees wanting to be shareholders by offering them the opportunity to buy \$1,000 of ASX shares at a 10% discount on a pre-tax salary sacrifice basis. ASX also covers the brokerage costs. In FY21, this offer was accepted by 61% of staff.

ASX also provides a number of employee benefits to all permanent and maximum term employees, such as salary continuance insurance, a suite of discount and corporate rewards, and subsidised sport and social programs.

##### Managing performance and development

We believe that our performance is supported by high-performing individuals who seek to improve their skills and grow in their careers. Equally, we know that career development and training is crucial to employee engagement and retention.

All employees are expected to set challenging goals and behave in accordance with our BE Values. Ninety-seven percent of employees have documented deliverables and behavioural goals.

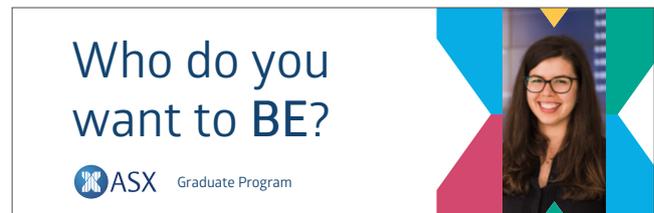
Our people are assessed against these expectations annually. Their performance informs their variable reward. Our performance management systems and processes encourage regular conversations between managers and employees which form an important part of their development.

##### Development

Role changes, promotions and secondments are key components of our development strategy. We also offer a range of educational development opportunities. In FY21, the number of employees who were provided formal e-learning courses increased from 57% to 88%.

COVID-19 required our leaders to manage teams remotely on a scale never seen before. With leaders managing hybrid teams, ASX engaged DeakinCo, part of Deakin University's Faculty of Business and Law, to facilitate a new leadership program at ASX called LEAD – Lead, Engage and Deliver. 195 leaders began this six-month program in March.

##### Graduate program



Launched in FY20, our graduate program seeks to identify individuals who are early adopters of new technology, innovative thinkers, and customer focused. In January 2021, we welcomed our first six graduates to ASX who work in the areas of software and application development, cyber and analytics.

Our initial focus on technical skills recognises that graduates can inject new ideas into our business and apply contemporary thinking from academia to the work we do.

The two-year program sees graduates rotate across different areas of the business. The program combines formal learning and on-the-job experience, and culminates in a permanent role with ASX.

# Sustainability continued

## Trusted actions

## Resilient operations

## Efficient markets

### Ongoing employee safety and wellbeing

#### People

#### Workplace health and safety

Our people's safety and wellbeing have been at the centre of our response to COVID-19 and continued to be a priority throughout FY21.

Central to our efforts has been regular communication and providing practical resources for all employees. During periods of COVID-19 driven restrictions, ASX employees were given the flexibility needed to manage their workload and caring responsibilities.

Overseeing ASX's management of its workplace health and safety is the Audit and Risk Committee. The Committee receives quarterly updates on ASX's compliance with workplace health and safety (WHS) laws from the Health and Safety Committee. WHS performance is audited periodically by an independent third party.

ASX's FY21 lost time injury frequency rate (the number of lost time injuries per total hours worked) was below the industry average at 0.69.

#### Prevention of harassment and discrimination

ASX works to prevent discrimination and harassment in the workplace. ASX has a range of policies and processes to monitor and address discrimination. ASX utilises annual online training for all employees and encourages employees to speak up on any or potential inappropriate behaviour.

#### Workplace wellbeing

ASX defines 'workplace wellbeing' as a state in which people are able to work productively and creatively, build positive relationships and make a meaningful contribution. In early FY21, ASX brought its wellness programs and wellbeing support together into the BE Well @ ASX program which focuses on:

- Connection - our connection with others
- Body - looking after our physical health
- Mind - looking after our mental wellbeing
- Financial - having access to resources to help manage financial challenges.

During FY21 additional resources added to the wellbeing online resource centre included virtual instructor-led and learner-led education resources across a wide range of wellness-related topics.

A new Wellbeing Wednesday email, highlighting the available support and topical activities was also launched during the year.

ASX continued to host a number of expert speaker sessions. Experts in neuroleadership and peak performance research provided employees the opportunity to hear and learn from leaders in their field.

#### Mental health first aid officers

We trained and launched a number of mental health first aiders (MHFA) during FY21. MHFA provides evidence-based training, which gives our employees the skills and confidence to have supportive conversations with their co-workers and help guide them to professional help if needed.

MHFA programs increase knowledge and confidence, reduce the stigma attached to mental health, and provide another route for employees to seek support and advice.

This initiative was supported with the launch of WeCARE@ASX, a voluntary e-learning module, designed to develop staff capability and confidence in talking about mental health through a lens of care and compassion.

#### Domestic family violence

ASX has a family and domestic violence policy designed to create a safe workplace and support employees in need. ASX does this by providing leave arrangements and counselling services. In FY21, in collaboration with our employee network groups (ENGs), we partnered with a leading expert to create a tailored educational video. The video focused on how to build understanding about domestic and family violence; raise awareness for how ASX fosters a safe, respectful and inclusive workplace for victims; and provide information on what employees can do if someone raises an issue with them.

### Increasing our diversity and inclusion

#### People

Diversity of backgrounds, perspectives and thinking brings enhanced performance. ASX is committed to achieving a diverse and inclusive workplace. For ASX, it is important we are a workplace where our people feel they can safely be their best selves. That is, a workplace where employees are treated fairly, respectfully and not judged for their gender, age, ethnicity, race, cultural background, religion, disability, caring responsibilities, sexual orientation or gender identity.

To achieve ASX's goal of being a diverse and inclusive workplace, our strategy is comprised of four initiatives:

- Workforce inclusion
- Representation of diverse talent
- Leadership accountability
- Policies and processes.

# Sustainability continued

## Trusted actions

## Resilient operations

## Efficient markets

### Gender diversity

ASX has been recognised as an Employer of Choice for Gender Equality for 2020-22 by the Workplace Gender Equality Agency (WGEA). This citation recognises our commitment to gender equality in areas such as flexibility, parental leave, women in leadership and pay equity.

ASX has been committed to achieving greater representation of women at all levels of the organisation for many years. In FY21, having achieved our previous target of females accounting for 40% of the total workforce, we increased our target to 45%. Effective from FY22, ASX is targeting its achievement by FY25.

Some of the initiatives employed to increase gender representation include:

- Setting gender diversity targets. Achievement against the targets is monitored by the Remuneration Committee
- Embedding gender equality targets as part of an executive's balanced score card and review the executive's achievement against these targets when determining their short-term variable reward
- Promoting gender-balanced hiring practices and reviewing talent and succession plans to ensure there is no systemic bias based on gender
- Supporting and contributing to Champions of Change Coalition studies and resources, with our CEO being a member.

### Gender pay

ASX supports providing equal pay for employees irrespective of their personal characteristics, such as gender, and conducts annual gender pay reviews.

Each year, a review is conducted to identify any employees with a difference in remuneration that can't be explained by differences in qualifications, experience, tenure, and/or performance. These differences are addressed in the following remuneration review. Pleasingly, in FY21, the analysis concluded that, on average, males and females were paid equitably for like-for-like roles.

The following table reports ASX's gender diversity performance at various levels within the organisation as at 30 June 2021.

Reporting	Target	FY20	FY21
<b>Diversity % of women</b>			
On the Board	40%	27%	33%
Executive committee roles	40%	29%	36%
General management roles	40%	36%	38%
Management/team leader roles	40%	41%	39%
<b>Total % of women in management position roles</b>	<b>40%</b>	<b>39%</b>	<b>39%</b>
Professional/technical roles	40%	36%	40%
Administrative roles	50%	82%	84%
<b>Across the entire organisation</b>	<b>40%</b>	<b>40%</b>	<b>42%</b>

### Inclusion

Diverse and inclusive teams enable ASX to offer a safe environment and contribute to ASX being considered to be a great place to work. Reflecting ASX's focus on diversity and inclusion, in the FY21 engagement survey 86% of our employees said they believe they can be their authentic self at work.

ASX celebrates employees from all backgrounds and cultures, and we support five employee network groups (ENGs) that raise awareness and provide education in areas its members are passionate about. The ENGs are developed, chaired and run by employees. The five ENGs cover a range of areas including gender equality, culture and heritage, volunteering in the community, mental and physical health, and LGBTIQ.

ASX's support for these groups comes through:

- Financial support to enable events, communication and raising awareness of the aims of the ENG
- The provision of resources and guidance on the governance, structure and goals of the group
- Executive sponsorship to advocate for the ENG and providing mentorship to ENG leaders
- A Diversity and Inclusion survey to gain suggestions and feedback on ENG events and programs of work
- Membership to organisations such as Diversity Council of Australia, Pride in Diversity, WiBF, Champions of Change Coalition and Australian Network on Disability.

Outlined below are some highlights from the ENGs this year:

- The Culture&Heritage ENG organised ASX's first NAIDOC week event in July 2020
- ENG **Q ASX** held its first event Wear It Purple Day
- The most recently launched ENG, ASX WellBEing, hosted an external speaker to share their own mental health challenges throughout their career, reinforcing ASX's efforts to encourage all employees to speak up about mental health in the workplace.

# Sustainability continued

Trusted actions

Resilient operations

Efficient markets

## Supporting flexibility

People



ASX continued to focus on supporting our employees during periods of lockdown over the course of FY21. An online hybrid working hub was launched offering resources on best practice advice and latest tools for hybrid working, as well as guidance on utilising technology to enhance collaboration. It also contains resources to equip managers and employees to discuss different types of flexibility, and offers guidance to ensure productivity and wellbeing while working in a hybrid environment.

We seek employee feedback annually. In FY21, 91% of ASX employees said they had the flexibility they need to manage work, caring and other responsibilities. This compares to the industry average of 76%.

### Parental and care support

ASX's gender-neutral parental leave policy provides 16 weeks paid leave for primary carers and four weeks paid leave for secondary carers. The paid parental leave offering is above the Financial and Insurance Services industry average reported by WGEA. Superannuation contributions foregone during unpaid parental leave are paid as a one-time contribution upon an employee's return to work, up to a maximum of 36 weeks. Graduated return to work options are available to support employees' transition back to the workplace from extended leave.

ASX's commitment to creating a flexible workplace is supported through a range of gender-neutral policies and strategies. ASX was recognised again by Direct Advice for Dads as one of the best Australian workplaces for new dads.

ASX has also maintained its Breastfeeding Friendly Workplace Accreditation since 2013, and has recently been recognised as having best practices to support mothers in the workplace.

### ASX in the community

The ASX Refinitiv Charity Foundation has been running since 1996 and has raised more than \$30 million for over 170 charities through its events and auctions.

On 26 November 2021, ASX hosted the inaugural Markets Trading Day for Charity, bringing several institutions together to help raise money for Australian-based children's, disability and medical research charities. ASX donated its cash market trading proceeds from the day and nabtrade donated all of its brokerage revenue too, and with the support of the contributing sponsors, together raised \$586,000.

### ASX Giving

ASX encourages employees to volunteer within the community. Every employee has access to two days paid leave for volunteering opportunities, including not-for-profit board directorships and mentoring. ASX also offers to match the personal charitable donations of employees, up to the value of \$500. In the FY21 ENG survey, 48% of respondents stated they had ASX match their charitable donations.

At the end of 2020, ASX recognised the particularly difficult year it had been for charitable organisations. As part of the annual Christmas gift to employees, ASX made a \$30 Christmas donation on behalf of every staff member to one of three charities nominated by ASX's ENGs. The three charities supported were Beyond Blue, World Wide Fund for Animals and the Wayside Chapel in Sydney.

# Sustainability continued

Trusted actions

Resilient operations

Efficient markets

**During the peak of the worldwide COVID-19 pandemic in 2020, ASX's systems remained open.**

**This period of record volumes and historically high volatility demonstrated the importance of our operational resilience.**

From a sustainability perspective, our ability to provide resilient operations requires disciplined long-term **risk management** and a commitment to operating as a responsible corporate citizen.

ASX's disciplined approach to long-term risk management is a critical component in the resilience of our day-to-day operations, as it reduces the impact and likelihood of negative outcomes. While we are unable to guarantee there will never be negative outcomes, ASX is committed to continually improving its risk management practices and embedding a risk management culture as we strive to minimise their occurrence.

Long-term resilience also comes from the adoption of **responsible business** practices. While technology and society continues to evolve, doing the right thing remains a constant in business. Our stakeholders have growing expectations about how we manage our suppliers, minimise our impact on the environment and play our part in reducing our carbon emissions.

## Embedding our risk and compliance culture

### Risk management

In FY21, ASX continued to focus on strengthening its risk management approach, and embedding its risk and compliance culture.

We continue to review our Risk Appetite Statement to challenge ourselves on whether our Key Risk Indicators are generating risk discussions and focus in the right areas.

FY21 also saw a further embedding of the 3 Lines of Defence risk management organisational accountability structure. Line 1 teams reported to the Audit and Risk Committee on how they manage the risks they are responsible for in their business area.

The Enterprise Risk Management team has continued to provide risk training to our Risk Champions, being those individuals located throughout the Group who have the responsibility for championing risk management within their teams. Our Risk Champions are integral to strengthening ASX's 3 Lines of Defence risk model, and helping support the risk framework and strategy.

## Reducing systemic risk

### Risk management

ASX's two clearing houses, ASX Clear and ASX Clear (Futures), play important roles in reducing systemic risk in Australia's financial markets. During FY21, ASX progressed its program of continuous improvement aimed at ensuring the resiliency of our two clearing houses.

A significant part of this was the investment made in upgrading the technology infrastructure used in performing credit stress testing in ASX Clear (Futures).

In FY21, we also engaged with clearing participants to understand what they consider to be market stress scenarios at the boundary of 'extreme but plausible'. These stress scenarios are important inputs for determining the quantity of pre-funded capital the clearing houses need in order to withstand the concurrent default of their two largest clearing participants. As such, these stress scenarios are important components assisting with reducing systemic risk in the Australian financial system.

## Mitigating cyber risk

### Risk management

ASX's Board and Management rank cyber risk as one of the Group's most critical risks to be managed and mitigated. Annually, the Board's Audit and Risk committee approves ASX's cyber strategy and oversees its implementation within the organisation. Through the ongoing execution of this strategy, ASX focuses on a range of risk mitigation activities encompassing both technical and non-technical solutions such as regular cyber security training, awareness and testing sessions for our staff. The strategy also includes regular reviews of ASX's security risk monitoring and management processes and systems.

The risk of cyber-attack continues to grow in both frequency and sophistication. In FY21, ASX invested in risk mitigation activities designed to proactively prevent and detect cyber events as well as respond to and recover from them should they impact on the organisation. Over the past 12 months, ASX's efforts included strengthening its network segmentation, upgrading legacy infrastructure and maturing its compliance with the *Australian Signals Directorate Essential 8 Strategies to Mitigate Cyber Security Incidents*.

In addition, ASX continues to support national efforts to mitigate cyber risks. Over the past 12 months, ASX responded to consultation papers regarding the Federal Government's Cyber Security Strategy, provided comments on proposed amendments to the Security of Critical Infrastructure Act, and continued to work with the Australian Cyber Security Centre.

## Assessing risks of modern slavery

### Responsible business

ASX is committed to ensuring that the Group's operations and supply chain do not involve modern slavery. ASX's Modern Slavery Policy articulates our commitment to identifying and addressing these risks in order to minimise their occurrence and remediate them if identified. In addition, various ASX Group policies and procedures (such as our Supplier Code of Conduct, Procurement Policy, Vendor Management Framework and request for proposal documentation) provide additional safeguards for identifying and addressing modern slavery risks.

# Sustainability continued

## Trusted actions

## Resilient operations

## Efficient markets

In FY21, our global supply chain comprised approximately 500 direct suppliers from a total of 15 countries, including Australia, the USA, Ireland, Sweden, Belgium, Luxembourg, Singapore, England, Hong Kong, New Zealand, Czech Republic, China, France, Canada and Switzerland. During the reporting period, 51% of ASX's total supplier spend was assessed for modern slavery risks. This covered those suppliers considered to be Critical Service Providers and Tier 1 suppliers, as well as those considered to be high risk given their industry, product or country of operation.

In FY22, ASX will roll out a Modern Slavery e-Learning module to be undertaken annually by all employees.

 [ASX's Modern Slavery Policy and Statement can be found at \[www2.asx.com.au/content/dam/asx/about/policies/asx-modern-slavery-statement-fy21.pdf\]\(http://www2.asx.com.au/content/dam/asx/about/policies/asx-modern-slavery-statement-fy21.pdf\)](http://www2.asx.com.au/content/dam/asx/about/policies/asx-modern-slavery-statement-fy21.pdf)

## Ongoing tax transparency

### Responsible business

ASX believes in paying its fair share of tax. As a signatory to the voluntary Tax Transparency Code issued by the Australian Government Board of Taxation, ASX publishes a Tax Transparency Report each year. ASX takes a low risk approach to managing its tax position, which includes not entering into transactions or structures that have the primary objective of reducing tax liabilities. We are proudly an Australian company and proud of the economic contribution we make through the tax we pay each year.

As a large organisation, ASX is included in the Australian Tax Office's (ATO) top 1,000 Justified Trust Program, designed to build and maintain community confidence that taxpayers are paying the right amount of tax and are identifying and addressing tax risks. Under the ATO's Streamline Assurance Review (income tax only) and its latest Combined Assurance Review (income tax and GST), ASX obtained a high level of assurance in both reviews.

In FY21, ASX's effective tax rate for the Group was 30.1% and we paid a total tax contribution of \$340.4 million.

 [ASX's FY21 Tax Transparency report is available at \[www2.asx.com.au/about/asx-shareholders/reports\]\(http://www2.asx.com.au/about/asx-shareholders/reports\)](http://www2.asx.com.au/about/asx-shareholders/reports)

## Addressing climate change

### Responsible business

#### Task Force on Climate-related Financial Disclosures (TCFD)

As a market operator, ASX has been a supporter of the TCFD since 2019. Through the ASX Corporate Governance Council Principles and Recommendations we encourage issuers to use this disclosure framework.

While ASX does not believe it has a material risk to climate change, we do have a responsibility to adopt best practice reporting standards and seek to improve our own disclosures each year.

ASX has commenced reporting against the TCFD recommendations following the completion of an externally supported, Board-reviewed assessment of ASX's inherent climate risks and opportunities.

ASX's FY21 TCFD report captures the findings of the scenario analysis undertaken that assessed ASX's inherent climate change risks and opportunities that may arise under 1.5°C and 4°C scenarios, over the two time-horizons of 2030 and 2050. The table overleaf is a summary of our TCFD disclosures.

Overall, the assessment confirmed that climate-related risks for both transition and physical scenarios pose a low level risk to ASX. It also affirmed ASX's view that while ASX faces limited physical risks from climate change, we do have considerable climate-related transition opportunities. Notwithstanding its limited physical risks, ASX is committed to reducing its carbon emissions and continuing to monitor and assess its climate-related exposure.

#### Targeting net zero by FY25

While we know that it will be through our efforts to support the Australian economy transition to a low carbon economy that we will have the greatest impact on climate change, reducing our own emissions is an important part of ASX doing what it can to reduce global emissions.

In August 2021, ASX announced its commitment to achieving net zero emissions by the end of FY25. In addition, ASX committed to source 100% renewable energy from FY23 onwards, which will reduce ASX's carbon emissions by over 85%.

Looking ahead, ASX is working towards having our pathway to net zero verified by the Science Based Targets initiative (SBTi).

Adopting this medium-term goal builds on ASX's efforts over the past few years to reduce emissions, including using carbon neutral paper since 2015 and investing in contemporary, energy efficient technology hardware.

## Moving to e-statements

### Responsible business

CHESSE statements are an important source of truth for investors. They provide an independent and trusted record of trading activity, and help protect against fraud. CHESSE statements are sent to investors with an ASX holder identification number (HIN) at the end of each month in which they have transacted.

By the end of calendar year 2021, investors will have the option of receiving these statements in electronic format. ASX is working closely with the industry and expects some brokers to be ready to offer the service to their clients on day one. Importantly, investors will retain the ability to choose how they receive their CHESSE statements as some will continue to prefer to receive paper statements.

Enabling the electronic delivery of CHESSE statements is an important initiative with benefits for investors, companies, registries and the environment. Investors will receive their monthly notification faster by eliminating postage time. Companies and issuers will save on the costs incurred in mailing hardcopy statements. Brokers will have returned data delivered electronically rather than physically, cutting time, reconciliation errors and costs. And the reduction in paper usage will be a win for the environment.

# Sustainability continued

Trusted actions

Resilient operations

Efficient markets

## TCFD implementation summary

	Progress to FY21	Focus beyond FY21
<b>Climate change governance</b>	<ul style="list-style-type: none"> <li>Added a review of sustainability approach and activities to annual agenda</li> <li>Established internal Sustainability Working Group (SWG)</li> </ul>	<ul style="list-style-type: none"> <li>Climate risk to be reviewed as a standalone risk in annual Group Enterprise Risk review</li> <li>CEO to provide Board with half yearly updates on sustainability</li> <li>Board to continue educating itself on climate-related risks and opportunities, emerging developments and reporting best practice</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Continued to grow the listed climate-resilient technology sector through attracting new domestic and international listings</li> <li>Supporting energy market participants in transitioning to renewable energy through the management of forward price risk</li> <li>Adopted initiatives to increase ASX's operational climate resilience through use of renewable energy and working towards net zero</li> <li>Formed ESG data work stream to identify opportunities for products to meet demand for sustainability-linked products</li> <li>Delivered education seminars to listed companies to support their understanding and adoption of ESG ratings and reporting frameworks</li> </ul>	<ul style="list-style-type: none"> <li>Progress development of sustainability-linked data products</li> <li>Continue to evolve suite of risk management products to support energy transition to renewable sources</li> <li>Incorporate climate risk and product design into business level strategic planning</li> <li>Source 100% renewable electricity for ASX operations by FY23</li> <li>Expand opportunities to support listed companies develop understanding of and skills in climate reporting</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>Assessed inherent climate change risks and opportunities over 2030 and 2050 time horizons</li> <li>Conducted TCFD-aligned scenario analysis using high and low emissions pathways for ASX's physical and transition risks</li> </ul>	<ul style="list-style-type: none"> <li>Add climate change as a standalone risk to the ASX Enterprise Risk Management register</li> <li>Include climate change risk within ASX Risk Appetite Statement</li> </ul>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>Set net zero goal for scope 1 and 2 emissions in FY25</li> <li>Committed to using 100% renewable electricity from FY23</li> </ul>	<ul style="list-style-type: none"> <li>Have net zero pathway verified by SBTi</li> <li>Ongoing enhancements of TCFD disclosures</li> </ul>

## FY21 environmental outcomes

Greenhouse gas (GHG) emissions	Unit	2019	2020	2021	% change from prior year
Scope 1 – diesel and gas <sup>1</sup>	t CO <sub>2</sub> -e	29.56	30.12	22.14	(27)%
Scope 2 – electricity	t CO <sub>2</sub> -e	15,065	14,762	15,091	2%
GHG emissions by activity	Unit	2019	2020	2021	% change from prior year
Scope 1 – Combustion of diesel and gas <sup>1</sup>	t CO <sub>2</sub> -e	30	30	22	(27)%
Scope 2 – electricity (Data centre customers)	t CO <sub>2</sub> -e	10,546	10,334	11,317	10%
– electricity (ASX direct usage)	t CO <sub>2</sub> -e	4,520	4,429	3,775	(15)%
Scope 3 – travel (business travel and commuting)	t CO <sub>2</sub> -e	758	514	253	(51)%
– paper usage (office)	t CO <sub>2</sub> -e	0	0.12	0.01	(92)%
– paper usage (CHESSE statements and notifications) <sup>2</sup>	t CO <sub>2</sub> -e	0	0	0	-
Paper usage	Unit	2019	2020	2021	% change from prior year
Office use	tonnes	8.12	5.46	2.45	(55)%
CHESSE statements and notifications	tonnes	77	103	135	31%

<sup>1</sup> In FY20 this calculation has been updated to more accurately reflect actual emissions during the period. Past years have also been updated for consistency.

<sup>2</sup> GHG emissions reported are inclusive of carbon offset. ASX commenced using 100% carbon neutral paper in 2015.

Electricity and paper usage	FY20	FY21	% change from prior year
Electricity GHG <sup>1</sup> emission (excluding ASX's data centre hosting) per \$1,000 of revenue generated (in t CO <sub>2</sub> -e <sup>2</sup> )	0.0087	0.0077	(11)%
Paper usage (excluding CHESSE statements and notifications) by headcount (tonnes)	0.0077	0.0033	(57)%

<sup>1</sup> Greenhouse gas (GHG) emissions.

<sup>2</sup> Tonnes of carbon dioxide equivalent.

# Sustainability continued

## Trusted actions

## Resilient operations

## Efficient markets

### ASX has a long history of supporting the advancement and achievement of pricing and operational efficiencies in Australia's financial services industry.

Not only are these two forms of efficiency fundamental to ASX's ability to deliver sustainable growth, but they foster long-term growth for the benefit of our customers and wider industry.

Through our market oversight role, we play an important part in supporting the market integrity of Australia's financial markets. We do this alongside regulators, the media, investors, financial intermediaries and professional service providers such as proxy advisers, lawyers and accountants.

We endeavour to continually strengthen the integrity of our markets through a range of activities. These include the provision of guidance relating to best practice governance, rules relating to the requirements of becoming a participant within ASX's markets, and rules and guidance as to how listed companies can meet their continuous disclosure obligations. All these factors contribute to the ability of our markets to operate in a fair, orderly and transparent manner.

Having responded to technology and societal changes for more than a century, we have a proven track record of encouraging innovation. History has shown that as we have evolved we have been able to drive efficiencies and create value for our customers, industry and Australia's economy. Today we continue that tradition through leveraging our enterprise-grade, contemporary technology infrastructure for the benefit of not only our customers but their customers. We strive to create new products in growing asset classes, and invest in technology which enables us to make business for our customers easier and our industry more efficient.

### Supporting issuers on their ESG journey

#### Market integrity

In FY21, ASX held a number of educational webinars on the various ESG topics, ratings providers and reporting frameworks. We sought to support those listed companies looking to understand and embrace the evolving sustainability disclosure frameworks and ratings context.

The program commenced with a series of webinars on the TCFD framework. Offered in a series of industry specific webinars, they focused on why and how issuers can apply it.

ASX also hosted Standard & Poor's to provide an overview of their Corporate Sustainability Assessment survey. And in the first half of FY22, MSCI is presenting an overview on its ESG ratings framework.

In partnership with the Australian Council of Superannuation Investors and the UN Global Compact, ASX hosted in early June 2021 a two-day webinar focused on exploring the role of finance in delivering on the Sustainable Development Goals.

### Adding a new liquidity point for Australia's interest rate market

#### Innovation

The 5-year treasury bond futures contract was launched at the end of November 2020. Created to support the evolving structure of the underlying interest rate market, the 5-year contract complements the 3 and 10-year contracts already in existence. Initial volumes have been encouraging and support ASX's view that this product has the potential to become one of our flagship interest rate derivative products.

By providing this additional liquidity point and hedging tool at the mid part of the interest rate curve, the new contract allows participants to manage their risk exposure in a more efficient and effective manner. It also creates new spread and relative value trading opportunities for ASX's customers and offers the chance to mirror 5-year bond futures traded offshore.

### Reducing risk, delivering efficiencies and richer data

#### Innovation

Corporate actions are a critical feature in capital markets with thousands of these events taking place on ASX every year. ASX's recently launched corporate actions straight-through processing (STP) solution reduces the inherent risks for all participants through simplifying, standardising, and removing manual steps in announcement, data capture and support processes.

ASX's corporate actions STP solution allows issuers to complete smart online forms for the announcement of certain events, and in doing so leverage the benefits of pre-populated data and validation. This provides issuers with the certainty that they are entering all the required and correct information. Investors get more accurate and comprehensive information faster, delivered in the industry's preferred and easy-to-process global standard ISO 20022 compliant format.

Corporate actions STP goes to the heart of ASX's technology-driven, customer-focused strategy, and is the latest example of how we are contemporising and upgrading technology right across the business. Investing in new and enhanced technology not only improves the performance, efficiency and resilience of our customers, but it sets up Australia's market infrastructure for the future, offering exciting opportunities for innovation and growth.

As the global leader in providing a fully automated end-to-end solution, our corporate actions service delivers the most accurate, comprehensive and timely corporate action event information, utilising the latest industry standard messaging format.

# CORPORATE GOVERNANCE



## ASX Limited Board

From left: Heather Ridout, Rob Woods, Yasmin Allen, Dominic Stevens, Peter Marriott, Damian Roche, Peter Nash, Melinda Conrad, Ken Henry.

### Damian Roche

Independent, Non-Executive Director,  
Chairman

BCom



Mr Damian Roche was elected ASX's Chairman in April 2021 and has served as a director since August 2014. He is a member of the Audit and Risk Committee and Remuneration Committee, and Chairman of the Nomination Committee.

Mr Roche is Chairman of Austraclear Limited and a director of ASX Clear (Futures) Pty Limited, the ASX clearing and settlement licensees for Australia's derivatives, OTC and debt markets. He is also Chairman of their intermediate holding companies.

Mr Roche has over 20 years' experience in global investment banks, with extensive cross-asset class expertise spanning the equities, fixed income and commodities markets, with a specific focus on the Asia-Pacific region, including Australia.

Mr Roche was a member of the global Corporate and Investment Bank Operating Committee for J.P. Morgan. His final role at the bank was Head of Markets and Investor Services, Sales and Distribution for Asia-Pacific, based in Hong Kong.

Mr Roche is a director of Kaldor Public Arts Projects and HRL Morrison & Co Limited.

### Dominic Stevens

Managing Director and CEO,  
Executive Director

BCom (Hons)



Mr Dominic Stevens was appointed Managing Director and CEO of ASX in August 2016. He was an independent non-executive director of ASX from December 2013 until his appointment as CEO.

Mr Stevens is also a director of the ASX clearing and settlement licensees and their intermediate holding companies.

Mr Stevens has over 30 years' experience in financial markets. He was CEO of Challenger Limited from 2008 to 2012, before which he was the company's Deputy CEO and Head of Capital, Risk and Strategy.

Prior to Challenger, he held senior positions during a long career at Bankers Trust Australia, where he had responsibility for the Australian derivatives, global metals and agricultural commodity derivatives businesses.

# Corporate governance continued

## Yasmin Allen

Independent, Non-Executive Director

BCom, FAICD



Ms Yasmin Allen was appointed a director of ASX in February 2015. She is a member of the Audit and Risk Committee.

Ms Allen is a director of ASX Clear (Futures) Pty Limited and Austraclear Limited, the ASX clearing and settlement licensees for Australia's derivatives, OTC and debt markets, and their intermediate holding companies.

Ms Allen has over 20 years' experience in the finance industry, including in investment banking and has expertise in financial services, strategy development and corporate governance.

She was formerly a vice president at Deutsche Bank, a director at ANZ Investment Bank and an associate director at HSBC Group.

Ms Allen was appointed Chairman of Digital Skills Organisation (Department of Employment) in January 2020 and Chairman of Faethm.ai in February 2020. Ms Allen was appointed a director of Santos in October 2014 and Cochlear Limited in August 2010. Ms Allen's previous appointments include director of Insurance Australia Group Limited between November 2004 and September 2015.

Ms Allen is also Chairman of Advance, a director of the George Institute for Global Health, and Acting President of the Australian Government Takeovers Panel.

## Melinda Conrad

Independent, Non-Executive Director

MBA, FAICD



Ms Melinda Conrad was appointed a director of ASX in August 2016. She is a member of the Nomination Committee and the Remuneration Committee.

She has over 20 years' experience in business strategy and marketing, and brings skills and insights as an executive and director from a range of industries, including retail, financial services and healthcare.

Ms Conrad has been a strategy and marketing adviser, an executive with Colgate-Palmolive, and founded and managed a retail business.

She was appointed a director of Stockland Corporation Limited and Stockland Trust in May 2018, and Ampol Limited in March 2017. Ms Conrad's previous appointments include director of OFX Group Limited between September 2013 and September 2018, and The Reject Shop Limited between August 2011 and June 2017.

Ms Conrad is also a director of the Centre for Independent Studies and the George Institute for Global Health, and a member of the AICD Corporate Governance Committee.

## Dr Ken Henry AC

Independent, Non-Executive Director

BCom (Hons), PhD, DB h.c, FASSA



Dr Ken Henry was appointed a director of ASX in February 2013. He is a member of the Audit and Risk Committee and the Nomination Committee.

Dr Henry is also a director of ASX Clear Pty Limited and ASX Settlement Pty Limited, the ASX clearing and settlement licensees for Australia's equity markets, and their intermediate holding companies.

Dr Henry has extensive experience as an economist in Australia and overseas, and has worked as a senior policy adviser to successive Australian governments.

Dr Henry served as the Secretary of the Federal Department of the Treasury from 2001 to 2011. He is a director of Accounting for Nature Limited, Cape York Partnership, a Chair of Wildlife Recovery Australia and member of the ANU Below Zero Advisory Committee, Advisory Board of the John Grill Institute of Projects (Sydney University) and CEDA Leadership Council.

Dr Henry was Chairman of National Australia Bank Limited from December 2015 to November 2019, having joined the board in November 2011.

## Peter Marriott

Independent, Non-Executive Director

BEC (Hons), FCA, MAICD



Mr Peter Marriott was appointed a director of ASX in July 2009. He is a member of the Audit and Risk Committee and was the Audit and Risk Committee Chairman between July 2009 and 18 August 2021.

He is a director of each ASX clearing and settlement facility licensee and their intermediate holding companies.

Mr Marriott has spent over 40 years in senior management roles in the finance industry, spanning international banking, finance and auditing.

Mr Marriott was Chief Financial Officer of Australia and New Zealand Banking Group Limited (ANZ) from 1997 to May 2012. He also spent two years as Group Head of Risk Management. Prior to his career at ANZ, he was a partner of KPMG Peat Marwick specialising in the banking and finance, and information technology sectors.

Mr Marriott was appointed a director of Westpac Banking Corporation in June 2013. He is a member of the Council of Monash University and is Chairman of the Resources and Finance Committee of the Monash University Council.

# Corporate governance continued

## Peter Nash

Independent, Non-Executive Director

BCom, FCA, F Fin



Mr Peter Nash was appointed a director of ASX in June 2019. He was appointed a member of the Audit and Risk Committee in June 2020 and appointed Chairman of the Audit and Risk Committee with effect from 19 August 2021.

Mr Nash was formerly a Senior Partner with KPMG until September 2017. He was admitted to the partnership in 1993. Mr Nash served as National Chairman of KPMG Australia from 2011 until August 2017. In this role, he also served as a member of the Global Board of KPMG and was the Chair of KPMG's Global Investment Committee.

Mr Nash is Chairman of Johns Lyng Group Limited and a non-executive director of Westpac Banking Corporation and Mirvac Group Limited. He is a board member of Reconciliation Australia, Koorie Heritage Trust, Migration Council Australia and Golf Victoria.

Mr Nash's previous appointments include member of the Business Council of Australia and member of the Economic and Regulatory Committee.

## Heather Ridout AO

Independent, Non-Executive Director

BEC (Hons)



Mrs Heather Ridout was appointed a director of ASX in August 2012.

Mrs Ridout is also Chair of the Remuneration Committee and a member of the Nomination Committee.

Mrs Ridout is a company director with a long history as a leading figure in the public policy debate in Australia. She was formerly Chief Executive of the Australian Industry Group, a major national employer organisation representing a cross-section of industries including manufacturing, construction, defence, ICT and labour hire, until April 2012.

Mrs Ridout has been a director of Sims Metal Management Limited since September 2011 and a director of the Australian Chamber Orchestra since December 2012. Mrs Ridout was appointed a director of AustCyber – The Australian Cyber Security Growth Network – in July 2017, and as an Investment Committee member and Alternate Director of the AustralianSuper Trustee Board in September 2019.

Mrs Ridout's previous appointments include Chair of the AustralianSuper Trustee Board (from 2013 to 2019, having joined that Board as a director in 2007) and as a member of the Board of the Reserve Bank of Australia (RBA) (from 2012 until 2017), Infrastructure Australia, the Australian Workforce and Productivity Agency, the Henry Tax Review panel and the Climate Change Authority.

## Rob Woods

Independent, Non-Executive Director

BCom



Mr Rob Woods was appointed director of ASX in January 2020. He was appointed as a member of the Audit and Risk Committee in June 2020.

Mr Woods is Chairman of ASX Clear (Futures) Pty Limited and a director of Austraclear Limited, the ASX clearing and settlement licensees for Australia's derivatives, OTC and debt markets. He is also a director of their intermediate holding companies, ASX Clearing Corporation Limited and ASX Settlement Corporation. He was previously the Chairman of ASX Clear Pty Limited and ASX Settlement Pty Limited.

Mr Woods has over 30 years of experience in financial markets.

He was Chief Executive, Strategy at Challenger Limited, and has previously served as Chief Executive of Challenger's Funds Management and Asset Management businesses. Mr Woods started his career at Bankers Trust Australia and became Executive Vice-President and Head of Equity Derivatives.

# Corporate governance continued

## Corporate governance statement

ASX is committed to maintaining and promoting high standards of corporate governance. We believe this underpins strong business performance and retains the trust and goodwill of stakeholders – including shareholders, customers, employees and regulators.

By corporate governance we mean the structures for accountability and the framework of rules, relationships, systems and processes within and by which authority is exercised and managed within our company.

This report outlines ASX’s principal governance arrangements and practices. It is current as at 19 August 2021 and has been approved by the Board.

The ASX Board and its committees periodically review ASX’s governance arrangements and practices to ensure they are in line with regulatory requirements and developments in industry expectations, and that they continue to support ASX’s strategic objectives.

Our governance arrangements have been consistent with the fourth edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (Principles and Recommendations) throughout the reporting period. This statement reports compliance with the fourth edition.

[More information on ASX’s corporate governance, including this Corporate Governance Statement and ASX’s Appendix 4G, is available on ASX’s website at \[www.asx.com.au/about/corporate-governance.htm\]\(http://www.asx.com.au/about/corporate-governance.htm\)](http://www.asx.com.au/about/corporate-governance.htm)

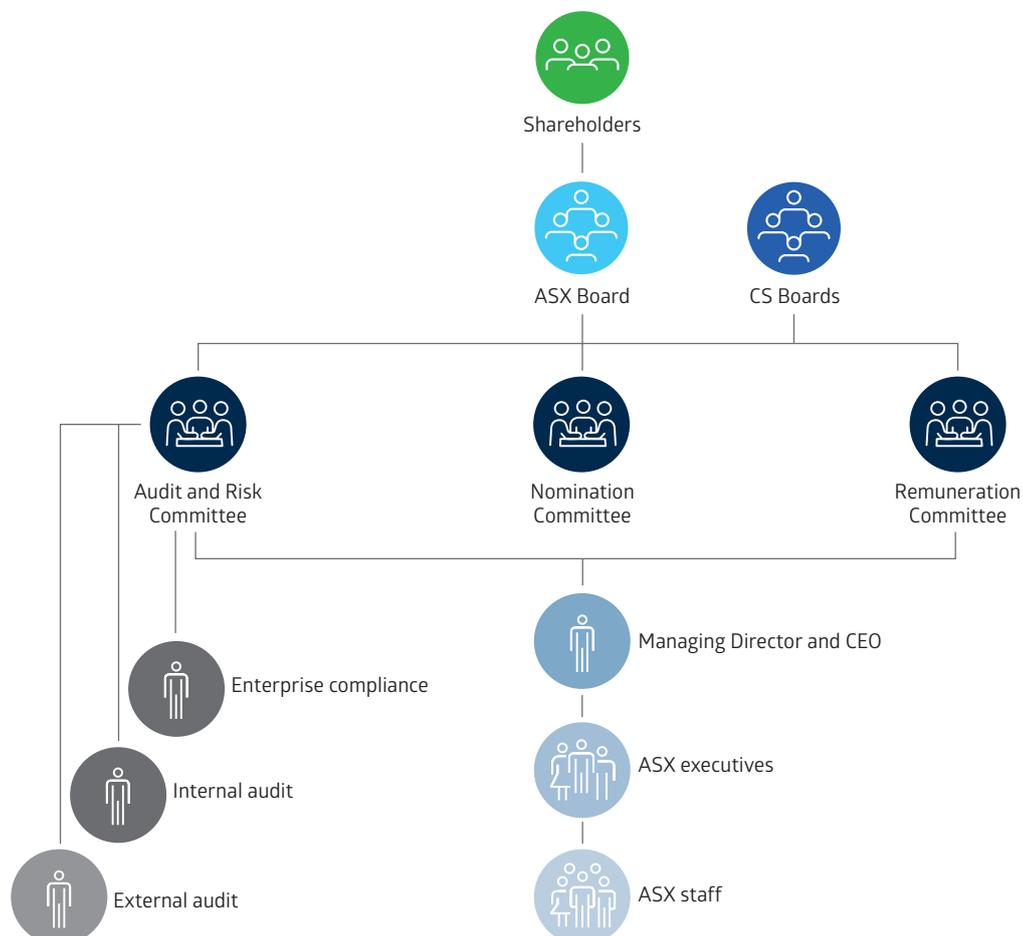
## Laying solid foundations for management and oversight

### Corporate governance framework

ASX operates an integrated exchange group in Australia and provides a range of related data and technology services to its customers, both local and global. ASX shares are listed on the ASX market.

As a market licensee, ASX is regulated by ASIC and the clearing and settlement licensees within the ASX Group are also regulated by the RBA.

Below is a diagram that provides an overview of ASX’s corporate governance framework.



# Corporate governance continued

## The role of the Board

The Board is committed to promoting long-term value creation and is accountable to shareholders for the performance of ASX.

ASX's Constitution governs the Board's conduct. The ASX Board Charter details the Board's role and responsibilities.

The role of the Board is to provide leadership, guidance and oversight for ASX and its related bodies corporate. The Board's responsibilities include defining the ASX Group's purpose and setting its strategic objectives, approving the annual budget and financial plans, approving the ASX Group's statement of values and code of conduct, setting ASX's risk strategy and risk appetite, and appointing the Managing Director and CEO.

The Board oversees the ASX Group's performance and progress against strategic objectives, including for consistency with ASX's risk management strategy and risk appetite.

The Board has set the company's vision to become the world's most respected financial marketplace. ASX's progress in FY21 towards achieving this long-term goal is set out in the Chairman's Letter and CEO's Year in Review.

 **The ASX Constitution and ASX Board Charter are available on ASX's website at [www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)**

### FY21 governance activities

During the year, the Board's governance priorities and areas of focus included:

- Board renewal and succession planning, including the election of Damian Roche as ASX Chairman in April 2021, following the retirement of Rick Holliday-Smith
- Continued oversight of the ASX Group's organisational performance in response to the COVID-19 pandemic, including overseeing the conduct of the affairs of the ASX Group consistent with its licence obligations and public policy objectives directed at financial markets and payment systems integrity. This included a focus on people and culture including the development and implementation of ASX's return to office plan
- Oversight of ASX's technology contemporisation program, including the CHES replacement project and upgrades to other ASX core technology
- Oversight of ASX's management of and response to the ASX Trade outage in November 2020
- Updates to ASX's Board Charter and Clearing and Settlement Boards Charter, and oversight of enhancements to ASX's framework for cross-reporting key matters between committees and boards
- Scheduled private meetings with external auditors and head of internal audit
- Scheduled engagements with regulators including ASIC and the RBA.

The Board continued to review its governance policies and practices in FY21 to identify further enhancements and efficiencies.

## Board committees

The Board has established three committees to assist it in discharging its role and responsibilities:

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee.

The role and responsibilities of the committees are set out in each Board Committee Charter and are summarised in this corporate governance statement.

 **The ASX Board Committee Charters are available on ASX's website at [www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)**

## Responsibilities of management

The Board has delegated matters to management, subject to financial and other limits.

The Managing Director and CEO (CEO) has been delegated authority for matters that are not reserved to the Board or delegated to the Board Committees or Chief Compliance Officer.

The CEO's responsibilities include (but are not limited to):

- Executing the Board-approved strategy and achieving ASX's business objectives
- Instilling the Code of Conduct
- The timely presentation of information to the Board to enable it to fulfil its responsibilities.

The CEO is supported by executives who regularly attend and present at Board meetings. The CEO has determined delegations to executives who report to him.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the functioning of the Board. The Board appoints the Company Secretary with their role set out in the Board Charter. Details of ASX's company secretaries are on page 61.

 **The ASX Board Charter and the biographies of ASX's executives are available on ASX's website at [www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm) and [www2.asx.com.au/about/our-board-and-management/our-executive-team](http://www2.asx.com.au/about/our-board-and-management/our-executive-team)**

## Nomination and appointment of directors

The Board has established a Nomination Committee to help bring the focus and independent judgment needed for decisions regarding the composition of the Board.

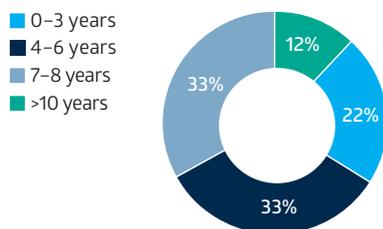
The role and responsibilities of the Nomination Committee are set out in its Charter. Its responsibilities include to evaluate and make recommendations regarding the mix of knowledge, experience, independence and diversity on the Board and Board Committees, and to review and make recommendations on Board succession planning.

 **The Nomination Committee Charter is available on ASX's website at [www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)**

The Nomination Committee is comprised of four independent, non-executive directors. The ASX Chairman Damian Roche chairs the Nomination Committee. Melinda Conrad, Ken Henry and Heather Ridout are also Committee members.

# Corporate governance continued

## Director tenure



The number of times the Committee met during FY21 and the individual attendance of its members at those meetings are disclosed on page 38.

ASX undertakes checks before appointing directors and senior executives. These checks include education, employment, character, criminal history and bankruptcy checks. A statutory 'fit and proper' assessment applies to directors due to their involvement with market licensees and/or clearing and settlement facilities. It is a condition of appointment that any new director and executive is not a disqualified person under this assessment. Directors and executives make an annual declaration to this effect.

Any director (except the CEO) who has been appointed during the year must stand for election at the next Annual General Meeting (AGM). ASX provides shareholders with all material information in its possession that is relevant to a decision on whether to elect (or re-elect) a director.

New directors receive a letter of appointment that outlines ASX's expectations about time commitments, compliance with ASX policies and regulatory requirements. The letter of appointment is between ASX and the director personally.

ASX has a program for inducting new directors. As part of this program, new directors typically receive briefings from executives and Committee Chairs (as relevant) on strategic initiatives and operational matters.

## Director election and Board renewal

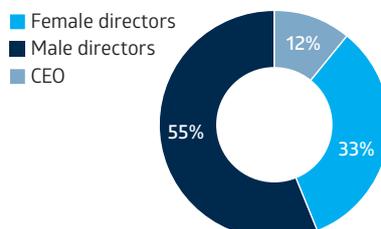
The Board, in consultation with the Nomination Committee, regularly reviews its succession plans.

Directors are generally elected for a three-year term. Retiring directors are not automatically re-appointed.

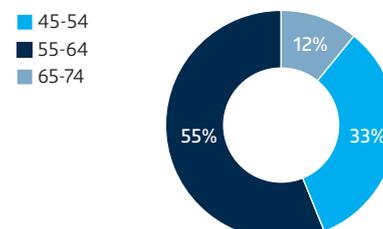
Yasmin Allen, Peter Marriott and Heather Ridout will retire by rotation in 2021 and will each stand for re-election at the 2021 AGM. Details of their respective skills and experience are set out on pages 31 and 32, and are also outlined in the Notice of Annual General Meeting 2021. The Board considers that their combined experience in financial markets, auditing and public policy complements and strengthens the Board's existing skills and experience. The re-election of Yasmin Allen, Peter Marriott and Heather Ridout is unanimously supported by all other directors.

Peter Warne retired as a non-executive director in September 2020. Rick Holliday-Smith retired as ASX Chairman and non-executive director in April 2021. The Board thanks Mr Warne and Mr Holliday-Smith for their valuable contributions to ASX during their time as directors.

## Board gender diversity



## Age of directors



Peter Marriott has indicated that if re-elected at the 2021 AGM it will be his final term. Mr Marriott stepped down as Chairman of the Audit and Risk Committee on 18 August 2021 - a role he has performed since July 2009. The Audit and Risk Committee and the Board thank Mr Marriott for his leadership of this Committee during his tenure as Committee Chairman.

[The Notice of Annual General Meeting 2021 is available on ASX's website at \[www.asx.com.au/agm\]\(http://www.asx.com.au/agm\)](#)

## Diversity

ASX's Board and workforce are comprised of individuals with a range of skills, backgrounds and experiences. ASX values diversity and inclusion, and recognises the organisational capabilities and business performance these bring.

ASX has adopted a diversity and inclusion policy which describes how ASX promotes diversity. The diversity objectives adopted by the Board and achievements in FY21 are set out on page 24, along with further details on ASX's initiatives to support diversity.

The Board is committed to maintaining the gender diversity of its membership. The Board has adopted a target of a minimum of 40% female directors. Currently, 33% of ASX's directors are female and 37.5% of non-executive directors are female.

ASX also discloses its performance against gender equality indicators in its Annual Report to the Workplace Gender Equality Agency.

[ASX's diversity and inclusion policy and its latest report to the Workplace Gender Equality Agency are available on ASX's website at \[www.asx.com.au/about/corporate-governance.htm\]\(http://www.asx.com.au/about/corporate-governance.htm\)](#)

## Performance assessments

### Board and individual directors

Under its Charter, the Board and directors are required to undergo regular performance reviews. The reviews are conducted to help ensure the Board continues to operate effectively and efficiently.

The performance of the Board, its Committees and individual directors are reviewed annually.

In FY21, the performance review process was supported by confidential surveys completed by both directors and senior executives. The results of those surveys were discussed in a private session, led by the ASX Chairman and attended by all other ASX non-executive directors.

Periodically, the Board engages an external consultant to facilitate its performance review. The last review facilitated by an external consultant took place in FY19.

# Corporate governance continued

The Board takes the results of the performance review into consideration when recommending directors for re-election.

## Executives

The CEO and ASX's Executives have written agreements setting out their employment terms. The agreements are between ASX and the Executives personally.

The Board assesses each executive's performance on an annual basis. The process for evaluating Executive performance and remuneration is set out in the Remuneration Report on pages 43 to 60. Performance evaluations for the CEO and ASX's Executive took place in FY21 in accordance with the process disclosed in the Remuneration Report.

## Structure the board to be effective and add value

### Board composition

The Board currently comprises nine directors. This includes eight non-executive directors and one executive director, being the CEO.

The names, qualifications and tenure of each director are provided on pages 30 to 32.

 Director biographies are published on ASX's website at [www2.asx.com.au/about/our-board-and-management](http://www2.asx.com.au/about/our-board-and-management)

## Chairman

The Chairman of ASX, Damian Roche, is an independent, non-executive director. Mr Roche was appointed a director in August 2014. He was elected Chairman by the directors with effect from April 2021.

The Chairman's role is to lead the Board. His responsibilities include chairing Board meetings and facilitating open and effective discussions at those meetings (including with management). The Chairman also serves as the primary link between the Board and management. The Chairman's role and responsibilities are set out in the Board Charter.

The roles of the Chairman and CEO are separate and are not performed by the same person. The CEO may not become the Chairman.

## Director skills and experience

ASX is a provider of critical infrastructure to Australia's financial markets and has a leading position in the Asia-Pacific region. The Board is comprised of experienced business leaders with a variety of professional backgrounds. Many have extensive experience in financial services.

The Board considers that individually and collectively, the directors have an appropriate mix of skills, experience and expertise to enable it to define ASX's strategic objectives, approve strategies developed by management and monitor the execution of those strategies.

## Skills matrix

Category	Description	Number of non-executive directors (NEDS) with these skills
Executive leadership	Successful career as a CEO or senior executive in a large, complex organisation.	8/8
Strategy	Experience in defining strategic objectives, constructively questioning business plans and implementing strategy.	8/8
Financial acumen	Qualifications or experience in accounting, financial reporting and corporate finance. Experience in assessing the quality of internal accounting and financial reporting controls.	8/8
Risk and compliance	Forward looking, able to identify the key risks to the organisation. Experience in monitoring the effectiveness of risk management frameworks and practices.	8/8
Public policy	Ability to assess the impact of legal, public and regulatory policy matters on markets and corporations, and experience in managing such impacts.	6/8
Technology and data	Experience overseeing the use and governance of critical information technology infrastructure; setting, and overseeing the implementation of complex technology strategies (including adoption of new technologies); commercialisation of data products and provision of technology services.	5/8
Business development and customer management	Commercial and business experience, including development of products and services. Ability to understand customer needs and trends. Experience implementing changes to enhance customers' experience.	7/8
People and change management	Experience overseeing and assessing senior management, remuneration frameworks, strategic human resource management and organisational change. Experience overseeing and monitoring corporate culture.	7/8
Corporate governance	Knowledge, experience, and commitment to the highest standards of governance.	8/8
Financial services	Extensive experience in the financial services industry (for example, broking, funds management, superannuation, investment banking and/or experience in international financial markets or exchange groups, including post-trade services).	7/8

# Corporate governance continued

To guide the assessment of the skills and experience of non-executive directors and to identify any gaps in the collective skills of the Board, the Board uses the skills matrix below. This matrix also shows the Board's current assessment of its skills coverage.

## Skills matrix

The Board keeps up to date with market and industry developments through regular briefings at Board and Committee meetings, Board workshops, meetings with customers and regulators, and site visits. At Board meetings, the Board is also briefed on material developments in laws, regulations and accounting standards relevant to ASX.

The Board periodically reviews whether there is a need for directors to undertake professional development to maintain the skills and knowledge required to perform their role effectively. In FY21, the Board received deep dive presentations from executives on topics specific to the executives' respective business function.

## Director independence and length of service

The Board requires the majority of its directors to be independent.

ASX recognises that having a majority of independent directors helps to ensure that the decisions of the Board reflect the best interests of ASX and its shareholders generally, and that those decisions are not biased towards the interest of management or any other group. ASX also considers that having a majority of independent directors supports the Board to challenge and hold management to account.

In determining whether a director is independent, the Board considers whether the director is free of interests that could (or could be perceived to) materially interfere with the independent exercise of the director's judgement and the capacity to act in the best interests of ASX as a whole, rather than of an individual security holder or other party.

The Board has adopted a policy to assess a director's independence. This policy includes guidelines for assessing the materiality of the director's relationship that may affect their independence.

The Board regularly assesses the independence of its directors, including by way of an annual, formal assessment. The Board has assessed each non-executive director as independent.

ASX has not adopted a limit on director tenure. The tenure of each director is set out on pages 30 to 32. Peter Marriott has been a director of ASX for more than 12 years. In FY21, the Board reviewed and determined that his tenure had not impacted on his independence.

The mix of directors' tenure is shown in a diagram on page 35.

 ASX's policy and guidelines on relationships affecting independent status is available on ASX's website at [www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

## Conflicts of interest

Directors are required to disclose all interests that may conflict with their duties. A register of directors' interests is provided to the Board at each meeting.

If a director has a material personal interest in a matter being considered by the Board, they must not be present during the consideration of that matter or vote on the matter (unless approved by other directors who do not have a material personal interest in the matter).

## Aligning interests of the Board with shareholders

To underscore the alignment of the Board with shareholders' interests, the Board has adopted non-executive director shareholding guidelines. This requires that all non-executive directors accumulate ASX shares to the value of the director's annual base (and in the case of the ASX Chairman, the base level annual director fee plus the Chairman fee) within three years of appointment.

All non-executive directors currently meet these guidelines.

Details regarding director remuneration and ASX's remuneration policies and practices are detailed in the Remuneration Report on pages 43 to 60.

## Access to information and advice

Directors have unrestricted access to all staff and all relevant records of the ASX Group they consider necessary to fulfil their obligations (including access to members of the internal audit function and the external auditor without management present). They also have the right to seek explanations and additional information from management and auditors.

Directors are also entitled, with the approval of the Chairman, to obtain independent professional advice at ASX's expense relating to their role as an ASX director.

# Corporate governance continued

## Attendance at meetings

Details of director attendance at Board and Committee meetings in FY21 are set out below. Provided there is no conflict of interest, directors are also invited to, and frequently attend as observers, meetings of Board Committees of which they are not members. The CEO is not present for Remuneration Committee discussion on his remuneration.

All directors receive copies of agendas, papers and minutes of committee meetings to help ensure they have equal access to that information regardless of whether they are appointed to particular committees.

Director name	Board meetings	Audit and Risk Committee meetings		Nomination Committee meetings		Remuneration Committee meetings		CS Boards (concurrent) meetings	
	Attended /Held	Attended /Held	Observed	Attended /Held	Observed	Attended /Held	Observed	Attended /Held	Observed
Damian Roche <sup>1</sup>	11/11	1/1	3/3	2/2	2/2	3/3	2/2	11/11	-
Dominic Stevens	11/11	-	4/4	-	4/4	-	5/5	11/11	-
Yasmin Allen	11/11	4/4	-	-	4/4	-	5/5	11/11	-
Melinda Conrad	11/11	-	4/4	4/4	-	5/5	-	-	11/11
Ken Henry	11/11	4/4	-	4/4	-	-	5/5	11/11	-
Peter Marriott	11/11	4/4	-	-	4/4	-	5/5	11/11	-
Peter Nash	10/11	4/4	-	-	3/4	-	4/5	-	10/11
Heather Ridout	11/11	-	4/4	4/4	-	5/5	-	-	11/11
Rob Woods	11/11	4/4	-	-	4/4	-	5/5	11/11	-
<b>Retired directors</b>									
Rick Holliday-Smith <sup>2</sup>	8/8	3/3	-	2/2	-	3/3	-	9/9	-
Peter Warne <sup>3</sup>	1/1	-	1/1	-	-	1/1	-	9/9	-
<b>Directors on CS Boards (non-ASX)</b>									
Carolyn Colley								11/11	-
Stephen Knight								11/11	-
Adrian Todd								11/11	-

<sup>1</sup> Appointed to the Audit and Risk, Nomination and Remuneration Committees on 21 April 2021.

<sup>2</sup> Retired as a director on 21 April 2021.

<sup>3</sup> Retired as an ASX director on 30 September 2020 and as a CS director on 21 April 2021.

## Instil a culture of acting lawfully, ethically and responsibly

ASX is committed to conducting business in an open and accountable way. We believe that lawful, ethical and responsible business practices are a driver of shareholder value.

### ASX's values

ASX values are behaviours that guide the actions and decision-making of staff, and reflect ASX's brand and culture. The values are to **Be Open**, **Be Trustworthy**, **Be Original**, **Be The Example**.

The values were developed collaboratively by management and endorsed by the ASX Board. Management is responsible for instilling these values across the ASX Group.

 Our values are published on the ASX website at [www2.asx.com.au/about/sustainability/people](http://www2.asx.com.au/about/sustainability/people)

## Code of Conduct, Whistleblower Policy and Anti-Bribery and Corruption Policy

ASX has adopted a:

- **Code of Conduct** underpinned by the ASX values. The Code of Conduct applies to all directors, employees and contractors. It sets the standards for how we work at ASX and outlines the importance of the values to anyone dealing with ASX
- **Whistleblower Protection Policy**. ASX seeks to identify and assess any wrongdoing as early as possible. ASX's values support a culture that encourages staff to speak up on matters or conduct that concerns them. This policy provides information to assist staff to make disclosures and sets out how ASX will protect them from any form of retaliation or victimisation when they make a legitimate whistleblowing disclosure
- **Anti-Bribery and Corruption Policy**. ASX is committed to a high standard of integrity. This policy states ASX's requirements for the management of gifts and benefits.

ASX also has a framework to report material breaches of the Code of Conduct or the Anti-Bribery and Corruption Policy, or material incidents reported under the Whistleblower Protection Policy to the Audit and Risk Committee and/or Board.

Periodic employee training is conducted on the Code and these policies.

 ASX's Code of Conduct, Whistleblower Protection Policy, and Anti-Bribery and Corruption Policy are published on ASX's website at [www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

# Corporate governance continued

## Securities trading

ASX has adopted Dealing Rules that restrict dealing in ASX and non-ASX securities. These Dealing Rules apply to directors and all employees. The Dealing Rules document the procedure for dealing in securities and are designed to help prevent directors and employees from contravening laws on insider trading.

Additional dealing restrictions apply to employees working in specified functions (including Listings Compliance, Market Announcements and Surveillance functions).

Derivatives and hedging arrangements for unvested ASX securities, or vested ASX securities subject to a holding lock, are prohibited.

 [ASX's Dealing Rules are published on ASX's website at www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

## Payments to political parties

ASX has a responsibility to its shareholders and stakeholders to articulate the opportunities and challenges facing its business, communicate its position on relevant public policy issues and contribute to well-informed decision-making by government.

ASX actively engages with Government and policy decision-makers about its role, the investments we are making to build world class infrastructure, and the dynamic and globally competitive market environment in which ASX operates.

Similar to previous years, in FY21, ASX paid \$110,000 in membership fees to each of the Liberal Party Australian Business Network and the Federal Labor Business Forum. ASX's continued membership was considered by the Board in FY21. ASX's membership of these business networks provides an opportunity to engage with a wide range of policy and decision-makers.

The Board sets the policy regarding payments to political parties, including limits on the amounts paid. Payments within these limits are approved by the CEO and the General Counsel. All payments to political parties are disclosed by ASX.

## Safeguard the integrity of corporate reports

ASX believes that accurate and timely corporate reporting underpins effective risk management and is key to executing ASX's strategy.

The Board is responsible for overseeing that appropriate monitoring and reporting mechanisms are in place. It is supported in this regard by the Audit and Risk Committee.

The role of the Audit and Risk Committee in safeguarding the integrity of ASX's corporate reporting includes reviewing ASX's financial reports and the adequacies of the Group's corporate reporting processes.

Additional information on the role and responsibilities of the Audit and Risk Committee, its membership and the number of times the Committee met in FY21 are detailed on pages 38 to 41.

## Integrity of financial reporting

Before it approves the financial statements for the half-year and full-year, the Board receives a statement from the CEO and Chief Financial Officer (CFO) consistent with the requirements of the *Corporations Act 2001*. These statements are made after the CEO and CFO receive attestations from executives regarding their respective areas of responsibility. The Board also receives a statement from the CEO and Chief Risk Officer (CRO) that ASX's risk management and internal control systems are operating effectively for the management of material business risks.

## External auditor

ASX has appointed PricewaterhouseCoopers (PwC) as its external auditor. The appointment was approved by shareholders at the 2008 AGM. The most recent change of lead audit partner took place in FY19.

Among its key responsibilities, PwC reviews ASX's financial reporting and provides an opinion on whether ASX's financial report gives a true and fair view of the ASX Group's financial position and financial performance, and whether it complies with Australian Accounting Standards and the Corporations Regulations 2001. PwC's opinion on the FY21 financial report is on pages 102 to 105.

PwC attends each Audit and Risk Committee meeting and meets with the Committee without management present at least once annually.

PwC has confirmed that there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* and no contraventions of any applicable code of professional conduct in relation to its audit (refer to page 63). The fees paid to PwC for non-audit services are disclosed on page 100.

PwC's lead partner will attend the 2021 AGM to answer questions related to the external audit.

## Periodic corporate reports

ASX has established a Continuous Disclosure Committee which makes disclosure decisions, oversees the drafting of announcements and approves announcements. The Committee members include the CEO, General Counsel (Committee Chairman), CFO, Chief Compliance Officer (CCO) and Chief Strategy Officer.

ASX's Continuous Disclosure Committee approves all ASX announcements, other than administrative announcements of the type set out in the Continuous Disclosure Policy. Written processes are in place for the approval of administrative market announcements.

Where ASX's Continuous Disclosure Committee has determined that information will be publicly disclosed, one or more Committee members oversee the preparation of that announcement. The Committee is responsible for satisfying itself that the content of any announcement is accurate and not misleading, and is supported by appropriate verification.

# Corporate governance continued

ASX also releases a monthly activity report which includes, among other things, information regarding listings and capital raisings, trading volumes and values on ASX's equity and derivatives markets in the preceding month. These reports are reviewed by a senior manager against source documents before being provided for review and approval by the CFO (or their delegate). The reports are then released on the market announcements platform by the Company Secretariat function.

 [ASX's Continuous Disclosure Policy is available on ASX's website at \[www.asx.com.au/about/corporate-governance.htm\]\(http://www.asx.com.au/about/corporate-governance.htm\)](http://www.asx.com.au/about/corporate-governance.htm)

## Make timely and balanced disclosures

### Continuous disclosure

ASX is committed to providing shareholders and the market with equal access to material information about its activities in a timely and balanced manner. ASX's Continuous Disclosure Policy sets out the processes adopted to manage this commitment.

ASX will not disclose market sensitive information (or provide new and substantive investor or analyst presentations) to any analyst or investor unless it has first provided that information to the market and received an acknowledgement that the information has been released.

Security holders are given the opportunity to join the live webcast of ASX's half-year and full-year results.

ASX provides copies of all material market announcements to directors promptly after they have been released to the market.

 [ASX's Continuous Disclosure Policy is available on ASX's website at \[www.asx.com.au/about/corporate-governance.htm\]\(http://www.asx.com.au/about/corporate-governance.htm\)](http://www.asx.com.au/about/corporate-governance.htm)

## Respect the rights of security holders

### Shareholder engagement and provision of information

ASX provides information about the ASX Group and its governance practices on its website, including this Corporate Governance Statement (and Appendix 4G), ASX's Constitution, Board and Committee Charters and key governance policies, as well as the qualifications, skills and backgrounds of its directors and senior executives. ASX also makes available on its website copies of its Annual Reports, market announcements, notices of meeting, and copies of presentations delivered to investors or analysts.

ASX has a section of the website dedicated to ASX's Corporate Governance, which can be found via the navigation menu About Us at the bottom of the home page.

ASX is committed to communicating promptly, accurately and in plain language with shareholders. This commitment is detailed in ASX's Shareholder Communication Policy.

All market announcements (including financial results and Annual Reports) are published on ASX's website after they have been released on the market announcements platform. ASX also publishes media releases and other relevant information on its website.

ASX uses a number of channels and technologies, including webcasting and social media, to communicate promptly, transparently and widely. We encourage shareholders to participate in shareholder meetings and we deal with shareholder enquiries fairly and respectfully.

 [Further information about ASX's governance practices, including its Shareholder Communication Policy, is available on ASX's website at \[www.asx.com.au/about/corporate-governance.htm\]\(http://www.asx.com.au/about/corporate-governance.htm\)](http://www.asx.com.au/about/corporate-governance.htm)

## Investor engagement

ASX has an investor relations program to facilitate effective two-way communication with the domestic and international investment community. It involves engagement throughout the year via both scheduled and ad hoc interactions with shareholders and potential investors, analysts and proxy advisers. The program seeks to provide information that is timely, of a high quality and relevant to shareholders' investment in ASX. Feedback from investor engagement, reports prepared by analysts and brokers and additional relevant information is regularly reviewed and reported to the Board as appropriate.

ASX does not hold meetings with investors or analysts to discuss ASX's financial performance within a blackout period of four weeks in advance of the half-year and full-year results announcements.

## Annual General Meeting

Details about ASX's 2021 AGM are provided on page 111.

The AGM is an opportunity for shareholders to hear from and to put questions to the Board and external auditor.

Detailed information about how shareholders can participate in the 2021 AGM is set out in the Notice of Annual General Meeting published on our website.

Shareholders are able to submit written questions to ASX in advance of the meeting. Details about how to do so are contained within the Notice of Meeting. These questions and comments are typically addressed at the meeting through the Chairman or CEO speeches.

All resolutions put to the AGM are decided by way of a poll. This is to support the principle of 'one share, one vote'.

## Shareholder communications

ASX encourages shareholders to receive communications electronically. Electronic communication allows ASX to communicate with shareholders quickly and reduces ASX's paper usage. ASX emails shareholders when important information becomes available such as financial results, dividend statements, notice of meetings, voting forms and Annual Reports.

Shareholders who receive postal communications from ASX can log into [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to provide their email address and elect to receive communications electronically.

# Corporate governance continued

## Recognise and manage risk

The Board recognises that effective risk management is critical to maintaining ASX's reputation.

### Division of responsibilities

The Board's responsibilities regarding risk management include:

- Setting ASX's risk strategy and risk appetite
- Overseeing systems of risk management and internal control and compliance
- Overseeing process for identifying significant risks facing ASX
- Satisfying itself that appropriate controls, monitoring and reporting mechanisms are in place.

Management executes the Board-approved strategy and manages ASX's operations within the Board-approved risk appetite. Management is responsible for identifying, monitoring, mitigating and reporting on risks.

### Audit and Risk Committee

As outlined above, the Board has established an Audit and Risk Committee. The Audit and Risk Committee reports to the ASX Board. Its role and responsibilities are set out in its Charter. The Committee's responsibilities include:

- Reviewing the enterprise risk management framework
- Overseeing the process for identifying significant risks facing ASX
- Reviewing and overseeing risk management processes, internal controls and compliance systems.

The Audit and Risk Committee receives regular reports from the CFO on financial matters, the CRO on enterprise risks, the Chief Customer and Operations Officer and Group Executive, Technology and Data and Chief Information Officer on operational, technology and cyber security risks, the Chief Compliance Officer on compliance matters, as well as reports from ASX's Internal Auditor and Enterprise Compliance function and from ASX's external auditor.

In addition to the responsibilities above, the Audit and Risk Committee has a role in safeguarding the integrity of ASX's corporate reporting. Further details about that role are set out on page 39.

Peter Marriott was the Committee Chairman throughout FY21. He stepped down from this role on 18 August 2021 and is succeeded by Peter Nash. Peter Marriott remains a Committee member. Damian Roche, Yasmin Allen, Ken Henry and Rob Woods are also Committee members.

The number of times the Committee met during FY21 and the individual attendance of its members and other directors at those meetings are detailed on page 38.

 [The Audit and Risk Committee Charter is available on ASX's website at www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

## Risk management framework

ASX has an established enterprise risk management framework. The framework encompasses the risk governance structure across ASX, the risk strategy and appetite, risk culture and behaviour expectations, and supporting framework and processes governing risk assessment, monitoring and reporting.

ASX's risk management function has day-to-day responsibility for the implementation of the risk management framework.

The Audit and Risk Committee receives reports in respect of, and reviews components of, ASX's enterprise risk management framework on a regular and ongoing basis. In FY21, this included a review of ASX's risk appetite statement, a fraud risk assessment, the Cyber Security Strategy and the Business Continuity Management Framework.

## Management committees

ASX has established the following internal management committees comprised of senior executives to assist with the oversight and management of risks:

- **Risk Committee** chaired by the CRO. The Risk Committee has oversight of the implementation of ASX's enterprise risk management framework, approves risk policies and considers general risk matters consistent with the ASX Board's risk appetite
- **Regulatory Committee** chaired by the Group General Counsel. The Regulatory Committee has oversight of licence compliance matters, develops and approves policies, and considers updates on regulatory and government engagement, and on ASX rule changes
- **Technology Operations and Security Committee (TOSC)** the TOSC has oversight of IT security matters, systems updates and incident management, and considers emerging technology, operational and security risks.

ASX has also established a Portfolio Governance Group (PGG) comprised of senior executives (and chaired by the CFO). The PGG has oversight of the status of ASX's portfolio of projects, and considers risks and issues arising in relation to those projects.

## Internal audit

ASX's Internal Audit function reviews and reports on internal control systems and procedures. Its role and responsibilities are set out in its Charter.

The General Manager, Internal Audit reports to the Chairman of the Audit and Risk Committee for functional audit purposes, and to the CRO for administrative purposes. The Audit and Risk Committee determines the Internal Audit's scope, function and budget each year.

Internal Audit has full access to the Audit and Risk Committee. It also has unrestricted access to all ASX records, property and personnel. The Internal Audit function is independent of ASX's external auditor.

 [ASX's Internal Audit Charter is published on its website at www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

# Corporate governance continued

## Enterprise compliance

ASX's Enterprise Compliance function maps the compliance frameworks for ASX's regulatory obligations, oversees ASX's conflict handling arrangements, and provides training to the business to ensure key Australian and international obligations are understood and complied with. It also undertakes compliance reviews and reporting to regulators. The General Manager of Enterprise Compliance has a direct reporting line to the Audit and Risk Committee Chairman and is entitled to appear and be heard at all board meetings of ASX's Clearing and Settlement (CS) Boards.

## Exposure to environmental and social risks

Information on ASX's material business risks and how these are managed are provided on pages 9 to 18 in the Operating and Financial Review.

ASX's environmental and social sustainability risks, and how these are managed (including ASX's assessment of its exposure to climate change risks), are provided on pages 19 to 29 in the Sustainability Report.

## Clearing and Settlement Boards

ASX has four subsidiary companies that hold licences to operate clearing and settlement facilities and two intermediate holding companies.

The CS Boards focus on risk management and oversight of the operation of the clearing and settlement licences. The responsibilities of these boards include the management of clearing and settlement risk and compliance with the Financial Stability Standards determined by the RBA. Details of the CS Boards' responsibilities, functions and governance are set out in the CS Boards Charter.

The Audit and Risk Committee serves as the audit and risk committee for the CS Boards where such matters relate to clearing and settlement operations outside of those matters carried out by the CS Boards, and which are ASX Group enterprise-wide in nature (and detailed in the CS Boards Charter).

 [The CS Boards Charter is available on ASX's website at www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

## Remunerate fairly and responsibly

ASX aims to attract and retain high quality directors and to attract, motivate and retain high quality senior executives.

The Board oversees executive remuneration and non-executive director remuneration arrangements. It has established a Remuneration Committee to assist it in this regard.

The Remuneration Committee helps to bring the focus and independent judgment needed for remuneration decisions.

The Remuneration Committee's responsibilities are set out in its Charter. These include reviewing and making recommendations (or reporting) to the Board on:

- The remuneration policy and remuneration framework (including incentive arrangements) for ASX staff
- Compliance of remuneration arrangements with the Financial Stability Standards and other regulatory requirements
- Incentives and behaviours arising from ASX's remuneration framework
- The performance of senior executives
- Recruitment and retention strategies as well as succession plans and development programs
- Remuneration by gender
- Remuneration framework for non-executive directors.

 [The Remuneration Committee Charter is available on ASX's website at www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

The Remuneration Committee is currently comprised of three independent, non-executive directors. Heather Ridout is the Committee Chair. Damian Roche and Melinda Conrad are also Committee members.

It is a requirement under the Remuneration Committee Charter that the Committee Chair be an independent director who is not the Chairman of the ASX Board.

Under its Charter, the Remuneration Committee has unrestricted access to all staff and relevant records of the ASX Group it considers necessary to fulfil its obligations. It also has the right to seek explanations and additional information from management and auditors. The Committee Chair may directly seek independent professional advice at ASX's expense as required for the Committee to fulfil its responsibilities.

The number of times the Committee met during FY21 and the individual attendance of its members at those meetings are disclosed on page 38.

Details of executive and director remuneration and ASX's remuneration policies are disclosed in the Remuneration Report on pages 43 to 60.

# REMUNERATION REPORT



Dear fellow shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the 2021 financial year (FY21).

We are proud to play a vital role in Australia's financial markets and the broader economy. With this role comes a great responsibility to provide our customers with highly functional, resilient and reliable market infrastructure and services. We deliver this through world-leading technology.

## Navigating through uncertainty

Against the backdrop of a challenging and uncertain global pandemic, ASX continued to focus on the health, safety and overall wellbeing of our people. We introduced additional work flexibility for employees and launched an online hybrid working resources hub to help their resilience and adaptability. As hybrid teams became the norm, we ensured our leaders had the right training to manage effectively. An independent review of our handling of the pandemic by Deloitte rated many of ASX's initiatives as best practice.

Our staff deserve the best we can offer. Their effort throughout a testing FY21 was exemplary.

## Strengthening alignment of performance and reward

Our reward programs focus employees on executing ASX's strategy and generating long-term value for our shareholders and other stakeholders. ASX introduced a new remuneration policy in FY21 to support this goal.

The new policy clarifies the purpose of the Short-Term Variable Reward (STVR) Plan. We expect our people to achieve high standards and meeting those expectations typically results in a short-term variable reward around the target outcome. Achievement above or below the challenging performance expectations will result in a higher or lower reward, respectively. This is distinct from an incentive or bonus. By benchmarking our employees' total target reward to the market, we ensure we provide competitive remuneration for those who meet ASX's high expectations.

In addition, we introduced a new consequence management framework in FY21 to support ASX's risk culture. This framework reinforces the expected standards of behaviour and the actions ASX may take in the event of a breach of those standards.

We believe these enhancements ensure our executive remuneration outcomes are aligned and attuned to the experience of our customers, the expectations of our shareholders and regulators, and the financial performance of the Group.

# Remuneration report continued

## Short-term performance and reward

ASX's financial performance in FY21 was sound given the mixed market conditions. The result demonstrated the benefit of the diversified businesses of the Group.

ASX's operating revenue was up 1.4% to \$951.5 million. Total expenses grew by 8.4%, in line with the guidance provided in February 2021. Statutory net profit after tax (NPAT) was 3.6% lower than FY20 at \$480.9 million. This was driven by the impact of the Reserve Bank's current policy settings on our futures volumes and interest income. This is the first decline in NPAT in nine years. Detail about ASX's financial performance is available in the Operating and Financial Review on pages 9 to 18 of this report.

From a strategic perspective, FY21 saw a number of initiatives that help make business easier for our customers. These include the efficiencies flowing from the corporate actions straight-through processing service; launch of the 5-year treasury bond futures contract; and new functionality to manage bond and repo positions in Austraclear. We also enhanced our attractiveness as a place to list and raise capital, with \$102.5 billion in new and secondary capital raised by companies and other issuers, the highest amount in over a decade.

ASX continues to invest in world-leading technology, including our major project to replace CHESSE with a new system powered by distributed ledger technology (DLT). Following extensive consultation, the scale and scope of the project were increased and the testing phase extended, resulting in a new go-live date of April 2023. The project is now under new leadership and the Board is pleased with the progress. Once the rollout of the new DLT-enabled CHESSE system is complete, ASX and users of Australia's financial markets will have a contemporary, world-leading, end-to-end cash equities platform.

The Board firmly believes that investing in technology will serve the ASX, the market and our stakeholders well into the future. We have already seen some benefit, with the six-month average for customer-facing technology and operational incidents falling by around 87% over the last five years.

Nevertheless, there were some disappointing experiences for our customers and other stakeholders in FY21. We are sorry for the disruption caused by the market outage in November 2020, and we are working hard to rebuild your trust. In consultation with our regulatory agencies, we commissioned an independent expert to review the incident. We will incorporate the insights from this review into our own program of improvement over the next 12 to 18 months, and we have put in place a new organisational structure that will support greater accountability.

The Board has taken account of the market outage in the variable reward outcomes provided to Executives this year. The STVR pool for the entire Executive Committee was reduced to 80% of target, which is the lowest pool since the current STVR scheme was put in place. The Board believes this outcome appropriately balances ASX's strong operational performance, solid financial outcomes and the disruptive impact of the market outage. In addition, Executives directly accountable for the outage had their STVR for FY21 further reduced to between 40% and 80% of target. Other leaders who shared accountability for the outage also had their remuneration adjusted downward.

## Long-term performance

The performance rights granted under the Long-Term Variable Reward (LTVR) Plan are measured against underlying earnings per share (EPS) and relative total shareholder return (TSR) targets.

In FY21, the LTVR granted in FY17 was tested. ASX's relative TSR was in the 90th percentile of the peer group for the four years to 29 September 2020. Therefore the TSR-related portion of this award vested in full. ASX's underlying EPS compound annual growth rate was 4.75% for the four years to 30 June 2020. This is below the threshold of 5.10% required for vesting. The EPS portion of the LTVR subsequently lapsed. Further details of the LTVR Plan can be found in section 4.5 of this Remuneration Report.

Your Board was impressed with how well ASX's people navigated the challenges of COVID-19 throughout FY21. This was done while delivering a high standard of customer support and successfully progressing ASX's strategy. The Board thanks our people for their achievements.

ASX remains committed to delivering long-term sustainable value for all our stakeholders.

Thank you for your support.



**Heather Ridout**  
Chair, Remuneration Committee

# Remuneration report continued

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### 1. Key Management Personnel covered in this report

This Remuneration Report details the performance and remuneration of Key Management Personnel (KMP) for FY21. KMP is defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. The KMP comprises:

- Non-executive directors of ASX Limited
- The CEO and members of the executive team who are accountable for managing critical business activities, financial control or risk functions (collectively termed Executives).

Name	Role	Term as KMP
<b>Non-executive directors</b>		
D Roche	Non-executive director	Commenced as Chairman 21 April 2021
Y A Allen	Non-executive director	Full year
M B Conrad	Non-executive director	Full year
K R Henry	Non-executive director	Full year
P R Marriott	Non-executive director	Full year
P S Nash	Non-executive director	Full year
H M Ridout	Non-executive director	Full year
R J Woods	Non-executive director	Full year
<b>Former non-executive directors</b>		
R Holliday-Smith	Chairman	Ceased 21 April 2021
P H Warne	Non-executive director	Ceased 30 September 2020
<b>Executives</b>		
D J Stevens	Managing Director and Chief Executive Officer (CEO)	Full year
P D Hiom	Deputy Chief Executive Officer (Deputy CEO)	Full year
G L Larkins	Chief Financial Officer	Full year
H J Treleaven	Chief Risk Officer	Full year
<b>Part-year KMP</b>		
T J Hogben	Chief Operating Officer	KMP until change of role on 2 November 2020

### 2. Glossary of key terms

Term	Meaning
EPS	Earnings per share, defined as the underlying net profit after tax divided by the weighted average number of issued shares during the year. The LTVR Plan has two performance measures, one of which is EPS.
Executives	The CEO, Deputy CEO, Chief Financial Officer and Chief Risk Officer.
KMP	Key Management Personnel are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. KMP comprises non-executive directors, as well as Executives as defined above.
TSR	Relative total shareholder return, defined as share price growth plus dividends paid over the measurement period compared to peers. Dividends are assumed to be reinvested on the ex-dividend date. The LTVR Plan has two performance measures, one of which is TSR.

# Remuneration report continued

## 3. Snapshot of FY21 Group performance and reward

### 3.1 Remuneration received or available in the financial year

This section provides a snapshot of the performance of the Group and the corresponding remuneration outcomes. The remuneration illustrated in section 3.1 has been provided as additional non-statutory information to assist in understanding the total value of remuneration received by Executives in the current and prior financial years. The value of equity in this section is calculated in a different way to the statutory disclosure in section 6 on page 57.

	Year	Fixed remuneration <sup>1</sup> a	Other remuneration <sup>2</sup> b	STVR awarded <sup>3</sup> c	Total d=a+b+c	Previous year awards that vested during the year		Total remuneration g=d+e+f
						Deferred STVR vested <sup>4</sup> e	LTVR vested <sup>5</sup> f	
<b>Current</b>								
D J Stevens CEO	2021	2,000,000	1,928	640,000	2,641,928	786,710	878,945	4,307,583
	2020	2,000,000	1,999	840,000	2,841,999	789,693	-	3,631,692
P D Hiom <sup>6</sup> Deputy CEO	2021	1,004,410	387,338	400,000	1,791,748	920,273	439,473	3,151,494
	2020	1,000,000	1,999	380,000	1,381,999	431,489	531,555	2,345,043
G L Larkins Chief Financial Officer	2021	800,000	616,990	256,000	1,672,990	-	-	1,672,990
	2020	800,000	380,447	320,000	1,500,447	-	-	1,500,447
H J Treleaven Chief Risk Officer	2021	875,000	1,928	96,000	972,928	130,171	-	1,103,099
	2020	875,000	101,999	132,000	1,108,999	43,434	-	1,152,433
<b>Part-year</b>								
T J Hogben <sup>7</sup> Chief Operating Officer	2021	248,173	657	75,190	324,020	363,098	-	687,118
	2020	725,000	1,999	231,000	957,999	204,021	-	1,162,020
<b>Total</b>	2021	4,927,583	1,008,841	1,467,190	7,403,614	2,200,252	1,318,418	10,922,284
	2020	5,400,000	488,443	1,903,000	7,791,443	1,468,637	531,555	9,791,635

<sup>1</sup> Base salary, superannuation, non-monetary benefits and benefits that have been salary sacrificed such as participation in the Employee Share Plan.

<sup>2</sup> Salary continuance insurance for all Executives. Benefits to specific Executives include:

- Peter Hiom: other remuneration includes a payment in lieu of notice applicable under his employment contract
- Gillian Larkins: a tranche of deferred equity vested on 1 September 2020. The value has been calculated using the total number of shares vested and the five-day volume weighted average price of ASX ordinary shares up to and including the vesting date
- Hamish Treleaven: deferred cash payments were made in FY20 in connection to the commencement of his employment, which were subject to his service and sufficient performance standards being met.

<sup>3</sup> The portion of STVR awarded for the current financial year in cash. The remaining portion of STVR in respect of FY21 but deferred for two and four years, is shown in table 6.1.

<sup>4</sup> The value of deferred STVR awarded in prior years as restricted ASX ordinary shares that vested in the current financial year. The value disclosed is based on the five-day volume weighted average price of ASX ordinary shares up to and including the vesting date.

<sup>5</sup> The value of LTVR vested, calculated using the total number of rights vested, multiplied by the five-day volume weighted average price of ASX ordinary shares up to and including the vesting date.

<sup>6</sup> Peter Hiom ceased employment on 1 July 2021. Termination benefits do not exceed the threshold requiring shareholder approval under the *Corporations Act*. Further details are provided in section 6.7. All remuneration earned between 1 July 2020 and Mr Hiom's cessation date of 1 July 2021 is fully disclosed within the FY21 Remuneration Report.

<sup>7</sup> The fixed remuneration, other remuneration and STVR awarded shown for Tim Hogben is pro-rated based on his service in a KMP role up to 2 November 2020. The value of deferred STVR vested is the full value of awards that vested in the financial year.

### 3.2 FY21 Group performance

The Board assesses the performance of the Group against ASX's financial performance, the achievement of our Vision, Strategy and Execution goals, the Group Scorecard and the management of risk. This assessment informs the Board's determination of the Group reward pool, which limits the total value of STVR payments available. The Board assigns a material weight to non-financial measures in setting goals and assessing performance. The Board considers three goal categories.

- The FY21 financial results, which may have a positive or negative impact on reward outcomes depending on performance.
- The Vision, Strategy and Execution goals, which relate to the delivery of key strategic priorities that drive future value for ASX and its stakeholders. Depending on performance, these goals may have a positive or negative impact on reward outcomes.
- The Group Scorecard, which represents operational standards for ASX. If these targets are not met, this may reduce reward outcomes.

The Board believes ASX has a robust remuneration governance framework in place, which supports the exercise of discretion to ensure variable remuneration outcomes are appropriate. In determining variable reward outcomes, the Board seeks performance input from the Chief Risk Officer, the Audit and Risk Committee, and Clearing and Settlement Boards. Remuneration outcomes are presented and further discussed with these groups. The Board considers the Group reward pool of 80% appropriately reflects the underlying performance of the Group in FY21.

# Remuneration report continued

The following tables summarise the Group's FY21 performance.

FY21 financial results		Performance against expectations		
Measure	Outcome	Not met	Met	Exceeded
Operating revenue	\$951.5 million, up 1.4% on FY20	.....●		
Total expenses	8.4% growth, in line with guidance due to increases in variable costs associated with increased activity	.....●		
Statutory net profit after tax (NPAT)	\$480.9 million, down 3.6% on FY20. This result was impacted by weak short-term interest rate futures volumes associated with yield curve control, and a decline in net interest income due to low short-term interest rates	.....●		
Underlying net profit after tax (NPAT)	\$480.9 million, down 6.4% on FY20	.....●		
Earnings per share (EPS)	248.4 cents, down 3.6% on FY20	.....●		
Dividends per share (DPS)	223.6 cents, fully franked, down 6.4% on FY20. Payout ratio 90%	.....●		
Capital expenditure (capex)	\$109.8 million, in line with guidance	.....●		

Vision, Strategy and Execution			Performance against expectations		
Measure	Target	Outcome	Not met	Met	Exceeded
<b>Enduring trust, integrity and resilience</b>					
Strengthen risk and compliance ownership, awareness, accountability and speaking up	Positive risk leadership, awareness and speaking up scores. Uplift enterprise compliance framework.	Risk and compliance culture survey scores steady at between 89% and 92% in the broad categories of leadership, awareness and speaking up. Enterprise Compliance framework uplift executed to plan over the year.	.....●		
Deliver resilient, efficient markets to meet evolving customer needs	Implement ASX Trade platform refresh to increase capacity; improve platform performance, stability and resilience; and deliver broad automated testing.	Modernisation of cash equity trade platform has achieved efficiency and customer functionality goals. These aspects met expectations, however the implementation resulted in a market outage, creating disruption for our customers.	.....●		
<b>Innovative solutions and technology</b>					
Deliver contemporary technology and processes to improve customer experience	Refresh aged assets including: <ul style="list-style-type: none"> <li>Enhancement of IT service management software</li> <li>Move the Hubble system into production</li> <li>Deliver corporate action straight-through processing</li> <li>Deliver enhanced Austraclear market repo module.</li> </ul>	Key technology assets refreshed to plans. Austraclear market repo module and corporate action straight-through processing providing positive customer benefits.	.....●		
Evolve sustainability approach	Set ASX's medium-term sustainability ambitions. Enhance reporting practices.	New sustainability ambitions developed and reporting enhanced. See Sustainability section of Annual Report for details.	.....●		
<b>Customer-focused</b>					
Progress CHES replacement project	Refreshed project milestones delivered to agreed budget, timelines, and business and regulatory requirements.	Key milestones in refreshed CHES replacement project plan delivered.	.....●		
Deliver key derivatives market structure and product changes to meet evolving customer needs	Deliver enhancements to cash settled bank bill futures, bond roll tick changes, 5-year bond futures and cap futures.	All projects delivered to plan, with customer benefits realised and, where appropriate, revenue targets achieved.	.....●		
<b>Diverse ecosystem</b>					
Launch DataSphere commercial enterprise	Launch of DataSphere. Incorporation of new products and data partners.	DataSphere was successfully launched in September 2020. Services have been expanded in the financial year and partnerships have progressed.	.....●		
Diversified listings strategy to expand the investment ecosystem and attract foreign and technology listings	Attract foreign and technology listings.	In FY21, 61 new technology and foreign company listings, 51 new products and 151 advisers joined the ecosystem.	.....●		

# Remuneration report continued

Collaborative culture			Performance against expectations		
Measure	Target	Outcome	Not met	Met	Exceeded
Deliver an enhanced employee experience in response to a return to ASX offices	Employee health and safety; business continuity; resilience and reliability; and employee engagement.	Positive recognition of ASX management of COVID-19 and return to office from external advisers. Business continuity upheld throughout transition. Uplift in workplace technology to support mixed mode working productively. Engagement increased 7%, with 98% support for ASX's response to the pandemic.			
<b>Group scorecard</b>			<b>Performance against expectations</b>		
Risk management and regulatory focus	<p>Deliver on all regulatory requirements and achieve high standards of regulatory engagement.</p> <p>No major issues for each of the six core market, and clearing and settlement licences.</p>	<p>Positive engagement with regulators and feedback received of high standards of regulatory engagement.</p> <p>No significant regulatory breaches (legal, compliance, finance, tax or operations).</p> <p>CHES replacement project timeline re-planned, resulting in increased regulatory oversight.</p>			
Operational excellence	<p>No Severity 1 operational or technical incidents across the ASX business.</p> <p>No significant issues in service delivery, meet uptime targets across the five key trading, clearing and settlement systems and minimal uptime issues across all 26 key systems.</p>	<p>ASX Trade uptime around 99.72% due to November equity market outage.</p> <p>All other key trading, clearing and settlement systems have been available 100% of the time.</p> <p>Positive trend of declining incidents per unit of change continued in FY21.</p>			
Leadership and culture	<p>Progress toward diversity target: 40% of management roles held by females.</p> <p>Employee engagement as determined by employee engagement survey.</p> <p>Appropriate succession planning.</p>	<p>39% of all leadership roles performed by females, slightly below target.</p> <p>Engagement 3% higher than Australian benchmark.</p> <p>Appropriate succession planning in place for all key roles.</p>			

## 3.3 FY21 Executive STVR outcomes

The STVR for Executives is based on a combination of the Group's performance (the Group reward pool) and an individual's performance. Subject to the Group reward pool, Executives may typically receive an STVR payment around their target opportunity where they have achieved their goals. An Executive's goals are drawn from the Vision, Strategy and Execution goals, the Group Scorecard and individual goals based on the accountabilities of that Executive's role. The ASX values and risk management are also explicitly considered when evaluating an Executive's performance, as they guide the way Executives behave in achieving their goals and how they manage risk.

	Total STVR awarded <sup>1,2</sup>		Cash payment paid August 2021	STVR deferred for 2 years (vesting August 2023) <sup>3</sup>	STVR deferred for 4 years (vesting August 2025) <sup>3</sup>
	\$	%	\$	\$	\$
<b>Current</b>					
D J Stevens	1,600,000	80.0%	640,000	480,000	480,000
P D Hiom <sup>4</sup>	400,000	40.0%	400,000	-	-
T J Hogben <sup>5</sup>	187,974	105.0%	75,190	56,392	56,392
G L Larkins	640,000	80.0%	256,000	192,000	192,000
H J Treleaven	240,000	80.0%	96,000	72,000	72,000

<sup>1</sup> Total STVR award including cash payment and deferred component.

<sup>2</sup> The STVR forfeited is determined by subtracting the 'total STVR awarded %' from the maximum potential STVR of 150% of target. The average STVR forfeited by Executives in FY21 was 73% of the maximum potential STVR (compared to 46% of the maximum potential STVR in 2020).

<sup>3</sup> The deferred STVR awards are subject to continued employment and satisfactory performance over the deferral period.

<sup>4</sup> The STVR for Peter Hiom was provided in cash. Mr Hiom was ineligible to receive deferred STVR due to his exit.

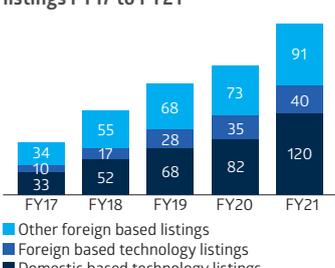
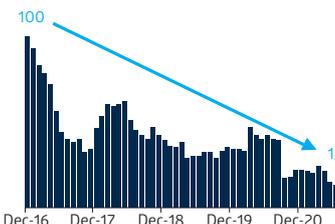
<sup>5</sup> STVR for Tim Hogben is pro-rated for his period of service as a KMP within the financial year.

# Remuneration report continued

## 3.4. Long-term performance

ASX's long-term performance can be measured by our progress to achieve our vision to be the world's most respected financial marketplace. This means being respected by analysts and investors, customers, staff, government, regulators, media and peer markets.

The strategy to achieve our vision involves five interdependent elements. There has been significant progress in each of these areas. A summary of some significant achievements over the longer term is provided in the following table:

Outcomes for customers and stakeholders	Achievements																																														
 <p><b>Diverse ecosystem</b></p> <p>We are continuing to build diverse ecosystems to improve the service offering to our customers and the resilience of our business model.</p> <p>Creating a diverse ecosystem is about more than products and services. It is also about providing an open system of collaboration and partnerships with benefits across the entire system.</p>	<ul style="list-style-type: none"> <li>Expanded and diversified the Australian Liquidity Centre (ALC) ecosystem.</li> <li>Over the past five years:                             <ul style="list-style-type: none"> <li>- ALC customers have increased by 29%</li> <li>- ALC connections have increased by 43%.</li> </ul> </li> <li>59% of new organisations joining the ALC during this period were non-trading clients, demonstrating the value of the ALC ecosystem to both ASX and the entire financial services industry.</li> <li>We diversified our listings ecosystem through attracting foreign and technology listings. Over the past five years, 251 technology and foreign companies have listed on ASX.</li> <li>ASX's technology listings strategy has been supported by the launch of the S&amp;P/ASX All Technology Index. Covering 79 companies, the index gives better insights into the sector, has enabled easier and more transparent exchange-traded funds and index-based investing.</li> </ul>	<p><b>ALC customers and connections</b></p>  <table border="1"> <caption>ALC customers and connections</caption> <thead> <tr> <th>Fiscal Year</th> <th>ALC customers</th> <th>ALC connections</th> </tr> </thead> <tbody> <tr> <td>FY16</td> <td>108</td> <td>819</td> </tr> <tr> <td>FY17</td> <td>116</td> <td>871</td> </tr> <tr> <td>FY18</td> <td>123</td> <td>984</td> </tr> <tr> <td>FY19</td> <td>134</td> <td>1068</td> </tr> <tr> <td>FY20</td> <td>137</td> <td>1078</td> </tr> <tr> <td>FY21</td> <td>139</td> <td>1170</td> </tr> </tbody> </table> <p><b>Cumulative new foreign and technology listings FY17 to FY21<sup>1</sup></b></p>  <table border="1"> <caption>Cumulative new foreign and technology listings FY17 to FY21<sup>1</sup></caption> <thead> <tr> <th>Fiscal Year</th> <th>Domestic based technology listings</th> <th>Foreign based technology listings</th> <th>Other foreign based listings</th> </tr> </thead> <tbody> <tr> <td>FY17</td> <td>33</td> <td>10</td> <td>34</td> </tr> <tr> <td>FY18</td> <td>52</td> <td>17</td> <td>55</td> </tr> <tr> <td>FY19</td> <td>68</td> <td>28</td> <td>68</td> </tr> <tr> <td>FY20</td> <td>82</td> <td>35</td> <td>73</td> </tr> <tr> <td>FY21</td> <td>120</td> <td>40</td> <td>91</td> </tr> </tbody> </table> <p><sup>1</sup>Technology listings measured using S&amp;P/ASX All Technology Index GICS, companies deemed 'Fintech' or predominantly technology enabled.</p>	Fiscal Year	ALC customers	ALC connections	FY16	108	819	FY17	116	871	FY18	123	984	FY19	134	1068	FY20	137	1078	FY21	139	1170	Fiscal Year	Domestic based technology listings	Foreign based technology listings	Other foreign based listings	FY17	33	10	34	FY18	52	17	55	FY19	68	28	68	FY20	82	35	73	FY21	120	40	91
Fiscal Year	ALC customers	ALC connections																																													
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 <p><b>Enduring trust, integrity and resilience</b></p> <p>Our focus on enduring trust, integrity and resilience is fundamental to our core offering, our brand value and our licence to operate in the Australian market.</p> <p>Our work in this area contributes to us operating a resilient, fair and open marketplace, especially in the face of volatility and under market pressure. These demonstrated capabilities have enhanced the open, respectful and constructive relationship ASX has with its regulators.</p>	<ul style="list-style-type: none"> <li>Delivered an 87% decline in incidents over past five years, reflecting the:                             <ul style="list-style-type: none"> <li>- Execution of multi-year Building Stronger Foundations initiatives</li> <li>- Increased investment in infrastructure and expertise</li> <li>- Technology contemporisation.</li> </ul> </li> <li>Improvement achieved at the same time as:                             <ul style="list-style-type: none"> <li>- A significant increase in our technology change program</li> <li>- An increase in our technology footprint.</li> </ul> </li> <li>Averaged 99.98% uptime across all five key trading, clearing and settlement systems between 1 July 2017 and 30 June 2021.</li> <li>Significant fall in outages from these five key systems, with no outages for over two years prior to the ASX Trade outage in November 2020.</li> <li>ASX continually strives for improvement including actions taken following November 2020 outage.</li> </ul>	<p><b>Index of incidents that have a customer impact on a rolling six-month basis (December 2016 = 100)</b></p>  <p><b>Number of outages on a rolling two-year basis – ASX five key trading, clearing and settlement systems<sup>1</sup></b></p>  <p><sup>1</sup>ASX Trade, CHES, Austraclear, NTP/ SYCOM and Genium clearing.</p>																																													

# Remuneration report continued



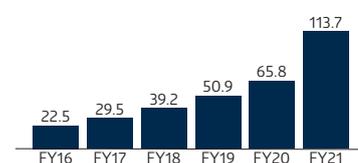
## Innovative solutions and technology

Embracing innovation and being open to change supports ASX's position as a leading global market, earning the respect of our stakeholders and peer markets.

Our capability to innovate, to make life easier for customers and to help companies grow, creates value for shareholders and advances the Australian economy.

- Facilitated a range of innovative new investment products, reducing costs for issuers and increasing choice and flexibility for investors:
  - Hybrid fund structure where the underlying trust can issue both closed and open ended units
  - Dual access structure where investors have the option of transferring from the register of an unlisted to a listed equivalent and vice versa.
- These innovative solutions have contributed to the growth of ASX's exchange traded products (ETP). Over the past five years the market capitalisation of ASX-listed ETPs has increased by 406%.
- On track to replace the CHES platform by early 2023 with world-leading blockchain technology:
  - 100% of functional technical specifications completed and delivered to market
  - 10 of 11 software drops to customer development environment
  - 25 software providers active in development environment.

## Market capitalisation of ASX-listed exchange traded products (\$bn)



## Customer-focused

ASX promotes customer-focused thinking across the whole of ASX. Companies and other issuers of capital from Australia and around the world engage with ASX to manage risk and raise capital to sustain and grow their businesses. Our customers value ASX's operating strength, resilience and dependability. Having a reliable, well-capitalised and trusted company at the heart of Australia's financial markets has never been more important.

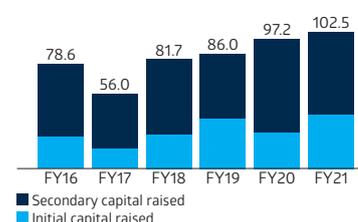
- Significant work with prime banks, regulators and bank bill investors to enhance the BBSW benchmark methodology, adding robustness and longevity to the reference rate and enabling its continued use.
- The industry cost savings to the local financial industry from not having to re-paper every BBSW-based swap, loan, investment or financial product is estimated to be in the hundreds of millions.
- Worked expeditiously with regulators and equity capital market participants on capital raising flexibility to help support listed companies and enable rapid recapitalisations. This initiative contributed to the highest amount of capital raised on ASX markets in over a decade.

## BBSW benchmark initiative



<sup>1</sup>ASX estimate based on Oliver Wyman's March 2020 estimated cost to re-document LIBOR swaps.

## Total capital raised on ASX (\$bn)

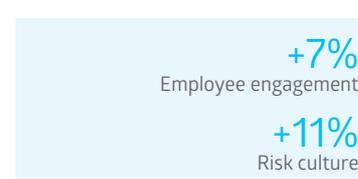


## Collaborative culture

The way we treat our employees drives engagement and alignment between our people and ASX, ultimately allowing us to attract and retain great people. Our people deliver the innovation, proactive risk management and customer-focused thinking that drives our company forward.

- Launched new employee values and embedded these in the organisation.
- Increased employee engagement by 7% during the past three years, being the period the current survey has operated. Our risk culture has also improved 11% in the four years of the current survey.
- Since 2016, ASX has increased the number of its employee networking groups fivefold in order to celebrate our people's culture and heritage, support LGBTIQ+ employees, and encourage community participation and giving.
- Named Employer of Choice for Gender Equality (2020-22). ASX's inclusion, for the ninth time, recognises our commitment to gender equality in areas such as flexibility, parental leave, women in leadership and pay.

## Increase in employee engagement and risk culture scores



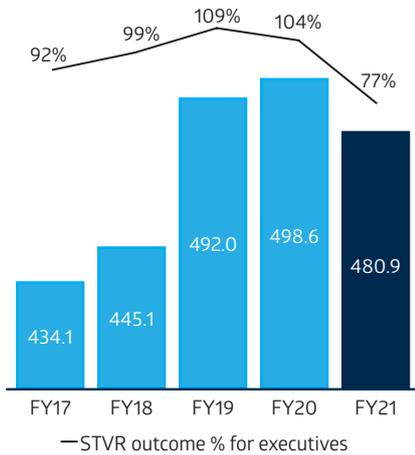
## Employer of Choice for Gender Equality for ninth time



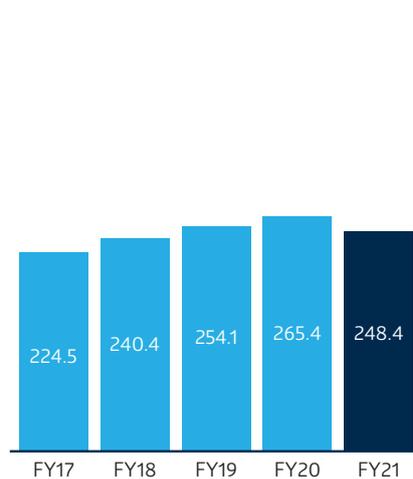
# Remuneration report continued

Through the continued execution of our customer-focused, technology-driven strategy, we are working towards the ongoing delivery of attractive returns to shareholders over time. The following charts illustrate the long-term performance of the Group against key financial metrics

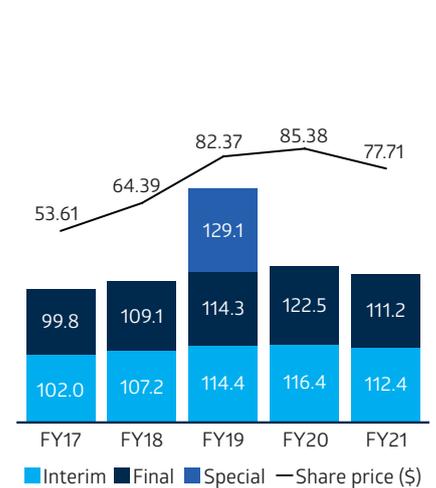
**Statutory net profit after tax (\$million) and STVR outcome (% of target) for Executives**



**Underlying earnings per share (cents)**



**Dividends per share (cents) and share price (\$ at end of financial year)**



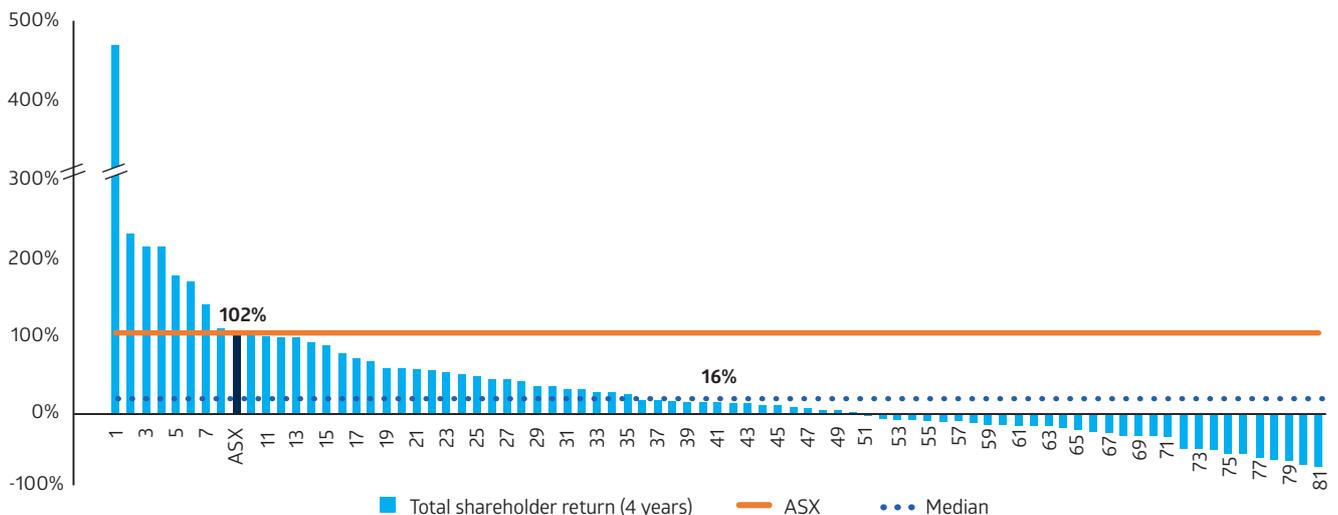
## Impact on Executive reward

ASX's remuneration framework focuses Executives on attaining long-term, sustainable performance. This is achieved by connecting our Executives to the experience of shareholders through equity-based deferral of their STVR and through the LTVR. The LTVR rewards the achievement of challenging performance hurdles based on the underlying EPS compound annual growth rate and ASX's relative TSR compared to other ASX 100 companies, excluding property trusts. Both performance measures are assessed over four years.

In FY21, the 2016 LTVR grant was tested.

- ASX's underlying EPS compound annual growth rate over the four years to 30 June 2020 was 4.75%, which did not meet the minimum performance hurdle of 5.10%, and this award subsequently lapsed. ASX's long-term underlying EPS can be seen on the preceding chart.
- ASX's relative TSR was in the 90th percentile of the peer group and therefore the TSR-related portion of this award vested in full. The relative TSR of ASX compared to the peer group can be seen in the following chart.

## ASX four-year relative TSR against the ASX 100 excluding property trusts



# Remuneration report continued

## 4. Executive remuneration framework

### 4.1 Application of reward principles

The Board has determined six principles which provide a clear link between our vision, our business strategy and our remuneration framework. A summary of the remuneration principles and their delivery through the remuneration framework is provided below.

	Principle	Execution
	<b>Vision and strategy</b> <i>Supports the realisation of ASX's vision and its strategy to create long-term, sustainable shareholder value</i>	<ul style="list-style-type: none"> <li>To support the realisation of ASX's vision and delivery of our strategy, Executives are rewarded for both the short-term and long-term performance of the Group.</li> <li>The STVR is based around a target outcome and adjusted to recognise the achievement of goals within the financial year that aligned to ASX's strategy.</li> <li>The LTVR is aligned to the creation of shareholder value through the relative TSR and EPS hurdles.</li> <li>A portion of an Executive's total variable award is managed through the compulsory deferral in ASX shares, creating alignment with shareholders through the performance of ASX's share price.</li> </ul>
	<b>Customer-focused</b> <i>Reflects the outcomes achieved for ASX's customers</i>	<ul style="list-style-type: none"> <li>Both the performance of the Group overall and the performance of individual Executives are assessed against the strategic priorities, with customer-focused goals playing a significant role.</li> <li>In determining final variable remuneration outcomes, the Board assesses Executives' roles in leading a customer-focused culture and takes into account the range of customer outcomes that have been achieved in the performance period.</li> </ul>
	<b>Holistic performance</b> <i>Applies appropriate financial and non-financial performance measures and reflects the accountabilities of each role</i>	<ul style="list-style-type: none"> <li>An Executive delivers value through their achievement of financial goals, quantifiable non-financial goals and delivering against the core accountabilities of their role. ASX believes it is also important how an Executive achieves their results, and measures their demonstration of behaviours aligned to ASX's values.</li> <li>To determine what reward may be provided to Executives, each year a performance assessment is undertaken that includes a self-assessment, manager assessment and Board assessment. This process incorporates subsidiary board or committee feedback where appropriate and an assessment of risk management by the Chief Risk Officer.</li> </ul>
	<b>Risk aligned</b> <i>Encourages behaviours aligned to our values, our risk management framework and our licence to operate</i>	<ul style="list-style-type: none"> <li>The Board considers the management of risks undertaken in determining variable remuneration outcomes, including the vesting of performance rights previously awarded.</li> <li>ASX defers a portion of STVR awards over two and four years to ensure risks are appropriately considered over the longer term before value is received by the Executive. ASX measures the LTVR over a period of four years. All variable remuneration is subject to satisfactory performance and the Board has discretion to make adjustments to deferred remuneration. Adjustments can include partial reductions or complete forfeiture of the current year STVR or deferred awards.</li> </ul>
	<b>Market competitive</b> <i>Attracts and retains employees with the skills required to deliver ASX's strategy</i>	<ul style="list-style-type: none"> <li>ASX provides competitive total remuneration (fixed remuneration and variable reward) that is benchmarked against market data for comparable roles in companies of a similar size and other publicly available market information.</li> </ul>
	<b>Fair and equitable</b> <i>Awards fairly and equitably</i>	<ul style="list-style-type: none"> <li>The Board regularly reviews remuneration outcomes across the whole organisation to ensure there is no bias in how employees are rewarded due to any employee's personal characteristics.</li> </ul>

### 4.2 Executive remuneration components

The total remuneration for Executives is made up of both fixed and variable remuneration. Variable remuneration is provided through the STVR and LTVR. Total remuneration is set with reference to market benchmarks, which are typically within the banking, finance, legal, technology and other sectors relevant to ASX's functions, or to the broader market.

### 4.3 Fixed remuneration

ASX provides competitive fixed remuneration to attract and retain talent. Fixed remuneration is paid as cash and comprises salary, superannuation, and salary sacrificed items including non-monetary benefits and the general Employee Share Plan. Fixed remuneration is set considering the mix of fixed remuneration and variable remuneration appropriate for the role.

# Remuneration report continued

## 4.4 Short-term variable reward

The considerations in determining the STVR outcomes for Executives are illustrated in the following diagram.



The following table outlines the key elements of the STVR Plan.

<b>Purpose</b>	<ul style="list-style-type: none"> <li>Encourage the achievement of financial and non-financial goals that support the Group's strategy.</li> <li>Reflect the appropriate management of risk.</li> <li>Deferral periods extend the reward timeframe to consider risks being managed.</li> <li>Reflects behaviours to ensure employees act in accordance with ASX's values.</li> </ul>	
<b>Performance</b>	<b>Group performance</b> <ul style="list-style-type: none"> <li>The target STVR pool for Executives is calculated as the sum of individual target reward opportunities.</li> <li>Following an assessment of the Group's performance, the Board determines what percentage of the pool may be released. This is referred to as the Group reward pool.</li> <li>The Group reward pool represents the maximum amount available for STVR payments across employees under the STVR Plan. An amount less than this limit may be spent, depending on individual performance.</li> <li>The CEO's STVR is determined separately to the Group reward pool.</li> </ul>	<b>Individual performance</b> <ul style="list-style-type: none"> <li>Individual performance is based on a holistic assessment of an Executive's performance and behaviours across their core accountabilities and their delivery of strategic priorities.</li> <li>An Executive's goals are cascaded from the Vision, Strategy and Execution goals, the Group Scorecard and goals drawn from the accountabilities of an Executive's role.</li> <li>An Executive's performance rating determines what percentage of individual STVR targets are received.</li> <li>The range is 0% to 150%.</li> </ul>
<b>Evaluation and approval</b>	<ul style="list-style-type: none"> <li>The CEO presents the Board with an assessment of the Group's performance based on achievement against the Vision, Strategy and Execution goals, the Group Scorecard and the management of risk.</li> <li>The Board incorporates feedback from the CEO and the Chief Risk Officer and other relevant control functions to determine the Group reward pool.</li> </ul>	<ul style="list-style-type: none"> <li><b>For Executives:</b> The Chief Risk Officer makes an assessment of risk management for all Executives, incorporating feedback from other control functions. The Chief Risk Officer subsequently provides this assessment directly to the Remuneration Committee.</li> <li>The CEO recommends to the Remuneration Committee the individual performance ratings and the percentage of STVR target to be applied for Executives, considering feedback from the Chief Risk Officer, the Audit and Risk Committee, and Clearing and Settlement Boards where appropriate.</li> <li>The Remuneration Committee considers the CEO's recommendations and then makes final recommendations to the Board for approval.</li> <li><b>For the CEO:</b> The Chairman of the Board provides performance and STVR recommendations to the Remuneration Committee, considering feedback from the Chief Risk Officer and Clearing and Settlement Boards.</li> <li>The Remuneration Committee considers the Chairman's recommendations and then makes final recommendations to the Board for approval.</li> </ul>
<b>Instrument</b>	<ul style="list-style-type: none"> <li>40% of the STVR is delivered in cash, with 60% deferred into restricted ordinary shares. Half of the deferred portion vests after two years of ongoing employment, with the remainder vesting after four years of ongoing employment. Restricted shares hold the same rights as ordinary shares, including voting and receiving dividends.</li> </ul>	
<b>Treatment upon departure</b>	<ul style="list-style-type: none"> <li>Under the rules of the STVR Plan, restricted shares will be forfeited if the participant ceases employment due to reasons other than a qualifying reason. A qualifying reason means death, permanent disability, retirement, hardship, redundancy or other reasons determined by the Board. If the participant's employment is terminated for a qualifying reason, the Board retains a discretion to determine that some or all shares will not be forfeited and release the holding lock.</li> </ul>	

# Remuneration report continued

## 4.5 Long-term variable reward

Key features of the Plan are summarised below. The LTVR Plan rules were last updated in July 2018.

<b>Purpose</b>	Encourage performance that creates long-term value for shareholders. The combination of relative TSR and underlying EPS hurdles provides balance to the Plan by measuring performance on both a relative and absolute basis. <ul style="list-style-type: none"> <li>Relative: rewards participating Executives for Group performance that exceeds that of peer companies.</li> <li>Absolute: ensures there is a continued focus on providing positive growth, a core measure of value created.</li> </ul>			
<b>Performance</b>	Participation is limited to the CEO and Deputy CEO. These roles are eligible for LTVR to reward the achievement of Group financial results. Other Executives are rewarded for the achievement of our long-term strategy through the achievement of the Vision, Strategy and Execution goals. Their reward is aligned to the shareholder experience through the deferral of the majority of their STVR into restricted shares, for between two and four years. The face value of the maximum potential LTVR award for the CEO and Deputy CEO is 50% of their fixed remuneration.			
<b>Performance measures</b>	<b>Relative performance measure</b>		<b>Absolute performance measure</b>	
	Relative total shareholder return (50%)		Underlying earnings per share growth (50%)	
	<ul style="list-style-type: none"> <li>Relative TSR is measured over a four-year period against a peer group determined by the Board at the time of the offer. Currently, it is based on the ASX 100, excluding property trusts.</li> <li>The peer group may change as a result of specific events such as mergers and acquisitions or de-listings. The Plan rules determine the adjustments of the peer group following such events.</li> </ul>		<ul style="list-style-type: none"> <li>Underlying EPS performance is measured over a four-year period using the most recent financial year-end prior to the granting of the award as the base year, and the final financial year in the performance period as the end-year.</li> </ul>	
<b>Vesting schedule</b>	<b>Performance</b>	<b>Vesting</b>	<b>Performance p.a.</b>	<b>Vesting</b>
	Less than 51st percentile	0%	Less than 5.1%	0%
	51st percentile	25%	5.1%	50%
	Greater than 76th percentile	100%	Greater than 10%	100%
	Vesting occurs in a straight line between the 51st and 76th percentile.		Vesting occurs in a straight line between 5.1% and 10%.	
<b>Calculation</b>	<ul style="list-style-type: none"> <li>The TSR of ASX and the peer group is calculated as the movement in share price and dividends received, assuming the re-investment of dividends.</li> <li>The TSR is calculated over a four-year period, using the three-month volume weighted average price up to (and including) the start date, and the three-month volume weighted average price including the reinvestment of dividends up to (and including) the end date of the performance period.</li> </ul>		<ul style="list-style-type: none"> <li>Underlying EPS is calculated by dividing the underlying profit after tax for the relevant reporting period (profit after tax adjusted for the after tax effect of any significant items) by the weighted average number of ordinary shares of ASX. This is then compared to the starting EPS, calculated in a similar fashion to determine the EPS performance.</li> <li>To arrive at underlying profit after tax, significant items may be excluded. These items are determined by the Board and may include revenues and expenses associated with specific events or the results of corporate actions. Exclusion of these items would be clearly identified and explained if such action impacted any vesting outcome.</li> </ul>	
<b>Performance period</b>	Four years			
<b>Instrument</b>	Performance rights over ASX ordinary shares. For grants made from FY19 onwards, the Board may, at its discretion, elect to settle vested LTVR allocations with a cash equivalent payment. The value of the cash payment will be determined based on the number of rights that have vested, multiplied by the volume weighted average price over the 20 trading days prior to the vesting date.			
<b>Determining the number of performance rights</b>	The number of performance rights allocated is based on the volume weighted average price of ASX shares on the 10 business days preceding the grant date (face value).			
<b>Expiry</b>	The expiry date is the date of the end of the performance period. At this point any performance rights that have not vested will lapse.			
<b>Dividends</b>	Dividends are not paid on performance rights.			
<b>Retesting</b>	No			
<b>Treatment upon departure</b>	If an Executive ceases employment for a qualifying reason, any performance rights may remain on foot in accordance with their original terms, except that any service condition will be waived. The Board retains a discretion to determine whether performance rights that remain on foot subsequently vest or lapse. A qualifying reason includes death, permanent disability, mutual agreement with ASX, termination by ASX on notice, redundancy, retirement, or other circumstances determined by the Board. Unless the Board determines otherwise, performance rights will lapse if an Executive's employment is terminated for cause, poor performance, or if the Executive resigns.			

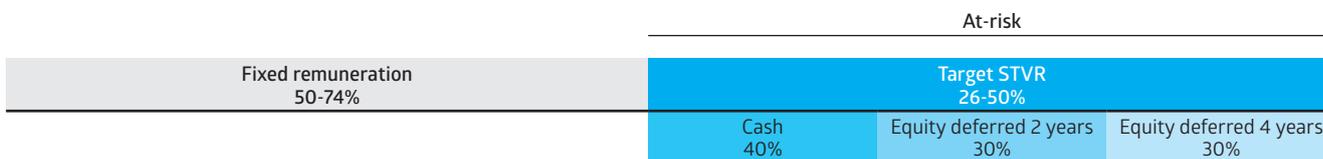
# Remuneration report continued

## 4.6 Executive remuneration mix

Executive remuneration is aligned to the executive remuneration principles set out in section 4.1. All Executives receive fixed remuneration and STVR. In addition, the CEO and Deputy CEO receive an LTVR component. The chart below sets out the remuneration structure and mix for the CEO and Deputy CEO.

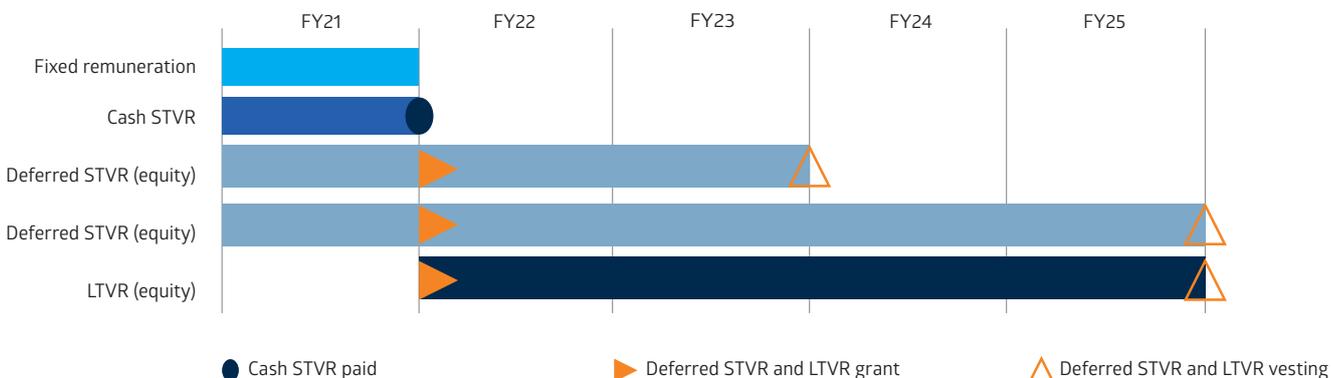


The chart below sets out the remuneration structure and mix for Executives other than the CEO and Deputy CEO. These Executives comprise the Chief Financial Officer, Chief Operating Officer and Chief Risk Officer.



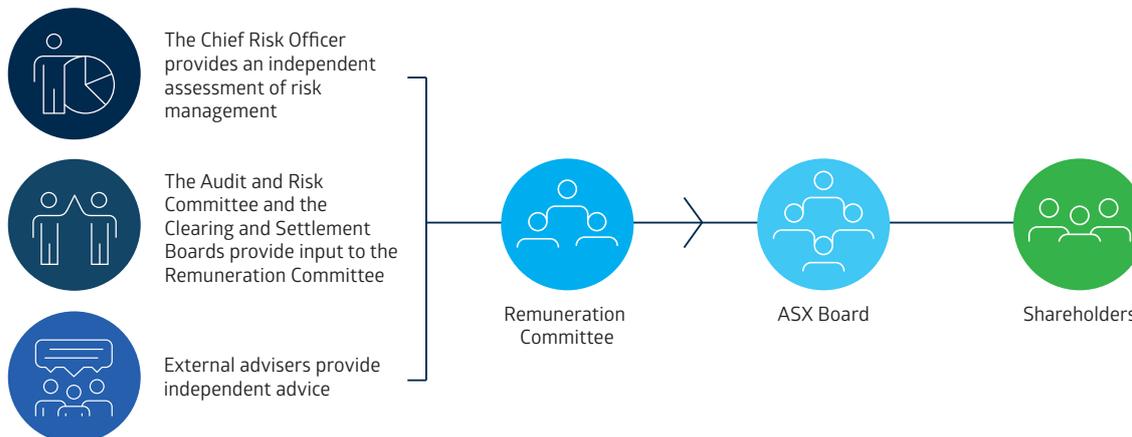
## 4.7 Executive remuneration delivery

The chart below sets out the periods for awarding remuneration to the CEO and Deputy CEO. Other Executives are not eligible to receive the LTVR. For all Executives, a significant portion of their potential remuneration is deferred between two and four years from the end of the current performance year.



## 5. Remuneration governance

The diagram below provides an overview of governance arrangements relating to remuneration.



# Remuneration report continued

## 5.1 Role of the ASX Board

The Board oversees and approves the non-executive director remuneration and Executive remuneration arrangements. The Board has established a Remuneration Committee for recommending remuneration policy for the Group. The ultimate responsibility for remuneration policy matters rests with the Board.

## 5.2 Role and responsibilities of the Remuneration Committee

The Remuneration Committee develops the remuneration principles, framework and policies for the Group. The Remuneration Committee's responsibilities are outlined below.

Recommend to the Board:

- Remuneration arrangements and all reward outcomes for Executives
- Performance against goals and targets for Executives, incorporating an evaluation of risk management performance
- Remuneration for Executive appointments and retention matters
- ASX's remuneration and variable reward framework, including STVR and LTVR arrangements and participation
- Non-executive director fees.

Conduct reviews of:

- The ongoing monitoring of the effectiveness of the remuneration policy in supporting ASX's values while complying with regulatory requirements
- Executive succession and key staff succession plans
- Progress against gender diversity objectives and the active promotion of a collaborative and inclusive culture
- The capabilities required to deliver the organisation's strategy.

## 5.3 Board discretion relating to variable remuneration

The Board understands that to make good remuneration decisions it needs both a robust framework and to proactively and consistently exercise judgement. The Board retains discretion to adjust any variable reward outcome, both prior to a payment being made or before deferred remuneration vests.

The Board takes into account information from a range of sources. This is to ensure that decisions are well-informed and consider the outcomes achieved for the Group's stakeholders. The Board has an established process to seek feedback on Executive performance from the Audit and Risk Committee and the Clearing and Settlement Boards, as well as reports on risk management from the Chief Risk Officer and other control functions. Using this information, the Board evaluates remuneration outcomes against an agreed set of remuneration principles and relevant precedents. Executives are not able to participate in discussions that impact their own remuneration. This approach ensures independence, objectivity, fairness and consistency in the process of determining appropriate remuneration outcomes.

## 5.4 Clawback Policy

The Board retains the discretion to adjust performance-based remuneration that has not yet been realised or vested without restrictions, for any employee or group of employees within the ASX Group, if it considers that such remuneration would be an inappropriate benefit.

The Board has absolute discretion to determine what constitutes an inappropriate benefit. Examples that may lead to an inappropriate benefit include:

- Mismanagement of material risk issues for the Group
- Fraudulent or dishonest behaviour
- A material misstatement or omission in ASX's financial statements
- A breach of obligations to ASX
- Acting in a manner that brings ASX into disrepute
- Any other circumstances which the Board determines in good faith to have resulted in an inappropriate benefit.

## 5.5 External advice

When an external perspective is needed, the Remuneration Committee may seek professional advice from remuneration advisers. Remuneration advisers are engaged by the Committee independently of management when receiving remuneration recommendations, as defined by the *Corporations Act 2001*. During FY21, the Committee did not engage any external advisers to provide remuneration recommendations as defined by the *Corporations Act 2001*.

## 5.6 Engagement with external stakeholders

Each year, the ASX Chairman meets with investors and proxy advisers. These meetings provide an opportunity to discuss remuneration practices and policies, and any issues raised by the investor or proxy adviser.

# Remuneration report continued

## 5.7 Share ownership

Share ownership is encouraged among Executives and non-executive directors to strengthen the alignment between their interests and the interests of shareholders. Executives are encouraged to hold a number of ASX shares equivalent in value to their fixed remuneration. Executives have five years to accumulate the shares, as outlined in the following table:

Role	Value of Shareholding (% of fixed remuneration)
Managing Director and Chief Executive Officer	100%
Chief Risk Officer	50%
Other Executives	100%

All eligible Executives currently hold a number of shares at or in excess of this level.

It is expected that all ASX non-executive directors hold a number of ASX shares equivalent in value to their base annual director fee (and in the case of the ASX Chairman, the base annual director fee plus the Chairman fee), by the third anniversary of their appointment.

All eligible non-executive directors currently hold a number of shares at or in excess of this level.

## 6. Statutory remuneration disclosure – Executives

### 6.1 Statutory remuneration

The remuneration table below has been prepared in accordance with accounting standards as required by the *Corporations Act 2001*. The accounting standards require the disclosure of the expense or cost to the Group in the financial years presented, which may result in only a portion of cash remuneration being disclosed where payments are deferred to future financial years. In addition, the accounting standards require the share-based payments expense to be calculated using the grant date fair value of the shares, rather than current market prices.

	Year	Short-term				Termination benefits <sup>5</sup>	Long-term		Share-based payments			Total	Performance-related <sup>11</sup>
		Salary <sup>1</sup>	STVR <sup>2</sup>	Non-monetary <sup>3</sup>	Other <sup>4</sup>		Long service leave accrual <sup>6</sup>	Superannuation <sup>7</sup>	STVR Plan <sup>8</sup>	LTVR Plan <sup>9</sup>	Other share-based payments <sup>10</sup>		
<b>Current</b>													
D J Stevens	2021	1,967,508	640,000	10,797	70,372	-	35,013	21,694	1,234,284	460,545	-	4,440,213	53%
CEO	2020	1,963,513	840,000	15,484	9,648	-	13,166	21,003	1,061,784	152,768	-	4,077,366	50%
P D Hiom <sup>12</sup>	2021	971,198	400,000	10,863	(39,261)	385,410	16,128	22,349	1,202,635	738,761	-	3,708,083	63%
Deputy CEO	2020	963,513	380,000	15,484	2,004	-	15,693	21,003	622,875	85,900	-	2,106,472	52%
G L Larkins	2021	778,306	256,000	-	22,828	-	6,643	21,694	306,863	-	50,811	1,443,145	39%
Chief Financial Officer	2020	778,997	320,000	-	17,043	-	2,284	21,003	126,863	-	270,993	1,537,183	29%
H J Treleaven	2021	841,974	96,000	11,332	(4,636)	-	14,743	21,694	180,876	-	-	1,161,983	24%
Chief Risk Officer	2020	837,668	132,000	16,329	62,684	-	4,783	21,003	156,626	-	-	1,231,093	23%
<b>Part-year</b>													
T J Hogben	2021	240,714	75,190	33	5,660	-	11,402	7,426	104,680	-	-	445,105	40%
Chief Operating Officer	2020	695,251	231,000	8,746	24,690	-	25,822	21,003	274,171	-	-	1,280,683	39%
<b>Total</b>	2021	4,799,700	1,467,190	33,025	54,963	385,410	83,929	94,857	3,029,338	1,199,306	50,811	11,198,529	51%
	2020	5,238,942	1,903,000	56,043	116,069	-	61,748	105,015	2,242,319	238,668	270,993	10,232,797	43%

<sup>1</sup> Base salary excluding payments made under the compulsory superannuation guarantee.

<sup>2</sup> The cash component of the STVR earned over FY21, paid in cash in August 2021.

<sup>3</sup> Salary-sacrificed items paid over the year including car parking (and associated fringe benefits tax) and participation in the Employee Share Plan.

<sup>4</sup> The value of annual leave accrued over the year and salary continuance insurance provided by the Group. This column also shows the amortised value in FY20 of payments to Hamish Treleaven relating to his commencement of employment.

<sup>5</sup> Termination benefits consist of a payment for Mr Hiom in lieu of notice, applicable under his employment contract.

<sup>6</sup> Long service leave accrued over the year.

<sup>7</sup> Post-employment benefits, comprising the compulsory superannuation guarantee.

<sup>8</sup> Annual share-based payments expense for restricted shares issued under the deferred STVR Plan.

<sup>9</sup> Annual share-based payments expense for performance rights issued under the LTVR Plan. The expense is calculated using the fair value of performance rights as at the grant date, less any write-back for performance rights lapsed as a result of non-market hurdles not attained. The LTVR may be either equity or cash settled as determined by the Board. The FY20 values reflect the reversal of the accrued expense of previous awards which did not vest.

<sup>10</sup> The amortised value of 11,604 restricted shares granted to Gillian Larkins on 15 February 2019, with a volume weighted average price of \$58.38. The restriction on 40% of this allocation of shares lifted on 1 September 2019 and the restriction on the remaining 60% lifted on 1 September 2020.

<sup>11</sup> Reflects the percentage of total remuneration that is performance-related (short-term cash settled STVR and share-based payments relating to the STVR and LTVR Plans).

<sup>12</sup> Peter Hiom ceased employment on 1 July 2021. All remuneration earned between 1 July 2020 and Mr Hiom's cessation date of 1 July 2021 is fully disclosed within the FY21 Remuneration Report. The value of deferred STVR and LTVR displayed for FY21 recognises all outstanding expenses up to the end of the performance period. These awards may vest in future subject to the requirements of the Plan rules and ASX's Clawback Policy. Termination benefits do not exceed the threshold requiring shareholder approval under the *Corporations Act*. Further details are provided in section 6.7 on page 59.

# Remuneration report continued

## 6.2 Current LTVR grants

Shares relating to grants of performance rights that have vested are allocated from a trust established to hold shares for this purpose. The table below sets out a summary of the LTVR grants that were in operation during FY21.

Grant year	2020		2019		2018		2017	
Grant date	30 September 2020		24 September 2019		4 October 2018		26 September 2017	
Performance period	1 October 2020 – 30 September 2024		25 September 2019 – 24 September 2023		5 October 2018 – 4 October 2022		27 September 2017 – 26 September 2021	
Vesting date	30 September 2024		24 September 2023		4 October 2022		26 September 2021	
Vesting period	4 years		4 years		4 years		4 years	
Participation	2		2		2		2	
Performance rights awarded	CEO 12,091	Deputy CEO 6,046	CEO 12,281	Deputy CEO 6,141	CEO 15,843	Deputy CEO 7,921	CEO 18,975	Deputy CEO 9,488
Performance measure	50% EPS and 50% TSR		50% EPS and 50% TSR		50% EPS and 50% TSR		50% EPS and 50% TSR	
EPS vesting commences at	5.1% compound growth		5.1% compound growth		5.1% compound growth		5.1% compound growth	
TSR vesting commences at	51st percentile		51st percentile		51st percentile		51st percentile	
Dividends paid	No		No		No		No	
Retesting	No		No		No		No	
Exercise price	Nil		Nil		Nil		Nil	
Share price at grant date	\$81.02		\$81.61		\$62.01		\$52.62	
Volatility p.a.	22%		15%		16%		17%	
Discount rate (risk free rate) p.a.	0.25%		0.72%		2.2%		2.24%	
Dividend yield p.a.	2.9%		3.2%		3.70%		4.00%	
Fair value of performance rights (EPS awards)	\$72.15		\$71.80		\$53.48		\$44.83	
Fair value of performance rights (TSR awards)	\$39.65		\$29.83		\$24.34		\$23.78	
Weighted average AASB 2 share-based payment fair value	\$55.90		\$50.82		\$38.91		\$34.30	

As is customary, ASX will voluntarily submit Dominic Stevens' 2021 LTVR grant for shareholder approval at the 2021 Annual General Meeting (AGM).

## 6.3 FY21 Executive LTVR allocations

The following table shows the movement during the financial year in the number of performance-related rights over issued ordinary shares in ASX held directly, indirectly or beneficially by the Executives, including their personally related parties.

	Held as at 1 July 2020	Granted as compensation during the year	Vested during the year	Lapsed during the year	Held at 30 June 2021
<b>Current</b>					
D J Stevens	67,988	12,091	(10,444)	(10,445)	59,190
P D Hiom	33,995	6,046	(5,222)	(5,223)	29,596

Lapsed rights relate to the LTVR grant made in 2016.

No other KMP had performance-related rights over issued ordinary shares in ASX directly, indirectly or beneficially.

## 6.4 Potential future value of LTVR allocations for CEO and Deputy CEO

The following table shows the minimum and maximum values of performance rights that may be received by the CEO and Deputy CEO as remuneration in future financial years.

Grant date:	26 September 2017		4 October 2018		24 September 2019		30 September 2020	
Vesting date:	26 September 2021		4 October 2022		24 September 2023		30 September 2024	
	Min \$ <sup>1</sup>	Max \$ <sup>2</sup>						
<b>Current</b>								
D J Stevens	-	650,843	-	616,451	-	624,120	-	675,887
P D Hiom	-	325,438	-	308,206	-	312,086	-	337,971

<sup>1</sup> Since the performance rights are issued with a zero exercise price, their minimum total value is nil, on the basis that they will not vest if the applicable performance/vesting conditions are not met.

<sup>2</sup> The amounts represent the maximum fair value for future years of the performance rights yet to vest, as at their grant date. The maximum total value is the number of rights issued multiplied by the weighted average fair value.

# Remuneration report continued

## 6.5 Beneficial holdings of ordinary shares

	Held at 1 July 2020	Received on vesting of rights over deferred shares	Allocated under deferred STVR Plan	Other changes	Held at 30 June 2021
<b>Current</b>					
D J Stevens	53,785	10,444	14,126	(8,943)	69,412
P D Hiom	44,579	5,222	6,390	(10,541)	45,650
T J Hogben	12,116	-	3,885	(4,178)	11,823
G L Larkins	10,930	-	5,381	(6,962)	9,349
H J Treleaven	6,349	-	2,220	14	8,583

<sup>1</sup> The closing balance for Tim Hogben is at 2 November 2020, the date he ceased in a KMP role.

## 6.6 Current KMP service agreements

Minimum notice periods (months)					
Name	Position held	Contract effective date <sup>1</sup>	Executive	ASX	Poor performance
D J Stevens	CEO	1 August 2016	6	12	3
P D Hiom	Deputy CEO	1 July 2015	6	12	3 <sup>2</sup>
G L Larkins	Chief Financial Officer	29 October 2018	6	12	3 <sup>2</sup>
H J Treleaven	Chief Risk Officer	1 March 2017	6	12	3 <sup>2</sup>

<sup>1</sup> All Executives have permanent ongoing contracts. Amounts payable on termination include the contractual notice period and any rewards that may be payable under the terms of the STVR and LTVR Plans, which are outlined in sections 4.4 and 4.5.

<sup>2</sup> The notice period for termination for poor performance requires an initial written notice of one month.

## 6.7 Leaving arrangements for Executives

On 26 May 2021, ASX announced the departure of Deputy CEO, Peter Hiom. ASX recognises the significant contribution made by Mr Hiom to Australia's financial markets and to the strong performance of ASX's business over his 23-year tenure, including 11 years as ASX's Deputy CEO. After discussions with Mr Hiom, the Board reached a mutual agreement on the basis on which he would resign his employment with effect from 1 July 2021. A summary of the leaving arrangements is provided below.

- The Board determined that under the LTVR Plan rules Mr Hiom would retain his unvested LTVR. These awards remain subject to their original performance conditions, to be tested over their normal course, and subject to ASX's Clawback Policy.
- The Board determined that Mr Hiom would retain his unvested STVR in recognition of these awards being previously earned through his performance. Unvested STVR will vest over their normal course and be subject to ASX's Clawback Policy.
- The benefits paid to Mr Hiom upon his leaving were in line with either statutory entitlements, his contract of employment or the rules of the STVR and LTVR Plans. The 'termination benefits' as defined under s200B of the *Corporations Act 2001* (Cth) did not exceed the threshold required for ASX to seek shareholder approval.

Mr Hiom's remuneration arrangements relating to the period between 1 July 2020 and 1 July 2021 (inclusive) are fully disclosed in the FY21 Remuneration Report. There will be no further benefits awarded in the future. Mr Hiom will not be disclosed in future remuneration reports.

## 6.8 Loans and other transactions

No transactions or loans involving non-executive directors or Executives, their close family members or entities they control or have significant influence over, were made during the year (FY20: nil).

## 7. Non-executive director remuneration arrangements

Non-executive directors receive fees for their contribution on the boards and associated committees on which they serve. The Remuneration Committee reviews and recommends to the Board the fees provided to non-executive directors.

Non-executive director fees are set to ensure:

- ASX non-executive directors are remunerated fairly for their services, recognising the workload and level of skill and experience required for the role
- ASX can attract and retain talented non-executive directors.

### 7.1 Remuneration structure

ASX has not increased its non-executive director fees since October 2017. Under the non-executive director fee structure, remuneration comprises one base fee (plus superannuation) in respect of a non-executive director appointment to the ASX Limited Board and any committee and/or its subsidiaries. An additional amount is paid to the chairperson of the ASX Limited Board or a committee or subsidiary board.

The aggregate amount paid to non-executive directors is approved by shareholders at the AGM. The maximum aggregate amount that may be paid to all ASX non-executive directors in their capacity as members of the ASX Limited Board and its committees, and as non-executive directors of subsidiary boards, is \$3 million per annum. This was approved by shareholders at the 2017 AGM. The amount paid in FY21 was \$2.79 million. Non-executive directors of independent subsidiary boards who do not serve on the ASX Limited Board are not included in the fee pool.

Non-executive directors have no entitlement to any performance-based remuneration or participation in any share-based reward schemes. ASX does not have a non-executive director retirement scheme.

# Remuneration report continued

## 7.2 Non-executive director fee schedule

The following table summarises the fees received for each role on the Board.

Board/Committee	Role	Fees excluding superannuation (\$)	
		2021	2020
Board <sup>1</sup>	Chair	550,000	550,000
	Member	235,000	235,000
Audit and Risk Committee	Chair	45,000	45,000
Remuneration Committee	Chair	20,000	20,000
ASX Clear (Futures)	Chair	35,000	35,000
Austraclear	Chair	20,000	20,000

<sup>1</sup> ASX Limited Board fees include payment for membership of ASX Limited Board committees and Clearing and Settlement Boards.

## 7.3 Director fees for FY20 and FY21

The following table sets out the statutory remuneration details for non-executive directors for FY20 and FY21.

	Year	Short-term salary and fees	Post-employment superannuation	Total
<b>Current</b>				
D Roche <sup>1</sup>	2021	327,692	21,694	349,386
	2020	270,000	21,003	291,003
Y A Allen	2021	235,000	21,694	256,694
	2020	235,000	21,003	256,003
M B Conrad	2021	235,000	21,694	256,694
	2020	235,000	21,003	256,003
K R Henry	2021	235,000	21,694	256,694
	2020	235,000	21,003	256,003
P R Marriott	2021	280,000	21,694	301,694
	2020	280,000	21,003	301,003
P S Nash	2021	235,000	21,694	256,694
	2020	235,000	21,003	256,003
H M Ridout	2021	255,000	21,694	276,694
	2020	255,000	21,003	276,003
R J Woods <sup>2</sup>	2021	241,731	21,694	263,425
	2020	117,500	10,501	128,001
<b>Former</b>				
R Holliday-Smith <sup>3</sup>	2021	444,231	17,522	461,753
	2020	550,000	21,003	571,003
P H Warne <sup>3,4</sup>	2021	105,577	9,397	114,974
	2020	255,000	21,003	276,003
Total	2021	2,594,231	200,471	2,794,702
	2020	2,667,500	199,528	2,867,028

<sup>1</sup> Fees disclosed for Damian Roche reflect his role as Chairman of ASX Clear (Futures) Pty Limited up to and including 21 April 2021. Mr Roche's fees also reflect his role as Chairman of ASX Limited and Chairman of Austraclear Limited from 21 April 2021.

<sup>2</sup> Fees for Rob Woods include the fee for his role as Chairman of ASX Clear (Futures) Pty Limited from 21 April 2021.

<sup>3</sup> Fees for Rick Holliday-Smith and Peter Warne reflect the period of time they were KMP.

<sup>4</sup> Fees disclosed for Peter Warne include the fee for his role as Chairman of Austraclear Limited up to and including 21 April 2021.

## 7.4 Equity holdings

The table below sets out current equity holdings for non-executive directors.

	Held as at 1 July 2020	Other changes	Held at 30 June 2021
<b>Current</b>			
D Roche	10,000	4,000	14,000
Y A Allen	5,000	-	5,000
M B Conrad	5,000	-	5,000
K R Henry	5,000	-	5,000
P R Marriott	5,316	-	5,316
P S Nash	2,000	1,000	3,000
H M Ridout	5,000	-	5,000
R J Woods	3,000	-	3,000
<b>Former</b>			
R Holliday-Smith <sup>1</sup>	12,000	-	12,000
P H Warne <sup>1</sup>	6,000	-	6,000

<sup>1</sup> Closing balances for Rick Holliday-Smith and Peter Warne are reported as at their cessation dates.

# Directors' report

The directors present their report, which includes the Remuneration Report, together with the financial statements of ASX Limited (ASX or the Company) and its subsidiaries (together referred to as the Group), for the year ended 30 June 2021 (FY21) and the auditor's report thereon. The financial statements have been reviewed and approved by the directors on the recommendation of the ASX Audit and Risk Committee.

The FY21 consolidated net profit after tax attributable to the owners of ASX was \$480.9 million (2020: \$498.6 million).

## Directors

The directors of ASX in office during the financial year and at the date of this report (unless otherwise stated) were as follows:

- Damian Roche (Chairman since 21 April 2021)
- Dominic J Stevens (Managing Director and CEO)
- Yasmin A Allen
- Melinda B Conrad
- Ken R Henry AC
- Peter R Marriott
- Peter S Nash
- Heather M Ridout AO
- Rob J Woods
- Peter H Warne (resigned 30 September 2020)
- Rick Holliday-Smith (resigned as a director and Chairman on 21 April 2021).

Directors' meetings and attendance at those meetings for FY21 (including meetings of committees of directors) are disclosed on page 38. The qualifications and experience of directors, including current and recent directorships, are detailed on pages 30 to 32.

## Company secretaries

### Daniel Moran

Group General Counsel and Company Secretary,  
BA (UTS) LLB (UNSW)

Daniel Moran is Group General Counsel and Company Secretary. Mr Moran joined ASX as Deputy General Counsel in 2010. Prior to that he was a Senior Associate with the Australian law firm Herbert Smith Freehills. Since joining ASX he has worked across ASX's businesses and engaged closely with ASX's boards and committees as a lawyer and company secretary.

### Daniel Csillag

General Manager Company Secretariat and Senior  
Legal Counsel, BA LLB (UNSW), FGIA

Daniel Csillag, General Manager Company Secretariat and Senior Legal Counsel, is also a Company Secretary. He is responsible for managing company secretariat and corporate governance support across the Group.

## Report on the business

### Principal activities

During the year the principal activities of the Group consisted of providing:

- Securities exchange and ancillary services
- Derivatives exchange and ancillary services
- Central counterparty clearing services
- Registry, depository, settlement and delivery-versus-payment clearing of financial products
- Technical and information services.

### Review of operations

Information on the operations and financial position of the Group, and its business strategies and prospects, is disclosed in the Operating and Financial Review on pages 9 to 18.

Operating revenue benefits from ASX's diverse business model, where key revenue streams complement each other in changing market conditions. Revenue growth in our equities related businesses, particularly Listings and Issuer Services, partially offset the impact of the RBA's yield curve control program on the Derivatives business.

The Group continues to manage the ongoing COVID-19 situation. There have not been any significant adverse financial or operational impacts to date and any known impacts have been reflected in the FY21 financial statements.

### Dividends

Information relating to dividends for the current and prior financial year, including dividends determined by the Board since the end of the financial year, is disclosed in note B3 of the financial statements on page 75.

### Significant changes in the state of affairs

There were no significant changes in the Group's state of affairs during the year.

### Events subsequent to balance date

There have been no matters or circumstances that have arisen which have significantly affected the operations of the Group, the results of those operations or the state of affairs of the Group from the end of the period to the date of this report.

### Likely developments

For further information about likely developments in the operations of the Group, refer to the Operating and Financial Review on pages 9 to 18. The expected results from those operations in future financial years have not been included because they depend on factors such as general economic conditions, the risks outlined and the success of ASX's strategies, some of which are outside the control of the Group.

### Environmental regulation

The operations of the Group are not subject to any particular or significant environmental regulations under a Federal, State or Territory law.

# Directors' report continued

## Indemnification and insurance of officers

The Group has paid insurance premiums for directors' and officers' liability for current and former directors and officers of the Company, its subsidiaries and related entities.

The insurance policies prohibit disclosure of the nature of the liabilities insured against and the amount of the premiums.

The Constitution of ASX provides that every person who is or has been a director, secretary or executive officer of the Company, and each other officer or former officer of the Company (or of its related bodies corporate as the directors in each case determine), is indemnified by the Company to the maximum extent permitted by law. The indemnity covers losses or liabilities incurred by the person as a director or officer, including but not limited to liability for negligence and for legal costs on a full indemnity basis.

## Performance rights over issued shares

At the date of this report, ASX had 88,786 performance rights outstanding (2020: 101,983). For further details on the performance rights including performance hurdles for vesting, refer to the Remuneration Report on pages 43 to 60.

During the year, 15,666 (2020: 6,520) performance rights vested as a result of partial attainment of hurdles under the September 2016 Long-Term Variable Reward (LTVR) Plan and 15,668 (2020: 6,521) rights lapsed.

## Proceedings on behalf of the Group

No application for leave has been made under section 237 of the *Corporations Act 2001* in respect of the Group and no proceedings have been brought or intervened in on behalf of the Group under that section.

## Remuneration Report

Information on remuneration for the ASX Limited Board and Key Management Personnel (KMP), is contained in the Remuneration Report on pages 43 to 60, which forms part of the Directors' Report.

## Non-audit services

Details of the amounts paid or payable to the Group's auditor PricewaterhouseCoopers (PwC) and its related practices for non-audit services provided during the year are set out in note F5.3 of the financial statements on page 100.

## Directors' declaration of satisfaction with independence of auditor

The Board of directors has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee
- Non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is on page 63.

## Rounding of amounts

ASX is a company of the kind referred to in ASIC Legislative Instrument 2016/191. Amounts in the financial statements and the Directors' Report have been rounded to the nearest thousand or hundred thousand dollars in accordance with that instrument, unless otherwise indicated.

Signed in accordance with a resolution of the directors:



**Damian Roche**  
Chairman



**Dominic Stevens**  
Managing Director and Chief Executive Officer

Sydney, 19 August 2021



## Auditor's independence declaration

As lead auditor for the audit of ASX Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ASX Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'V. Papageorgiou'.

**Voula Papageorgiou**  
Partner

PricewaterhouseCoopers

Sydney, 19 August 2021

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# Statutory report – consolidated financial statements

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# Consolidated statement of comprehensive income

For the year ended 30 June	Note	2021 \$m	2020 \$m
<b>Revenue</b>			
Listings and Issuer Services	B2	260.8	239.7
Derivatives and OTC Markets	B2	290.8	323.6
Trading Services	B2	267.0	258.3
Equity Post-Trade Services	B2	143.7	127.4
Interest income		60.7	151.3
Share of net (loss) of equity accounted investments	D2	(5.9)	(5.0)
		<b>1,017.1</b>	<b>1,095.3</b>
<b>Expenses</b>			
Staff		(154.3)	(145.4)
Occupancy		(9.4)	(9.7)
Equipment		(45.4)	(37.3)
Administration		(50.6)	(47.4)
Finance costs		(14.0)	(67.5)
Depreciation and amortisation	E2, E3, E6	(55.5)	(52.0)
Impairment of equity accounted investments	D2	-	(15.2)
		<b>(329.2)</b>	<b>(374.5)</b>
<b>Profit before income tax expense</b>		<b>687.9</b>	<b>720.8</b>
Income tax expense	B6	(207.0)	(222.2)
<b>Net profit for the year attributable to owners of the Company</b>		<b>480.9</b>	<b>498.6</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Change in the fair value of cash flow hedges		(0.1)	(0.5)
<b>Items that cannot be reclassified to profit or loss</b>			
Change in the fair value of investments in equity instruments		(11.3)	0.2
<b>Other comprehensive loss for the year, net of tax</b>		<b>(11.4)</b>	<b>(0.3)</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>469.5</b>	<b>498.3</b>
<b>Earnings per share</b>			
Basic earnings per share (cents per share)	B5	248.4	257.6
Diluted earnings per share (cents per share)	B5	248.4	257.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated balance sheet

As at 30 June	Note	2021 \$m	2020 \$m
<b>Current assets</b>			
Cash	C2	5,357.8	858.1
Other financial assets at amortised cost	C3	7,565.4	12,511.4
Financial assets at fair value through profit or loss	C3	458.7	487.5
Trade and other receivables <sup>1</sup>	E1	362.6	761.6
Prepayments		21.0	23.3
<b>Total current assets</b>		<b>13,765.5</b>	<b>14,641.9</b>
<b>Non-current assets</b>			
Investments in equity instruments	D1	41.8	45.1
Equity accounted investments	D2	45.8	40.5
Intangible assets	E2	2,566.5	2,496.8
Net deferred tax asset	B6	48.1	44.8
Property, plant and equipment	E3	58.2	62.1
Right-of-use assets	E6	64.3	74.9
Prepayments		6.8	8.7
<b>Total non-current assets</b>		<b>2,831.5</b>	<b>2,772.9</b>
<b>Total assets</b>		<b>16,597.0</b>	<b>17,414.8</b>
<b>Current liabilities</b>			
Amounts owing to participants	C1	12,014.8	12,477.2
Trade and other payables <sup>1</sup>	E4	332.0	726.8
Current tax liabilities		21.9	25.8
Provisions	E5	20.0	17.9
Lease liabilities	E6	9.8	9.5
Revenue received in advance	B2	108.7	89.1
<b>Total current liabilities</b>		<b>12,507.2</b>	<b>13,346.3</b>
<b>Non-current liabilities</b>			
Amounts owing to participants	C1	200.0	200.0
Provisions	E5	6.0	5.5
Lease liabilities	E6	62.6	71.6
Revenue received in advance	B2	84.9	71.0
<b>Total non-current liabilities</b>		<b>353.5</b>	<b>348.1</b>
<b>Total liabilities</b>		<b>12,860.7</b>	<b>13,694.4</b>
<b>Net assets</b>		<b>3,736.3</b>	<b>3,720.4</b>
<b>Equity</b>			
Issued capital	B4	3,027.2	3,027.2
Retained earnings		629.9	603.8
Reserves	B4	79.2	89.4
<b>Total equity</b>		<b>3,736.3</b>	<b>3,720.4</b>

<sup>1</sup> The movements in 'Trade and other receivables' and 'Trade and other payables' reflect the material changes in the margin requirements as a result of the movement in the underlying positions of relevant clearing participants on the last trading day of the reporting period. These were settled the following business day.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

For the year ended 30 June	Note	Issued capital \$m	Retained earnings \$m	Reserves \$m	Total equity \$m
<b>Opening balance at 1 July 2020</b>		3,027.2	603.8	89.4	3,720.4
Profit for the year		-	480.9	-	480.9
Other comprehensive loss for the year		-	-	(11.4)	(11.4)
<b>Total comprehensive income for the period, net of tax</b>		-	480.9	(11.4)	469.5
<b>Transactions with owners in their capacity as owners:</b>					
Incentive plans – value of employee services		-	-	1.2	1.2
Dividends paid	B3	-	(454.8)	-	(454.8)
<b>Closing balance at 30 June 2021</b>		3,027.2	629.9	79.2	3,736.3
<b>Opening balance at 1 July 2019</b>					
<b>Opening balance at 1 July 2019</b>		3,027.2	801.7	87.5	3,916.4
Profit for the year		-	498.6	-	498.6
Other comprehensive loss for the year		-	-	(0.3)	(0.3)
<b>Total comprehensive income for the period, net of tax</b>		-	498.6	(0.3)	498.3
<b>Transactions with owners in their capacity as owners:</b>					
Incentive plans – value of employee services		-	-	2.2	2.2
Dividends paid	B3	-	(696.5)	-	(696.5)
<b>Closing balance at 30 June 2020</b>		3,027.2	603.8	89.4	3,720.4

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

For the year ended 30 June	Note	2021 \$m	2020 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		1,080.4	1,038.5
Payments to suppliers and employees		(343.6)	(309.4)
		<b>736.8</b>	<b>729.1</b>
(Decrease)/increase in participants' margins and commitments <sup>1</sup>		(428.2)	2,496.5
Net movement in financial assets at amortised cost		4,957.4	(1,630.3)
Interest received		53.7	101.8
Interest paid		(15.3)	(76.1)
Income taxes paid		(209.4)	(285.7)
<b>Net cash inflow from operating activities</b>		<b>5,095.0</b>	<b>1,335.3</b>
<b>Cash flows from investing activities</b>			
Payments for investments in equity instruments		(12.9)	(14.9)
Payments for equity accounted investments		(11.2)	(8.7)
Payments for other non-current assets		(101.3)	(82.2)
<b>Net cash (outflow) from investing activities</b>		<b>(125.4)</b>	<b>(105.8)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	B3	(454.8)	(696.5)
Proceeds from borrowings	F4(d)	200.0	100.0
Repayment of borrowings	F4(d)	(200.0)	(100.0)
Principal payments for leased assets	E6	(9.6)	(6.1)
<b>Net cash (outflow) from financing activities</b>		<b>(464.4)</b>	<b>(702.6)</b>
<b>Net increase in cash</b>		<b>4,505.2</b>	<b>526.9</b>
(Decrease) in the fair value of cash		(0.1)	(0.7)
(Decrease) in cash due to changes in foreign exchange rates		(5.4)	(1.2)
Cash at the beginning of the year		858.1	333.1
<b>Cash at the end of the year</b>	C2	<b>5,357.8</b>	<b>858.1</b>

Total funds available for the Group to invest comprises the following:

As at 30 June

ASX Group funds		1,167.1	1,179.8
Participants' margins and commitments	C1	12,214.8	12,677.2
Less: non-cash collateral	C1	(458.7)	(487.5)
<b>Total</b>		<b>12,923.2</b>	<b>13,369.5</b>
Cash	C2	5,357.8	858.1
Other financial assets at amortised cost	C3	7,565.4	12,511.4
<b>Total</b>		<b>12,923.2</b>	<b>13,369.5</b>

<sup>1</sup> Commitments are cash backed and included under 'Amounts owing to participants' in non-current liabilities.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows continued

## Reconciliation of the operating profit after income tax to the net cash flows from operating activities

For the year ended 30 June	2021 \$m	2020 \$m
<b>Net profit after tax</b>	<b>480.9</b>	<b>498.6</b>
<b>Non-cash items</b>		
Depreciation and amortisation	55.5	52.0
Share-based payments	1.2	2.2
Share of net loss of equity accounted investments	5.9	5.0
Foreign currency revaluation	5.4	1.2
Impairment of equity accounted investments	-	15.2
<b>Total non-cash items</b>	<b>68.0</b>	<b>75.6</b>
<b>Changes in operating assets and liabilities</b>		
Decrease/(increase) in other financial assets at amortised cost <sup>1</sup>	4,946.0	(1,686.0)
Decrease in financial assets at fair value through profit or loss (FVTPL)	28.8	619.0
(Decrease) in tax balances	(2.4)	(63.5)
Decrease in receivables <sup>2</sup>	9.1	3.2
Decrease/(increase) in prepayments	4.2	(4.7)
(Decrease)/increase in amounts owing to participants <sup>3</sup>	(462.4)	1,876.2
(Decrease)/increase in trade and other payables <sup>2</sup>	(13.3)	2.4
Increase in revenue received in advance	33.5	11.2
Increase in provisions	2.6	3.3
<b>Net cash inflow from operating activities</b>	<b>5,095.0</b>	<b>1,335.3</b>

<sup>1</sup> Reconciliation of this line item to the statement of cash flows on page 68 includes interest from discount securities reflected within net profit after tax.

<sup>2</sup> Changes in assets and liabilities from investing and financing activities such as margins receivable/payable, certain accruals, makegood provisions and securities pledged under repurchase agreements are excluded.

<sup>3</sup> Reconciliation of this line item to the statement of cash flows on page 68 includes foreign currency revaluation on amounts owing to participants reflected within the non-cash items above. The line item reflects the net effect of changes in FVTPL and changes in amounts owing to participants.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

## Significant accounting policies

### A1 Significant accounting policies

#### (a) Basis of preparation

ASX Limited (ASX or the Company) is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements. The financial statements for the year ended 30 June 2021 are for the consolidated entity which consists of ASX and its subsidiaries (together referred to as the Group) and were authorised for issue by the Board of Directors on 19 August 2021. The directors have the power to amend and reissue the financial statements.

The financial statements are general purpose financial statements that:

- Have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
- Include the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of the subsidiaries for the year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation
- Have been prepared on a historical cost basis, except for financial assets at FVTPL and investments in equity instruments which have been measured at fair value through other comprehensive income (FVTOCI) (refer to notes C3 and D1)
- Are measured and presented in Australian dollars which is ASX's functional and presentation currency with all values rounded to the nearest thousand or hundred thousand dollars in accordance with ASIC Legislative Instrument 2016/191, unless otherwise indicated.

#### (b) Key judgments and estimates

In the process of applying the Group's accounting policies, management has made a number of judgments and applied estimates concerning future events. Judgments and estimates that are material to the financial report are found in the following notes:

- B2 Revenue from contracts with customers
- D1 Investments in equity instruments
- D2 Equity accounted investments
- E2 Intangible assets
- E6 Leases.

Key judgments and estimates are contained in shaded text and included in the relevant note.

#### c) Accounting policies

##### Foreign currency translation

Foreign currency transactions are translated into Australian dollars, being the currency of the primary economic environment in which the group operates (the functional currency), using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss, except where they are deferred in equity as qualifying cash flow hedges (refer to note C3) and investments in equity instruments (refer to note D1).

##### Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the item of expense to which it relates.

Assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability.

Cash flows are reported on a gross basis and inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

##### Other accounting policies

Other significant accounting policies are contained in shaded text and are included in the relevant note. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (d) Reclassification of prior year balances

Certain comparative balances may be reclassified to ensure consistency with changes to current period presentation and classification.

# Notes to the consolidated financial statements continued

## Performance of the Group

### A2 New and amended standards

#### (a) New and amended standards and interpretations adopted by the Group

The AASB has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2020. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the 30 June 2021 year-end report that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

#### (b) New and amended standards and interpretations not yet adopted by the Group

The AASB has issued a number of new or amended accounting standards and interpretations that are not mandatory for the first time in the reporting period commenced 1 July 2020. The Group has assessed these standards and interpretations and determined that there are no standards or amendments to standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting period.

### A3 Change in accounting policies

ASX previously capitalised costs incurred in configuring or customising a supplier's application software in a cloud computing arrangement as intangible assets, as the Group considered that it would benefit from those costs to implement the cloud-based software over the expected renewable term of the cloud computing arrangement. Following the IFRS Interpretations Committee (IFRS IC) agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in March 2021, the Group has reconsidered its accounting treatment and adopted the treatment set out in the IFRS IC agenda decision, which is to recognise those costs as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the supplier of the cloud-based software to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the cloud computing arrangement.

As a result of this change in accounting policy, ASX completed a review of the existing intangible assets portfolio and there was no material impact to software-intangible assets as a result of the change in accounting policy.

### B1 Segment reporting

#### (a) Description of segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO.

The CODM assesses performance of the Group as a single segment, being an integrated organisation that provides a multi-asset class product offering which includes:

- Listing and issuer services offered to public companies and other issuers
- Trading venue or exchange activities for trading
- Clearing and settlement activities
- Exchange-traded and over-the-counter (OTC) products
- Information and technical services supporting the Group's activities.

Multi-asset class service offerings include equities, interest rate, commodity and energy products across cash and derivatives markets.

In addition to reviewing performance based on statutory profit after tax, the CODM assesses the performance of the Group based on underlying profit after tax. This measure excludes amounts regarded as significant items of revenue and expense such as those that may be associated with significant business restructuring or individual transactions of an infrequent nature. In the prior reporting period, the impairment to the carrying value of the equity investment in Yieldbroker was treated as a significant item and excluded from underlying profit after tax.

Group performance measures, including earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA), are also reviewed by the CODM. In assessing performance, expected credit loss (ECL) allowances and arrangements where revenue is shared with external parties are reclassified from expenses to operating revenue; certain expenses are reclassified within operating expenses; and interest income is presented net of interest expense.

On 1 July 2021, ASX reorganised the business into four clearly defined revenue generating business units reporting directly to the Managing Director and CEO. However, up to 30 June 2021, the accounting and financial performance continued to be reported (both internally and externally) on the basis of the existing structure. The new structure will be reflected in ASX's financial statements for the first half of the 2022 financial year.

#### (b) Segment results

The information provided on a regular basis to the CODM, along with a reconciliation to statutory profit after tax for the period attributable to owners of the Company, are presented on the following page.

ASX derives all external customer revenue within Australia with some services accessible, and some customers located, offshore.

No single customer generates revenue greater than 10% of the Group's total revenue.

# Notes to the consolidated financial statements continued

## Performance of the Group

For the year ended 30 June	2021			2020		
	Segment information \$m	Adjustments \$m	Consolidated income statement \$m	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Revenue</b>						
Listings	182.5	2.5	185.0	175.9	2.5	178.4
Issuer services	75.7	0.1	75.8	61.2	0.1	61.3
<b>Listings and Issuer Services</b>	<b>258.2</b>	<b>2.6</b>	<b>260.8</b>	<b>237.1</b>	<b>2.6</b>	<b>239.7</b>
Equity options	11.6	0.1	11.7	18.5	0.2	18.7
Futures and OTC clearing	214.4	(0.3)	214.1	242.9	1.0	243.9
Austraclear	58.6	6.4	65.0	56.2	4.8	61.0
<b>Derivatives and OTC Markets</b>	<b>284.6</b>	<b>6.2</b>	<b>290.8</b>	<b>317.6</b>	<b>6.0</b>	<b>323.6</b>
Cash market trading	61.0	-	61.0	64.2	-	64.2
Information services	118.0	-	118.0	106.8	-	106.8
Technical services	86.0	2.0	88.0	85.3	2.0	87.3
<b>Trading Services</b>	<b>265.0</b>	<b>2.0</b>	<b>267.0</b>	<b>256.3</b>	<b>2.0</b>	<b>258.3</b>
Cash market clearing	71.0	-	71.0	65.3	-	65.3
Cash market settlement	72.7	-	72.7	62.1	-	62.1
<b>Equity Post-Trade Services</b>	<b>143.7</b>	<b>-</b>	<b>143.7</b>	<b>127.4</b>	<b>-</b>	<b>127.4</b>
<b>Operating revenue</b>	<b>951.5</b>			<b>938.4</b>		
Interest income		60.7	60.7		151.3	151.3
Share of net (loss) of equity accounted investments		(5.9)	(5.9)		(5.0)	(5.0)
<b>Total revenue</b>		<b>65.6</b>	<b>1,017.1</b>		<b>156.9</b>	<b>1,095.3</b>
<b>Expenses</b>						
Staff	(154.3)	-	(154.3)	(145.4)	-	(145.4)
Occupancy	(9.4)	-	(9.4)	(9.7)	-	(9.7)
Equipment	(42.5)	(2.9)	(45.4)	(35.4)	(1.9)	(37.3)
Administration	(27.9)	(22.7)	(50.6)	(26.0)	(21.4)	(47.4)
Variable	(14.2)	14.2	-	(10.7)	10.7	-
ASIC levy	(8.5)	8.5	-	(8.5)	8.5	-
<b>Operating expenses</b>	<b>(256.8)</b>			<b>(235.7)</b>		
<b>EBITDA</b>	<b>694.7</b>			<b>702.7</b>		
Finance costs	-	(14.0)	(14.0)	-	(67.5)	(67.5)
Depreciation and amortisation	(53.5)	(2.0)	(55.5)	(50.5)	(1.5)	(52.0)
Impairment of equity accounted investments	-	-	-	-	(15.2)	(15.2)
<b>Total expenses</b>	<b>(53.5)</b>	<b>(18.9)</b>	<b>(329.2)</b>	<b>(50.5)</b>	<b>(88.3)</b>	<b>(374.5)</b>
<b>EBIT</b>	<b>641.2</b>			<b>652.2</b>		
<b>Net interest income</b>						
Net interest income	(3.9)	3.9	-	7.6	(7.6)	-
Net interest on participant balances	50.6	(50.6)	-	76.2	(76.2)	-
<b>Net interest income</b>	<b>46.7</b>	<b>(46.7)</b>	<b>-</b>	<b>83.8</b>	<b>(83.8)</b>	<b>-</b>
<b>Underlying profit before tax</b>	<b>687.9</b>	<b>-</b>	<b>687.9</b>	<b>736.0</b>	<b>(15.2)</b>	<b>720.8</b>
Income tax expense	(207.0)	-	(207.0)	(222.2)	-	(222.2)
<b>Underlying profit after tax</b>	<b>480.9</b>	<b>-</b>	<b>480.9</b>	<b>513.8</b>	<b>(15.2)</b>	<b>498.6</b>
Significant items <sup>1</sup>	-	-	-	(15.2)	15.2	-
<b>Statutory profit after tax</b>	<b>480.9</b>	<b>-</b>	<b>480.9</b>	<b>498.6</b>	<b>-</b>	<b>498.6</b>

<sup>1</sup> Relates to the impairment of equity accounted investments. Refer to note D2 for further details.

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the item of expense to which it relates.

# Notes to the consolidated financial statements continued

## Performance of the Group

### B2 Revenue from contracts with customers

#### (a) Disaggregation of revenue

The Group derives its revenue from the transfer of services over time and at a point in time. The following table provides a breakdown of revenue by the timing of when performance obligations are satisfied and by major business line.

For the year ended 30 June 2021	Services satisfied at a point in time \$m	Services satisfied over time \$m	Total \$m
Listings and Issuer Services	72.2	188.6	260.8
Derivatives and OTC Markets	256.3	34.5	290.8
Trading Services	64.7	202.3	267.0
Equity Post-Trade Services	143.3	0.4	143.7
<b>Total revenue from contracts with customers</b>	<b>536.5</b>	<b>425.8</b>	<b>962.3</b>

For the year ended 30 June 2020	Services satisfied at a point in time \$m	Services satisfied over time \$m	Total \$m
Listings and Issuer Services	56.4	183.3	239.7
Derivatives and OTC Markets	291.6	32.0	323.6
Trading Services	68.1	190.2	258.3
Equity Post-Trade Services	127.0	0.4	127.4
<b>Total revenue from contracts with customers</b>	<b>543.1</b>	<b>405.9</b>	<b>949.0</b>

Comparative balances have been restated to allocate 'other revenue' into respective revenue lines.

As disclosed in note B1, the Group has one operating segment. The disaggregated revenue in this note differs from the reportable segment as the ECL allowance and certain revenue share agreements with external parties are reclassified from expenses to operating revenue.

#### (b) Revenue received in advance

The Group has recognised the following revenue received in advance related to contracts with customers. The balances represent the aggregate transaction price allocated to contract liabilities for performance obligations that are partially unsatisfied at reporting date. There is no consideration that has been excluded from the transaction price.

As at 30 June	2021 \$m	2020 \$m
<b>Current</b>		
Listings and Issuer Services	86.2	68.8
Austraclear	13.5	12.6
Information services	7.7	6.4
Memberships	1.3	1.3
<b>Total current revenue received in advance</b>	<b>108.7</b>	<b>89.1</b>
<b>Non-current</b>		
Listings and Issuer Services	84.9	71.0
<b>Total non-current revenue received in advance</b>	<b>84.9</b>	<b>71.0</b>
<b>Total revenue received in advance</b>	<b>193.6</b>	<b>160.1</b>

The Group expects 56% (2020: 55%) of the transaction price allocated to the above contract liabilities to be recognised as revenue within the next financial year. The remaining 44% (2020: 45%) all relates to initial and subsequent listings, and will be recognised as revenue between FY23 and FY26.

#### (i) Significant changes in contract liabilities

The opening balance of the revenue received in advance at 1 July 2020 was \$160.1 million. The increase in the contract liabilities in the current year is largely related to initial and secondary listing activities. The Group bills companies upfront and recognises these amounts as a contract liability for unsatisfied performance obligations. Revenue recognition commences from the date a company lists on the exchange and is amortised over the estimated period the listing service is expected to be provided.

#### (ii) Revenue recognised in relation to carried forward contract liabilities

The following table shows the revenue recognised in the current and prior year that relates to the opening balance of revenue received in advance.

For the year ended 30 June	2021 \$m	2020 \$m
Listings and Issuer Services	68.8	64.3
Austraclear	12.6	11.7
Information services	6.4	4.3
Memberships	1.3	1.2
<b>Total</b>	<b>89.1</b>	<b>81.5</b>

#### (c) Contract assets

The Group did not have any contract assets at 30 June 2021 (2020: nil).

# Notes to the consolidated financial statements continued

## Performance of the Group

**Revenue from contracts with customers** is recognised using a five step approach to depict the transfer of promised goods or services to customers. It is measured at the transaction price specified in the contract and is net of amounts expected to be refunded to the customer such as rebates. Revenue also excludes any taxes collected on behalf of third parties.

The following five steps are applied to determine when revenue is recognised:

1. Identify the contract with a customer
2. Identify the separate performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Performance obligations that have not been satisfied at the reporting date are recognised as revenue received in advance on the balance sheet.

There are no contracts with customers that have significant financing components. The Group has considered the time difference between when it provides the initial and subsequent listing service to the customer and when the customer pays for the service, and determined that this does not result in a significant financing component.

All contracts have standard 30-day payment terms.

The transaction price is based on the price specified in the contract or in accordance with published fee schedules and is net of any applicable rebates. Rebates are calculated based on actual transactions or trading, clearing or settlement volumes. Where this information is not immediately available within the relevant accounting period, the expected amount is estimated based on previous experience with the customer and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A liability for the rebates is recognised within trade and other payables, and typically have payment terms of 30 days following the end of the relevant period.

Revenue is recognised for the major revenue lines as described below.

### Listings and Issuer Services

Initial and subsequent listing fees are recognised evenly over the period the listing service is expected to be provided, which is five years for initial listings and three years for subsequent listings. These fees are billed prior to the quotation of initial or secondary capital, and are recognised within receivables and revenue received in advance at the time of billing. The recognition of revenue commences from the date that the entity is admitted to the official list or on quotation of the secondary capital.

Annual listing fees are billed at the commencement of the financial year or prior to an entity listing on the exchange, at which point the fee is recognised within receivables and revenue received in advance. The revenue is recognised evenly over the financial year in which the service is provided.

Issuer services revenue includes revenue for the provision of holding statements and other related activities, and is recognised at the point that the service is provided.

### Derivatives and OTC Markets

Revenue from trading and clearing of futures and equity options, and clearing of OTC interest rate derivatives is recognised at the point the service is provided, which is the trade date. The revenue includes variable consideration for rebates on certain volumes traded. A liability for rebates is recognised at trade date and they are paid following the end of the quarter.

Fees for registry services for debt securities are billed upfront and are net of rebates. They are recognised within receivables and revenue received in advance, and the revenue is recognised evenly over a 12-month period in which the service is provided.

Fees for Austraclear settlement and cash transactions are billed monthly net of rebates and are recognised at the point the service is provided, which is the transaction date. Fees for depository services for debt securities are billed monthly net of rebates, and are recognised as the service is provided during the month.

Austraclear membership fees are billed at the commencement of the calendar year or at the time an entity becomes a member. The revenue is recognised evenly over the calendar year in which the service is provided.

ASX Collateral service fees are recognised over the period the service is provided.

### Trading Services

Cash market trading revenue is recognised at the point the service is provided, which is the settlement date. The normal market convention is that settlement occurs two days after the initial trade date (T+2). Accordingly, revenue for trades transacted in the last two days prior to period end is deferred and recognised in the subsequent reporting period.

Memberships for cash market trading participants are billed at the commencement of the financial year and recognised within receivables and revenue received in advance. The revenue is recognised evenly over the financial year in which the service is provided.

Revenue in relation to information and technical services is recognised over the period the service is provided.

### Equity Post-Trade Services

This includes revenue from clearing and settlement of quoted securities including equities, debt securities, warrants and exchange-traded funds, and is recognised at the point that the service is provided, which is the settlement date. Accordingly, clearing and settlement fees for trades transacted in the last two days prior to period end are deferred and recognised in the subsequent reporting period. The revenue recognised is net of rebates expected to be paid, which are estimated based on prior experience with customers. The rebate is paid in the following year.

### Key judgments

The Group has applied critical judgment in determining the period that it expects to satisfy its performance obligations in relation to listing services. The model to determine the five and three-year listing periods has taken into account historical information in relation to the length of time companies have been listed, and excluded those outside one standard deviation of the mean. There have been no changes to these periods in the current year.

# Notes to the consolidated financial statements continued

## Performance of the Group

### B3 Dividends

The Board's policy is to pay a dividend based on 90% of underlying net profit after tax. This is reviewed each time the Board considers payment of a dividend. The policy is unchanged from the prior year.

The following table includes information relating to dividends recognised and paid by ASX during the financial year.

For the year ended 30 June 2021	Cents per share	Total amount \$m
Final dividend for the year ended 30 June 2020	122.5	237.2
Interim dividend for the year ended 30 June 2021	112.4	217.6
<b>Total</b>	<b>234.9</b>	<b>454.8</b>

#### For the year ended 30 June 2020

Special dividend for the year ended 30 June 2019	129.1	249.9
Final dividend for the year ended 30 June 2019	114.3	221.3
Interim dividend for the year ended 30 June 2020	116.4	225.3
<b>Total</b>	<b>359.8</b>	<b>696.5</b>

The above dividends paid by the Company include amounts attached to certain shares held by the Group's Long-Term Incentive Plan Trust (LTIPT). The dividend revenue recognised by LTIPT has been eliminated on consolidation. In the current and prior years, the dividend revenue was less than \$0.1 million.

Since the end of the financial year, the directors have determined a final dividend of 111.2 cents per share totalling \$215.3 million. The dividend will be fully franked based on tax paid at 30%.

A liability is recognised for the amount of any dividends determined on or before the balance date but not yet paid. Typically, the final dividend in respect of a financial year is determined after balance date, and therefore no provision is recognised.

### Dividend franking account

As at 30 June	2021 \$m	2020 \$m
Franking credits available for future years at 30% adjusted for the payment of current income tax	300.9	290.5

Adjusting for the payment of the final dividend for the year ended 30 June 2021, the franking credit balance would be \$208.7 million (2020: \$188.9 million).

### B4 Capital management

At 30 June 2021, equity of the Group totalled \$3,736.3 million (2020: \$3,720.4million). The Group's capital supports a range of activities and risks. Capital requirements are subject to change from time to time. Some factors that may impact the amount of capital the Group requires to support its business include:

- The level of goodwill recognised from business combinations. This goodwill may be impacted by the performance of the Group and subsequent impairment leading to a reduction in capital
- Regulatory standards, both domestic and international, which may impact the level of capital supporting the clearing and settlement activities or other licensed activities. Regulatory standards applying to many financial market participants have increased in recent years and there is an expectation that these may increase further over time. There may also be uncertainty over the application of new regulatory standards
- The competitive environment in which ASX operates may lead to higher levels of capital in order to provide competitive services, noting that customers may be able to access competing services internationally
- The level or concentration of activity undertaken in markets and clearing and settlement facilities operated by ASX. Generally a higher level of activity may result in higher capital requirements, however the relationship is not necessarily linear
- The general economic or credit conditions that may impact on capital requirements as the level of risk generally increases as credit conditions deteriorate. The level of operational and business risk capital held by the Group can be impacted by any revision to future loss assessments and regulatory requirements
- The level of investments made, their fair value and the potential movement in their market values. Capital requirements are also impacted by ASX's level of investment in existing or new services. These investments are predominantly in intangible software assets and other equity investments which may be subject to write-down under certain circumstances.

The Board's policy is to maintain an appropriate level of capital within the Group and relevant subsidiaries with the objectives of:

- Meeting its compliance obligations with respect to the Financial Stability Standards and other regulations, including international regulations, as required by the various licences held
- Sustaining prudential stability through maintaining an adequate level of equity at the Group level, cognisant of the fact that a significant allocation of capital supports the activities of the two licensed central counterparty clearing (CCP) subsidiaries as discussed in note C1 and the two licensed settlement facilities
- Facilitating growth of the Group's exchange-traded and OTC markets, and providing appropriate risk-adjusted returns to shareholders
- Reflecting the risks associated with the Group's operations.

In accordance with the Group's objectives and policies, capital represented by cash is invested at an appropriate liquidity profile, taking into consideration the potential claims on that equity that may arise from the Group's activities, predominantly CCP clearing.

The Group's objective is also to maintain its credit rating at the current AA- long-term and A-1+ short-term as rated by Standard & Poor's (S&P).

# Notes to the consolidated financial statements continued

## Performance of the Group

### (a) Ordinary share capital

Fully paid ordinary shares carry the right to participate in dividends. Ordinary shares also entitle the holder to the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares have no par value and ASX does not have a limited amount of authorised capital. At 30 June 2021, all ordinary shares issued were fully paid. On a show of hands, every holder of ordinary shares present in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

As at 30 June 2021, the closing balance of ordinary share capital was \$3,027.2 million (2020: \$3,027.2 million) and the number of shares outstanding was 193,595,162 (2020: 193,595,162). There were no movements in the balance of ordinary share capital or the number of shares outstanding in the current or prior financial years.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

### (b) Treasury shares

The following table presents the movement in treasury shares during the financial year:

For the year ended 30 June	2021 No. of shares	2020 No. of shares
Opening balance	7,221	9,844
Issue of shares under the LTVR Plan	(15,666)	(6,520)
Purchase of LTVR Plan shares	10,444	-
Shares transferred to the LTIPT	28	3,897
Closing balance	2,027	7,221

Treasury shares are shares in ASX held by a trust for the benefit of employees under the ASX Long-Term Variable Reward (LTVR) Plan as described in the Remuneration Report. The original purchase price of the shares, net of any tax effect, is deducted from the equity compensation reserve in equity.

Shares allocated to employees under the Deferred Short-Term Variable Reward (STVR) Plan are held as treasury shares when forfeited, until such time that they are reallocated under another STVR Plan or LTVR Plan.

### (c) Reserves

The Group's reserves in equity includes the restricted capital reserve, the asset revaluation reserve and the equity compensation reserve.

#### Restricted capital reserve

The restricted capital reserve was created when funds were transferred from the National Guarantee Fund (NGF) to ASX Clear Pty Ltd (ASX Clear) in 2005. At this point in time ASX Clear started assuming the clearing participant default risk of the clearing house. Under the terms of the transfer, ASX Clear must not, without first obtaining the consent in writing of the Assistant Treasurer (the Minister), take action to use these funds for a purpose other than clearing support.

As at 30 June 2021, the closing balance of the restricted capital reserve was \$71.5 million (2020: \$71.5 million).

#### Asset revaluation reserve

Changes in the fair value of investments in equity instruments are recognised in the asset revaluation reserve. The cumulative gain or loss that has been recognised within reserves is transferred directly to retained earnings and is not recycled through profit or loss when the associated equity instrument is sold.

The effective portion of gains or losses on assets designated as part of a cash flow hedging relationship are recognised in the hedging reserve, which is included within asset revaluation reserves. The ineffective portion of a hedge is recognised directly in profit or loss.

As at 30 June 2021, the closing balance of the asset revaluation reserve was (\$11.3) million (2020: \$0.1 million).

#### Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of performance rights issued under ASX equity plans.

As at 30 June 2021, the closing balance of the equity compensation reserve was \$19.0 million (2020: \$17.8 million).

## B5 Earnings per share

As at 30 June	2021	2020
Basic and diluted earnings per share (cents)	248.4	257.6
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	193,591,795	193,587,739

The increase in the weighted average number of ordinary shares reflects lower treasury shares held during the current financial year. The basic and diluted earnings per share (EPS) amounts have been calculated on the basis of net profit after tax of \$480.9 million (2020: \$498.6 million).

Basic EPS is calculated by dividing the consolidated net profit after tax attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

# Notes to the consolidated financial statements continued

## Performance of the Group

### B6 Taxation

The movements during the year in the following components of deferred tax asset and liability were recognised in profit or loss, with the exception of revaluations of investments in equity instruments and cash flow hedges, which were recognised in other comprehensive income.

As at 30 June	2021 \$m	2020 \$m
<b>(a) Income tax expense</b>		
Profit before income tax expense	687.9	720.8
Prima facie income tax expense calculated at 30% (2020: 30%) on the profit before tax	(206.4)	(216.2)
<b>Movement in income tax expense due to:</b>		
Non-deductible items	(2.2)	(2.6)
Non assessable items	0.1	-
Equity accounted investments impairment	-	(4.6)
Research and development tax offset	1.5	1.0
Adjustments to current tax for prior years	-	0.2
<b>Total income tax expense</b>	<b>(207.0)</b>	<b>(222.2)</b>
<b>(b) Major components of income tax expense</b>		
Current tax expense	(205.5)	(221.7)
Movement in deferred tax liability	(6.8)	(2.5)
Movement in deferred tax asset	5.3	1.8
Adjustments to current tax for prior years	-	0.2
<b>Total income tax expense</b>	<b>(207.0)</b>	<b>(222.2)</b>
<b>(c) Income tax on items recognised directly in equity</b>		
Deferred STVR shares returned to trust	-	0.1
<b>Total</b>	<b>-</b>	<b>0.1</b>
<b>(d) Income tax on items recognised directly in other comprehensive income</b>		
Revaluation of investments in equity instruments – unlisted entities	4.8	(0.1)
Revaluation of cash flow hedges	-	0.2
<b>Total</b>	<b>4.8</b>	<b>0.1</b>
<b>(e) Deferred tax asset</b>		
<b>Deferred tax asset comprises the estimated future benefit at an income tax rate of 30% (2020: 30%) of the below items:</b>		
Doubtful debts provisions	0.2	0.2
Employee entitlements provisions	10.8	10.1
Lease liabilities	21.7	24.3
Accrued expenses	1.4	1.4
Revenue received in advance	55.7	48.2
ECL allowance	0.1	0.1
Revaluation of investments in equity instruments- unlisted entities	4.8	-
<b>Deferred tax asset</b>	<b>94.7</b>	<b>84.3</b>

As at 30 June	2021 \$m	2020 \$m
<b>Deferred tax (liability) comprises the estimated future expense at an income tax rate of 30% (2020: 30%) of the following items:</b>		
Fixed assets	(27.0)	(16.6)
Right-of-use assets	(19.3)	(22.5)
Revaluation of investments in equity instruments – unlisted entities	-	(0.1)
LTVR Plan	(0.3)	(0.3)
<b>Deferred tax (liability)</b>	<b>(46.6)</b>	<b>(39.5)</b>
<b>Net deferred tax asset</b>	<b>48.1</b>	<b>44.8</b>

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. Income tax expense recognised in profit or loss comprises current and deferred income tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. Deferred income tax is not recognised for certain temporary differences such as the initial recognition of goodwill.

The amount of deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilised, and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and when the deferred tax balances relate to income taxes levied by the same tax authority.

Further information on the Group's tax obligations can be found in the Tax Transparency Report available on ASX's website.

# Notes to the consolidated financial statements continued

## Risk management

The Group is subject to a variety of risks including clearing and settlement risk, and operational risk.

### C1 Clearing risk

The Group undertakes CCP clearing and collects margins and other balances (commitments) from clearing participants as security for clearing risk undertaken.

Sub-sections (a) and (b) below discuss participants' obligations and the nature of collateral and commitments lodged, as well as ASX's recognition principles concerning these liabilities.

#### (a) Novation

The Group has two wholly owned subsidiaries that provide CCP clearing services:

- ASX Clear Pty Limited (ASX Clear), which provides novation of cash market securities and derivatives
- ASX Clear (Futures) Pty Limited (ASX Clear (Futures)), which provides novation of both exchange-traded and OTC derivatives.

Transactions between two clearing participant organisations are novated to the CCPs. This makes the CCPs contractually responsible for the obligations entered into by clearing participants on both the buying and selling legs of the same transaction. Through novation, the respective CCP assumes the credit risk of the underlying clearing participant in the event of a participant default. The novation process results in all positions held by the CCPs being matched.

#### (b) Participants' margins

Clearing participants are required to lodge an amount (initial margin) on open cash market, derivative and OTC positions novated to the Group's CCPs. These margins are based on risk parameters attached to the underlying security or contract at trade date and may include additional margins called on participants. The margin rates are subject to regulatory standards, including a high level of confidence that they meet expected movements based on historical events. However, there could be circumstances where losses are greater than the margins held.

Clearing participants may lodge cash or certain equity and debt securities to cover their margin obligations. In accordance with Group policies, the cash lodged by participants may subsequently be invested into approved products which are recognised as cash or financial assets at amortised cost on the balance sheet. The following table shows the form in which participants lodged margins and commitments at 30 June. This excludes equity securities lodged by participants which are not recognised on the balance sheet.

As at 30 June	2021 \$m	2020 \$m
<b>Current</b>		
Cash	11,556.1	11,989.7
Debt securities	458.7	487.5
<b>Total current amounts owing to participants</b>	<b>12,014.8</b>	<b>12,477.2</b>
<b>Non-current</b>		
Cash commitments	200.0	200.0
<b>Total non-current amounts owing to participants</b>	<b>200.0</b>	<b>200.0</b>
<b>Total amounts owing to participants</b>	<b>12,214.8</b>	<b>12,677.2</b>

Current amounts owing to participants represent collateral lodged to cover margin requirements on unsettled derivative contracts and cash market trades. Non-current amounts owing to participants represent cash balances lodged by participants as commitments to clearing guarantee funds, which at reporting date had no determined repayment date.

Margins that are settled by cash or debt securities are recognised on balance sheet at fair value and are classified as amounts owing to participants within current liabilities. Balances lodged in cash are interest bearing and are carried at the amounts deposited which represent fair value. Margins that are settled by equity securities are not recognised on balance sheet as the Group is not party to the contractual provisions of the instruments other than in the event of a default.

In addition to the initial margin, participants must also settle changes in the fair value of derivatives contracts (variation margin), and in certain circumstances must lodge additional margins. Participants must settle both initial and variation margins daily, including possible intraday and additional margin calls. The amounts owing to participants are repayable on settlement or closure of the contracts.

In the event of default by a clearing participant, ASX Clear and ASX Clear (Futures) are required to provide funds or settle securities of the defaulting participant. The CCPs also have the authority to retain collateral and commitments deposited by the defaulting clearing participant to satisfy its obligations. Clearing participants lodged the following collateral and commitments at 30 June:

As at 30 June 2021	ASX Clear \$m	ASX Clear (Futures) \$m	Total \$m
Cash	971.3	10,784.8	11,756.1
Debt securities	-	458.7	458.7
<b>Total amounts owing to participants</b>	<b>971.3</b>	<b>11,243.5</b>	<b>12,214.8</b>
<b>Equity securities<sup>1</sup></b>	<b>3,443.5</b>	<b>-</b>	<b>3,443.5</b>
<b>As at 30 June 2020</b>			
Cash	1,286.4	10,903.3	12,189.7
Debt securities	-	487.5	487.5
<b>Total amounts owing to participants</b>	<b>1,286.4</b>	<b>11,390.8</b>	<b>12,677.2</b>
<b>Equity securities<sup>1</sup></b>	<b>3,191.4</b>	<b>-</b>	<b>3,191.4</b>

<sup>1</sup> Equity securities are not recognised on the balance sheet.

# Notes to the consolidated financial statements continued

## Risk management

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 30 June 2021 were subsequently settled.

### (c) Financial resources available to CCPs

The Financial Stability Standards require each CCP to have adequate financial resources to cover its exposures in the event of default by the two participants and their affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. Financial resources include the clearing default funds shown in the next two tables as well as eligible collateral and commitments. The level of clearing default funds which the CCPs must maintain may therefore increase from time to time. The Financial Stability Standards also require each CCP to have a process for replenishing clearing default funds after depletion caused by a default loss. The replenished fund, which may be less than the original fund, is then available to support new activity post the loss. To comply with this obligation, the Group has undertaken, in certain circumstances, to provide funds up to pre-determined levels for replenishment of the clearing default funds. The Group may utilise a number of alternative funding sources to contribute to an increase in, or replenishment of, the CCPs' clearing default funds, including its own cash reserves. In certain circumstances participants may have an obligation to the CCP to contribute to an increase in, or replenishment of, the clearing default funds.

The CCPs' operating rules also provide for the CCPs to undertake certain actions to deal with events of default and utilisation of collateral, commitments and clearing default funds. These include the ability to call recovery assessments, impose payment reductions or implement termination of positions.

The following tables show the financial resources available to the CCPs to support their clearing activities (over and above the collateral lodged by participants).

#### ASX Clear

As at 30 June	2021 \$m	2020 \$m
Restricted capital reserve	71.5	71.5
Equity provided by the Group	178.5	178.5
<b>Paid-in resources</b>	<b>250.0</b>	<b>250.0</b>
Recovery assessments	300.0	300.0
<b>Total financial resources</b>	<b>550.0</b>	<b>550.0</b>

The financial resources at 30 June 2021 available to ASX Clear in the event of a participant default would be applied in the following order:

1. Collateral and other margins lodged by the defaulting participant
2. Restricted capital reserve of \$71.5 million
3. Equity capital of \$178.5 million
4. Contributions lodged by non-defaulting participants under the ASX Clear operating rules (no contributions were lodged in the current or prior year)
5. Recovery assessments of \$300.0 million which can be levied on participants (no amounts were levied in the current or prior year).

#### ASX Clear (Futures)

As at 30 June	2021 \$m	2020 \$m
Equity provided by the Group	120.0	120.0
Cash commitments	100.0	100.0
Equity provided by the Group	150.0	150.0
Cash commitments	100.0	100.0
Equity provided by the Group	180.0	180.0
<b>Paid-in resources</b>	<b>650.0</b>	<b>650.0</b>
Recovery assessments <sup>1</sup>	200.0	200.0
<b>Total financial resources</b>	<b>850.0</b>	<b>850.0</b>

<sup>1</sup> \$200 million for a single default event and up to \$600 million for more than one default event.

The financial resources at 30 June 2021 available to ASX Clear (Futures) in the event of a participant default would be applied in the following order:

1. Collateral and commitments lodged by the defaulting participant
2. Equity capital of \$120.0 million
3. Commitments lodged by non-defaulting participants, totalling \$100.0 million less the defaulting participants' commitments included in item 1 above
4. Equity capital of \$150.0 million
5. Commitments lodged by participants, totalling \$100.0 million
6. Equity capital of \$180.0 million
7. Recovery assessments of \$200.0 million which can be levied on participants (no amounts were levied in the current or prior year).

The order of application with respect to items 3 and 5 above will depend on the market in which the defaulting participant operates. If the defaulting participant is a futures participant, then item 3 will comprise the cash commitments lodged by non-defaulting futures participants and item 5 will comprise the cash commitments lodged by OTC participants. If the defaulting participant is an OTC participant, then item 3 will comprise the cash commitments lodged by non-defaulting OTC participants and item 5 will comprise the cash commitments lodged by futures participants. If the defaulting participant is both a futures and OTC participant, then the non-defaulting participants' commitments are apportioned for items 3 and 5.

#### C2 Cash

The cash balance is comprised of the Group's own cash funds as well as cash collateral and commitments lodged by participants in accordance with note C1 that has not been invested in debt or money market instruments.

As at 30 June	2021 \$m	2020 \$m
Cash at bank and on hand	4,968.1	468.6
Overnight cash deposits	389.7	389.5
<b>Total cash</b>	<b>5,357.8</b>	<b>858.1</b>

Cash comprises cash on hand and deposits with banks that can be withdrawn with no or minimal notice.

# Notes to the consolidated financial statements continued

## Risk management

### C3 Financial risk

The Group's activities expose it to a variety of financial risks including market risk (comprising interest rate, foreign currency and equity price risk), credit risk and liquidity risk.

The Group's overall risk management strategy seeks to manage potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the Board of Directors. Management monitors investment credit, foreign currency, liquidity and cash flow interest rate risk, and manages clearing default credit risk with counterparties in accordance with approved Board mandates with ongoing reporting to the respective boards.

The Group holds the following financial assets and liabilities by category:

As at 30 June	Note	2021 \$m	2020 \$m
<b>Financial assets at amortised cost</b>			
Cash	C2	5,357.8	858.1
Trade and other receivables	E1	362.6	761.6
<b>Other financial assets at amortised cost</b>			
- Reverse repurchase agreements		4,728.4	6,617.2
- NCDs		774.5	923.6
- P-Notes		1,787.5	4,179.3
- T-Notes		275.0	791.3
<b>Financial assets at FVTPL</b>			
Non-cash collateral	C1	458.7	487.5
<b>Financial assets at FVTOCI</b>			
Investments in equity instruments	D1	41.8	45.1
<b>Total financial assets</b>		<b>13,786.3</b>	<b>14,663.7</b>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables <sup>1</sup>	E4	325.0	719.2
Amounts owing to participants	C1	12,214.8	12,677.2
Lease liabilities	E6	72.4	81.1
<b>Total financial liabilities</b>		<b>12,612.2</b>	<b>13,477.5</b>

<sup>1</sup> Excludes transaction taxes payable which are not financial instruments as they are statutory obligations.

The maximum exposure to credit risk at the end of the reporting period for each class of financial asset, other than amounts owing to participants, is the carrying amount as detailed in the previous table. If the financial asset is attributed to participants' collateral, the maximum credit exposure to ASX is \$75 million per counterparty. However, if it is attributed to ASX's own financial resources, the maximum credit exposure is the carrying amount of the financial asset.

Financial liabilities and financial assets, other than trade receivables without a significant financing component, are initially measured at fair value. This includes transaction costs that are directly attributable to the acquisition of the asset or issue of the liability for financial assets and liabilities not at FVTPL. Financial liabilities are subsequently measured at amortised cost while financial assets are subsequently measured in accordance with one of the following categories.

Amortised cost – this includes financial assets managed under a business model to hold the assets in order to collect the contractual cash flows (CCFs) and those cash flows represent solely payments of principal and interest (SPPI). Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are included within administration expense in the statement of profit or loss.

FVTOCI – this includes financial assets managed under a business model to sell the assets and collect the CCFs and those cash flows that represent SPPI. Fair value gains or losses are recognised directly in the asset revaluation reserve in equity. Any cumulative gain or loss recognised in equity is subsequently reclassified to profit or loss on disposal. Interest income from these financial assets is included in interest income using the effective interest rate method. An irrevocable election can also be made to measure certain investments in equity instruments at FVTOCI on initial recognition. In this case, fair value gains or losses are recognised directly in the asset revaluation reserve in equity. Gains or losses are not reclassified to profit or loss on disposal but remain in equity.

FVTPL – this includes financial assets that do not meet the criteria to be measured at amortised cost or FVTOCI. Any fair value gains or losses are recognised in profit or loss.

Refer to the relevant note for further details of the accounting policies for trade and other receivables, convertible notes and investments in equity instruments.

Reverse repurchase agreements are measured at the amount of the cash consideration paid. The securities purchased under the agreement are not recognised on the balance sheet, as substantially all the risks and rewards of ownership are retained by the counterparty to the agreement.

Interest income comprises interest earned on the Group's own funds, as well as interest earned from the investment of funds lodged by participants as collateral. Interest income is recognised using the effective interest rate method.

Interest expense is recognised as a finance cost in the statement of comprehensive income using the effective interest rate method.

# Notes to the consolidated financial statements continued

## Risk management

### (a) Market risk

Market risk is the risk of loss arising from movements in observable market variables such as interest rates, foreign exchange rates and other market prices.

#### (i) Interest rate risk

Exposure arising from	Risk management
Variable rate cash investments and money market instruments expose the Group to cash flow interest rate risk.	<ul style="list-style-type: none"> <li>The Boards of the relevant subsidiaries have set limits with respect to maximum and weighted average maturity and value at risk.</li> <li>Managed by policies that enable the Group to pay a variable rate of interest to participants on the funds held.</li> </ul>

Interest bearing assets is comprised of the investment of the Group's cash resources (participant collateral lodged in cash and Group funds). Interest bearing liabilities is comprised of cash collateral and commitments lodged by participants and finance leases. Non-cash collateral lodged by participants is non-interest bearing.

The Group's trade and other receivables, investments in equity instruments, and trade and other payables are non-interest bearing so are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate (directly) due to a change in market interest rates.

The following table presents the Group's interest bearing financial assets and liabilities at 30 June.

	2021			2020		
	Floating interest rate \$m	Fixed interest rate \$m	Total \$m	Floating interest rate \$m	Fixed interest rate \$m	Total \$m
<b>As at 30 June</b>						
<b>Interest bearing financial assets</b>						
Cash	5,357.8	-	5,357.8	858.1	-	858.1
Other financial assets at amortised cost	-	7,565.4	7,565.4	-	12,511.4	12,511.4
<b>Total interest bearing financial assets</b>	<b>5,357.8</b>	<b>7,565.4</b>	<b>12,923.2</b>	<b>858.1</b>	<b>12,511.4</b>	<b>13,369.5</b>
Weighted average interest rate at period end	0.02%	0.05%		0.18%	0.48%	
<b>Interest bearing financial liabilities</b>						
Amounts owing to participants	12,214.8	-	12,214.8	12,677.2	-	12,677.2
Lease liabilities	-	72.4	72.4	-	81.1	81.1
<b>Total interest bearing financial liabilities</b>	<b>12,214.8</b>	<b>72.4</b>	<b>12,287.2</b>	<b>12,677.2</b>	<b>81.1</b>	<b>12,758.3</b>
Weighted average interest rate at period end	(0.34%)	4.01%		(0.11%)	4.04%	
<b>Net interest bearing financial (liabilities)/assets</b>	<b>(6,857.0)</b>	<b>7,493.0</b>	<b>636.0</b>	<b>(11,819.1)</b>	<b>12,430.3</b>	<b>611.2</b>

With respect to the above table:

- Floating interest rate refers to financial instruments where the interest rate is subject to change prior to maturity or repayment – predominantly deposits at call. The floating interest rate of (0.34%) (2020: (0.11%)) for interest bearing financial liabilities represents the net of the interest paid and the Futures Client charge revenue on participant balances
- Fixed interest rate refers to financial instruments where the interest rate is fixed up to maturity – predominantly NCDs, P-Notes, T-Notes, reverse repurchase agreements and finance leases. The fixed interest rate of 4.01% (2020: 4.04%) for interest bearing financial liabilities represents the weighted average incremental borrowing rate applied for evaluating the present value of leases under AASB 16 *Leases*. The range of interest rates applied on the Group's leases is between 3.10% and 4.30% (2020: 3.10% to 4.30%). Refer to note E6 for additional details on accounting treatment and policy.

#### Sensitivity analysis (net of tax)

Changes in interest rates affect the Group's profit or loss due to higher/lower interest income earned on its cash and other financial assets at amortised cost and higher/lower interest paid to clearing participants.

An analysis of this sensitivity and its impact on the Group's profit or loss and equity net of tax for the year is provided in the following table. The analysis is based on a hypothetical 25 basis point change in interest rates at 30 June, and has been applied to the interest rate risk exposures that exist at that date. All other variables have been held constant.

# Notes to the consolidated financial statements continued

## Risk management

	2021	2020
	Impact on profit \$m	Impact on profit \$m
+25 basis point change in interest rates	0.4	(1.7)
-25 basis point change in interest rates	(0.4)	1.7

Changes in interest rates affect the Group's profit or loss due to interest income earned on the Group's own cash resources and treasury earnings on clearing participants' balances, offset by interest paid to clearing participants on margins lodged. The interest earned side references a range of rates such as BBSW, while the interest paid side references overnight cash rates. ASX is exposed to the movement between these two rates. The table above assumes overnight cash rates and BBSW rates move in line.

### (ii) Foreign currency risk

Exposure arising from	Risk management
Cash flow commitments in foreign currencies entered into by the Group.	• Where the Group enters into material cash flow commitments in foreign currencies, its policy is to enter into hedging arrangements to mitigate the exchange risk where possible.
Collateral on clearing participants' derivatives exposures lodged in foreign currency and held by the Group's CCPs.	• The collateral held in foreign currency is offset by an equal payable in the same currency to the participant, which reduces foreign currency risk in the normal course of business. Where non-matching currency is lodged as collateral, a discount is applied to its value.

The majority of the Group's net foreign currency risk is associated with foreign denominated cash, net interest income and exchange fees receivable. Such exposure is converted to AUD on a regular basis. Investments in equity instruments denominated in USD are subject to foreign currency risk, impacting their carrying value.

The following table shows the Group's exposure on its balance sheet to foreign currency risk at the end of the year, expressed in AUD.

As at 30 June	2021				2020			
	NZD \$m	USD \$m	EUR \$m	JPY \$m	NZD \$m	USD \$m	EUR \$m	JPY \$m
<b>Financial assets</b>								
Cash	188.6	45.8	0.2	1.4	123.0	46.7	51.0	1.5
Trade and other receivables	0.8	-	-	-	0.8	-	0.1	-
Other financial assets at amortised cost	48.1	-	-	-	52.9	-	-	-
Investment in equity instruments	-	31.8	-	-	-	45.1	-	-
<b>Financial liabilities</b>								
Amounts owing to participants	233.6	44.0	-	-	173.6	23.1	49.0	-
<b>Net exposure</b>	<b>3.9</b>	<b>33.6</b>	<b>0.2</b>	<b>1.4</b>	<b>3.1</b>	<b>68.7</b>	<b>2.1</b>	<b>1.5</b>
Exchange rate for conversion AUD 1:	1.0744	0.7512	0.6314	83.03	1.0698	0.6856	0.6114	73.86

### Sensitivity analysis (net of tax)

Changes in exchange rates affect the Group's profit or loss due to the gain/loss recognised on translation of foreign currency denominated financial assets, other than financial assets at FVTOCI and all foreign currency denominated financial liabilities at balance date. Equity is affected due to USD foreign currency cash flow commitments designated as cash flow hedges and the valuation of foreign currency equity investments.

An analysis of this sensitivity and its impact on the Group's profit or loss and equity net of tax for the year is provided in the following table. The analysis is based on a hypothetical 10% change in the market exchange rate of the AUD against other currencies at 30 June, and has been applied to the foreign currency risk exposures that exist at that date. All other variables, including interest rates, have been held constant. The impact is expressed in AUD.

	2021		2020	
	Impact on profit \$m	Impact on equity \$m	Impact on profit \$m	Impact on equity \$m
+10% strengthening of AUD	(0.5)	(2.3)	(0.4)	(4.9)
-10% weakening of AUD	0.5	2.3	0.4	4.9

# Notes to the consolidated financial statements continued

## Risk management

### Cash flow hedges

At 30 June 2021, the Group had designated cash at bank of USD 1.3 million (2020: USD 15.7 million) as the hedging instrument in qualifying cash flow hedges for committed expenditure to be paid in USD. These amounts are included within cash on the balance sheet. The cash flows are 100% hedged and the weighted average hedged rate during the year was AUD 1: USD 0.6862 (2020: AUD 1: USD 0.7402). During the current financial year, the use of cash flow hedges resulted in \$1.4 million more (2020: \$1.1 million less) in cash flow required for committed capital and operating expenses when compared to the spot rate when those payments were made.

The following table shows the movement in the Group's hedge reserves.

For the year ended 30 June	2021 \$m	2020 \$m
Opening balance at 1 July	-	0.5
Revaluation of hedging instrument	(0.1)	(0.7)
Less: deferred tax	-	0.2
Closing balance at 30 June	(0.1)	-

At the inception of the hedging transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group documents its assessment, both at hedge inception and also on an ongoing basis, of whether the hedging relationship meets the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- Credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio is the same as that resulting from the actual quantity of both the item hedged and the hedging instrument used.

For cash flow hedges, the effective portion of any change in the fair value of the instrument that is designated and that qualifies as a cash flow hedge is recognised in the hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

At the time the hedged item affects the income statement or when the hedged item is no longer expected to occur, the cumulative gain or loss recognised in the hedge reserve is taken to finance costs in the income statement.

### (iii) Price risk

Exposure arising from	Risk management
Other price movements associated with underlying equities and derivatives on trades novated to the CCPs.	<ul style="list-style-type: none"><li>• Under normal circumstances, this risk is minimal as the trades are matched. However price movements may impact on credit risk associated with participant obligations (as discussed in the following section).</li></ul>

# Notes to the consolidated financial statements continued

## Risk management

### (b) Credit risk

Exposure arising from	Risk management
Through its CCP activities, the Group is exposed to the potential loss that may arise from the failure of a counterparty to meet its obligations or commitments. The obligations mainly relate to T+2 settlement risk for cash market trades and daily mark-to-market movements on open derivative positions. Failure of clearing participants to meet these obligations exposes the Group to potential losses.	<ul style="list-style-type: none"> <li>• Clearing participant membership requirements and admission standards, including minimum capital requirements.</li> <li>• Participant surveillance, including capital monitoring.</li> <li>• Daily and intraday counterparty credit risk control, including margining and collateral management.</li> <li>• Position limits based on the capital of the participant.</li> <li>• Financial resource adequacy, including fixed capital and stress-testing of clearing participants' exposure limits against the amount and liquidity of variable and fixed financial resources available.</li> <li>• Operating rules that deal with recovery and resolution of losses in the event of a clearing participant default. Refer to note C1(c).</li> <li>• Initial margin calls outside of Australian business hours.</li> </ul>
Investment counterparty credit risk arises on certain financial assets including cash, other financial assets at amortised cost and trade and other receivables.	<ul style="list-style-type: none"> <li>• Board policies that limit the amount of credit exposure and concentration to any one counterparty, as well as minimum credit ratings for counterparties. Investments are limited to non-derivative assets.</li> <li>• Investment loss rules that address the allocation of losses between the Group and clearing participants.</li> <li>• Active debt collection procedures and regular review of trade receivables ageing.</li> </ul>

The Group's ongoing monitoring of participants' market positions and exposures, coupled with daily margining and collateral management, including possible intraday and additional margin calls, enable it to manage its central issuer credit risk and meet its regulatory obligations. Further information on the resources available to the CCPs in the event of a participant default is shown in note C1.

S&P credit ratings are used in determining the credit quality of the counterparty/issuer with whom cash and other financial assets at amortised cost are secured.

Counterparties are limited to the Commonwealth of Australia, Australian state governments and banks, and foreign governments and banks with a minimum short-term credit rating of A2. The Group's largest single exposure at the end of the current and prior reporting period was the Commonwealth of Australia. The risk ratings of the counterparties that the Group has exposure to at the end of the period are shown in the following table.

As at 30 June	2021			2020		
	A-1+ \$m	A-1 \$m	Total \$m	A-1+ \$m	A-1 \$m	Total \$m
Cash at bank and on hand	4,926.9	41.2	4,968.1	438.1	30.6	468.7
Overnight cash deposits	182.3	207.4	389.7	193.0	196.4	389.4
<b>Total cash</b>	<b>5,109.2</b>	<b>248.6</b>	<b>5,357.8</b>	<b>631.1</b>	<b>227.0</b>	<b>858.1</b>
Reverse repurchase agreements <sup>1</sup>	4,728.4	-	4,728.4	6,617.2	-	6,617.2
NCDs	474.8	299.7	774.5	489.4	434.2	923.6
P-Notes	1,787.5	-	1,787.5	4,179.3	-	4,179.3
T-Notes	275.0	-	275.0	791.3	-	791.3
<b>Total other financial assets at amortised cost</b>	<b>7,265.7</b>	<b>299.7</b>	<b>7,565.4</b>	<b>12,077.2</b>	<b>434.2</b>	<b>12,511.4</b>
Bonds (lodged by participants)	458.7	-	458.7	487.5	-	487.5
<b>Total financial assets at FVTPL</b>	<b>458.7</b>	<b>-</b>	<b>458.7</b>	<b>487.5</b>	<b>-</b>	<b>487.5</b>

<sup>1</sup> Reverse repurchase agreements are collateralised by Commonwealth, foreign government or Australian state government securities.

Prior period balances for reverse repurchase agreements have been restated to reflect the credit rating of the exposure of the underlying security rather than the counterparty.

The Group uses other measures to monitor the credit of other financial assets, which include trade and other receivables, margins receivable from participants, accrued revenue, interest receivable and investments in equity instruments. Intercompany receivables consist of balances owing between the entities of the Group and are eliminated on consolidation. The parent entity considers the credit risk on these balances to be low. The maximum exposure to credit risk for these financial assets is the carrying value as at reporting date.

# Notes to the consolidated financial statements continued

## Risk management

### (i) Impairment of financial assets

The Group has the following financial assets that are subject to impairment:

- Trade and other receivables
- Other financial assets at amortised cost.

#### Trade receivables

The Group has used the simplified approach for measuring expected credit losses for trade receivables whereby the lifetime ECL is recognised. To measure the loss allowance, the receivables have been grouped based on the number of days overdue. ECL rates have been determined for each group based on historical credit losses. These historical rates are adjusted to reflect current and forward looking information on macroeconomic factors that affect the ability of customers to settle the receivables. These rates have been applied to the gross carrying value of trade receivables to calculate the loss allowance. Where this calculation results in an immaterial amount no loss allowance is recognised. A loss allowance is also recognised for any debtors individually identified as being credit impaired.

The following table shows the aged analysis for gross trade receivables of the Group.

As at 30 June	2021 \$m	2020 \$m
Not past due	96.0	102.9
Past due 0-30 days	1.0	2.2
Past due 31-60 days	0.4	0.5
Past due 61-90 days	0.8	0.5
Past due 91 days and over	0.8	1.4
<b>Trade receivables</b>	<b>99.0</b>	<b>107.5</b>

As at 30 June 2021, the Group provided \$0.5 million (2020: \$0.7 million) for trade receivables that were identified as being impaired.

The Group recognised \$0.2 million (2020: \$0.3 million) of impairment loss in profit or loss during the year.

The movement in the loss allowance for trade receivables is as follows:

For the year ended 30 June		
	2021 \$m	2020 \$m
Opening loss allowance at 1 July	(0.7)	(0.9)
Increase in loss allowance recognised in profit or loss during the year	(1.0)	(1.1)
Amounts written off during the year	0.4	0.5
Loss allowance subsequently reversed	0.8	0.8
<b>Closing balance at 30 June</b>	<b>(0.5)</b>	<b>(0.7)</b>

#### Cash and other receivables

Other receivables includes margins receivable, accrued revenue, interest receivable and other debtors. A default event in relation to margin obligations is defined in the ASX Clear and ASX Clear (Futures) operating rules. No loss allowance has been recognised for cash and other receivables as the assessed amount is immaterial.

### Other financial assets at amortised cost

The ECL model for the Group's debt and money market instruments is based on the probability of default, loss given default and the Group's exposure to the counterparty. The probability of default is based on historical default rates and has been sourced from an external study of global corporate defaults by S&P. These rates have been adjusted for the loss given default to calculate the ECL rate.

The following tables show the gross carrying amounts of the other financial assets at amortised cost and the ECL rates that have been applied to determine the carrying amount net of the ECL allowance.

#### As at 30 June 2021

S&P long-term credit rating	ECL rate	Gross carrying amount \$m	ECL loss allowance \$m	Net carrying amount \$m
AAA	-	4,955.4	-	4,955.4
AA+	-	1,635.6	-	1,635.6
AA	0.02%	200.0	-	200.0
AA-	0.03%	474.9	(0.1)	474.8
A+	0.05%	149.9	(0.1)	149.8
A	0.05%	150.0	(0.2)	149.8
		<b>7,565.8</b>	<b>(0.4)</b>	<b>7,565.4</b>

#### As at 30 June 2020

S&P long-term credit rating	ECL rate	Gross carrying amount \$m	ECL loss allowance \$m	Net carrying amount \$m
AAA	-	9,078.1	-	9,078.1
AA+	-	2,456.9	-	2,456.9
AA	0.02%	52.9	-	52.9
AA-	0.03%	489.5	(0.1)	489.4
A+	0.05%	209.7	(0.1)	209.6
A	0.05%	224.7	(0.2)	224.5
		<b>12,511.8</b>	<b>(0.4)</b>	<b>12,511.4</b>

The ECL rates have been applied to the gross carrying values of the Group's debt and money market instruments held at amortised cost as at 30 June. There were no material movements in the loss allowance for the current or prior years. A reconciliation of the loss allowance is provided in the following table.

For the year ended 30 June		
	2021 \$m	2020 \$m
Opening loss allowance at 1 July	0.4	0.4
Increase in loss allowance recognised in profit or loss during the year	-	-
<b>Closing loss allowance at 30 June</b>	<b>0.4</b>	<b>0.4</b>

There were no significant changes to estimation techniques or assumptions made during the reporting period.

The debt and money market instruments are all considered to have low credit risk at the reporting date as all counterparties have an S&P long-term credit rating of A or higher. The credit risk for these financial assets has not increased significantly since the prior year and the impairment allowance is measured at an amount equal to 12-month expected credit losses.

# Notes to the consolidated financial statements continued

## Risk management

### Impairment

The Group recognises a loss allowance on financial assets at amortised cost using a three stage approach as described in the below table.

Stage	Credit risk	Recognition of ECL
Stage 1	No significant increase since initial recognition	12 month ECLs
Stage 2	Significant increase since initial recognition	Lifetime ECLs
Stage 3	Asset is credit impaired	Lifetime ECLs

A simplified approach for measuring the loss allowance is applied for trade receivables where the lifetime ECLs are recognised. Loss rates for trade receivables are determined based on historical loss rates over a four-year period and are adjusted for current and forward looking macroeconomic factors that may affect the customers' ability to settle the receivable.

Assets are credit impaired when there is objective evidence that the Group will not be able to collect all of the original amounts due.

The collectability of trade receivables is reviewed on a regular basis. Debts known to be uncollectable are written off by reducing the carrying amount directly. Other financial assets are written off when there is no reasonable expectation of recovery. Indicators that this may be the case include the debtor entering bankruptcy or failure to enter into a payment plan.

Impairment losses are recognised in the statement of comprehensive income in administration expenses.

### (c) Liquidity risk

#### Exposure arising from

Margins to cover derivatives and cash market exposures are settled with participants and invested in the short-term money market on a daily basis. The investment of these balances requires strict management to provide sufficient liquidity for the routine daily margin settlement.

#### Risk management

- The Board has implemented policies that specify liquidity requirements, based on whether assets can be liquidated and converted to cash on a same-day basis, including maximum average maturity limits. Instruments that are eligible for repurchase agreements with the Reserve Bank of Australia are treated as liquid.
- Forward planning and forecasting of liquidity requirements.

The expected undiscounted contractual cash flows of the Group's financial assets and liabilities are shown in the following table. All other financial assets at amortised cost are eligible for repurchase in the secondary market. All financial assets and liabilities are non-derivative.

The values on the balance sheet may differ to the assets and liabilities in the following table due to the difference in fair value at balance date compared to the contractual cash flows up to maturity.

As at 30 June 2021	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year \$m	No specific maturity \$m	Total \$m
<b>Financial assets</b>						
Cash	5,357.8	-	-	-	-	5,357.8
Other financial assets at amortised cost	5,456.2	955.3	1,155.0	-	-	7,566.5
Financial assets at FVTPL	458.7	-	-	-	-	458.7
Trade and other receivables	355.6	1.9	5.1	-	-	362.6
Investments in equity instruments	-	-	-	-	41.8	41.8
<b>Total financial assets</b>	<b>11,628.3</b>	<b>957.2</b>	<b>1,160.1</b>	<b>-</b>	<b>41.8</b>	<b>13,787.4</b>
<b>Financial liabilities</b>						
Trade and other payables	306.0	7.8	10.3	-	0.9	325.0
Amounts owing to participants	12,014.8	-	-	-	200.0	12,214.8
Lease liabilities	1.0	2.2	9.3	73.1	-	85.6
<b>Total financial liabilities</b>	<b>12,321.8</b>	<b>10.0</b>	<b>19.6</b>	<b>73.1</b>	<b>200.9</b>	<b>12,625.4</b>
<b>Commitments</b>						
Capital and operating commitments	7.5	3.1	17.7	53.9	-	82.2
<b>Total commitments</b>	<b>7.5</b>	<b>3.1</b>	<b>17.7</b>	<b>53.9</b>	<b>-</b>	<b>82.2</b>

# Notes to the consolidated financial statements continued

## Risk management

As at 30 June 2020	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year \$m	No specific maturity \$m	Total \$m
<b>Financial assets</b>						
Cash	858.1	-	-	-	-	858.1
Other financial assets at amortised cost	4,095.0	6,797.0	1,629.6	-	-	12,521.6
Financial assets at FVTPL	487.5	-	-	-	-	487.5
Trade and other receivables	756.0	2.5	3.1	-	-	761.6
Investments in equity instruments	-	-	-	-	45.1	45.1
<b>Total financial assets</b>	<b>6,196.6</b>	<b>6,799.5</b>	<b>1,632.7</b>	<b>-</b>	<b>45.1</b>	<b>14,673.9</b>
<b>Financial liabilities</b>						
Trade and other payables	698.5	19.9	-	-	0.8	719.2
Amounts owing to participants	12,477.2	-	-	-	200.0	12,677.2
Lease liabilities	1.0	2.1	9.5	84.9	-	97.5
<b>Total financial liabilities</b>	<b>13,176.7</b>	<b>22.0</b>	<b>9.5</b>	<b>84.9</b>	<b>200.8</b>	<b>13,493.9</b>
<b>Commitments</b>						
Capital and operating commitments	1.0	5.8	18.3	60.0	-	85.1
<b>Total commitments</b>	<b>1.0</b>	<b>5.8</b>	<b>18.3</b>	<b>60.0</b>	<b>-</b>	<b>85.1</b>

While amounts owing to participants may have contractual cash flows greater than one month, they have been classified as having maturities up to one month on the basis of the shortest possible obligation for repayment.

### (d) Fair value measurements

#### (i) Financial instruments at fair value

The following table presents the Group's financial assets measured at fair value at 30 June. The Group does not have any financial liabilities measured at fair value.

As at 30 June	2021				2020			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial assets</b>								
Investments in equity instruments	-	-	41.8	41.8	-	-	45.1	45.1
Financial assets at FVTPL	399.7	59.0	-	458.7	305.5	182.0	-	487.5
<b>Total financial assets</b>	<b>399.7</b>	<b>59.0</b>	<b>41.8</b>	<b>500.5</b>	<b>305.5</b>	<b>182.0</b>	<b>45.1</b>	<b>532.6</b>

There were no transfers between levels for recurring measurements during the year. The Group did not measure any financial assets at fair value on a non-recurring basis at 30 June in the current or prior year.

The classification of financial instruments within the fair value hierarchy and the valuation techniques used to determine their values are detailed below.

#### Level 1

Level 1 inputs are unadjusted quoted prices in active markets at the measurement date for identical assets and liabilities. Financial instruments included in this category are Australian Government bonds. The fair value of Australian Government bonds are determined by reference to readily observable quoted prices for identical assets in active markets.

#### Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Financial instruments included in this category include semi-government bonds as their fair values are determined using observable market prices for identical assets that were not actively traded.

#### Level 3

Level 3 inputs are based on unobservable market data. The fair values of the Group's unlisted equity investment and convertible note at FVTPL are determined using unobservable inputs and therefore are classified as Level 3 instruments.

# Notes to the consolidated financial statements continued

## Risk management

### (ii) Financial instruments at amortised cost

The Group has a number of financial instruments which are not measured at fair value on the balance sheet. The carrying amounts of current trade and other receivables, cash, term deposits, reverse repurchase agreements, current trade and other payables, and current amounts owing to participants are assumed to approximate their fair value due to their short-term nature. The carrying amount of non-current amounts owing to participants approximates their fair value as the impact of discounting is not significant.

The table below presents other financial assets at amortised cost (excluding those mentioned above) had they been measured on a fair value basis.

As at 30 June	2021 \$m	2020 \$m
NCDs	774.9	924.8
P-Notes	1,787.6	4,183.7
T-Notes	275.0	791.6
<b>Total</b>	<b>2,837.5</b>	<b>5,900.1</b>

The fair values of the above financial assets are determined in accordance with the Level 2 fair value hierarchy described in note C3(d)(i).

### (iii) Level 3 fair value instruments

The following table presents the changes in Level 3 fair value instruments during the year:

For the year ended 30 June	Investments in unlisted entities <sup>1</sup> \$m	Investments at FVTPL <sup>2</sup> \$m	Total \$m
<b>Opening balance at 1 July 2020</b>	<b>45.1</b>	<b>-</b>	<b>45.1</b>
Additions	12.8	-	12.8
Price revaluation:			
- Recognised in equity	(8.2)	-	(8.2)
- Recognised in deferred tax	(3.5)	-	(3.5)
FX revaluation loss:			
- Recognised in equity	(3.1)	-	(3.1)
- Recognised in deferred tax	(1.3)	-	(1.3)
<b>Closing balance at 30 June 2021</b>	<b>41.8</b>	<b>-</b>	<b>41.8</b>
<b>Opening balance at 1 July 2019</b>	<b>24.3</b>	<b>5.3</b>	<b>29.6</b>
Additions	20.5	-	20.5
Disposals	-	(5.4)	(5.4)
FX revaluation gain:			
- Recognised in equity	0.2	-	0.2
- Recognised in profit or loss	-	0.1	0.1
- Recognised in deferred tax	0.1	-	0.1
<b>Closing balance at 30 June 2020</b>	<b>45.1</b>	<b>-</b>	<b>45.1</b>

<sup>1</sup> The revaluation gain/(loss), net of tax, has been recognised within the asset revaluation reserve. Refer to note D1 for further details.

<sup>2</sup> The gain, net of tax, has been recognised within administration expenses in the statement of comprehensive income.

The investment in Digital Asset (DA) is classified as a Level 3 fair value instrument as it is an unlisted entity, valued using unobservable inputs. The fair value of ASX's investment in DA as at 30 June 2021 has been determined using the share price from DA's latest equity fund raising completed in May 2021. DA's share price decreased by USD \$4.90 per share from the previous fund raising, resulting in a USD 9 million decrease in the carrying value of ASX's investment in the current year. This fair value loss is recognised in other comprehensive income

### (e) Enforceable netting arrangements

There are no financial assets and financial liabilities recognised on a net basis. In the event that a clearing participant defaults and ASX assumes open positions under novation, ASX's policy is to recognise the net open positions where it has the right to offset exposures.

In the event that a clearing participant defaults, ASX may utilise collateral and commitments lodged by that participant to offset net losses realised from the close-out of positions. While ASX has the right to offset this collateral from the open position, its policy is to only offset following the close-out. The aggregate amount of collateral and commitments lodged by participants at 30 June 2021 was \$12,214.8 million (2020: \$12,677.2 million).

## Investments

### D1 Investments in equity instruments

	2021 \$m	2020 \$m
Investments in unlisted entities	41.8	45.1
<b>Total investments in equity instruments</b>	<b>41.8</b>	<b>45.1</b>

The investments in equity instruments have been designated at FVTOCI on initial recognition. The election to measure the investments at FVTOCI rather than FVTPL has been made because the Group considers this to be more relevant as they are held for strategic purposes.

The investments are initially recognised at fair value, being the consideration given plus transaction costs that are directly attributable to acquiring the asset. After initial recognition, they continue to be measured at fair value and any fair value gains or losses are recognised directly in the asset revaluation reserve in equity. Any gains or losses on disposal remain within equity.

The fair value of investments in unlisted entities is determined by reference to unobservable market data at balance date. Refer to note C3(d)(iii).

Dividend income is recognised when the right to receive the dividend has been established.

#### Key judgments

The Group has applied judgment in determining if it has significant influence or control over the investees and has concluded that it does not have significant influence over any of its investees, as it holds less than 20% of the voting power and does not have the power to participate in financial and operating policy decisions.

# Notes to the consolidated financial statements continued

## Investments

### (a) Investments in unlisted entities

As at 30 June 2021, ASX held 5.6% (2020: 8.2%) equity interest in Digital Asset (DA). DA specialises in developer tools and smart contract applications with its own purpose built programming language which can be used in conjunction with distributed ledgers and traditional databases.

In July 2020, ASX invested a further \$2.9 million (USD 2.0 million) in DA using the same pre-money valuation and pricing as in the previous series C funding round completed pre-30 June 2020. This additional investment increased ASX's shareholding in DA to 8.7%.

In May 2021, DA completed a series D funding which ASX did not take part in. The Group's shareholding in DA was diluted to 5.6%.

In May 2021, ASX invested \$10 million to acquire a 9.8% shareholding in DSMJ Pty Ltd (trading as Grow Inc). The entity develops key infrastructure for superannuation funds to add a secure, digitally signed layer to their existing member sub-register via the implementation of a distributed ledger technology (DLT) application platform. This investment supports the Group's strategy to drive efficiency in financial services using DLT.

No dividends were received during the current or prior year. Refer to note C3(d)(iii) for details of the movement in the fair value in the current and prior year.

### D2 Equity accounted investments

The Group has interests in the following associate and joint venture, which are individually immaterial to the Group.

Name of entity	Nature of relationship	Ownership interest		Carrying amount	
		2021 %	2020 %	2021 \$	2020 \$
Yieldbroker Pty Limited (Yieldbroker)	Associate	44	45	31.4	31.0
Sympli Australia Pty Ltd (Sympli)	Joint venture	50	49	14.4	9.5
				<b>45.8</b>	<b>40.5</b>

The country of incorporation and principal place of business for both entities is Australia. Both Yieldbroker and Sympli are private entities and therefore quoted market prices are not available.

Yieldbroker operates licensed electronic markets for trading Australian and New Zealand debt securities and interest rate derivatives.

Sympli intends to offer electronic conveyancing solutions for property settlements, known as an Electronic Lodgment Network Operator (ELNO).

#### Impairment

Yieldbroker has been tested for impairment at the reporting date based on value-in-use calculations using projected future cash flows. The pre-tax discount rate used for testing Yieldbroker was 13.9% (12.0% post-tax discount rate) and the growth rate used to extrapolate cash flow projections beyond five years was 3.5%.

No impairment was recognised in the current year for Yieldbroker.

In the prior year the carrying amount of Yieldbroker was reduced by \$15.2 million to recognise the decline in current market value based on value-in-use using projected cash flows. This impairment was a result of under performance by the company and slower than expected revenue growth. The pre-tax discount rate used was 13.9% (12.0% post-tax discount rate) and the growth rate applied to extrapolate cash flow projections beyond five years was 3.5%.

Sympli has been assessed for impairment at the reporting date. No impairment was recognised for Sympli in the current or prior year. The following table shows ASX's aggregated interests in equity accounted investments.

The following table shows ASX's aggregated interests in equity accounted investments.

For the year ended 30 June	2021 \$m	2020 \$m
(Loss) from continuing operations	(5.9)	(5.0)
Impairment loss	-	(15.2)
<b>Total comprehensive income</b>	<b>(5.9)</b>	<b>(20.2)</b>

Associates are entities over which the Group has significant influence but not control.

Joint ventures are arrangements in which the Group and another party have joint control and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method. The investments are initially recognised at cost and the carrying value is subsequently adjusted to recognise the Group's share of the investee's post-acquisition profit or loss and movement in other comprehensive income. This is recognised in the Group's profit and loss and comprehensive income respectively. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

The carrying amount of each equity accounted investment is tested for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment include a significant or prolonged decline in the fair value of the investment below its cost. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount is the higher of the asset's fair value less costs of disposal and value-in-use, and is assessed at the end of each reporting period.

#### Key judgments

The Group has applied judgment in determining if it has significant influence, control or joint control of the investees. Through its appointment of two directors to the Board of Yieldbroker, ASX participates in the financial and operating policy decisions of the investee. It also holds more than 20% of the voting rights so it is presumed that ASX has significant influence over the investee. The Group however does not have the power to unilaterally direct these decisions to affect the returns of the investee, so does not have control of the investee. The investment in Yieldbroker has therefore been classified as an interest in an associate.

The arrangement in relation to Sympli requires unanimous consent from both parties about relevant activities. As ASX has joint control over Sympli and has rights to the net assets of the arrangement, the investment has been classified as a joint venture.

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### E1 Trade and other receivables

As at 30 June	2021 \$m	2020 \$m
<b>Current</b>		
Trade receivables	99.0	107.5
Margins receivable	253.1	643.0
Accrued revenue	5.7	3.6
Interest receivable	0.2	4.6
Other debtors	5.1	3.6
Less: loss allowance	(0.5)	(0.7)
<b>Total trade and other receivables</b>	<b>362.6</b>	<b>761.6</b>

Refer to note C3(b)(i) for further details of the loss allowance.

Trade receivables, which generally have terms of 30 days, are initially recognised at their transaction price and subsequently measured at amortised cost using the effective interest method, less any loss allowance.

Margins receivable represents collateral receivable from clearing participants on cash markets and derivative positions held at the end of the day, and are received on the next business day. The amounts include the movement in the fair value of derivative positions and are recognised on trade date. A corresponding margins payable is recognised and disclosed within trade and other payables.

### E2 Intangible assets

The movements in the intangible asset balances are as follows:

For the year ended 30 June	2021					2020				
	Software \$m	Trade- marks \$m	Customer lists \$m	Goodwill \$m	Total \$m	Software \$m	Trade- marks \$m	Customer lists \$m	Goodwill \$m	Total \$m
<b>Opening balance</b>										
Cost	442.8	7.9	1.2	2,317.6	2,769.5	377.1	7.9	1.2	2,317.6	2,703.8
Accumulated amortisation and impairment	(271.9)	-	(0.8)	-	(272.7)	(244.9)	-	(0.6)	-	(245.5)
<b>Net book value at 1 July</b>	<b>170.9</b>	<b>7.9</b>	<b>0.4</b>	<b>2,317.6</b>	<b>2,496.8</b>	<b>132.2</b>	<b>7.9</b>	<b>0.6</b>	<b>2,317.6</b>	<b>2,458.3</b>
<b>Movement</b>										
Additions <sup>1</sup>	96.9	-	-	-	96.9	65.7	-	-	-	65.7
Amortisation expense	(26.9)	-	(0.3)	-	(27.2)	(27.0)	-	(0.2)	-	(27.2)
<b>Net book value at 30 June<sup>2</sup></b>	<b>240.9</b>	<b>7.9</b>	<b>0.1</b>	<b>2,317.6</b>	<b>2,566.5</b>	<b>170.9</b>	<b>7.9</b>	<b>0.4</b>	<b>2,317.6</b>	<b>2,496.8</b>
<b>Closing balance</b>										
Cost	539.7	7.9	1.2	2,317.6	2,866.4	442.8	7.9	1.2	2,317.6	2,769.5
Accumulated amortisation and impairment	(298.8)	-	(1.1)	-	(299.9)	(271.9)	-	(0.8)	-	(272.7)
<b>Net book value at 30 June<sup>2</sup></b>	<b>240.9</b>	<b>7.9</b>	<b>0.1</b>	<b>2,317.6</b>	<b>2,566.5</b>	<b>170.9</b>	<b>7.9</b>	<b>0.4</b>	<b>2,317.6</b>	<b>2,496.8</b>

<sup>1</sup> Primarily relates to internal development costs.

<sup>2</sup> The carrying value of intangible assets under development is \$179.3 million (2020: \$127.9 million).

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### (a) Software

There was no impairment expense recognised during the year for software (2020: nil).

Costs incurred in developing products or systems, and acquiring software and licences that will contribute to future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful lives, from the time the assets are in use. Certain staff costs are capitalised when they can be specifically attributed to software development projects. Software purchased from external vendors is classified as externally acquired and may include capitalised staff costs that have been incurred in the implementation of the software.

Costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the supplier of the cloud-based software to significantly customise the cloud-based software for the Group. If this is the case, the costs are recorded as a prepayment for services and amortised over the expected renewable term of the cloud computing arrangement.

Software is subject to amortisation and is reviewed for indicators of impairment at the end of each reporting period or when events or changes in circumstances have arisen that indicate the carrying value may be impaired. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Determining whether the intangibles are impaired requires an estimation of their useful lives, residual values and amortisation method. The effect of any changes will be recognised on a prospective basis.

Intangible assets not yet available for use are tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separate cash generating units (CGUs). Intangible assets not yet available for use are allocated to the Group's CGUs that include the asset. Refer to E2(c) (ii) for the details of the impairment assessment performed over the Group's CGUs.

The estimated useful lives of significant computer software systems is as follows:

Trading platforms	5 years
Clearing platforms	5 years
Depository/registry platforms	10 years

### (b) Trademarks and customer lists

There was no impairment expense recognised during the year for trademarks or customer lists (2020: nil).

Trademarks and customer lists have been externally acquired and are measured at cost. Customer lists are amortised on a straight-line basis over their estimated useful life of five years, while the registered trademark has an indefinite useful life and is not amortised. The trademark is assessed for impairment at each reporting date or when there are indicators of impairment.

The pre-tax discount rate used is 11.1% (2020: 11.8%) (8.1% post-tax discount rate (2020: 9.3%)) for all CGUs. The terminal growth rate used to extrapolate cash flow projections beyond five years is 2.0% (2020: 3.2%) per annum for the exchange-traded CGU and 2.0% (2020: 3.2%) per annum for the non exchange-traded CGU. These calculations support the carrying value of goodwill and intangible assets not yet available for use. There is no reasonably possible change in any key assumptions that management has based its determination of the CGU's recoverable amount on that would result in an impairment charge being recognised.

### (c) Goodwill

#### (i) Impairment test for goodwill

The Group consists of two CGUs, namely exchange-traded and non exchange-traded. The goodwill attributable to each CGU at the time of acquisition is as follows:

- Exchange-traded: \$2,242.2 million
- Non exchange-traded: \$75.4 million.

No impairment charge arose in the current or prior financial year.

#### (ii) Key estimates and assumptions used for value-in-use calculations

Management has determined the budgeted operating results based on past performance and expectations for the future. The growth rates used for revenue and expense projections are consistent with, or lower than, historical trends for the CGUs.

Goodwill on acquisition is initially measured at cost, being the excess of the consideration paid over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill has an indefinite useful life and as such is not subject to amortisation and is tested semi-annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable CGUs. A CGU includes in its carrying amount an intangible asset that is not yet available for use and that asset is tested for impairment only as part of the CGU. Goodwill is allocated to each of the Group's CGUs that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested on an annual basis or semi-annual. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount of each CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond this five-year period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate for the business in which the CGU operates and are consistent with external sources of information.

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### E3 Property, plant and equipment

The movements in the property, plant and equipment asset balances are as follows:

For the year ended 30 June	2021				2020			
	Leasehold improvements \$m	Plant and equipment \$m	Computer equipment \$m	Total \$m	Leasehold improvements \$m	Plant and equipment \$m	Computer equipment \$m	Total \$m
<b>Opening balance</b>								
Cost	32.4	31.2	108.7	172.3	32.7	30.3	94.9	157.9
Accumulated depreciation	(28.2)	(24.4)	(57.6)	(110.2)	(25.8)	(21.5)	(49.1)	(96.4)
<b>Net book value at 1 July</b>	<b>4.2</b>	<b>6.8</b>	<b>51.1</b>	<b>62.1</b>	<b>6.9</b>	<b>8.8</b>	<b>45.8</b>	<b>61.5</b>
<b>Movement</b>								
Additions	0.2	1.2	11.5	12.9	-	0.9	13.8	14.7
Transfers	-	-	-	-	(0.3)	-	-	(0.3)
Depreciation expense	(2.3)	(2.9)	(11.6)	(16.8)	(2.4)	(2.9)	(8.5)	(13.8)
<b>Net book value at 30 June</b>	<b>2.1</b>	<b>5.1</b>	<b>51.0</b>	<b>58.2</b>	<b>4.2</b>	<b>6.8</b>	<b>51.1</b>	<b>62.1</b>
<b>Closing balance</b>								
Cost	32.6	32.4	120.2	185.2	32.4	31.2	108.7	172.3
Accumulated depreciation	(30.5)	(27.3)	(69.2)	(127.0)	(28.2)	(24.4)	(57.6)	(110.2)
<b>Net book value at 30 June</b>	<b>2.1</b>	<b>5.1</b>	<b>51.0</b>	<b>58.2</b>	<b>4.2</b>	<b>6.8</b>	<b>51.1</b>	<b>62.1</b>

Property, plant and equipment is measured at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

The cost of improvements to leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds on disposal with the carrying amount and are included in profit or loss.

Depreciation of assets begins from the time an asset is implemented and available for use. Depreciation is provided on a straight-line basis on all plant and equipment, over their estimated useful lives.

The depreciation periods for each class of asset, for the current and previous years, are as follows:

Leasehold improvements	The shorter of minimum lease term and useful life
Plant and equipment	3 – 10 years
Computer equipment	3 – 5 years

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### E4 Trade and other payables

As at 30 June	2021 \$m	2020 \$m
Trade payables	6.5	5.6
Margins payable	253.1	643.0
Interest payable	0.1	1.4
Rebates payable	13.9	25.9
Transaction taxes payable	7.0	7.6
Employee-related payables	17.7	21.1
Accrued expenses	32.8	21.3
Other payables	0.9	0.9
<b>Total</b>	<b>332.0</b>	<b>726.8</b>

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid.

All trade and other payables are unsecured and usually paid within 30 days of recognition, other than certain rebates and accrued expenses which are typically paid within three months of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date.

Refer to the accounting policy in note E1 for details of the margins payable.

Interest payable includes interest owed to participants on cash collateral and commitments lodged. Interest is recognised as a finance cost in the statement of comprehensive income using the effective interest rate method.

Rebates payable represent refund liabilities. Refer to the accounting policies in note B2 for further details of the rebates.

### E5 Provisions

As at 30 June		
<b>Current</b>		
Employee provisions	19.2	17.9
Premises provisions	0.8	-
<b>Total</b>	<b>20.0</b>	<b>17.9</b>
<b>Non-current</b>		
Employee provisions	5.4	3.6
Premises provisions	0.6	1.9
<b>Total</b>	<b>6.0</b>	<b>5.5</b>

The movements in the premises provision are as follows:

For the year ended 30 June		
<b>Opening balance at 1 July</b>	<b>1.9</b>	<b>6.5</b>
Provisions used during the period	(0.6)	-
Unwinding of discount	0.1	0.1
Provisions reversed on adoption of AASB 16	-	(4.7)
<b>Closing balance at 30 June</b>	<b>1.4</b>	<b>1.9</b>

The provisions for employee benefits predominantly relate to annual and long service leave obligations. Premises provisions comprises of make-good provisions.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, that it is probable the obligation will be settled and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is not probable or cannot be reliably measured. There are ongoing legal claims and possible claims against the Group and its subsidiaries. Contingent liabilities exist in respect of actual and potential claims. An assessment of any likely loss has been made on a case-by-case basis and a provision is raised where appropriate.

Current employee provisions include liabilities for annual leave and wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These are recognised in respect of employees' services up to the end of the reporting period. Long service leave provisions that the Company does not have an unconditional right to defer for 12 months after the reporting date are recognised as a current provision, regardless of when the actual settlement is expected to occur. Current employee provisions are measured at the amounts expected to be paid when the liabilities are settled.

Non-current employee provisions include long service leave provisions where the Company has an unconditional right to defer settlement for at least 12 months after the reporting period. Non-current employee provisions are not expected to be wholly settled within 12 months after the end of the reporting date, and are therefore measured as the present value of expected future payments.

When determining whether employees qualify or are expected to qualify for the Group's long service leave arrangements, consideration is given to history of employee departures and periods of service. Expected future wage and salary levels are discounted using the rates attached to a basket of comparable liquid corporate bonds at the end of each reporting period, which most closely match the terms to maturity of the related liabilities.

For short-term cash incentives offered to staff, the Group recognises a liability and an expense. A provision is recognised where there is a contractual obligation or where there is past practice that gives clear evidence of the amount of the obligation.

Where short-term incentives are deferred to a future period, the value of the incentives is expensed over the term of the deferral and recognised as a liability. Amounts expected to be wholly settled within 12 months after the end of the reporting date are recognised as current, all others are recognised as non-current.

Make-good obligations are provided for office space under operating leases that require the premises to be returned to the lessor in their original condition. The operating lease payments do not include the make-good payment at the end of the lease term. Provisions for make-good obligations are recognised when the Group becomes party to lease contracts that include make-good clauses.

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### E6 Right-of-use assets (leases)

The movements in the right-of-use asset balances are as follows:

For the year ended 30 June	2021			2020		
	Property leases \$m	Other \$m	Total \$m	Property leases \$m	Other \$m	Total \$m
<b>Opening balance</b>						
Cost	77.6	7.9	85.5	-	-	-
Accumulated depreciation	(9.1)	(1.5)	(10.6)	-	-	-
<b>Net book value at 1 July<sup>1</sup></b>	<b>68.5</b>	<b>6.4</b>	<b>74.9</b>	<b>77.6</b>	<b>5.7</b>	<b>83.3</b>
<b>Movement</b>						
Additions	-	1.4	1.4	-	3.4	3.4
Disposals – cost	-	(0.8)	(0.8)	-	(1.2)	(1.2)
Disposals – accumulated depreciation	-	0.3	0.3	-	0.4	0.4
Depreciation expense	(9.0)	(2.5)	(11.5)	(9.1)	(1.9)	(11.0)
<b>Net book value at 30 June</b>	<b>59.5</b>	<b>4.8</b>	<b>64.3</b>	<b>68.5</b>	<b>6.4</b>	<b>74.9</b>
<b>Closing balance</b>						
Cost	77.6	8.5	86.1	77.6	7.9	85.5
Accumulated depreciation	(18.1)	(3.7)	(21.8)	(9.1)	(1.5)	(10.6)
<b>Net book value at 30 June</b>	<b>59.5</b>	<b>4.8</b>	<b>64.3</b>	<b>68.5</b>	<b>6.4</b>	<b>74.9</b>

<sup>1</sup> Net book value at 1 July 2019 includes assets recognised on adoption of AASB 16.

The movements in the lease liabilities balance are as follows:

For the year ended 30 June	2021 \$m	2020 \$m
<b>Opening balance at 1 July</b>	<b>81.1</b>	<b>87.2</b>
Additions	1.4	-
Disposals	(0.5)	-
Interest incurred	3.1	3.4
Payment of interest expense	(3.1)	(3.4)
Payments of lease liabilities	(9.6)	(6.1)
<b>Total lease liabilities</b>	<b>72.4</b>	<b>81.1</b>

The consolidated statement of cash flows shows the following amounts relating to leases:

For the year ended 30 June	2021 \$m	2020 \$m
Principal payments for leased assets	9.6	6.1
Payment of interest expense	3.1	3.4
<b>Total cash outflow for leases</b>	<b>12.7</b>	<b>9.5</b>

The consolidated statement of other comprehensive income shows the following amounts relating to leases:

For the year ended 30 June	2021 \$m	2020 \$m
Interest on lease liabilities	3.1	3.4
Expense relating to short-term and low value leases	0.6	0.6
Depreciation expense	11.5	11.0
<b>Total</b>	<b>15.2</b>	<b>15.0</b>

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

## Group disclosures

The right-of-use asset is initially measured at cost which comprises of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred, and an estimate of costs to restore the underlying asset, less any lease incentives received.

Depreciation is charged on a straight-line basis on all right-of-use assets over the term of the lease. The right-of-use asset is periodically assessed for impairment and is adjusted for certain re-measurements of the lease liability.

Lease liabilities are initially measured on a present value basis of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease.

Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined, which is generally the case for leases in the Group. The incremental borrowing rate is the rate that the Group would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, with similar terms, security and conditions.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option with a corresponding adjustment to the right-of-use asset.

Lease payments due within the next 12 months are recognised within current lease liabilities. Payments due after 12 months are recognised within non-current lease liabilities.

Interest expense on the lease liability is a component of finance cost and is presented in the consolidated statement of comprehensive income.

For short-term leases of 12 months or less, and leases of low-value assets, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Critical judgments in determining lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

## F1 Subsidiaries

### Parent entity<sup>1</sup>: ASX Limited

#### Subsidiaries of ASX Limited:

ACN 611 659 664 Limited<sup>2</sup>  
ASX Acceler8 Pty Limited  
ASX Benchmarks Pty Limited  
ASX Clearing Corporation Limited  
ASX Compliance Pty Limited  
ASX Data Analytics Pty Limited  
ASX Energy Limited  
ASX Financial Settlements Pty Limited  
ASX Futures Exchange Pty Limited  
ASX Long-Term Incentive Plan Trust  
ASX Operations Pty Limited<sup>2</sup>  
ASX Settlement Corporation Limited<sup>2</sup>  
Australian Securities Exchange Limited<sup>2</sup>  
Australian Stock Exchange Pty Limited  
SFE Corporation Limited<sup>2</sup>

#### Subsidiaries of ASX Operations Pty Limited:

ASX Collateral Management Services Pty Limited  
Australian Clearing Corporation Limited<sup>2</sup>  
Australian Clearing House Pty Limited  
Equityclear Pty Limited  
New Zealand Futures and Options Exchange Limited  
Options Clearing House Pty Limited  
Sydney Futures Exchange Pty Limited

#### Subsidiaries of ASX Clearing Corporation Limited:

ASX Clear (Futures) Pty Limited  
ASX Clear Pty Limited  
ASX Clearing Corporation Trust

#### Subsidiaries of ASX Settlement Corporation Limited:

ASX Settlement Pty Limited  
Austraclear Limited

#### Subsidiaries of ASX Settlement Pty Limited:

CHESS Depository Nominees Pty Limited

#### Subsidiaries of Austraclear Limited:

Austraclear Services Limited

#### Subsidiaries of Australian Securities Exchange Limited:

Australian Securities Exchange (US) Inc

<sup>1</sup> Parent entity refers to the immediate controlling entity of the entity in which the investment is shown. The parent entity's investment in relation to all subsidiaries during the financial year was 100% (2020: 100%).

<sup>2</sup> These subsidiaries are parties to the Deed of Cross Guarantee (the Deed) and have been granted relief from preparing financial statements in accordance with ASIC Legislative Instrument 2016/785. Refer to note F2 for details of the Deed.

# Notes to the consolidated financial statements continued

## Group disclosures

ASX Limited and Australian Securities Exchange Limited are licensed to operate financial markets while ASX Clear, ASX Clear (Futures), Austraclear Limited and ASX Settlement Pty Limited are licensed to operate clearing and settlement facilities.

In accordance with the *Corporations Act 2001*, the Group maintains two fidelity funds for claims about the defalcation of monies in relation to cash market and derivative trading. ASX Limited acts as manager for the ASX Division 3 Compensation Fund and Australian Securities Exchange Limited acts as trustee for the Sydney Futures Exchange Limited Fidelity Fund. ASX is also the sole member of the Securities Exchanges Guarantee Corporation (SEGC), which is responsible for administering the NGF, a compensation fund available to meet certain types of claims arising from dealings with participants of ASX and, in limited circumstances, participants of ASX Clear, in accordance with the *Corporations Act 2001*.

ASX Division 3 Compensation Fund, Sydney Futures Exchange Limited Fidelity Fund and SEGC are not consolidated into the Group.

All subsidiaries are incorporated in Australia except for Australian Securities Exchange (US) Inc (incorporated in the US), New Zealand Futures and Options Exchange Limited and ASX Energy Limited (both incorporated in New Zealand). All subsidiaries have the same reporting date.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect those returns through its power to direct the activities of the entity. In addition to considering the existence of potential voting rights that are presently exercisable or convertible, the Company also considers relationships with other parties that may result in the Company controlling an entity on the basis of de facto circumstances.

The Group has two established trusts. LTIPT administers the Group's employee share scheme while ASX Clearing Corporation Trust manages the cash and financial assets at amortised cost of the two CCP subsidiaries. Both trusts are consolidated as the substance of the relationship is that they are controlled by the Group.

## F2 Deed of Cross Guarantee

ASX Limited and the wholly owned subsidiaries listed below are parties to a Deed of Cross Guarantee. In accordance with the Deed, each party guarantees the debts of the others.

Subsidiary name	ABN/ACN
ACN 611 659 664 Limited	611 659 664
ASX Operations Pty Limited	42 004 523 782
Australian Clearing Corporation Limited	068 624 813
Australian Securities Exchange Limited	83 000 943 377
ASX Settlement Corporation Limited	48 008 617 187
SFE Corporation Limited	74 000 299 392

Pursuant to ASIC Legislative Instrument 2016/785, the wholly owned subsidiaries are relieved from the requirement to prepare financial reports and directors' reports.

The entities represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the Deed that are controlled by the Company, they also represent the 'extended closed group'.

No entities were added or removed from the Deed during the year.

## (a) Consolidated statement of comprehensive income and summary of movements in retained earnings

The consolidated statement of comprehensive income and summary of movements in consolidated retained earnings for the closed group is set out below.

### Statement of comprehensive income

For the year ended 30 June	2021 \$m	2020 \$m
Total revenue	999.1	1,014.0
Total expenses	(320.3)	(312.0)
<b>Profit before income tax expense</b>	<b>678.8</b>	<b>702.0</b>
Income tax expense	(191.6)	(197.0)
<b>Net profit for the period</b>	<b>487.2</b>	<b>505.0</b>
<b>Items that may be reclassified to profit or loss:</b>		
Change in the fair value of investments in equity instruments	(11.3)	0.2
Change in the fair value of cash flow hedges	(0.1)	(0.5)
<b>Other comprehensive income for the period, net of tax</b>	<b>(11.4)</b>	<b>(0.3)</b>
<b>Total comprehensive income for the period</b>	<b>475.8</b>	<b>504.7</b>

### Summary of movements in consolidated retained earnings

Opening retained earnings at 1 July	601.2	792.7
Transfers from related entities	1.0	-
Dividends paid	(454.8)	(696.5)
Profit for the period	487.2	505.0
<b>Closing retained earnings at 30 June</b>	<b>634.6</b>	<b>601.2</b>

# Notes to the consolidated financial statements continued

## Group disclosures

### (b) Consolidated balance sheet

The consolidated balance sheet for the closed group is set out below.

As at 30 June	2021 \$m	2020 \$m
<b>Current assets</b>		
Cash	125.3	64.7
Other financial assets at amortised cost	124.9	184.7
Trade and other receivables	78.1	111.5
Prepayments	21.0	23.3
<b>Total current assets</b>	<b>349.3</b>	<b>384.2</b>
<b>Non-current assets</b>		
Investments in subsidiaries	941.1	922.1
Investments in equity instruments	41.8	45.1
Equity accounted investments	45.8	40.5
Intangible assets	2,503.6	2,433.7
Property, plant and equipment	58.2	62.1
Leased assets	64.3	74.9
Net deferred tax asset	48.0	44.8
Prepayments	6.8	8.7
<b>Total non-current assets</b>	<b>3,709.6</b>	<b>3,631.9</b>
<b>Total assets</b>	<b>4,058.9</b>	<b>4,016.1</b>
<b>Current liabilities</b>		
Trade and other payables	75.6	79.4
Current tax liabilities	21.8	25.8
Provisions	20.0	17.9
Lease liabilities	9.8	9.5
Revenue received in advance	108.7	89.1
<b>Total current liabilities</b>	<b>235.9</b>	<b>221.7</b>
<b>Non-current liabilities</b>		
Provisions	6.0	5.5
Lease liabilities	62.6	71.6
Revenue received in advance	84.9	71.0
<b>Total non-current liabilities</b>	<b>153.5</b>	<b>148.1</b>
<b>Total liabilities</b>	<b>389.4</b>	<b>369.8</b>
<b>Net assets</b>	<b>3,669.5</b>	<b>3,646.3</b>
<b>Equity</b>		
Issued capital	3,027.2	3,027.2
Retained earnings	634.6	601.2
Reserves	7.7	17.9
<b>Total equity</b>	<b>3,669.5</b>	<b>3,646.3</b>

### F3 Related party transactions

#### (a) Transactions between subsidiaries

ASX Operations Pty Limited provides operational support for the majority of the Group's activities. Expenses paid, revenues collected and purchase of capital items on behalf of other entities within the Group are booked into inter-entity accounts. Interest is not charged on any inter-entity account, other than trust balances.

Transactions between the Company and subsidiaries are eliminated on consolidation.

Balances receivable by the Company from wholly owned subsidiaries within the Group are as follows:

As at 30 June	2021 \$000	2020 \$000
<b>Current</b>		
Amounts due from subsidiaries	140,488	146,667

The following transactions occurred between subsidiaries and the Company during the year:

For the year ended 30 June	2021 \$000	2020 \$000
Dividends paid to the parent entity	496,000	521,000

#### (b) Transactions with other related entities

The following transactions occurred with other related entities during the year:

Purchase of services from associates	429	339
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These transactions are on an arm's length basis and under normal commercial terms and conditions.

#### (c) Key Management Personnel (KMP) remuneration

KMP compensation (including non-executive directors) provided during the financial year is set out in the following table. Further details are disclosed in the Remuneration Report on pages 43 to 60.

Short-term employee benefits <sup>1</sup>	9,335	9,982
Post-employment benefits	295	305
Long-term benefits	84	62
Share-based payments	4,279	2,752
<b>Total</b>	<b>13,993</b>	<b>13,101</b>

<sup>1</sup>Short-term employment benefit includes \$385,410 termination benefit.

The share-based payments reflects the expense for performance rights issued under the ASX LTVR Plan, shares issued under equity plans and shares purchased under the employee share scheme. The expense is calculated using the fair value of performance rights or shares at grant date, less any write-back for performance rights lapsed as a result of non-market hurdles not attained.

# Notes to the consolidated financial statements continued

## Group disclosures

### F4 Parent entity financial information

#### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

##### Statement of comprehensive income

For the year ended 30 June	2021 \$m	2020 \$m
Total revenue	490.1	516.0
Total expenses	(2.5)	(16.4)
<b>Profit before income tax expense</b>	<b>487.6</b>	<b>499.6</b>
Income tax expense	0.7	0.4
<b>Net profit for the period</b>	<b>488.3</b>	<b>500.0</b>
Other comprehensive income for the period, net of tax	(11.3)	(0.1)
<b>Total comprehensive income/(loss) for the period</b>	<b>477.0</b>	<b>499.9</b>

##### Balance sheet

As at 30 June		
Current assets	142.0	147.4
Non-current assets	3,485.5	3,459.6
<b>Total assets</b>	<b>3,627.5</b>	<b>3,607.0</b>
Current liabilities	21.9	25.8
Non-current liabilities	-	0.1
<b>Total liabilities</b>	<b>21.9</b>	<b>25.9</b>
<b>Net assets</b>	<b>3,605.6</b>	<b>3,581.1</b>
Issued capital	3,027.2	3,027.2
Retained earnings	572.8	538.2
Asset revaluation reserve	(11.2)	0.1
Equity compensation reserve	16.8	15.6
<b>Total equity</b>	<b>3,605.6</b>	<b>3,581.1</b>

The financial information for the parent entity, ASX, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Unlisted shares in subsidiaries are accounted for at cost in the financial statements of ASX.

ASX elected to form a tax consolidated group (tax group) for income tax purposes. ASX is the head entity and is therefore liable for the income tax liabilities of the tax group. The consolidated current and deferred tax amounts arising from temporary differences of the members of the tax group are recognised in the separate financial statements of the members of the tax group using the 'separate taxpayer within group' approach. ASX has entered into a tax funding agreement with members of the Australian tax group. The agreement has the objective of achieving an appropriate allocation of the Group's income tax expense to the main operating subsidiaries within the Group. The tax funding agreement also has the objective of allocating deferred tax assets relating to tax losses only, and current tax liabilities of the main operating subsidiaries to ASX. The subsidiaries will reimburse ASX for their portion of the Group's current tax liability and will recognise this payment as an inter-entity payable or receivable in their financial statements for that financial year. ASX will reimburse the subsidiaries for the deferred tax asset from any unused tax losses or credits by making a payment equal to the carrying value of the deferred tax asset.

#### (b) Guarantees entered into by the parent entity

The parent entity, ASX, is party to a Deed of Cross Guarantee together with the entities defined in note F2. Under the Deed, the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. No deficiencies of assets exist in any of these entities.

#### (c) Contractual commitments and contingencies

ASX has an agreement with ASX Clear for a \$230.0 million (2020: \$230.0 million) standby liquidity loan facility that may be used in limited and specific circumstances following the default of clearing participants.

ASX has an agreement with CHES Depositary Nominees Pty Limited (CDN) which provides \$10.0 million (2020: \$10.0 million) in funds to support CDN's licence obligations if required.

No payments were made under either facility in the current or prior financial year.

The NGF, which is administered by SEGC, is maintained to provide compensation for prescribed claims arising from dealings with market participants as set out in the *Corporations Act 2001*. If the net assets of the NGF fall below the minimum amount determined by the Minister, SEGC may determine that ASX or participants must pay a levy to SEGC. No levies were called on ASX in the current or prior financial year.

In accordance with the Financial Stability Standards recovery rules, the parent entity, ASX, is obligated in certain circumstances to replenish a shortfall in the financial resources available to the CCPs up to predetermined levels for any one participant default. No replenishments were made in the current or prior year. In accordance with the Australian Financial Services Licence of ASX Collateral Management Services Pty Limited, ASX Limited has an obligation to fund any amounts required by the subsidiary.

ASX Limited did not have any other contractual commitments or contingent liabilities for the years ended 30 June 2021 or 2020.

#### (d) Borrowings

ASX Limited has an unsecured committed facility that can only be called upon to provide short-term liquidity to ASX Clear following a clearing participant default. The facility limit is \$180.0 million (2020: \$180.0 million) and remained undrawn at the date of this report.

ASX Limited also has a bilateral corporate debt facility to assist with short-term working capital requirements. The facility limit is \$300.0 million and there are no outstanding balances owed at the end of the current reporting period.

The proceeds and repayments of the bilateral corporate debt facility are summarised below:

For the year ended 30 June	2021 \$m	2020 \$m
<b>As at 1 July</b>	-	-
<b>Cash flows</b>		
Proceeds	200.0	100.0
Repayments	(200.0)	(100.0)
<b>Total</b>	-	-

# Notes to the consolidated financial statements continued

## Group disclosures

### F5 Other disclosures

#### F5.1 Commitments

##### (a) Capital commitments

Capital commitments contracted for but not yet incurred as at balance date are as follows:

As at 30 June	2021 \$m	2020 \$m
Intangible assets – software	19.4	22.3

#### F5.2 Share-based payments

##### (a) LTVR Plan

The Group provides performance rights to ordinary shares of the Company to employees as part of the LTVR Plan to recognise performance, skills and behaviours that deliver sustainable long-term shareholder value. They entitle certain KMP to performance rights over ASX Limited shares.

Participants are granted performance rights that only vest if certain performance conditions are met. All performance rights are to be settled by physical delivery of ordinary shares in ASX Limited subject to the performance conditions being attained. The number of rights that vest depends on an EPS hurdle being achieved and ASX's total shareholder return (TSR) relative to a comparator group. Under all of the plans, 50% of the performance rights are dependent on relative EPS growth and 50% on relative TSR. All plans have a contractual life of four years and do not carry rights to dividends.

The following table shows the movement in the number of performance rights during the current and prior year.

For the year ended 30 June	2021 No. of rights	2020 No. of rights
Opening balance at 1 July	101,983	96,602
Granted during the year	18,137	18,422
Vested during the year	(15,666)	(6,520)
Lapsed during the year	(15,668)	(6,521)
Closing balance at 30 June	88,786	101,983

Details of each of the plans and the number of grants outstanding at the end of the reporting period is shown in the following table.

Grant date/employees entitled	Number of instruments granted	Weighted average fair value
Performance rights granted to KMP on 2 October 2020	18,137	\$55.90
Performance rights granted to KMP on 24 September 2019	18,422	\$50.82
Performance rights granted to KMP on 4 October 2018	23,764	\$38.91
Performance rights granted to KMP on 26 September 2017	28,463	\$34.30
<b>Total</b>	<b>88,786</b>	

##### (b) Deferred equity plans

The Group operates deferred equity plans for KMPs and other employees. Under the plan, an employee receives between 40%–50% of their STVR in cash and the remainder as shares, which are deferred for two to four years in equity. If the employee ceases employment during the deferred share period, the shares are forfeited, except in certain limited circumstances.

Employees have full ownership rights of the shares under the schemes including voting rights and entitlement to dividends. Provided the employee remains employed by the ASX Group and maintains satisfactory individual performance, the shares are subject to a holding lock until vesting. Post vesting, employees can only deal with the shares in accordance with ASX's dealing rules. The shares cannot be transferred to another person or disposed of during this period.

The number of shares allocated to each eligible employee is the amount of the STVR award deferred into shares divided by the volume weighted average price (VWAP) over the five business days up to and including the offer close date, rounded to the nearest share.

During the year, there were 98,913 (2020: 103,900) shares allocated. The shares are recognised at their fair value, being the market price on purchase date. The weighted average fair value of the shares issued under the deferred equity plans during the year was \$86.79 (2020: \$83.79).

# Notes to the consolidated financial statements continued

## Group disclosures

### (c) Employee Share Purchase Plan

The ASX Employee Share Purchase Plan offers the opportunity for employees to purchase fully paid ordinary shares in ASX through salary sacrifice up to the value of \$1,000 at a discount of 10%. All Australian permanent full-time and part-time employees, and maximum-term contractors with end dates beyond 30 June are eligible to participate in the scheme.

Employees have full ownership rights of the shares under the scheme including voting rights and entitlement to dividends. The shares are subject to a three-year holding lock and as such cannot be transferred to another person or disposed of until the earlier of cessation of employment or three years from grant date, and subject to compliance with ASX's dealing rules.

The number of shares allocated to each employee is the offer amount divided by the VWAP over the five business days up to and including the offer close date, rounded down to the nearest share.

Under the 2021 Plan, 6,566 shares (2020: 5,232) were issued in total. The shares are recognised at their fair value of \$68.72 (2020: \$74.30), being the market price on the purchase date.

### (d) Employee expenses

The following table shows the total share-based payments recognised within staff expenses during the year, and includes the impact of reversals resulting from non-market based performance hurdles not being achieved.

	2021 \$m	2020 \$m
LTVR Plan	1.2	0.2
Deferred equity plans	8.2	6.9
Employee Share Purchase Plan	0.5	0.4
<b>Total</b>	<b>9.9</b>	<b>7.5</b>

The fair value of the performance rights for the EPS component is calculated using the share price at market close on the grant date, less the present value of the expected dividends over the performance period. The fair value of performance rights for the TSR component is calculated by an independent valuer using a Monte-Carlo simulation model.

Fair values are recognised over the vesting period as an expense with a corresponding increase in the equity compensation reserve. Fair values include the impact of any market performance conditions and the impact of any non-vesting conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The impact of any revisions to the original estimates are recognised in profit or loss with a corresponding adjustment to equity.

### F5.3 Auditor's remuneration

The following fees were paid or payable by the Group for and on behalf of all Group entities for services provided by the auditor and its related practices during the financial year:

PricewaterhouseCoopers Australia	2021 \$'000	2020 \$'000
<b>Statutory audit services:</b>		
Audit and review of the financial statements and other audit work under the <i>Corporations Act 2001</i>	771	687
Audit of information technology platforms	314	196
<b>Other audit services:</b>		
Code of Practice compliance	84	80
<b>Non-audit services:</b>		
Tax compliance services	173	157
<b>Total remuneration for PricewaterhouseCoopers Australia</b>	<b>1,342</b>	<b>1,120</b>

### F5.4 Subsequent events

There have been no matters or circumstances that have arisen which have significantly affected the operations of the Group, the results of those operations or the state of affairs of the Group from the end of the period to the date of this report.

# Directors' declaration

In the opinion of the directors of ASX Limited (the Company):

- a. the financial statements and notes that are contained in pages 64 to 100 in the Annual Report, are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
  - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note F2 will be able to meet any liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note F2, and
- d. the financial statements also comply with International Financial Reporting Standards as disclosed in note A1.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the directors:



**Damian Roche**  
Chairman



**Dominic Stevens**  
Managing Director and Chief Executive Officer

Sydney, 19 August 2021



## Independent auditor's report to the members of ASX Limited

### Report on the audit of the financial report

#### Our opinion

In our opinion:

The accompanying financial report of ASX Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

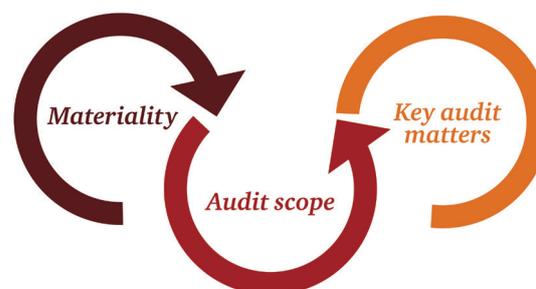
#### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



#### Materiality

- For the purpose of our audit we used overall Group materiality of \$34.4m, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

#### Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

PricewaterhouseCoopers, ABN 52 780 433 757

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## Independent auditor's report to the members of ASX Limited continued

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of assets</b></p> <p><b>Goodwill impairment assessment</b> (Refer to note E2)</p> <p>The Group's goodwill is allocated to two Cash Generating Units (CGUs): 'exchange-traded' (\$2,242.2m) and 'non-exchange traded' (\$75.4m).</p> <p>We considered this a key audit matter due to the financial significance of the goodwill balance (\$2.3bn as at 30 June 2021) and the inherent judgement and estimation uncertainty in the Group's assessment of the value in use of each CGU. This includes the continued impact and uncertainty surrounding the COVID-19 pandemic on the Group's judgements over future cash flows, and the terminal growth and discount rates applied to cash flow forecasts.</p> <p>The Group performed an annual impairment assessment over the goodwill balance, as required by Australian Accounting Standards, by:</p> <ol style="list-style-type: none"> <li>1. Calculating the value in use for each CGU using a discounted cash flow model. The key assumptions in this model include cash flows (revenues, expenses and capital expenditure) for each CGU for five years and a growth rate to extrapolate cash flow projections beyond 5 years (terminal growth rate). The cash flows were discounted to net present value using a discount rate determined to be appropriate by the Group</li> <li>2. Comparing the value in use of each CGU to their respective carrying values.</li> </ol> <p>The Group also performed a sensitivity analysis over the value in use calculations, by varying the assumptions used (terminal growth rate and discount rate) to assess the impact on the impairment assessment.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the design of the Group's relevant controls over the impairment assessment of goodwill</li> <li>• Evaluating the determination and composition of the CGUs to which goodwill is allocated</li> <li>• Evaluating the Group's cash flow forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations in the discounted cash flow model (the model) and assessing whether the value in use cash flow forecasts were consistent with previous performance, the Board-approved budgets and that significant assumptions in the budgets were subject to oversight by the directors</li> <li>• Assessing the reasonableness of the Group's disclosures in the financial report against the requirements of Australian Accounting Standards.</li> </ul> <p>Together with PwC valuation experts, we also:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the value in use methodology based on the requirements of Australian Accounting Standards</li> <li>• Compared the forecast cash flows and growth rates used in the Group's cash flow forecasts to historical results and economic and industry forecasts</li> <li>• Assessed the appropriateness of the discount rate used in the model by comparing the cost of capital for the Group to market data and industry research.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of financial instruments</b></p> <p><b>A) Valuation and existence of other financial assets at amortised cost</b> (Refer to note C3)</p> <p>At 30 June 2021, other financial assets at amortised cost were \$7.6bn and comprised of reverse repurchase agreements, negotiable certificates of deposit, promissory notes and treasury notes.</p> <p>We considered this a key audit matter due to the financial significance of the balance.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness and reliability of data used in the Group's calculations by agreeing a sample of key inputs to source documentation</li> <li>• Assessing the mathematical accuracy of the Group's valuation calculations through reperformance</li> <li>• Confirming the existence of other financial assets at amortised cost with counterparties as at 30 June 2021</li> <li>• Assessing the reasonableness of the Group's disclosures in the financial report against the requirements of Australian Accounting Standards.</li> </ul>



## Independent auditor's report to the members of ASX Limited continued

Key audit matter	How our audit addressed the key audit matter
<p><b>B) Valuation and existence of financial assets at fair value</b> (Refer to note C3)</p> <p>At 30 June 2021, financial assets at fair value through profit and loss (FVTPL) were \$458.7m and comprised non-cash collateral.</p> <p>\$399.7m of the financial assets are classified as 'level 1' in accordance with the categorisation criteria under Australian Accounting Standards, where quoted prices in active markets are available for identical assets.</p> <p>The remaining \$59m is classified as 'level 2', where values are derived from observable prices (or inputs to valuation models) other than quoted prices included within 'level 1'. The valuation of 'level 2' securities therefore requires a higher degree of judgement by the Group.</p> <p>We considered this a key audit matter due to the financial significance of the balance, as well as the inherent judgement involved in valuing level 2 financial instruments at fair value.</p>	<p>Together with PwC valuation experts, our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the design of the Group's relevant controls over the valuation of financial assets at FVTPL</li> <li>• Testing the valuation of financial assets at FVTPL held by the Group as at 30 June 2021, by reference to quoted prices in active markets</li> <li>• Confirming the existence of financial assets at fair value with counterparties as at 30 June 2021</li> <li>• Assessing the reasonableness of the Group's fair value disclosures in the financial report, including the classification of the financial assets at FVTPL as 'level 1' and as 'level 2' against the requirements of Australian Accounting Standards.</li> </ul>
<p><b>Accuracy of revenue recognition</b> (Refer to note B2)</p> <p>At 30 June 2021, revenue from contracts from customers in the consolidated statement of comprehensive income totalled \$962.3m.</p> <p>Listings and Issuer Services (\$260.8m) comprises: initial and subsequent listing fees, which are deferred and recognised evenly over the period the listing services is expected to be provided, which is five years for initial listings and three years for subsequent listings; and annual listing fees, which are recognised evenly over the financial year the service is provided.</p> <p>All other revenue streams (\$701.5m) (Derivatives and OTC Markets; Trading Services; and Equity Post-Trade Services) are recognised at the point in time the service is provided.</p> <p>We considered this a key audit matter due to the financial significance of total revenue and the inherent judgement required by the Group in determining the period that it expects to satisfy its performance obligations in relation to listing services, within the listings and issuer services revenue stream.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the design of the Group's relevant controls over revenue recognition and assessing whether a sample of these controls operated effectively throughout the year</li> <li>• Evaluating the appropriateness and reliability of data used in the Group's revenue calculations by agreeing a sample of inputs to source documentation</li> <li>• Assessing the mathematical accuracy of a sample of the Group's revenue calculations through reperformance</li> <li>• Considering whether revenue recognised during the current year was recognised in the appropriate accounting period and did not relate to an earlier or later period</li> <li>• Evaluating the appropriateness of the Group's methodology and significant assumptions used to determine the deferral periods applied to initial and subsequent listings revenue against the requirements of Australian Accounting Standards</li> <li>• Assessing the mathematical accuracy of the Group's calculations of the deferral periods by recalculating revenue recognised and revenue received in advance for a sample of initial and subsequent listing fees, using the Group's methodology</li> <li>• Assessing the reasonableness of the Group's disclosures in the financial report against the requirements of Australian Accounting Standards.</li> </ul>



## Independent auditor's report to the members of ASX Limited continued

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the Remuneration Report

#### Our opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 60 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of ASX Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Voula Papageorgiou  
Partner

Sydney, 19 August 2021

# Key financial ratios

Year ended 30 June	Notes	FY17	FY18	FY19	FY20	FY21
Basic earnings per share (EPS)	1	224.5c	230.0c	254.1c	257.6c	248.4c
Diluted EPS	1	224.5c	230.0c	254.1c	257.6c	248.4c
Underlying EPS	2	224.5c	240.4c	254.1c	265.4c	248.4c
Dividend per share – interim		102.0c	107.2c	114.4c	116.4c	112.4c
Dividend per share – final		99.8c	109.1c	114.3c	122.5c	111.2c
Dividend per share – special		-	-	129.1c	-	-
Statutory return on equity	3	11.4%	11.5%	12.8%	13.6%	13.1%
Underlying return on equity	4	11.4%	12.0%	12.8%	14.0%	13.1%
EBITDA/operating revenue	5,6	76.3%	76.2%	75.1%	74.9%	73.0%
EBIT/operating revenue	5,6	70.3%	70.5%	69.6%	69.5%	67.4%
Total expenses (including depreciation and amortisation)/operating revenue	5,6	29.7%	29.5%	30.4%	30.5%	32.6%
Capital expenditure (\$m)		\$50.3	\$54.1	\$75.1	\$80.4	\$109.8
Net tangible asset backing per share		\$7.59	\$7.79	\$7.53	\$6.32	\$6.04
Net asset backing per share		\$20.19	\$20.38	\$20.23	\$19.22	\$19.30
Shareholders' equity as a % of total assets (excluding participants' balances)		76.2%	89.1%	86.5%	78.5%	85.3%
Shareholders' equity as a % of total assets (including participants' balances)		29.6%	30.5%	25.5%	21.4%	22.5%
Share price at end of period		\$53.61	\$64.39	\$82.37	\$85.38	\$77.71
Ordinary shares on issue at end of period		193,595,162	193,595,162	193,595,162	193,595,162	193,595,162
Weighted average number of ordinary shares (excluding treasury shares)	7	193,415,430	193,507,104	193,576,187	193,587,739	193,591,795
Market value of ordinary shares on issue at end of period (\$m)		\$10,379	\$12,466	\$15,946	\$16,529	\$15,044
Market to book ratio at end of period		2.66	3.16	4.07	4.44	4.03
<b>Full-time equivalent permanent staff</b>						
Number at period end		554	587	689	726	748
Average during the period		556	560	650	709	742
1. Based on statutory net profit after tax (NPAT) including significant items and weighted average number of shares. 2. Based on underlying NPAT excluding significant items and weighted average number of shares. 3. Based on statutory NPAT including significant items. 4. Based on underlying NPAT excluding significant items. 5. Operating revenue excludes interest and dividend revenue (underlying). 6. EBITDA – earnings before interest, tax, depreciation and amortisation; EBIT – earnings before interest and tax. These metrics along with total expenses exclude significant items. 7. Weighted average number of ordinary shares used to calculate EPS.						

# Transaction levels and statistics

Year ended 30 June	FY17	FY18	FY19	FY20	FY21
<b>Listings and Issuer Services</b>					
Total domestic market capitalisation (\$bn) – period end	\$1,777	\$1,957	\$2,069	\$1,918	\$2,498
Total number of listed entities (includes stapled entities) – period end	2,239	2,285	2,269	2,188	2,228
Number of new listings	152	137	111	83	176
Average annual listing fee	\$35,419	\$37,569	\$41,356	\$42,214	\$40,341
Initial capital raised (\$m)	\$14,652	\$25,693	\$37,402	\$26,964	\$40,574
Secondary capital raised (\$m)	\$37,160	\$43,022	\$38,830	\$65,033	\$50,561
Other secondary capital raised including scrip-for-scrip (\$m)	\$4,156	\$12,998	\$9,783	\$5,193	\$11,359
<b>Total capital raised (\$m)</b>	<b>\$55,968</b>	<b>\$81,713</b>	<b>\$86,015</b>	<b>\$97,190</b>	<b>\$102,494</b>
Number of new warrant series quoted	1,828	1,967	1,849	2,060	867
Total warrant series quoted	2,827	2,976	2,789	2,516	2,418
<b>Cash market</b>					
Trading days	253	252	252	255	254
Total cash market trades ('000)	266,433	292,528	359,985	460,789	384,150
Average daily cash market trades	1,053,096	1,160,826	1,428,512	1,807,015	1,512,400
Continuous trading (\$bn)	\$735,447	\$677,893	\$722,111	\$995,319	\$994,431
Auctions (\$bn)	\$236,983	\$262,126	\$333,979	\$409,876	\$363,198
Centre Point (\$bn)	\$107,043	\$106,481	\$113,030	\$120,436	\$106,134
Trade reporting (\$bn)	\$167,377	\$185,316	\$211,568	\$266,053	\$217,171
<b>Total cash market value (\$bn)</b>	<b>\$1,246.850</b>	<b>\$1,231.816</b>	<b>\$1,380.688</b>	<b>\$1,791.684</b>	<b>\$1,680.934</b>
Average daily on-market value (\$bn)	\$4.267	\$4.153	\$4.639	\$5.983	\$5.763
Average daily value (including trade reporting) (\$bn)	\$4.928	\$4.888	\$5.479	\$7.026	\$6.618
Average trade size	\$4,680	\$4,211	\$3,835	\$3,888	\$4,376
Average trading fee per dollar of value (bps)	0.37	0.37	0.37	0.36	0.36
Velocity (total value/average market capitalisation) <sup>1</sup>	88%	83%	87%	107%	92%
Number of dominant settlement messages (m)	17.8	17.9	19.6	22.5	22.7

<sup>1</sup> Total value transacted on all venues.

# Transaction levels and statistics continued

Year ended 30 June	FY17	FY18	FY19	FY20	FY21
<b>Equity options (excluding ASX SPI 200)</b>					
Trading days (exchange-traded options)	253	252	252	255	254
<b>Total contracts traded – equity options ('000)</b>					
Single stock options	93,295	80,091	73,825	65,894	56,887
Index options and futures	10,388	12,461	11,282	9,842	5,328
Average daily single stock options contracts	368,755	317,822	292,957	258,406	223,964
Average daily index options contracts	41,060	49,449	44,770	38,596	20,975
Average fee per derivatives contract	\$0.21	\$0.24	\$0.23	\$0.24	\$0.19
<b>Futures</b>					
Trading days (futures and options)	256	255	255	257	256
<b>Total contracts traded – futures ('000)</b>					
ASX SPI 200	12,255	13,782	15,994	19,246	14,425
90 day bank bills	28,931	33,226	34,698	24,967	12,833
3 year bonds	53,233	56,041	60,488	58,091	45,598
5 year bonds	-	-	-	-	1,138
10 year bonds	41,697	47,729	51,883	56,772	65,371
20 year bonds	545	383	256	190	201
30 day interbank cash rate	2,455	1,952	4,268	5,743	527
Agricultural	91	84	93	95	241
Electricity	344	371	413	539	786
Other <sup>1</sup>	102	149	112	118	205
NZ\$ 90 day bank bills	1,422	1,697	2,329	2,354	2,240
<b>Total futures</b>	<b>141,075</b>	<b>155,414</b>	<b>170,534</b>	<b>168,115</b>	<b>143,565</b>
<b>Total contracts traded – options on futures ('000)</b>					
ASX SPI 200	202	140	98	65	28
3 year bonds	152	85	227	177	3
Overnight 3 year bonds	478	314	279	269	0
Intraday 3 year bonds	460	344	610	508	27
10 year bonds <sup>2</sup>	19	36	4	25	61
Electricity	27	36	56	79	116
Other <sup>3</sup>	5	-	-	2	-
<b>Total options on futures</b>	<b>1,343</b>	<b>955</b>	<b>1,274</b>	<b>1,125</b>	<b>235</b>
<b>Total futures and options on futures contract volume ('000)</b>					
Daily average contracts – futures and options	556,321	613,211	673,757	658,522	561,720
Average fee per contract – futures and options	\$1.39	\$1.36	\$1.36	\$1.44	\$1.49
<b>OTC markets</b>					
Total notional cleared value (\$bn) <sup>4</sup>	\$5,165.949	\$6,314.322	\$9,710.616	\$12,454.307	\$5,200.102
Open notional cleared value (\$bn) – period end	\$2,924.287	\$3,773.703	\$7,207.582	\$5,098.019	\$3,101.448

<sup>1</sup> Other includes VIX and sector futures.

<sup>2</sup> 10 year bonds includes overnight and intraday 10 year bonds.

<sup>3</sup> Other includes agricultural and 90 day bank bills.

<sup>4</sup> Cleared notional value is double sided.

# Transaction levels and statistics continued

Year ended 30 June	FY17	FY18	FY19	FY20	FY21
<b>Austraclear</b>					
Settlement days	253	252	253	255	254
<b>Transactions ('000)</b>					
Cash transfers	582	605	610	645	565
Fixed interest securities	741	770	812	975	1,100
Discount securities	146	146	147	131	103
Foreign exchange	9	9	9	6	5
Other	1	1	0	0	1
<b>Total transactions ('000)</b>	<b>1,479</b>	<b>1,531</b>	<b>1,578</b>	<b>1,757</b>	<b>1,774</b>
Average daily settlement volume	5,844	6,076	6,239	6,889	6,984
Securities holdings (\$bn) – monthly average	\$1,915.4	\$1,908.5	\$2,003.7	\$2,142.0	\$2,573.8
Securities holdings (\$bn) – period end	\$1,860.3	\$1,948.8	\$2,054.5	\$2,358.2	\$2,667.4
Average settlement and depository fee (including portfolio holdings) per transaction (excludes registry services revenue)	\$16.34	\$16.63	\$16.88	\$16.55	\$17.19
ASX Collateral (\$bn) – average	\$10.3	\$19.9	\$21.9	\$26.9	\$18.2
ASX Collateral (\$bn) – period end	\$16.2	\$23.5	\$22.4	\$43.4	\$4.1
<b>System uptime (period average)</b>					
ASX Trade	99.79%	100.00%	100.00%	100.00%	99.72%
CHESS	100.00%	99.99%	100.00%	100.00%	100.00%
Futures trading	100.00%	100.00%	100.00%	100.00%	100.00%
Futures clearing	100.00%	100.00%	100.00%	100.00%	100.00%
Austraclear	99.98%	99.98%	100.00%	100.00%	100.00%
<b>Technical services (number at period end)</b>					
<b>ASX distribution platform</b>					
Australian Liquidity Centre cabinets	285	301	324	326	368
<b>Connection services</b>					
ASX Net connections	123	112	104	103	103
ASX Net service feeds	437	444	447	455	452
Australian Liquidity Centre service connections	871	984	1,068	1,078	1,170
<b>ASX service access</b>					
ASX ITCH access	43	49	54	56	56
Futures ITCH access	74	80	73	71	75
<b>ASX market access</b>					
ASX sessions	1,033	922	886	882	832
ASX gateways	179	160	155	160	139
ASX liquidity cross-connections	60	64	57	55	55
ASX OUCH access	73	82	75	95	104
Futures gateways	199	251	329	245	203
Futures liquidity cross-connections	334	381	482	378	349

# Shareholder information

## ASX Limited – ordinary shares

ASX has ordinary shares on issue. These are listed on the Australian Securities Exchange under code: ASX. Details on trading activity are published daily in most major Australian newspapers (print, online and mobile) and by electronic information vendors.

At a general meeting, every shareholder present in person or by direct vote, proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held unless that share is a default share.

The ASX Constitution classifies default shares as any share held above the 15% voting power limit by one party and its associates.

## Distribution of shareholdings as at 29 July 2021

Number of shares held	Number of holders	Number of shares	% of issued capital
1 to 1,000	42,471	13,269,254	6.85%
1,001 to 5,000	8,761	17,455,150	9.02%
5,001 to 10,000	724	5,064,308	2.62%
10,001 to 100,000	602	18,643,928	9.63%
100,001 and over	89	139,162,522	71.88%
<b>Total</b>	<b>52,647</b>	<b>193,595,162</b>	<b>100%</b>

## Marketable parcel

As at 29 July 2021, there were 383 holders holding less than a marketable parcel of ASX shares.

A marketable parcel of ASX shares was seven shares, based on a closing price of \$77.44 on 29 July 2021.

## On-market buy-back

There is no current on-market buy-back.

## Substantial shareholders as at 29 July 2021

The following organisations have disclosed a substantial shareholder notice to ASX.

Name	Number of shares	% of voting power
UniSuper Limited	25,491,073	13.17
BlackRock Group	11,712,985	6.05
AustralianSuper Pty Limited	11,620,588	6.00
State Street Corporation	9,790,634	5.06
Vanguard Group Inc	9,684,443	5.00

## Largest 20 shareholders as at 29 July 2021

Name	Number of shares	% of issued capital
1. HSBC Custody Nominees	45,185,106	23.34
2. J P Morgan Nominees Australia Pty Limited	35,057,543	18.11
3. BNP Paribas Nominees Pty Limited	30,970,655	16.00
4. Citicorp Nominees Pty Limited	10,274,389	5.31
5. National Nominees Limited	3,087,041	1.59
6. Australian Foundation Investment Company Limited	1,432,000	0.74
7. Milton Corporation Limited	548,965	0.28
8. Netwealth Investments Limited	502,464	0.26
9. BKI Investment Company Limited	397,750	0.21
10. Djerriwarr Investments Limited	384,500	0.20
11. Pacific Custodians Pty Limited	359,712	0.19
12. The Senior Master of the Supreme Court	337,032	0.17
13. Mutual Trust Pty Ltd	335,350	0.17
14. Law Venture Pty Limited	308,999	0.16
15. Broadgate Investments Pty Ltd	241,599	0.12
16. AMP Life Limited	241,460	0.12
17. Navigator Australia Ltd	230,469	0.12
18. Raffael Pty Ltd	183,474	0.09
18. Mr Michael Denis Briody	183,474	0.09
18. Mr Leslie Guy Julian Paynter	183,474	0.09
18. Mr Kevin Joseph Troy	183,474	0.09
18. Mr Gilles Thomas Kryger	183,474	0.09
18. Vaucluse Skyline Pty Limited	183,474	0.09
18. Trevorann Investments Pty Ltd	183,474	0.09
<b>Total</b>	<b>130,996,061</b>	<b>67.7</b>

## Shareholders' calendar

### FY21

Full-year financial results announcement	19 August 2021
<b>Full-year dividend</b>	
Ex-dividend date	6 September 2021
Record date for dividend entitlements	7 September 2021
Payment date	29 September 2021
<b>Annual General Meeting</b>	<b>29 September 2021</b>

### FY22<sup>1</sup>

Half-year financial results announcement	10 February 2022
<b>Half-year dividend</b>	
Ex-dividend date	3 March 2022
Record date for dividend entitlements	4 March 2022
Payment date	23 March 2022
Full-year financial results announcement	18 August 2022
<b>Full-year dividend</b>	
Ex-dividend date	8 September 2022
Record date for dividend entitlements	9 September 2022
Payment date	28 September 2022
<b>Annual General Meeting</b>	<b>28 September 2022</b>

<sup>1</sup> Dates are subject to final ASX Board approval.

# Shareholder information continued

## Annual General Meeting 2021

The ASX Annual General Meeting will be held at 10am (Sydney time) on Wednesday 29 September 2021. Shareholders can participate online. Details about how shareholders can view and participate in the meeting are set out on ASX's website and in the Notice of Meeting.

ASX's Notice of Annual General Meeting has been released on the Market Announcements Platform.

The proceedings will be archived on the ASX website for viewing after the live event.

The external auditor will be present at the meeting to answer questions relevant to the external audit.

## Electronic communication

ASX encourages shareholders to receive information electronically.

Shareholders who currently receive information by post can log in at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to provide their email address and elect to receive electronic communications.

ASX emails shareholders when important information becomes available such as financial results, dividend statements, notices of meeting, voting forms and annual reports.

Electronic communication allows ASX to communicate with shareholders quickly and reduces ASX's paper usage.

**For further information, please contact ASX's share registry, Link Market Services, on 1300 724 911 or at [asx@linkmarketservices.com.au](mailto:asx@linkmarketservices.com.au)**

## Important information about dividend payments

Australian and New Zealand shareholders receive their dividend payments by direct credit only. No cheque payments are made to these shareholders.

If you have not already done so, please provide your direct credit instructions by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

# Directory

## Shareholder enquiries

### Enquiries about shareholdings in ASX Limited

Please direct all correspondence to ASX's share registry:

#### Link Market Services

Level 12, 680 George Street  
Sydney NSW 2000

#### Telephone

1300 724 911

#### Email

[asx@linkmarketservices.com.au](mailto:asx@linkmarketservices.com.au)

#### Website

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Questions to the ASX Chairman, Managing Director and CEO, or auditor

These may be emailed to:

[company.secretariat@asx.com.au](mailto:company.secretariat@asx.com.au)

Or mailed to ASX's registered office (details in right-hand column), marked to the attention of the Company Secretary.

## Further information

#### Website

[www.asx.com.au](http://www.asx.com.au)

#### ASX customer service

##### Telephone from within Australia

131 279 (for the cost of a local call from anywhere in Australia)

##### Telephone from overseas

(61 2) 9338 0000

##### General enquiries email

[info@asx.com.au](mailto:info@asx.com.au)

#### Investor relations

##### Telephone

(61 2) 9227 0646

##### Email

[investor.relations@asx.com.au](mailto:investor.relations@asx.com.au)

#### Media

##### Telephone

(61 2) 9227 0010

##### Email

[media@asx.com.au](mailto:media@asx.com.au)

## ASX's offices around Australia

### Sydney (ASX's registered office)

#### Exchange Centre

20 Bridge Street  
Sydney NSW 2000

#### Telephone

(61 2) 9227 0000

#### Perth

Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

#### Telephone

(61 8) 9224 0000

#### Melbourne

Level 4, North Tower, Rialto  
525 Collins Street  
Melbourne VIC 3000

#### Telephone

(61 3) 9617 8611

## ASX's auditor

### PricewaterhouseCoopers

GPO Box 2650  
Sydney NSW 2001

#### Telephone

(61 2) 8266 0000

#### Website

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asx.com.au



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