

ASX AGM 2021 – Transcript (edited)

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Mr Roche: Good morning. Welcome to the 2021 Annual General Meeting of ASX Limited. It is 10:00 am, we have a quorum present and I declare the meeting open. I'm Damian Roche, Chairman of ASX. I acknowledge this AGM is being produced on the traditional lands of the Gadigal people. I pay my respects to their Elders past and present. As was the case last year, you, our shareholders, have been invited to participate in the AGM online. We believe this is in the best interests of everyone's health and safety. We encourage shareholders to take part in the meeting online or over the phone. You will be able to watch in real time, submit questions and cast your votes. I'll explain more on that a little later.

On behalf of the Board, I welcome our shareholders, proxyholders and guests. I'm joined in person and in accordance with strict COVID protocols, by Managing Director and CEO, Dominic Stevens and Group General Counsel and Company Secretary, Daniel Moran. Yasmin Allen, Melinda Conrad, Ken Henry, Peter Marriott, Peter Nash, Heather Ridout and Rob Woods are attending the meeting online. Also attending today's meeting is Voula Papageorgiou from PricewaterhouseCoopers, our external auditor. Voula will be able to answer questions you may have about the audit of the financial statements later in the meeting.

The prepared AGM speeches from me and the CEO have been released to the market. Before giving an update on ASX's performance during the year, I would like to outline the technical and procedural matters for this meeting. An online virtual meeting guide, which explains how shareholders may participate in the meeting, was released to the market and is on the ASX website. This is also available in the download section of the online platform. If you are participating via the AGM online platform, you will see a screen showing a video screen on the left and presentation slides on the right. At the bottom of the screen are three boxes. These allow you to get a voting card, ask a question and download relevant documents.

Thank you to those shareholders who have submitted questions prior to the meeting. We will address those questions in our prepared speeches. If you had a question that you would like to ask today, there are two ways to do so. Firstly, you may type questions into the online platform. To do this, click Ask a Question and follow the prompts. There is a limit of 512 characters for written questions. To ensure you have enough time to type and submit your questions, I encourage you to start typing now instead of waiting until later in the meeting. Online questions that are relevant to the business of this meeting will be read aloud to me by an ASX staff member. We may aggregate questions if we receive multiple questions on the same topic.

The second way to ask a question is by phone. To do so, you must enter your unique PIN, which could have been obtained from Link Market Services on request prior to the meeting. If you don't have a phone PIN and would like to ask a question over the phone, please contact Link on 1800 990 363 now to receive a PIN. After you have dialled in, you will be asked to mute your computer and listen to the meeting by phone. If you wish to ask a question, press star/one. The moderator will ask your name and will introduce you to the meeting at the relevant time. Please then unmute your phone and ask your question. We will first take questions from shareholders using the online platform and then take questions received over the phone. We will save asking each question until the relevant item of business.

I will now summarise the voting procedures. All items of business will be voted on by poll, which is now open. If you did not cast your vote prior to the meeting, you may cast a live vote using the online platform. Please click Get a Voting Card and follow the prompts. You may cast your live vote at any time during the meeting. Live voting on the online platform will close five minutes after the close of the meeting. I will give you a warning when this five-minute period starts. At the conclusion of the AGM, you will see a red bar appear along the top of the online platform with a countdown timer of how long you have remaining to cast your vote. You must be logged on to the platform to cast the live vote. You cannot cast a vote over the phone.

I confirm that where undirected proxies have been given to me as Chairman, I will vote in favour of the resolution to the extent permitted. During the meeting, we will display on the presentation slides the number of direct and proxy votes received prior to the meeting on each resolution. The final results will be released to the market as soon as they are available. If you experience any difficulties using the online platform, the help line is displayed at the top of the page. Please ring 1800 990 363. If we experience significant technical difficulties during the AGM, we will adjourn the meeting until 4:00 pm Sydney time today, unless otherwise stated. If this occurs, a market announcement will be made and our website updated. Shareholders, proxyholders and guests who have registered to watch the meeting will be notified via text. Link Market services is the returning officer for this meeting.

Let us now move to a discussion on ASX's performance in FY21.

Fellow shareholders, it is a great pleasure to present my first AGM speech as your Chairman.

The impact of the COVID-19 pandemic on our society and our response as a nation has been the story of the year. Just as it was 12 months ago. We hope you and your loved ones are keeping safe and well.

While FY21 had its share of challenges for ASX, it was a year of significant achievement too.

In particular, I am proud of our staff for their adaptability to change and their dedication to serving our markets with integrity. I am also grateful to our customers for their support of our services and infrastructure. And I thank you, our shareholders, for your belief in the value of what ASX does and for having confidence in our future.

Each of those elements is vital for ASX's long-term sustainability, which is the theme of this year's Annual Report. Long-term sustainability brings together ASX's history with our spirit to innovate. It reflects the ASX way of hastening slowly, building value patiently and acting prudently across time. We must continue to perform our core functions with excellence and adopt new, world-best technologies too. That is exactly what we are doing.

Turning to financial highlights, while COVID continued to have an impact on markets in FY21, the inherent strength of ASX's diversified business model delivered solid financial results.

Strong listings and equity market activity, due in part to an ongoing surge in retail trading, were tempered by the effects of the Reserve Bank of Australia's current policy settings on both short-end futures volumes and interest income.

Looking at the slide, operating revenue – shown at top left – was up 1.4% to \$951.5 million. This is a rise of over \$13 million and the ninth consecutive year of operating revenue growth.

In contrast, at top right, underlying net profit after tax fell 6.4%, to just under \$481 million.

On the bottom level of the slide, earnings before interest and tax dipped almost 1.7% to just over \$641 million.

While total ordinary dividends for the year were more than \$2.23 per share, down 6.4% from last year. Our dividend for the second half was just over \$1.11 per share, fully franked. It will be paid today. We have maintained our payout ratio of 90% of underlying profit.

Dominic will provide more detail about ASX's business performance for the year shortly. Before that, I would like to touch on a few aspects of the last 12 months.

The outage to trading last November fell short of our high standards and overshadowed the good work ASX has done to improve its reliability and resilience. We are proud of the fact that the upgrades we have made to our infrastructure have helped reduce technology and operational incidents across ASX by close to 90% over the past five years.

Nevertheless, we are addressing all the recommendations of an independent expert report commissioned to examine the incident and enhancing our project governance, delivery and execution practices. We also made changes to our organisational structure to strengthen management accountability and sharpen our focus on customers.

I can assure shareholders that your Board takes the resilience and reliability of our markets – and the trust our stakeholders have in our activities – extremely seriously. We learn from our experiences and seek to do things better.

That includes learning from the findings and assessments we receive from our regulators, ASIC and the RBA, from time to time throughout the year. For example, we continue to have dialogue with ASIC about a resolution to its investigation of the outage. ASX is a heavily scrutinised organisation. That is appropriate given the importance of our role. We take a constructive approach and are open to new ways to strengthen the quality of how we operate our business. ASX has a culture of continuous improvement.

We are also serious about investing in world-leading technology to serve the market for the next decade and beyond. This investment in improved infrastructure helps unlock innovation. It is also vital for our customers and for the reputation, stability and competitiveness of Australia's financial markets.

It is part of ASX's goal to transform our technology stack and digitise manual processes to build an exchange for the future. This is a multi-year and multi-project undertaking.

The refresh of the ASX equity market trading system fits this. So does our new secondary data centre, upgraded communications network, corporate actions straight-through processing service, new risk management and surveillance systems, upcoming electronic CHESSE statements, and the CHESSE replacement project, which is on-track for go-live in April 2023.

We are safely and strategically transforming Australia's critical financial market infrastructure. It is more than CHESS or one trading system.

I know Dominic will say more in his speech.

From a Board perspective, we accept that change is hard and creates risk. While we do what we can to mitigate risk, doing nothing or trying to squeeze more life out of ageing systems are not risk reduction strategies.

The best measure of lower operational risk is a decline in operational incidents. ASX has achieved this. And we've achieved this at a time of unprecedented investment in people and technology.

We are ambitious for ourselves, our customers and for Australia's financial markets. Realising that ambition takes time, investment and serious effort. There is more work to do and there will be challenges along the way. We ask to be judged on our results overall and over time. That's why we take a holistic approach when overseeing the awarding of performance and reward.

Being an innovative exchange at the leading edge of technology helps build a sustainable future. It is important to put sustainable foundations in place in other areas too.

Your Board has adopted three sustainability goals we aim to achieve by FY25. They relate to: enhancing the diversity and inclusiveness of our workplace, with women comprising 45% of our total workforce; embracing renewable energy sources and cutting emissions within our own operations, with the goal of net zero carbon emissions in FY25 and the use of 100% renewable electricity in FY23; 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.

We are progressing well to achieve all of these targets. Please see the Sustainability section in our Annual Report for details.

Turning to Board matters, in April this year we farewelled 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 up to his retirement. Rick made an enormous contribution to ASX and to Australia's financial markets. I thank him on behalf of us all.

I also acknowledge the significant 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 seeking re-election to the Board today. If successful, he has announced that this will be his final term. Given the recent retirements of Rick and before him Peter Warne, the Board believes retaining Peter Marriott's industry experience and ASX knowledge will be hugely beneficial for the immediate future.

Also seeking re-election today are Yasmin Allen and Heather Ridout. Like Peter, Heather has declared that this will be her final term if re-elected today. Heather is the Chair of our Remuneration Committee, and has served shareholders with great distinction for nine years.

The credentials of all three directors are provided in the Annual Report and Notice of Meeting. They each have the Board's unanimous support.

Board renewal is an area of focus for me as Chairman. I am determined that we stay ahead of ASX's evolving needs and developments. That's why strengthening the technology, cyber security and project management-related expertise of the Board are areas of priority.

The ASX Board is conscientious and committed, and I thank my fellow directors for their work across the year. I also congratulate Dominic, his senior management team and all our people for their diligence and dedication over the last 12 months.

I also acknowledge our regulators – ASIC and the RBA – with whom we engage often and constructively, and have a common interest in preserving the long-term quality of Australia's financial markets.

As I wrote in the Annual Report, serving as Chairman of ASX comes with high expectations. None higher than my own. I am enjoying the role and am optimistic about the future for ASX. Our strategy is sound and we are pursuing it effectively. We will continue to work hard every day to earn the trust of our stakeholders. Our sustainability is built on this. We are on the right path and I look forward to your company along the way. Thank you for your support in FY21.

I now invite Dominic Stevens to address the AGM.

Mr Stevens: Thank you Damian and welcome everyone to our virtual 2021 AGM. Today is the sixth AGM I have had the honour of addressing as ASX's CEO, and the fifth since we started executing our strategy of building an exchange for the future. After briefly discussing some of the drivers behind our FY21 result, I look forward to providing an update on the significant progress that we've made over the last five years.

At our results in August, I described FY21 as eventful. Within 12 months, we experienced a recession, followed by a swift recovery in GDP; we saw high unemployment snap back to pre-COVID levels; and we watched the equity market touch all-time highs at the same time as interest rates were at all-time lows.

Against this economic backdrop, the strength of ASX's diversification was evident in our financial results. Equity-related products and services, as well as data and connectivity products, led to revenue growth in three of our four businesses. Those being Listing and Issuer Services with revenue growth of 8.9%; Trading Services revenue growth of 3.4%; and Equity Post-Trade Services revenue growth of 12.8%.

However, this growth was countered by the impact on our futures trading volumes of the RBA's policy settings to deal with the pandemic. These policy settings included record low interest rates with unprecedented provision of liquidity; yield curve control, which lowered short-term rate volatility; and a term funding facility. These settings drove the 10.4% decline in our Derivatives and OTC Markets revenue, as well as reducing ASX's interest income.

This slide shows the effect of the RBA's policy settings and the opportunities that a normalisation of these settings might bring. The chart depicts our revenues since 2014 split into three parts: the revenue purely from short-end futures contracts, overnight index swaps, bills and three-year bond futures, affected by low interest rate volatility and that's the bottom line; the interest revenue on capital and margins affected by low interest rates, the middle line; and all other revenues not affected by these policies, the thicker blue line at the top.

There are two key takeaways from this chart. Firstly, in two parts of our business, revenue has been affected significantly by these policy settings. And secondly, other ASX revenue has continued growing and in fact have accelerated over the past two years.

Looking ahead, it is encouraging that commentators see a high chance of an unwinding of yield curve control in the medium term. This likelihood, together with the continued strong performance of our other businesses and our ability to leverage the good foundational work over the past five years, gives me confidence in the future. FY21 marks five years of progressing our strategy to build an exchange for the future. In many ways, ASX has been investing and evolving its operations for the future for over 150 years; only the technology enabling our business and the breadth of our focus have changed.

Nonetheless, with the rate of technological change ever increasing, we recognise that to best serve our customers and Australia's financial markets, now more than ever, we need to perform our core functions with excellence and adopt to new, world's best technologies.

In positioning ASX for the next 20 years, our strategy has focused on four key elements.

The first is transforming our technology stack and increasing our resilience. As you might have heard me say before, those companies embracing technological change will lead their industry in growth and innovation. ASX is no different. A contemporary platform provides technological and operational resilience, as well as enabling the digitisation of data and processes. This positions us best to provide the infrastructure and services desired by our customers.

The second element we focused on is enhancing and expanding ASX's products and services. What can we do to make business easier for our customers? And how can we make it easier for our customers to efficiently interact with their own customers? This takes on greater focus as our new tech platform delivers expanded functionality and connectivity.

Innovation is our third element. ASX has a long history at the forefront of the exchange industry in the adoption of technology for the benefit of customers, investors and regulators – for instance, the original CHES system is a great example of ASX being first in the world to digitise share ownership. ASX innovation provides our customers and industry with opportunities for cost and efficiency benefits, as well as the ability to develop new products and services. We believe that distributed ledger technology is a key way to deliver these opportunities.

The fourth and final element is our ongoing commitment to sustainability. This reflects having strong foundations, earning our licence to operate and ensuring ASX continues to deliver long-term value for all its stakeholders – whether they be our people, customers, regulators, shareholders or the broader Australian economy.

ASX strongly believes that progress on these four fronts gives us the best chance of increasing the company's long-term sustainable value for you, our shareholders.

So, if these elements have been our strategic focus over the last five years, how have we done regarding execution? And have we added value over these five years?

Let's start with our technology transformation and digitisation.

I am proud to report that we are well on our way to transforming our equity technology platform. With the rollout of CHESS and some related operational databases over the coming 12 to 18 months, this body of work is scheduled to be completed in April 2023.

On this slide, the height of the columns denotes the age of our key equity technologies. As we move through the years from left to right, you can see that one by one ASX is replacing and upgrading its key technologies. From some technologies being over 20 years old, we are moving to an average life of less than five years. We have already refreshed our trading systems, and upgraded the communications infrastructure that carries the trading, clearing, settlement and data information between ASX and its customers. We have also replaced our secondary data centre, risk management and surveillance systems, and our website. We are now moving into the delivery stages of our clearing and settlement and data warehouse technologies.

This strategy may also be characterised as 'reducing technology debt', with the height of the columns representing the size of the debt. Over the last five years, our capital expenditure program has paid down much of this debt. This transformation is the most important thing the organisation can do to reduce its inherent technology and operational risk. It's also a key reason underpinning our improved performance.

Investing in contemporary technology has greatly improved the resilience and reliability of our financial markets infrastructure. I know this sounds at odds with the regrettable outage we had shortly after last year's AGM. But as a business that has served the markets for decades, it is our improving performance over months and years, not our performance on a day, which we ask to be measured on.

As you can see from the chart on the left, if we step back and look at the big picture, we have dramatically reduced operational and technology incidents over the past five years. This trend has continued even in the last 12 months.

ASX holds itself to a high standard and is proud of its long-term performance to reduce incidents by close to 90% over the past five years. This is the best measure of long-term operational resilience.

Let's look at another measure – the chart on the right shows the number of severity 1 incidents over the last nine years. Severity 1 being the most severe type. As you can see, in the last three years we have had one severity 1 incident. If we look at the three years prior to that, we had seven. If we look back a further three years – so six to nine years ago in total – we had 15.

This is not to say ASX's past performance was sub-standard. On the contrary, we have always had a reputation for resilience. As we know, all types of organisations across the economy have outages from time to time. For example, according to the RBA, the retail payments sector suffered over 1,000 outages during the most recent three-year reporting period. As disappointing as they are, they are a fact of corporate life for those reliant on technology.

The takeaway here is that your company is investing in people and technology to reduce operational risk and to provide an innovative future for ASX and for Australia's financial markets.

The clearest objective measure of the reduction in operational risk is the reduction in operational incidents. On this measure, ASX's record is strong.

Pleasingly, not only do investments in technology lower our business risk and increase our resilience, they enable greater efficiency and functionality, and faster delivery of products and services into the future.

Our third goal in the technology area was the digitisation of processes and data to make business easier for our customers. Our contemporary platform is already enabling this, with more to come.

Our world-leading corporate actions straight-through processing is a prime example. By providing a fully automated end-to-end solution, ASX has reduced the processing risk associated with undertaking corporate actions by simplifying, standardising and removing manual steps from the announcement, data capture and support processes. In addition, digitising the data into the international ISO 20022 standard, has unlocked efficiencies associated with machine-readable data. ASX is a world leader in this area.

For Austraclear, our bond settlement, depository and registry service for debt securities and cash transactions, we've delivered new functionality, which gives customers better automation and increased operational efficiency – for which their feedback has been very positive.

Moving to contemporary technology to power CHES for the next 20-plus years is another example of how investing in flexible, modular software enables the digitisation of processes and data. For example, the new CHES system will automate the previously manual election of dividend reinvestment plan processes. Custodians, registries, brokers, issuers and investors should benefit from standardisation and machine-readable data. In addition, the ability to interact directly onto the distributed ledger will present new opportunities for customers to build applications and straight-through processing.

Turning now to our progress in expanding and enhancing our products and services.

The growth in the number of listed technology and foreign companies is something that I am particularly proud of. As I've said many times, growing the listed technology sector is of long-term importance not just to ASX but to the Australian economy overall. It is helping position Australia as a key player in the expanding global tech industry. Since FY17, the number of ASX-listed technology companies has increased four-fold, while the number of foreign listings has increased by 198%.

Recognising the critical mass of technology companies now listed on ASX, we launched the S&P/ASX All Technology Index in early 2020. Initially it had 46 constituents with a combined market capitalisation of over \$100 billion. As of the September 2021 re-balance, it has 81 constituents and a market capitalisation of over \$200 billion and includes over 30 tech unicorns.

Our success in being a globally recognised listings venue is built in part on ASX's reputation for operating markets of integrity. Central to maintaining that integrity are our listing rules. In FY20, recognising the importance of keeping these rules current and fit for purpose, we released a major package of listing rule changes and new and updated guidance notes. Also in FY20, the fourth edition of the Corporate Governance Principles and Recommendations took effect. These are a major part of our work to support best practice corporate governance and to keep pace with the market's evolution.

Alongside the growth in the number of listed companies, we continue to meet the increasing demand for listed investment products. We have doubled the number of

exchange-traded products since FY15, and have recently seen particular growth in ETPs in the areas of global equities, fixed income, and active strategies.

We have added a new liquidity point for Australia's interest rate market with our 5-year bond futures contract. This new product is crucially important for swap dealers, borrowers and fixed income managers – it was launched to support the evolving structure of the underlying interest rate market, and complements the 3 and 10-year contracts already in existence.

Our energy derivatives continue to grow strongly, with volumes up 25% per annum over the last five years. As a risk-hedging tool, these derivatives are playing an important role in supporting Australia's transition to a low carbon economy. The growth in recent years has been supported by our efforts to put new market-making schemes together in both Australia and New Zealand, and more recently the evolution of our electricity caps from 30-minute to five-minute intervals.

Just as we have focused on saving our customers time and effort through the digitisation of processes and data, we also seek to make changes to deliver cost savings. Our work to enhance the BBSW benchmark methodology has meant that, unlike other global short-term rate benchmarks, Australia has avoided the need for the local financial industry to re-paper every BBSW-based swap, loan, investment or financial product. Extrapolating from estimates of overseas transition costs, maintaining BBSW as a benchmark in Australia may have saved the industry over \$300 million.

As is the case for any business, innovation is fundamental to ASX's ability to deliver sustainable growth. We are focused on pursuing innovations that deliver open and collaborative technology solutions – innovative solutions that address not only our interactions with customers, but help our customers to interact with their customers.

The Australian Liquidity Centre is an example of an open infrastructure solution that was once a strategic breakout and is now part of our core business. Back in 2012, instead of building a data centre just for ASX, or even outsourcing our data centre requirements, we chose to invest in an open data centre model. In doing so, ASX developed an offering that enables customers to not only interact with ASX but with peers and service providers across the ecosystem as well. This has gone from an empty concrete box, to a hive of digital financial market activity, with close to 140 organisations in the facility.

ASX DataSphere, our data analytics offering, is a further example of providing an open infrastructure solution. Again, instead of building a big data platform just for ASX, we chose to build a governed, secure platform, offering access to both ASX and third parties. The platform has the data and analytical tools as well as the workspace, computing power and storage to facilitate our own analysis, as well as providing the same service to our customers.

We are also applying this open infrastructure approach to our distributed ledger technology. We will be offering DLT as a service to our customers. This is a long-term strategy and reflects our confidence in the power of this database technology, which 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.

Underpinning our ability to evolve, adapt and reinvent over the last 150 years has been our deep-rooted commitment to generate long-term value for all our stakeholders. While technology has changed the way exchanges operate over this time, common

throughout has been the importance of being trusted for our actions, providing resilient operations and supporting the efficiency of our markets.

These three pillars underpin our sustainability – or licence to operate – I'd like to highlight our progress in three of these areas.

Our ability to earn and preserve the trust of our stakeholders is anchored in our people. We are making progress in gender diversity. For example, 45% of my direct reports are women, which is double what it was when I started as CEO. We are achieving pay equity for similar roles, and have increased our female participation workforce target from 40% to 45% by FY25.

Then there is the progress we have made to strengthen risk management. Between FY17 and FY20, we uplifted ASX's enterprise and technology risk management following the completion of our Building Stronger Foundations program. We are committed to continually improve this area, particularly our cyber security, and clearing risk systems and processes.

And on climate-change, we have made a commitment to switch to 100% renewable electricity in FY23, which will reduce our carbon emissions profile by over 85%. This will be a significant step forward as we seek to achieve net zero for our scope 1 and 2 emissions by the end of FY25.

So, in summary, if I go back to the start of my presentation – I set out our strategic plan for building an exchange for the future. I posed the question: have we delivered to these metrics over the past five years?

On technology, I think the performance charts speak for themselves. The amount of transformation, reduction in technology debt and lowering of inherent risk has never been as high as in the last five years and will get even better in the next two.

Reducing incidents and outages by circa 90% underscores the reduction in operational risk, however we will continue to work hard on the last 10%. It is disappointing that this big picture resilience story struggles to get public traction.

With corporate actions being digitised and the coming benefits of CHESS, we are proud of our progress in this area.

On products and services, we are broadening and deepening our suite of services and have delivered strongly on growing our listings franchise, the investment product space and our derivatives area. We see our technology transformation allowing ASX to supercharge what it does in the area over the next five years. Customer service and efficiency will be a major theme.

On innovation, 10 years ago, ASX innovated at the ALC by building an open data centre, encouraging better connectivity within the industry. Over the last five years, ASX has reaped the benefit of this innovative risk taking. Similarly, ASX is innovating in the area of big data and DLT. In DLT, probably the most important technology for exchanges for the coming decade, ASX has a leading global position in the enterprise delivery of DLT infrastructure.

And finally on sustainability, we are building a diverse and inclusive culture and we're looking to be using 100% renewable energy in FY23 and targeting net zero in FY25.

As ASX CEO, I am proud of the immense program of work the team has achieved in the last five years. Importantly, by doing the hard things, ASX has set itself up for the next 10 to 20 years. That is what building an exchange for the future is all about.

So to close, we had a belief five years ago that progress on these four fronts would give ASX the best chance to increase its long-term, sustainable value to you, our shareholders. Our strategy has seen revenue continue to break new records, and it has also seen expenses increase as we fund the transformation of the exchange.

However, over the last five years we have been adding new revenues at a multiple of new expenses and we have seen EBITDA, EBIT and NPAT grow over the period. This has led to a healthy stream of dividends to shareholders, all fully franked, and a special dividend in 2019, also fully franked. And dividends, put together with the strong share price performance, has led to strong total shareholder returns over the past five years, shown on my final slide, in comparison to the S&P/ASX200 accumulation index.

I would like to thank all our shareholders for your support over the past five years. I look forward to ASX continuing to improve, evolve and build its value in the years to come. Before I hand back to Damian, we will now show a short video about ASX's connectivity services.

[Audio visual playing]

Mr Roche: We will now move to the items of business. The first item of business is to receive the ASX Financial Report for 2021 financial year. Dom and I have already discussed ASX's financial performance. Voula Papageorgiou, our external auditor from PwC is available to take questions about the conduct of the audit and the preparation and content of the independent Audit Report.

There is a separate agenda item dealing with the Remuneration Report. I will address questions about remuneration matters when we consider that item of business. There will be no vote on this item, it is a discussion item only. I will now take questions received through the online platform on the ASX financial statements, the performance of the Company over the year, the Director' Report or the Auditor's Report.

ASX reader: Mr Chairman, the first question comes from the Australian Shareholders' Association. The ASA holds proxies for approximately 337,500 shares – which is equivalent to ASX's 12th largest shareholder. The ASA's question is in three parts, the first part is:

The ASIC media release of 23 August provided an "update on the independent expert review of November's ASX Trade Outage". It states there were 7 factors suggesting the platform was not ready for go-live considering ASX's near zero appetite for service disruption. From this media release it appears that much of the outage causes were avoidable.

Considering future upgrades and in particular CHES can you please comment on this?

Mr Roche: Thank you, ASA, for your questions and your continued engagement with ASX. Firstly, before release, we had a formal implementation readiness process and they were completed and verified by multiple parties without an objection to go live. We checked in with our software provider, NASDAQ, who also confirmed its go live support decision.

Clearly, however, there were issues and that's a significant disappointment given the significant amount of progress that's been made on improving our resilience in recent years and I know Dominic has spoken about this previously. The independent expert found that ASX met or exceeded industry leading practices in the majority of cases assessed.

The report points to opportunities for improvement and we are fully committed to addressing all of these. Addressing opportunities for improvement is how we've improved our resilience record, as you will have seen and we welcome that. We recognise that there is also an interest in the findings and how they relate to the CHES replacement project and we'll ensure that any relevant insights that have not already been built into the CHES project are taken on board.

You can rest assured our actions reflect our commitment to continually improve our resilience by implementing learnings from incidents and outages and to ensure we maintain a contemporary technology base.

ASX reader: The second part of the ASA's question is as follows: Could you please reassure shareholders that as well as responding to the specifics raised by the independent expert, that the ASX Board is looking beyond this to consider culture and leadership circumstances that may have contributed to the outage?

Mr Roche: Thanks for the question. We've undertaken a range of actions since the November outage. With respect to leadership, as we mentioned earlier in my address, we've been reviewing our operating model to make sure that the structure best reflects our priorities, it better aligns our management responsibility and accountability and sharpens our focus on customers.

ASX reader: The third part of this first question from the ASA is as follows: Will the Board also consider the appointment of an independent expert to continually review and advise it directly?

Mr Roche: I think we have previously stated that we will commission the independent expert who prepared the report on the November outage to review ASX's actions to meet these recommendations. This work is also being completed under the oversight of our regulators. It's also worth noting that we've engaged multiple external experts as part of the CHES replacement project, in ensuring they provide and help us provide input on matters such as cybersecurity, testing performance, data migration and governance, alongside the project's other independent assurance programs.

ASX reader: Mr Chairman, the next question also comes from the ASA and it is as follows: Mr Stevens, in his FY21 results presentation, referred to the new opportunities offered by DLT as a service and the Sympli joint venture. Can you please provide an update on these and other future opportunities so that longer-term retail shareholders can have a better understanding of how the ASX business might evolve over the next few years?

Mr Roche: With regards to Sympli, we are pleased with the progress that Sympli continues to make. Dominic noted in our year end results presentation Sympli's made significant progress with the banks this year, we've connected with three and we expect the fourth bank to be connected by the end of the calendar year. And interoperability is now a case of when it will happen as opposed to if it will happen. However, I would note that Sympli is a start-up with dependencies on external parties and that makes it harder to forecast the timing of future cash flows.

I would also note that the recent PEXA IPO where the markets placed a value of \$3 billion on that particular business, we remain very confident in our original investment thesis. When we began this journey, PEXA was valued around \$600 million and it's now \$3 billion. We believe this is a valuable segment to be part of. We understand the competitor has a first-mover advantage, but we believe we've got an advantage in more contemporary and efficient systems, offering reduced settlement risk to the market and better value. And this is what's going to drive adoption by the banks and conveyancers.

I'll ask Dom to comment on DLT Solutions and those opportunities more broadly.

Mr Stevens: Thank you Damian and thank you for the question from the ASA. I think that was a good summary of Sympli, with the banks mostly connected now and interoperability on its way. I think we see a positive outlook.

On DLT as a service, I think over the next year our major focus is on the CHES replacement project, given its size and importance. However, there is parallel work going on in what we call the DLT space in general or DLT Solutions. To give an update, over the next few weeks we're opening up a cloud-based environment where customers can come in and interact with the VMware ledger and the Digital Assets contracting language sitting on top of that. Currently in a more tested zone, we have the likes of Broadridge developing work around share transfers. There are others working on registers of unlisted equities, share dealing compliance applications, which I think is interesting.

I would also note that this technology, being the smart contracting language on top of the VMware platform, is being used in the United States in the US repo market and currently doing, I believe, tens of billions of dollars of transactions in a day, so that's very positive. And interestingly, this is not just around CHES and the equity markets, but also this technology has a whole range of applications that it can be put towards.

One interesting example that we're working on now is that KPMG is working for the New South Wales Government who is looking to build a register of effectively the provenance of all the things that go into a high-rise building; what is the quality of the cement, the steel and all of those things. We're looking with KPMG to build that using the technology that we have here at ASX.

So it's a very interesting space, it's a growing space and as I said in my prepared remarks, I think that ASX being a global leader or one of the global leaders in this space is a very exciting thing for ASX and an exciting thing for Australia. Thanks Damian.

Mr Roche: Thanks Dom.

ASX reader: Mr Chairman, the next question also comes from the ASA and it is as follows: This year three Directors with six, nine and 12 years each on the Board have stood for re-election. Next year, another three Directors with three, six and nine years each will likely be standing for re-election. This includes Mr Henry, who received an 83.22% for vote at his last re-election. Could the Board outline its plans for Board renewal, succession and the skill sets it thinks are needed to keep pace with change?

Mr Roche: Again, thank you for your question. In relation to director tenure, this is something that the Board regularly considers and I think that we've got it pretty right over the years. If you look at the Annual Report, you'll notice that we've struck an even mix of directors with one to three years, four to six year and seven and nine years of tenure.

I feel we're striking the right balance between maintaining corporate knowledge and gaining fresh perspectives. Both Peter and Heather have advised that if they are re-elected today, this will be their final term as ASX Directors. As I noted in my opening address, Board renewal is an area of focus for me as Chairman and I'm determined that we stay ahead of ASX's evolving needs and developments and strengthening the technology, cybersecurity, project-management related expertise of the Board are priorities as discussed.

ASX reader: Mr Chairman, the next set of questions come from Stephen Mayne. His first question is: There are five proxy advisers in the Australian market, Ownership Matters, ISS, CGI Glass Lewis, ACSI and the ASA. We know ASA is recommending and voting against the Rem Report, the CEO's LTI grant and the re-election of Peter Marriott. Have any of the other proxy advisers gone against the Board's voting recommendations today? And if so, please provide the details. Have there been any material proxy votes against any of the items of business and will these be disclosed before the debate on each item?

Mr Roche: Thank you Stephen. We understand that ASA is on its own in its position and I think you'll see later there is strong support for all of our resolutions. I note your comment on the disclosure of proxies and that's something that we'll take on notice and consider for future meetings.

ASX reader: The next question is also from Stephen Mayne. He asks: Placements calendar 2020 produced a deluge of heavily discounted selective placements to unknown institutions which badly diluted retail shareholders. This was facilitated by ASX lifting the placement cap from 15% to 25% as a COVID measure. It proved to be a disaster for retail shareholders. What role did the Board play in this decision and do you now acknowledge this move was a mistake that hurt retail shareholders by diluting us out of billions of dollars in value without compensation?

Mr Roche: Thanks Stephen for the question. I think at ASX we're very proud of the role we provided in ensuring there was a flexible capital raising mechanism. I think we've helped companies maintain financial resilience and have access to capital during the initial COVID period of pandemic and also going back to the GFC and I think that's actually a world-leading place that ASX finds it in.

As to the particular structure and mechanisms that a company decides to use for a capital raising, I would note that that's up for each particular board. I would dispute the characterisation of the word 'disaster' for retail shareholders. I would note that there was a sharp increase in the number and the use of SPPs as part of capital raising and I would also note that there is a significant increase in retail participation in the broader market and we believe that's very healthy for the market and for the retail shareholders.

I'd also note on process, while the ASX Board is aware, the ASX Board is not involved in the decision making. That is part of our compliance function. And I would also note that those decisions were taken in conjunction with the regulators and industry stakeholders, including the ASA and ACSI.

ASX reader: Mr Chairman, the next question, also from Stephen Mayne, is about chair succession. Could Chair, Damian Roche, please explain the process by which he was selected to succeed Rick Holliday-Smith as Chair? Was there external facilitation, candidate presentations or a ballot and could the Chair address the criticism that, like him, too many ASX Directors come from the transaction industry as opposed to having an investor perspective? When will ASX appoint their first ever director who has a clear affinity with the interests and perspectives of retail shareholders?

Mr Roche: Thanks for the question, Stephen. I don't think it's appropriate and I won't go into the process for Chairman renewal at ASX. But what I can comment and what I can commit to you is that all Directors are very conscientious of their duties and consider the needs of all stakeholders, including retail. And I would also note that being a Director of ASX requires you to engage and consider a broad range of stakeholders and that is something that we take very seriously.

ASX reader: The fourth question from Stephen Mayne, Mr Chairman: Damian Roche was an ASX Director under Rick Holliday-Smith for the past seven years. What changes has he made since the handover in April? For instance, will he be paid the same \$571,000 base Chairman fee that Rick has received since 2017? Can he also disclose his age and more about his board experience? Has he done the AICD governance course or thought about joining other directors at O'Connell Street Associates? Where is his main office now and before April succession?

Mr Roche: Thanks, Stephen, for the question. I think I outlined in my speech some of my priorities. I'm very committed to this role. We're very focused on continuing to invest in our technology to improve our resilience and create an exchange for the future. I think I've been pretty clear on ensuring that we have a Board with the right range of skills and that's going to be an area of focus.

With regards to my age, I'm 50, I actually turned 50 two weeks ago. I have done the AICD course. I'm not a member of a political party and my office is at the ASX and Stephen, if you find yourself here, COVID protocols permitting, I'd welcome to have a meeting with you on Level 1.

ASX reader: Next question also comes from Stephen Mayne, Mr Chairman. What is the new Chair doing to lift his profile? How many shareholders has he met with as Chair? Does he plan to join any other ASX100 boards, like all previous ASX chairs? Why hasn't Damian done any media interviews since becoming Chair? And does he have any relevant political or regulatory connections that could be helpful for ASX? Has the Chair ever been a member of a political party and what is his view about ASX continuing to make six-figure political donations?

Mr Roche: So there's a few questions there, Stephen. I've had two extensive rounds of meetings with shareholders: going through the annual rem process, I conducted alongside our chair of the Rem Committee, Heather Ridout; and upon taking the Chair, I met with all of our major shareholders. I've also been actively engaged with our senior regulators and government officials as appropriate.

I believe that the only interest in my profile is serving the best interests of ASX. If we think appropriate at a future time for media, then we may consider that. I've never been a member of a political party and I note the question on political donations. That's a question we get regularly at AGMs and it's a topic that we consider at Board meetings every year and it's an important consideration.

ASX operates in public policy and it's very important that we have access to discuss what is happening with public policy. I would note that we give equally to each party. We review that annually and we believe it's in the best interests of shareholders.

ASX reader: Mr Chairman, the next question also comes from Stephen Mayne. It's to do with CEO share sales. The CEO last week sold 10,988 ASX shares for just over \$944,000 but retains 69,412 fully paid shares worth \$5.65 million. Why is the CEO selling shares,

particularly given the AFR's rear window recently claimed that he was paid at least \$49 million during his 3.5 years as CEO of Challenger? Is that true?

Mr Roche: Thanks for that question, Stephen. The CEO's share sales have been consistent for the last three years. I would note Dominic is paid cash and shares and that he has maintained a consistent exposure to the Company over the last three years following that same program. I'm not going to comment on media articles in this meeting.

ASX reader: Thank you, Mr Chairman. Another question from Stephen Mayne: The ASX constitution requires a range of seven to 15 directors and we currently have nine. This minimum of seven is larger than most companies and reduces flexibility for ASX in managing Board succession. Will the Board put up a constitutional amendment next year to lower the minimum number of directors to three, just like AFIC, AGL, Lumina, Ansell, APA, ARGO, Aristocrat and Aurizon? And that is just the companies starting with the letter A. And if doing a constitutional amendment, would you also consider introducing a 12-year tenure limit?

Mr Roche: Thank you for the question, Stephen. I'm very comfortable with our constitutional set up as it stands and very comfortable with our Board structure, so at this stage I don't plan to make any changes.

ASX reader: The next question, Mr Chairman, does not come from Stephen Mayne, but Mr Alex [Alchem]. Will the Board consider reducing the dividend payout ratio? ASX appears well placed to provide strong returns in the future, but this requires significant ongoing investment in technology and its people. Does the Board believe this is possible whilst still maintaining a 90% payout ratio?

Mr Roche: Thank you for the question. I would note that the ASX had its ninth consecutive year of revenue growth and we maintain a very strong balance sheet. The Board regularly reviews our capital funding and financing positions and as we noted, we're continuing paying out a 90% dividend.

ASX reader: The next question, Mr Chairman, comes from Kevin [Daly]. Kevin asks: Did Sympli achieve anything during FY21?

Mr Roche: Thank you, Kevin. I might hand that question to Dominic.

Mr Stevens: Thank you, Damian. Yes, we sort of touched on this earlier. Sympli I think has had its most productive 12 months. It is connected to the State Revenue departments, it's connected to the State Registries departments. It's now connected to three of the four majors, with the final one coming on board, we think, in the next month or so.

It's begun transacting with one of the banks and it's looking at how it will start transacting with other banks. One of the other major things that happened over the course of the year, and I think Damian mentioned this as well, is that the work around interoperability is now something that is just a matter of when that's got to the governments of the states coming together to put some legislation forward. We hope that we should see that in the back end of this fiscal year.

The other thing I'd say is that the incumbent at the moment was valued somewhere around \$600 million. It's now closer to \$3 billion with offshore opportunities as well.

I think with new technology, you've got a first-mover advantage out there, but there's also a second-mover advantage and that is being able to see what the first mover has done and enable you to improve on that and also provide more contemporary

technology which is so important at this stage. We're quite confident and also quite happy with the progress, particularly over the last six months as all the banks have been connected. Thanks.

Mr Roche: Thanks Dom.

ASX reader: The next question is also from Kevin Daly. Your CO2 emissions are minute. Scope 1 equals five times my house and scope 2 is below the level where the CER requires that you must disclose it. Why do you bother with them?

Mr Roche: ASX recognises its role as the market operator to encourage best practice and we will look to do what we can do to facilitate better reporting of ESG standards and work with the industry, the Australian Corporate Governance Council, to allow investors to make informed choices and we believe taking a high standard to our own reporting is an important part of that.

ASX reader: The next question, Mr Chairman, comes from Dan [Gaucher] who asks: Given that the distribution of paper CHESSE statements consumes 100 tonnes of paper annually, please provide an update on the CHESSE replacement project and the digitisation of paper statements. Will paper statements continue to be distributed until April 2023 or can they be phased out earlier?

Mr Roche: So there's two questions there. I might take the e-statements question first and I might hand to Dom on the CHESSE statement. We recognise the importance of digitisation. We've talked about digitisation across our business more broadly and moving to CHESSE e-statements is a very important part of that program.

Part of that is ensuring that ASX has everyone's email address and we're working with the industry, brokers and issuers to ensure that we can get there. We are planning on an initial launch of e-statements in December this year. We note that that will be a voluntary process for those that wish to opt in and that's the first start and we hope to progress from there. We acknowledge that reducing the amount of paper is an important thing for us in reducing that carbon footprint.

Dom, I might hand to you on the CHESSE piece.

Mr Stevens: I think the key issue is what you've mentioned there, Damian, with the email addresses. Effectively the ASX doesn't hold those email addresses because with the HIN process, effectively retail brokers hold those details.

When ASX can get those details, it can then begin the process of moving into electronic statements. I think that that's something, as Damian said, that will happen over the course of the next six to 12 months.

And I think the other thing important there is the value of those statements and I think people maybe underestimate the fact that what you're getting there is a custodial or a safekeeping independent source of truth record of your holdings.

It's very important being on a HIN and that HIN gives you that source of truth. But also being on the HIN as opposed to being in an indirect holding of shares, it allows you direct access to voting at a meeting like this, direct access to rights issues, corporate actions, you are picked up by the National Guarantee Fund protections, a direct link into franking credits, et cetera. So it's very important to be on the HIN.

We also agree, we are trying to move to electronic statements away from paper statements and when we get the email addresses, we should be able to move on that in the near future.

Mr Roche: Thank you.

ASX reader: The next question comes from Allister Polkinghorne. Can you reassure the market that the Directors are only focused on increasing shareholder value and definitely not focusing on the intangibles of possible climate change?

Mr Roche: I think we've been very consistent over the years on building long-term sustainable value and to build long-term sustainable value, we need to recognise the needs of all our stakeholders and build efficient, resilient financial markets and that, I can assure you, is what we're focused on.

ASX reader: Mr Chairman, another question from Stephen Mayne: Atlassian is a Sydney-based and Sydney-led technology company which has been NASDAQ listed since 2017 and now has a market capitalisation of more than US\$100 billion. Summarise what steps ASX has taken to get Atlassian to at least take out a secondary listing on the ASX. Have we been too inflexible on price and why do the Chair and CEO think Atlassian continues to shun ASX?

Mr Roche: Thank you, Stephen, for the question. I'm not privy and I don't think it would be appropriate to discuss individual conversations with individual companies. With regards to the listings business and importantly, our technology business, Dominic can talk more about this. That's something we're incredibly proud of and we've built over the last number of years. We launched an All Tech Index recently and we've seen a number of Australian unicorns on that index.

Dom, would you like to comment some more?

Mr Stevens: Yes, Damian, thanks and thanks for the question. Yes, we agree, technology is a really important area and in coming into this role, if I then looked out or even look out now over the next 10 or 15 years, do we want to increase the amount of technology on our exchange compared to where it is now? Yes we do because we think that it's a growing part of the world and growing part of business.

I think the record of doing that over the last five years speaks for itself and we have grown the technology capability here in equity capital markets. And I'd also say that's not just ASX, it's the local investment banking community, the local legal community, the local venture capital community have all come together such that I think Australia can be a lot more proud of where it is now, as far as where its capital markets for technology companies, than it would have been 10 years ago. I think it's been a good change.

Obviously, I can't comment on individual situations, but one thing I would point out, which is a key difference between Australia and the US is the dual share class, which is something that we don't have down here, which is something that Atlassian does have and many technology companies do have that are listed overseas. So there is some differences there how a company like that could list in Australia; there would be issues with that. Thanks.

Mr Roche: Thanks Dom.

ASX reader: Mr Chairman, Stephen Mayne also asks: It has taken ASX too long to move on from its pre-demutualisation chairs. Maurice Newman chaired ASX when it demutualised in 1998 and didn't retire until 20 years later in 2008 (sic) when he was 70. Rick was chair of SFE when it demutualised in 2000, steered it through the 2006 merger with ASX and then only retired in April this year when he was 71, 21 years after SFE floated. Can the new Chair promise that he won't do 20 years as well? Given this history of excessive chair service, why not put tenure limits into the constitution?

Mr Roche: Stephen, I can assure you I will not serve for 20 years.

ASX reader: The next question from Stephen Mayne, Mr Chairman: Why did Rick retire in April rather than seeing out his full term and saying farewell today? There was no inkling at last year's AGM that that was to be his final meeting after 20 years on the SFE and ASX Boards. Did Rick jump early or was he pushed after the problems with CHES and the trading outage last November? If not Rick, who has been held accountable from the outage given that Risk Committee chair, Peter Marriott, is running again today? Is the recent departure of Deputy CEO Peter Hiom on the 1st of July an example of an executive being pushed out for those problems?

Mr Roche: Thanks Stephen, there's a few questions there. So I think when Rick stood for re-election, he said this would be his last term and the Board was undertaking a transition process and that is what happened there.

I think we've been very clear that we have taken accountability for the trade outage. We've conducted an independent review and we've committed to implementing all of the findings of that review as Dominic and I, I think, we've covered that quite extensively. Peter Hiom served with distinction at the ASX for many years. He indicated he wished to retire and that allowed us to then consider a new organisational structure. And I think for Peter, who was instrumental in the development of the design of CHES, to move on to a new stage in his career.

ASX reader: Thank you, Mr Chairman. At this stage there are no further questions online for this item of the agenda.

Mr Roche: Thank you, ASX reader.

I will now take questions received over the phone on the ASX financial statements, the performance of the Company over the past year, the Directors' Report or the Auditor's Report.

Operator: There are no questions on the phone at this time.

Mr Roche: Thank you. The next item is to receive the Financial Report and the Auditor's Report for the National Guarantee Fund for the 2021 financial year. The Securities Exchange Guarantee Corporation or SEGC, is the body responsible for administering the National Guarantee Fund.

The *Corporations Act* requires the SEGC to have a copy of the audited financial statements of the fund laid before the AGM of each member of the SEGC. ASX is currently one of two members of the SEGC. The statements have been published on our website and are also available through the online platform. There is no vote on this matter.

I will now take questions on the financial statements and the Auditor's Report for the National Guarantee Fund received through the online platform.

ASX reader: Thank you, Mr Chairman, there are no questions on this agenda item via the online platform.

Mr Roche: I will now take questions on the financial statements and the Auditor's Report for the National Guarantee Fund received over the phone.

Operator: There are no questions on the phone at this time.

Mr Roche: The next item of business is the election of directors. Your Board works hard to achieve the right mix of skills and experience among directors. I've spoken about Board renewal and our areas of priority in my opening remarks. I wish to thank my Board colleagues for their contribution to ASX's solid performance. I believe they have served our shareholders well.

The next item of business is the re-election of Yasmin Allen. Yasmin has served as a Director since February 2015 and is a member of the Audit and Risk Committee. She has extensive financial services, strategy and corporate governance experience gained during a career over 20 years in financial and investment banking.

Yasmin is chairman of Digital Skills Organisation within the Department for Employment, Faethm.ai and Advance. She is also a director of Santos Limited, Cochlear Limited and the George Institute for Global Health and the National Portrait Gallery and is acting president of the Australian Government Takeovers Panel. Previously, Yasmin was a director of Insurance Australia Group between 2004 and 2015. The Board considers that Yasmin's experience in financial services, investment banking and more importantly, contemporary experience in technology companies, complements the Board's existing skills and experience.

The Directors, with Yasmin abstaining, unanimously support her re-election. I now invite Yasmin to say a few words.

Ms Allen: Thank you, Mr Chairman. Good morning ladies and gentlemen. Thank you for giving me the opportunity to address your meeting today. My background and experience is set out in the Notice of Meeting, highlighting the contribution that I bring to your Board and Company. I have more than 20 years' experience as a company director and chairman, serving on major listed entity boards. Through my board roles, I'm aware that everything we do is being driven by and potentially challenged by the evolution of technology. In my view, the role of the Board is to balance the twin objectives of organisational stability and risk taking in order to grow. This is even more important at the ASX, due to its critical role at the centre of our capital markets.

I'm proud that at the outset of COVID we protected our workforce and we kept the markets operating. This enabled our customers to raise record amounts of capital, thus underpinning Australia's economic resilience and helping those companies retain their workforces. I'm excited by ASX's role as a provider of critical market infrastructure and how we're shaping that for the future. Our investment in distributed ledger technology will create opportunities not only for the ASX, but also for our customers and the broader financial ecosystem.

During the past four years, your Board has overseen the replacement of much of our operational tech stack. This brings with it modern service levels, better security, efficiency and will underpin ASX's resilience going forward. I keep myself up to date and have contemporary technology experience through my roles as Chairman of the Federal Government's Digital Skills Organisation and Chair of Faethm.ai, a SaaS company in the future of workspace. My broad commercial experience, both here and

overseas, gives me insight and a global perspective as market structures and regulation continue to evolve. I am focused on shareholder returns and I will ensure that the ASX remains at the forefront in transparency and accountability. I am used to working in highly complex and regulated environments. I have the time to fulfil my duties as a non-executive Director of the ASX. If you re-elect me today, I look forward to working on your behalf for the future of ASX. Thank you.

Mr Roche: Thank you, Yasmin. I will now take questions on this item of business received through the online platform.

ASX reader: Thank you Mr Chairman. There's a question from Stephen Mayne. The approach of public company directors to the widely rorted \$90 billion JobKeeper scheme has been under intense scrutiny with some companies choosing to pay JobKeeper receipts back to the ATO. Could we hear from the Chair on how ASX paid JobKeeper and also from Yasmin Allen on why she and her fellow Cochlear directors first claimed \$33 million in JobKeeper and then chose to repay \$23 million?

Mr Roche: Thank you, Stephen. With regards to JobKeeper at ASX, I can confirm that we never sought nor received JobKeeper. With regards to Cochlear, I think that question would be best asked at the Cochlear AGM.

ASX reader: Mr Chairman, there are no further questions on this item through the online platform.

Mr Roche: I will now take questions on this item of business received over the phone.

Operator: There are no questions on the phone at this time.

Mr Roche: Detailed on the slides are the direct and proxy votes for this item submitted prior to the meeting. Thank you.

The next item of business is the re-election of Peter Marriott. Peter was appointed a Director of ASX in July 2009 and is a member of the Audit and Risk Committee. He was chairman of the Audit and Risk Committee between July 2009 and the 18th of August 2021. I acknowledge Peter's sizeable contribution to ASX during his tenure as the ARC chairman. Peter has over 40 years' experience in senior management roles in the finance industry, spanning international banking, finance and auditing. He 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 Monash University Council. The Board considers Peter's experience in financial and audit service complements the Board's existing skills and experience. The Directors, with Peter abstaining, unanimously support his re-election. I now invite Peter to say a few words.

Mr Marriott: Thank you, Chairman. Shareholders, to serve as an ASX Director is an enormous responsibility given the importance of the role to you, our owners and of ASX to the Australian financial system. It has been a great privilege to have been your Director for 12 years. It has also been a remarkable time for ASX, its employees and its shareholders. We are a stronger company, well managed and with a broader strategic reach built on the trust earned from our stakeholders over many years. This has delivered a share price that has more than doubled and consistently strong franked dividends, totalling almost \$26 per share across the 12-year period.

Following the departure this year of Rick Holliday-Smith and Peter Warne, I am the longest-serving Director. I seek your endorsement today so I can use my knowledge and experience of ASX during the next three years when there is critical work to be

done. This notably includes delivering a world-leading distributed ledger technology based CHES replacement program, which I have been closely involved in since inception. During the past 12 years, as well as serving on the Board, I've also been on the Clearing and Settlement Subsidiary boards and for most of the time, chaired the Audit and Risk Committee.

I have made use of my skills in financial statements and controls around financial reporting, risk management of financial institutions, compliance and handling of regulatory matters, internal control and information technology security including cyber, management of complex technology projects, capital markets and capital raisings and business management and strategy. These are skills developed over 40 years of relevant experience including as an audit partner at KPMG specialising in banking and finance and IT security, various roles at ANZ including as financial controller, group head of risk management and 15 years as chief financial officer, as a director of Westpac and a newly appointed chair of its risk management committee, member of the technology committee and previously chairing its audit committee.

The next three years will see considerable change at ASX as critical new systems are implemented and strategies executed to maintain and grow our pivotal role in Australia's financial system. It's an incredible time to be part of the Company and it would be an honour to continue to contribute towards its future. I thank you for listening. I hope you know that I will continue to be a conscientious Director, seeking to look after your interests and would be grateful to have your support today.

Mr Roche: Thank you, Peter. I will now take questions on this item of business received through the online platform.

ASX reader: Mr Chairman, we have a question on this item from the Australia Shareholders Association which is as follows: If elected, Mr Marriott will have been a Director for 15 years at the end of this term. The ASX Corporate Governance Principles and Recommendations, section 2.3, says that a Board should assess whether any director who has served more than 10 years has become too close to management or a substantial holder to be considered independent. Can you please share with shareholders how you and the Board have determined your independence?

Mr Roche: Thank you. I would like to respond on this matter as it is a question about Board process. ASX undertakes a formal assessment of independence for all Directors annually and that has taken place this year. As part of that process, the Board considers whether a Director is free of interests that could or could be perceived to materially interfere with the independent exercise of a Director's judgment and their capacity to act in the best interests of ASX as a whole, rather than of an individual shareholder or other party.

ASX has adopted a policy to assess each Director's independence. That policy includes guidelines for assessing the materiality of the Director's relationship that may affect their independence. Earlier this year, the Board considered Peter's tenure and determined that it had not impacted his independence.

ASX reader: Mr Chairman, we have another question from the ASA on this item. The Annual Report, page 34, describes the Board's governance priorities and focus areas as including (a) oversight of ASX's technology contemporisation program, including the CHES replacement project and upgrades to other ASX core technology and (b) oversight of ASX's management of and response to the ASX trade outage in November 2020. Can

Peter please describe the particular skills and experience that he brings to the Board to enable you to contribute to these critical areas?

Mr Roche: Thank you for the question. I will ask Peter Marriott to respond.

Mr Marriott: Thank you, Chair and thank you ASA for your question. I think these are matters that are covered in large part in my speech, but perhaps I'll build upon some of those comments. I am currently the longest-standing member of the Board and have a detailed knowledge of ASX and its corporate history. I've also been closely involved in the CHES replacement project since its inception and I think that's another key thing to have to contribute back to the Board in the next three years and also a Director of the Clearing and Settlement entities and a member of the Audit and Risk Committee.

I've got 40 years' experience which is relevant to those matters that you raised, including as a partner at KMPG, where I was particularly specialising in banking and finance and IT security, and also experience in large financial institutions with extensive technology including ANZ and Westpac. At KPMG, I was the partner responsible for the local IT security audit part of the practice and completed numerous reviews of large projects and controls over information technology. At ANZ, I was involved in the management and oversight of many large technology projects and more recently, at Westpac, I've served on its technology committee for eight years.

Mr Roche: Thank you, Peter.

ASX reader: Mr Chairman, we have another question from the ASA on this topic. In view of your chairmanship of the Audit and Risk Committee at the time of the November 2020 outage, can you please describe how you exercised your responsibility under section 3.3 of that committee's charter prior to that occurrence?

Mr Roche: Thank you. I'll also ask Peter Marriott to respond to that question.

Mr Marriott: Thank you Chairman and thank you again ASA for your question. The provisions in that part of the charter set out the committee's responsibility which, among other things, include the review of the risk management framework, considering the effectiveness of the internal control systems and internal audit reports, and findings and recommendations of the internal auditor.

Now this Audit and Risk Committee meets quarterly and did so prior to the November 2020 outage. It receives regular reports from the Chief Risk Officer on enterprise risk, the Group Executive Technology and Data and the Chief Information Officer on operational, technical and cyber risks, which includes the status of key projects as well as reports from ASX's internal auditor and enterprise compliance function. Reports from other executives are also received on various matters.

The ARC did receive and considered reporting on the ASX trade refresh project and I think that the CEO and Chair have commented today on the outage and the steps that ASX is taking in response. Thank you.

Mr Roche: Thank you, Peter.

ASX reader: Mr Chairman, there are two questions here from Stephen Mayne on the same topic. First of all: Having already served more than 12 years on the ASX Board, why is Peter Marriott running again? Many other boards don't allow this sort of extended service. Could the new Chair outline what tenure limits currently apply to ASX Directors and whether he supports changing this? As the Chairman of the Audit and Risk Committee,

can Peter please outline what oversight he had in managing the risks that were taken ahead of last year's outage?

Mr Roche: Thank you, Stephen. Going to the last question, I believe Peter has just answered that question. But with regards to Peter, we have discussed the deep industry experience that Peter brings to the Board, we've discussed his strong oversight and governance experience around technology, financial statements and capital markets and the continuity and experience that Peter provides to the Board we consider to be extremely valuable and in the best interests of shareholders.

ASX reader: Stephen Mayne's second question on this topic is: As our longest-serving Director, could Peter Marriott comment on why Australian boards are so afraid of listening to the opinions of shareholders by way of non-binding shareholder resolutions? These are standard practice in the US, yet dozens of ASX-listed companies have now recommended against these amendments. Would ASX consider blazing the trail on this issue by amending its constitution to allow for opinion-based shareholder resolutions? If not, why not be a best practice leader on shareholder engagement?

Mr Roche: I might take that question on Peter's behalf. Thank you for your question and I understand your perspective. We're here today and I stand here as the Chair of ASX Limited and also as the chair of the operator of Australia's financial markets and we take seriously that role in ensuring governance around the operations of our market and we will work with stakeholders to consider what is best practice and we will do that through the appropriate channels of our compliance department.

ASX reader: Thank you Mr Chairman. There are no further questions on this item through the online platform.

Mr Roche: Are there any questions on this item of business on the phone?

Operator: There are no questions on the phone at this time.

Mr Roche: Detailed on the slides are the direct and proxy votes for this item submitted prior to the meeting.

The next item of business is the re-election of Heather Ridout. Heather was appointed a Director of ASX in August 2012. She is chair of the Remuneration Committee and a member of the Nomination Committee. Heather has 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. Heather is a director of Sims Metal Management, the Australian Chamber Orchestra and AustCyber, the Australian Cyber Security Growth Network. She is an Investment Committee member and alternate director of the AustralianSuper Trustee Board. The Board considers Heather's expertise and experience in public policy and investment markets complements the Board's existing skills and experience.

The Directors, with Heather abstaining, unanimously support her re-election. I now invite Heather to say a few words.

Ms Ridout: Thank you, Damian. Good morning fellow shareholders. It's a great privilege to serve as one of your Directors and I am both pleased and grateful to have the opportunity to stand for re-election to the Board. It's an exciting time to serve on the Board of the ASX. The ASX is not a company lacking in energy or ambition, it strives to be a global leading exchange and a genuinely 21st century company with all the attributes and values that

this entails. At ASX, we are transforming our capability in terms of infrastructure, technology and people and despite the challenges posed by COVID over the past 12 months, the focus on this strategy has remained strong. Indeed, as we heard from Damian and Dom, measurable material progress is being achieved.

The Remuneration Committee, which I chair, is integrally involved in lifting organisational capacity and in addressing the challenges of COVID. As evident in the Annual Report, the Committee's remit goes well beyond remuneration, covering a broad range of people, culture and capability issues. I bring to the role of Director some 15 years of experience on both listed and private company boards across a broad range of sectors and industries.

In addition, until recently I chaired the trustee board of AustralianSuper and was also on the Board of the Reserve Bank of Australia. These roles have given me a strong knowledge of governance, risk and their interface with remuneration. As well they have provided an extensive understanding of markets and the economic and the political dynamics that drive them. They have also reinforced the importance of culture and values to a company's performance, issues that are very dear to my heart.

During my time on the Board, the ASX has sharpened and refreshed its values from the bottom up. This work is never done. Corporate culture is the glue that holds an organisation together and how well ASX has coped during the past 12 months of on-and-off lockdown speaks to the great progress we have made.

I can confirm I have the time and real desire to continue to serve on the Board of this great company. This will be my last term. As I said at the outset, I'm excited by the opportunities we are creating at ASX and I'd be very grateful for your support to keep working in the interests of ASX and of you, my fellow shareholders. Thank you.

Mr Roche: Thank you, Heather. I will now take questions on this item of business received through the online platform.

ASX reader: We have received a question from the ASA, which is as follows: In view of Heather's role as a director of AustCyber, the Australian Cyber Security Growth Network and the absolutely critical nature of cybersecurity for ASX, can Heather comment on her contribution to ASX on this subject? And, given item 3.6, cyber resilience of the Audit and Risk Committee charter, should this expertise be utilised by Heather's membership of this committee?

Mr Roche: Thank you for the question. I will ask Heather to respond.

Ms Ridout: Thanks Mr Chairman and thanks to the ASA for its question. As you quite rightly note, cyber risk is a major security issue for ASX and we have a strategy in place to address it and we continually seek to strengthen this and to enhance it. And managing cyber risk is always a work in progress.

AustCyber is a federally funded organisation which really seeks to build Australian capability in this space. Currently, we have some 350 companies in our network and we started a few years ago, inception with only 50. Being involved in this organisation has provided me with invaluable knowledge and insights into emerging technology in the cyber space and has deepened my knowledge of cyber threats and mitigants, all very useful to ASX's consideration on this matter.

In relation to the AR Committee, while I'm not a member, I attend all the meetings of the ARC and take a very active interest in this space. Thank you.

ASX reader: Mr Chairman, there are two questions from Stephen Mayne on this item. The first one: Heather Ridout spent many years as CEO of the Australian Industry Group, which received \$4 million of JobKeeper in 2020, despite revenue only falling 6%. AI Group is also publicly arguing for secrecy about JobKeeper recipients when in New Zealand, the UK and the US this data is published. The ASX website claims our company is, quote, 'leading by example with good governance'. Does Heather agree that it was wrong of AI to both claim JobKeeper and then advocate for secrecy? And as an ASX Director, does she agree that there should be more of a New Zealand-style regime here?

Mr Roche: Thank you, Stephen, for the question. I might take that question. As we discussed earlier, we're here for matters of ASX and I would note that Heather's roles at the Australian Industry Group were some time ago, so perhaps that's not appropriate to be discussing here today.

ASX reader: Another question from Stephen Mayne on this item. Treasury Wine Estates has voluntarily moved to annual elections for directors in line with best practice that occurs in both the US and the UK. Dual listed companies like NewsCorp, BHP and Rio Tinto all do this due to the laws in the US and the UK. What does Heather think about this idea and could the Chair comment on whether ASX will consider following suit to lead by example on governance by being more regularly accountable to shareholders?

Mr Roche: I might take that question first. At ASX, we believe that our Director election process serves shareholders well. It provides continuity and at the same time, a frequent opportunity for shareholders to express a view on the election of Directors. With regards to changes to that process, ASX, through the listings and compliance department, will consult with various stakeholder groups, including the Australian Shareholders Association, the Australian Corporate Governance Council, to see if there is a better way of doing things. But right now, I believe our practice is appropriate.

ASX reader: Another question, Mr Chairman, from Stephen Mayne on this item. Does Heather know if AustralianSuper has voted its 5% stake in favour of her re-election today or have they abstained due to a conflict of interest?

Mr Roche: I might hand that question to Daniel Moran, our Legal Counsel, to answer that.

Mr Moran: Heather would not be made aware of voting by AustralianSuper on her re-election or any other matter.

Mr Roche: Just to be clear, in case that wasn't clear, Daniel confirmed that Heather would not be aware of any of the intentions of AustralianSuper regarding her re-election.

ASX reader: Mr Chairman, that concludes the questions on this item through the online platform.

Mr Roche: Are there any questions on this item of business over the phone?

Operator: There are no questions on the phone at this time.

Mr Roche: Detailed on the slides are the direct and proxy votes for this item submitted prior to the meeting.

The next item of business is to consider the Remuneration Report which commences on page 43 of the 2021 Annual Report. The Remuneration Report sets out the Board's assessment of management's 2021 performance against the objectives established at the start of the year.

ASX's financial performance was sound given the mixed market conditions in FY21. We also saw a number of strategic initiatives implemented to help make it easier for our customers. A summary of the Group's FY21 performance and progress in achieving its vision and executing its strategy are set out in the Remuneration Report.

Nevertheless, there were some disappointing experiences for our customers and other stakeholders in FY21, which the CEO and I have addressed in our speeches. Those matters resulted in a reduction in the short-term variable reward pool for the entire executive committee to 80% of target. That is the lowest pool since the current scheme was put in place in FY16. In addition, executives directly accountable for the outage had their short-term variable reward for FY21 reduced to between 40% and 80% of target. Our leaders, who shared accountability for the outage, also had their remuneration adjusted downward.

The resolution on this item is advisory, but we will take shareholder feedback into consideration when formulating ASX's future remuneration policies. I will now take questions on this item of business received through the online platform.

ASX reader: Mr Chairman, we have received questions from the ASA on this item. The Australian Shareholders Association has recommended its member vote against the Remuneration Report. This is because first of all we expect that in aligning with shareholder outcomes, the variable incentive would be primarily long term. The ASX LTI is only 20% and therefore does not meet our guideline. In addition, not all KMP participate in the LTI and so are not, in our view, well aligned with shareholder returns.

The second part of the question is: So in our view, the short-term incentive plan lacks detailed weighting of the performance criteria and quantifiable performance metrics against many of the criteria. In the absence of this detail, it appears to be largely subjective. So could you please consider this feedback and other feedback that ASA has provided to work towards a remuneration structure that better aligns with shareholders and which is explained more transparently?

Mr Roche: Thank you for your feedback, ASA, and as when we met with you, we intend to work with you constructively on these matters. That's a complex and large question, so I'll try and cover it all. Firstly, on the CEO, 60% of Dom's remuneration is at risk and this is divided between the short-term variable reward and the LTI. The short-term variable reward is allocated based on the achievement of milestones that deliver around our long-term strategy. These goals are often multi-year and we believe that they contribute to the long-term value creation.

The Board is required to exercise judgment about remuneration frameworks. We've done that and we believe that our framework is appropriate for our strategy and business model and consider that this supports long-term value creation for shareholders. We consider the remuneration framework periodically and note that a review will be performed in FY22 to determine the most appropriate reward structure for executives, including a broader participation in the LTI. We'll consider your feedback as part of that review.

Turning to the second part of your question about the detail we provide on specific performance criteria, ASX sets out a mix of financial and quantifiable non-financial targets. Assessments are also made around behaviours and risk management performance. We disclose the assessment of that performance and whilst financial targets are set, we don't disclose budgets for obviously commercial reasons. The target for our non-financial goals is often the delivery of a strategic project or major milestone

and these things occur over multi-year projects. We disclose these targets where appropriate and the right commercial considerations. To describe the long-term shareholder value created for ASX shareholders, ASX provides a multi-year view of performance against our five key strategic pillars in the Remuneration Report.

ASX reader: Thank you, Mr Chairman. I have a couple of questions from Stephen Mayne on this item. Firstly, do you know how many ASX shareholders voted on the Remuneration Report today and how many are engaging with today's online meeting? When disclosing the outcome of all resolutions on your website, could you please advise how many shareholders voted for and against, similar to what happens with a scheme of arrangement? This will provide a better gauge of retail shareholders' sentiment on all resolutions and has recently become new best practice disclosure.

Mr Roche: Thanks Stephen for the question. So right now I don't have that information to hand, but we can follow up with you via Company Secretary and Dan to look into that.

ASX reader: Next question from Stephen Mayne on this item: Could the proxy votes please be displayed before the remuneration debate so that shareholders have an opportunity to ask questions about the figures? This is ASA best practice. And also, why did ASX refuse a polite request to lodge the proxy votes with the ASX, along with the formal addresses, before the AGM started, just like Afterpay and Ausnet did at their previous AGMs?

Mr Roche: I note your comments there, Stephen. We'll take those on board for future meetings and get back to you post this meeting.

ASX reader: The next question from Mr Stephen Mayne on this item: Succession management should be a key KPI for long-term CEOs. After the departure of Deputy CEO Peter Hiom on the 1st of July, could the CEO and Chair both comment on whether they believe there are multiple potential CEO successors currently on the payroll at ASX?

Mr Roche: Thanks Stephen. I don't think it would be appropriate to discuss it in this forum individual and people as part of the CEO's succession. But I can assure you the Board is very aware and takes seriously the obligations around CEO succession.

ASX reader: Mr Chairman, there are no further questions on this item through the online platform.

Mr Roche: Are there any questions on this item of business over the phone?

Operator: There are no phone questions at this time.

Mr Roche: Detailed on the slides are the direct and proxy votes for this item submitted prior to the meeting. As noted in the Notice of Meeting, I intend to vote all open proxies in favour of this item.

The next item relates to the proposed grant of performance rights to the Managing Director and CEO. Details regarding the proposed grant are set out in the Notice of Meeting. While there is no listing rule requirement to obtain shareholder approval for such grants, we believe it is good practice to be transparent. The performance conditions that apply to this proposed grant are the same as last year. The performance criteria are demanding. They require that ASX must achieve at least 5.1% annual compound earnings per share growth or total shareholder return at the 51st percentile of its peer group before any shares are allocated.

I will now take questions on this item of business received through the online platform.

ASX reader: Mr Chairman, a few questions on this topic from Stephen Mayne. Does the CEO think it was reasonable to have his target bonus cut by 20% in 2020-21 in light of last November's outage and could he please comment on his recent share sales? Is it his intention to continue the three-year trend of shares sales mentioned earlier in the meeting by the Chair and was the AFR correct in its recent reporting about the size of his pay packet at Challenger?

Mr Roche: Thanks Stephen for the question. I believe we've addressed a couple of those questions already. With regards to the Board's decision around an 80% allocation of short-term variable reward for the executive committee, the Board considers – and as discussed with you in great detail – the serious nature of the outage, the remediation steps that we've taken and the lessons that we're going to be applying across the organisation to build a stronger, more resilient ASX.

I would also note that that incident forms one part and yes, it was a disappointing part, of a very strong year for ASX, meeting the needs and facilitating capital market needs of listed companies, 100% increase in the listing of companies, a ninth consecutive year of revenue growth and the delivery against our strategic objectives. So in the Board's view, our judgment was that 80% short-term variable reward was the right outcome to reflect the disappointing nature of the outage, but the overall success against our strategic goals.

ASX reader: Mr Chairman, thank you. Another question from Stephen Mayne: We have covered a lot of territory at today's AGM and thank you for reading out all submitted questions without any censorship. In the interests of full transparency, could you confirm that ASX has indeed agreed to follow the lead of companies like Crown Resorts, Transurban, Woolworths and AGL by publishing a full transcript of today's AGM on your website, along with a full video of the webcast?

Mr Roche: Stephen, thank you for your full list of questions and I hope we've answered them for you. And I can confirm that we will be publishing a full download and once again, I invite you, if you're ever in our offices, to please call in and drop by and I hope we've answered your questions, thank you.

ASX reader: Mr Chairman, that concludes the questions on this item through the online platform.

Mr Roche: I will now take questions on this item of business received over the phone.

Operator: There are no questions on the phone at this time.

Mr Roche: Detailed on the slides are the direct and proxy votes for this item submitted prior to the meeting. As set out in the Notice of Meeting, I intend to vote all open proxies in favour of this item.

I will now take questions received on any other business brought before the meeting. Are there any questions received through the online platform?

ASX reader: No, Mr Chairman, currently there are no further questions through the online platform.

Mr Roche: Are there any questions received over the phone?

Operator: There are no questions on the phone at this time.

Mr Roche: Ladies and gentlemen, as there is no other business for the meeting and no further questions, I declare the 2021 AGM ASX Limited is closed. Shareholders and proxyholders will have five minutes from now to submit their live votes via the online

platform. A countdown timer will appear at the top of the screen in the online platform. The results of today's AGM will be released to the market and made available on the ASX website as soon as possible, which should be later this afternoon. If shareholders have additional questions that have not been addressed in today's meeting, please submit them to us. For questions relating to your shareholding, please contact the registry directly.

Once again, thank you for participating in today's meeting and your support of ASX.

END OF RECORDING (128:00)