

## ASX's Conflict Handling Arrangements

### Summary

This is a summary of the comprehensive set of governance arrangements ASX has put in place to address the potential for actual and perceived conflicts. These encompass:

- ASX's self-listing
- Regulatory obligations
  - Corporations Act
  - Financial Stability Standards
- Directors
- ASX Staff
- Customers and suppliers
- Assurance

### ASX's Self Listing

The Australian Securities and Investments Commission (ASIC) is ASX's listing authority. ASIC monitors ASX Limited's performance of its obligations under the Listing Rules.

### Regulatory Obligations

#### Corporations Act

The ASX Compliance board oversees ASX's licence Conflict Handling Arrangements to ensure that decisions are made without inappropriate intervention or interference.

ASX Compliance monitors and enforces the compliance of listed entities and participants under its various Operating Rules (including its Listing Rules).

There are specific controls regarding the admission of participants and entities, the granting of waivers, the monitoring of issuers' and participants' compliance with the Operating Rules and enforcement activities.

#### Financial Stability Standards

Under FSS 2.9 a clearing and settlement licensee (CS licensee) that is part of a group of companies should ensure that measures are in place such that decisions taken in accordance with its obligations as a CS licensee cannot be compromised by the group structure or by board members also being members of the board of other entities in the same group. In particular, such a CS licensee should consider specific procedures for preventing and managing conflicts of interest, including with respect to intra-group outsourcing arrangements.



The CS licensees have intra-group arrangements in place with subsidiary companies to provide:

- compliance and enforcement services (performed by ASX Compliance)
- approval and monitoring of conflicts handling arrangements (performed by the ASX Compliance board)
- resourcing (provided by ASX Operations Pty Limited)
- clearing arrangements (provided by ASX Clear to ASX)
- settlement arrangements (provided by ASX Settlement to ASX Clear and ASX)
- clearing and settlement arrangements (provided by ASX Clear and ASX Settlement to market operators other than ASX).

These arrangements provide that the licensees will be provided with sufficient financial and other resources and services to meet their obligations and that staff are under a duty to act in the best interests of the ASX Group company which is receiving the services and in the event of a conflict, are responsible to that company's Board.

Board Charters can be found at: <http://www.asx.com.au/about/corporate-governance.htm>

## Directors

ASX Directors are made aware of their disclosure duties and obligations in relation to conflicts of interest at the time of joining ASX and on an ongoing basis. ASX's Company Secretariat has policies and procedures in place to manage these requirements.

In accordance with the constitution of the relevant ASX entity and the Corporations Act, ASX Directors are required to disclose to the Board any material personal interests, such as being a director of another company which is listed on, or a participant of, ASX. A list of ASX Group directors and their ASX Group directorships, external directorships and memberships can be found at: <http://www.asx.com.au/about/board-and-management.htm>

ASX also has well established processes in place to ensure that any ASX Group director who is also a director of another entity listed on ASX or a participant of ASX is not involved in any way in any decision under the Listing Rules and the Operating Rules in relation to that entity.

## Managing Director

Elmer Funke Kupper, the ASX Managing Director, is a non-executive director of Tabcorp Holdings Limited (TAH).

As an ASX Group Director, Mr Funke Kupper is aware of his duties to disclose conflicts of interest and to act in accordance with the Corporations Act in any matter in which he has a material personal interest, as set out above.

ASX has well established processes in place which ensure that Mr Funke Kupper is not involved in any way in any decision under the Listing Rules involving TAH. Mr Funke Kupper does not have access to Listings



Compliance's documents, systems and records, nor is he involved in supervising or directing the day-to-day activities of ASX Compliance (that role instead is performed by the Chief Compliance Officer under the oversight of the ASX Compliance board). Mr Funke Kupper is not a member of the ASX Compliance Board.

### ASX staff

ASX has adopted a Code of Conduct which sets standards of behaviour required of all officers and employees including:

- acting in the best interests of ASX and with honesty, integrity and fairness
- complying with the laws and regulations which apply to ASX and its operations, including not participating in any illegal or unethical activity
- not entering into any arrangement or participating in any activity that would conflict with the interests of ASX, or would cause ASX to breach its licence obligations
- not acting in a way which would be likely to affect ASX's reputation negatively
- not taking advantage of ASX's property, information or one's position (or opportunities arising from these) for personal gain or to compete with ASX
- not taking advantage of or misusing a third party's property or information.

Under the Code, staff are required to disclose their personal interests and conflicts (actual or perceived) and must not be involved in any decision involving those personal interests or conflicts.

Underpinning the Code of Conduct are a number of policies and procedures. These include the ASX's Dealing Rules, a Whistleblower Policy and other organisational and departmental policies and procedures.

For key documents see: <http://www.asx.com.au/about/corporate-governance.htm>

The Code of Conduct and related policies and procedures are regularly communicated to ASX staff.

### Customers and Suppliers

The Code of Practice for Clearing and Settlement of Cash Equities in Australia (the Code) seeks to increase transparency and accessibility in the provision of clearing and settlement services for cash equities. ASX has implemented robust controls and procedures in the form of Information Handling Standards to manage commercially sensitive information provided to ASX by other licensed listing and trading venues:

<http://www.asx.com.au/cs/>

ASX also has implemented a Customer Charter <http://www.asx.com.au/about/asx-customer-charter.htm> and a Code of Conduct for Suppliers <http://www.asx.com.au/documents/about/code-of-conduct-for-suppliers.pdf>



## Assurance

ASX's Conflicts Handling Arrangements form part of ASX's risk and compliance framework, which is underpinned by:

- comprehensive policies and procedures at an organisational and departmental level, including identification of entities identified [Review Parties](#) and monitoring decisions made in relation to them
- regular review of program as part of ASX's continuous improvement program
- staff and director training
- an ongoing attestation process by senior management
- regular and ad hoc review programs of the conflicts handling arrangements performed by ASX's Assurance functions
- regular reporting to ASX governance committees and boards in respect of ongoing compliance, any breaches and remedial actions
- regular reporting to ASIC.

ASIC also performs reviews of ASX's regulatory conflict handling arrangements as part of its annual assessments.