



20 August 2020

Australian Securities and Investments Commission  
Mr Nathan Bourne  
Senior Executive Leader, Market Infrastructure  
Level 5, 100 Market Street  
SYDNEY NSW 2000

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

### ASX LIMITED – RESULTS FOR ANNOUNCEMENT TO THE MARKET

In accordance with the Listing Rules, ASX encloses for immediate release the following information:

1. Appendix 4E
2. ASX Limited Annual Report 2020

ASX will hold a results briefing on the full-year results from 10.30am (Sydney time) today. Register to view the briefing [here](#). The webcast will be archived on [ASX's website](#) for viewing after the live event.

Release of market announcement authorised by:  
Daniel Csillag  
Company Secretary

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# Appendix 4E

## Preliminary financial report for the year ended 30 June 2020 as required by ASX listing rule 4.3A

### RESULTS FOR ANNOUNCEMENT TO THE MARKET (All comparisons to year ended 30 June 2019)

	\$m	Up/down	Movement %
Revenue from ordinary activities	\$1,095.3	up	0.5%
Revenue from ordinary activities excluding interest income	\$944.0	up	8.1%
Profit after tax from ordinary activities (including significant items)	\$498.6	up	1.4%
Underlying profit after tax (excluding significant items)	\$513.8	up	4.4%

Dividend information	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Interim 2020 dividend per share (paid 25 March 2020)	116.4	116.4	30%
Final 2020 dividend per share determined	122.5	122.5	30%

#### Final dividend dates\*

Ex-dividend date	7 September 2020
Record date	8 September 2020
Payment date	30 September 2020

\* Dates are subject to final ASX Board approval

The Company's Dividend Reinvestment Plan (DRP) will not apply to the final dividend.

	30 June 2020	30 June 2019
Net tangible assets per security	\$6.32	\$7.53

Additional information supporting the Appendix 4E disclosure requirements can be found in the Annual Report which contains the Directors' Report and the 30 June 2020 Financial Statements and accompanying notes.

This report is based on the consolidated financial statements for year ended 30 June 2020 which have been audited by PricewaterhouseCoopers.



ASX Limited and its  
controlled entities

ASX Limited  
Annual Report 2020



## Contents

Who we are	2
Our vision and strategy	3
Chairman's letter	4
CEO's year in review	6
Operating and financial review	10
Sustainability	20
Corporate governance	32
Remuneration report	46
Directors' report	63
Auditor's independence declaration	65
Statutory report – consolidated financial statements	66
Key financial ratios	110
Transaction levels and statistics	111
Shareholder information	114
Directory	116

### **ASX Annual General Meeting**

The AGM will be held at 10am (Sydney time) on Wednesday 30 September 2020 and conducted virtually. Further details are available at [www.asx.com.au/agm](http://www.asx.com.au/agm)

# FY20 HIGHLIGHTS

## For our stakeholders during COVID-19



95%

of ASX employees transitioned to working from home over a single weekend

5.2m

equity trades facilitated on Friday 13 March 2020, up 113% on the previous volume record

\$34bn

secondary capital raised between March and June 2020

## For our customers



100%

uptime availability of ASX's five main trading and post-trade systems

Equities \$6bn  
Bonds \$69bn

Futures \$214bn

average daily value of transactions settled electronically

\$97bn

total capital raised to enable companies to manage their operations and plan for the future

## For our shareholders



Eight

consecutive years of revenue growth

\$498.6m

statutory net profit after tax, up 1.4% on last year

238.9cps

total dividends per share, fully franked, up 4.5% on last year

\$513.8m

underlying net profit after tax, up 4.4% on last year

## For our people



89%

of employees proud to work at ASX

97%

believe ASX is serious about creating a culture of risk awareness, accountability and speaking up

85%

of our people feel ASX provides a supportive work-life balance

## For Australia's financial markets



XTX

S&P/ASX All Technology Index launched, increasing opportunities for investors and enhancing the attractiveness of Australia's market

180k

daily average number of unique visitors to [www.asx.com.au](http://www.asx.com.au), up 32% on last year

18

new or updated listing rule guidance notes to improve disclosures to market, make the rules easier to understand and enable ASX to better monitor compliance

# ABOUT ASX

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

## WHO WE ARE

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

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

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

Companies, corporates and issuers of capital from Australia and around the world engage with ASX to manage risk and raise capital to grow.

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

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

Through the expertise, experience and passion of our people, ASX strives to be the world's most respected financial marketplace, built on the foundations of openness, quality and trust.

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

## OUR VISION

The world's most respected financial marketplace

## OUR STRATEGY



### Diverse ecosystem

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



### Innovative solutions and technology

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



### Enduring trust, integrity and resilience

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



### Customer-focused

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



### Collaborative culture

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

# Chairman's letter



Dear fellow shareholders,

What a difference a year makes. When we presented our Annual Report 12 months ago, no one imagined the COVID-19 global pandemic that is now disrupting all aspects of our lives. There is no precedent for the current situation and its impact on the global economy. A new normal awaits us. ASX sincerely hopes you, and your family and friends remain safe and well.

## Strength

It is said that character is forged in adversity. Financial markets have certainly been under pressure, as has ASX. Our infrastructure and operational capabilities withstood extreme tests, and handled record volatility and volumes. At the same time, our staff were well prepared for the challenge of managing the heightened activity largely from home.

The 2020 financial year (FY20) was a period when the resilience and the adaptability of ASX's people and processes were tested. So too was the faith of our customers, investors and other stakeholders. I'm proud to report that ASX performed as we would have expected. As such, strength is an appropriate theme for this year's Annual Report.

Throughout this volatile period, ASX markets remained open. The investments we made to strengthen our foundations and position the company for future growth are paying off.

This is essential for ASX, our customers and our shareholders. It is also vital for Australia's financial markets and the broader economy.

Exchanges like ASX, with our connected financial activities, play an important economic role. Remaining open and ensuring continuity of markets supports price discovery, capital allocation and risk transfer. These are critical in periods of uncertainty and high volatility.

Having a reliable, well-capitalised and trusted company at the heart of Australia's financial markets has never been more important.

Thank you for your confidence in what we do and how we do it.

## Financial highlights

The strength of ASX's business model and its ability to weather changing market conditions was evident in FY20.

Statutory net profit after tax grew 1.4% to \$498.6 million – up \$6.6 million – compared to last year (FY19), and underlying net profit after tax rose 4.4% to \$513.8 million – up \$21.8 million.

Statutory earnings per share (EPS) grew 1.4% to 257.6 cents, and underlying EPS rose 4.4% to 265.4 cents per share, up from 254.1 cents.

Our dividend for the second half of FY20 was 122.5 cents per share (cps), fully franked, bringing total ordinary dividends (interim and final) for FY20 to 238.9 cps, up 4.5% on the previous year. It is the seventh consecutive year of higher total ordinary dividends and represents 90% of underlying profit.

## Relief

Despite the necessary isolating and distancing, it would appear communities, including business communities, have become connected like never before. As was often said in public health messages, we're all in this together.

For ASX, that starts with our people, whose wellbeing is our primary concern. This includes the care taken when moving to work from home, which 95% of our staff did over one weekend. Our employees are supported with the resources required to work safely and effectively, including for their physical and mental health. The seamless and successful way our people embraced new ways of working and collaborating reflects ASX's strong culture. It also highlights the thoroughness of our business continuity arrangements. Our staff told us they generally felt comfortable and connected, well-informed and safe.

We are also mindful of the damaging impact the virus is having on others, especially our customers. We have made extra effort to be responsive to their circumstances and flexible wherever possible.

Across our business we offered relief by freezing fees for some services and lengthening payment periods for others. We also extended some market-facing project delivery dates to ease resourcing pressures and allow customers to focus on their immediate operations during the uncertainty.



# Chairman's letter continued

The highest profile example was our CHES replacement project. In mid-2020 we consulted users on a proposed new implementation timetable, moving the target start date from April 2021 to April 2022. The extra 12 months is to give all participants, including ASX, more time to manage the ongoing impact of COVID-19 and complete their readiness activities. We are in the process of reviewing all of the consultation feedback prior to finalising the new schedule.

We are making good progress on the project, which renews core technology and builds a modern digital platform that will benefit the whole industry. The COVID-19 crisis has underlined why the implementation of the next generation of technology for Australia's equity market is a priority.

We continue to listen to all of our stakeholders as we work through this together. That includes our regulators – the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA) – with whom we worked closely during the crisis; not just on the replan for CHES but on a range of other matters too. This included the package of temporary capital raising relief and updated guidance to assist companies manage their disclosure obligations to help investors stay informed during the pandemic. ASX offered companies the rule flexibility to deal with urgent financial needs, while ensuring fairness and protection for retail investors. The measures helped Australia's capital markets continue to perform well.

A market sector that performed particularly well during the pandemic was technology. In February, we launched the S&P/ASX All Technology Index. The development of a listed technology sector has been one of ASX's signature initiatives. The index has enhanced the profile and understanding of listed tech companies in Australia, and increased opportunities for investors. A vibrant tech sector helps drive innovation and strengthens the attractiveness of our capital markets.

## Board leadership

Quality leadership is critical, especially during crises. We work hard to ensure the ASX Board is match fit, with the right mix of skills, diversity and experience. Despite the challenges of COVID-19, your Board has not lost sight of ASX's direction and purpose.

We were pleased to welcome Rob Woods to the ASX Board in January 2020. He has over 30 years' experience in financial markets, and a deep understanding of ASX's businesses and regulatory obligations, having served on our Clearing and Settlement boards. Rob will stand for election at ASX's Annual General Meeting (AGM) on 30 September 2020.

Retiring from the Board after the AGM will be Peter Warne. Peter joined the ASX Board in July 2006 and has made an outstanding contribution over 14 years. I thank him for his expertise, wisdom and dedication to the company and its stakeholders.

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**'Having a reliable, well-capitalised and trusted company at the heart of Australia's financial markets has never been more important.'**

**Rick Holliday-Smith**

Your Board is conscious of the role ASX plays within Australia's financial community and the responsibilities that come with that to our stakeholders.

I thank my Board colleagues for their commitment in FY20, as I do the whole ASX team for its hard work and performance over the last 12 months.

The challenges that arose in the past year are not over, and may extend for some time to come. I am confident ASX will continue to manage them successfully and is positioned well for the recovery.

Thank you for your support.



**Rick Holliday-Smith**  
Chairman

# CEO's year in review



Dear fellow shareholders,

The last 12 months proved to be – to use a word we've heard a lot recently – unprecedented. It may seem long ago, but this time last year, Australia was experiencing one of its most severe droughts of the last 100 years. We then headed into one of the worst bushfire seasons in recent memory. Parts of the country, Sydney in particular, were then subjected to intense and damaging rains.

And just when we thought things couldn't get any worse, the world was struck by COVID-19.

Reflecting on this past year, I am inspired by the resilience, courage and generosity of my fellow Australians. While we don't want a repeat of the last 12 months any time soon, as a nation we do rise to a challenge.

The foreseeable future will present many challenges – not just for ASX, but for the Australian community. However, with the right mix of people, technology and tenacity, I am certain we will overcome what lies ahead.

## FY20 financial performance

Notwithstanding the difficulties of the last 12 months, ASX proved its strength and resilience by reporting solid financial results for the 2020 financial year (FY20).

Operating revenue (as per ASX's segment reporting) increased by 8.6% to \$938.4 million, driven by growth in each of our four core businesses:

- Listings and Issuer Services delivered a 7.3% rise in revenue supported by higher secondary capital raisings
- Derivatives and OTC Markets was up 4.5% due to strong growth in Austraclear
- Trading Services lifted by 11.5%, underpinned by greater cash market trading activity and higher usage of information and technical services
- Equity Post-Trade Services revenue grew 17.0%, in line with higher cash market trading activity.

Expenses (as per ASX's segment reporting) rose 9.0%. This is above guidance by 1.0% as a result of heightened costs associated with COVID-19, in particular higher variable costs and ASIC fees attached to market activity.

Capital expenditure was \$80.4 million, reflecting our ongoing investment to refresh ASX's technology capabilities.

We also reduced the carrying value of our shareholding in trading venue Yieldbroker by \$15.2 million. While we remain committed to Yieldbroker and the electronification of fixed income markets, the pace of change has been slower than expected.

Earnings before interest and tax (as per ASX's segment reporting) for the period was \$652.2 million, up 8.5% on the prior year, enabling a 4.5% increase in total ordinary dividends paid in FY20.

## Responding to a once-in-a-generation pandemic

ASX operates at the heart of Australia's financial markets. It is vital that our services are available, reliable and resilient at all times, and most especially during periods of heightened activity.

Across the period, ASX's systems remained open and operational, while managing record trading volumes and volatility levels. The fact that this was achieved with 95% of our staff working from home, is a credit to the tirelessness and expertise of our people, and validates the work done to strengthen ASX's foundations.

Here are some of the records across the period.

- During March 2020, the S&P/ASX 200 recorded eight of its 10 biggest intraday moves since its launch in 2000, with the largest being 13.7% on Friday 13 March.
- Equities trading volumes also peaked on 13 March 2020, when 5.18 million trades transacted through ASX, double the previous pre-COVID-19 daily record set in August last year.
- Futures volumes set a new high in March too, exceeding the previous monthly record set in March 2019 by 11%.
- \$169 billion of bonds were settled in Austraclear on 20 March 2020, surpassing the previous pre-COVID-19 record set on 15 March 2019 by 29%.
- February 2020 saw a new monthly record of 11,327 market announcements; more than 4,000 were price sensitive.

# CEO's year in review continued

- ASX-listed companies raised \$31 billion in secondary capital during the June quarter 2020, second only to the amount raised in the December quarter 2009.
- There were 3.6 million unique visitors to ASX's website in March 2020, with a one-day record peak of 363,241 visitors on 16 March.

## Supporting our listed companies

ASX provided a package of temporary relief and updated guidance to assist listed companies raise capital and manage their disclosure obligations. It was also designed to help investors remain informed during this challenging time.

These measures included:

- Temporary emergency capital raising measures to enable companies to raise urgently needed capital, while requiring follow-on offerings to allow retail shareholders to participate
- Practical guidance on managing disclosure obligations, including earnings guidance and decisions not to pay a dividend or distribution
- Support for ASIC's 'no action' position on AGMs and financial reporting requirements
- Relief for ASX/NZX dual-listed entities to facilitate the operation of waivers announced by the New Zealand Financial Markets Authority.

ASX also provided relief on annual listing fees by allowing payments to be made by instalment.

ASX-listed companies raised a total of \$51.4 billion (initial and secondary capital combined) from 1 March to 30 June 2020. This was at the height of the pandemic, and saw ASX lead the exchange world in its ability to facilitate urgently needed capital quickly, fairly and cost effectively. The Australian market demonstrated similar agility during the GFC.

Throughout the challenging period ASX worked closely with ASIC, supporting steps to ensure market stability and resiliency. We will continue to engage with the regulator and the industry in the interests of the Australian market overall.

## Building an exchange for the future

Despite the headwinds the pandemic blew our way, we remained committed to our customer-focused and technology-driven strategy:

- Customer-focused because we see there are many areas where we can help our customers grow their businesses or make their operations more efficient
- Technology-driven as we believe the digital, contemporary and open nature of the technology we're building will power our ability to add value for our customers.

ASX has a long history of being at the forefront of the global exchange industry in the adoption of technology for the benefit of customers, investors and regulators.

We are transforming our entire technology stack, from the operational databases and communications infrastructure we use, to the way we deploy distributed ledger, cloud, big data and AI tools.

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**'ASX has a long history of being at the forefront of the global exchange industry in the adoption of technology for the benefit of customers, investors and regulators.'**

**Dominic Stevens**

## Strengthening our operating resilience

ASX has now completed our multi-year Building Stronger Foundations enhancement program. Throughout this program, we worked closely with our regulators, ASIC and the RBA, which were engaged and constructive.

We've upgraded and consolidated ASX Net from six independent networks that support various products and services, to one integrated system that improves the network's reliability and speed. To give a sense of its importance, the RBA's RITS high-value settlement and transfer system that supports Australia's banking sector travels over ASX Net.

Our new secondary data centre is fully operational and is a significant upgrade to the facility that supported the exchange for more than 20 years. The new facility enables a lower risk failover and backup, and will better align with our primary data and liquidity centre.

ASX has completed the second and penultimate phase of its enhanced corporate actions straight-through-processing (STP) project. All corporate action event notifications are now published in the ISO 20022 global messaging standard.

ASX is one of the few securities exchanges in the world with a fully functioning, end-to-end corporate action STP notification ability in the ISO 20022 format.

Completion of the STP project means investors receive issuer data more quickly, with fewer errors, enabling more informed and timely investment decisions. Listed entities benefit from more efficient and timely processing of their shareholders' corporate action instructions. A validation feature also helps them comply with the ASX listing rules.

Intermediaries benefit from international standard data sets allowing easier implementation and standardisation of their own systems and services for their customers.

# CEO's year in review continued

ASX is also in the final stages of upgrading the ASX Trade equities trading platform. The platform will offer improved system performance and the ability to introduce new functionality more efficiently.

And our cyber resilience program continues to be enhanced each year. This not only gives comfort to ASX and our regulators, but also to our customers who rely on the safety and security of ASX services.

## Focusing on our sustainability

In FY20, we updated our sustainability framework. This new framework sharpens our focus on how we create long-term value for all stakeholders. It brings together the activities we undertake to manage our non-financial risks, operate as a responsible corporate citizen and influence our external environment.

ASX's ability to create long-term value is founded on the level of trust in our actions, the resilience of our operations and the efficiency of our markets. It is bolstered by our risk management expertise and our experience as a regulated provider of critical financial market infrastructure.

Our new framework reinforces the importance of good corporate governance, engaging our people, investing in risk awareness and training, and being a responsible corporate citizen. It also captures the value we create for the industry via our market oversight activities and investment in innovation.

For more information, please see the Sustainability section starting on page 20 of this report.

## Improving the experience and delivering value for our customers

### New website and customer portals

In FY20, we launched our new website (which will operate in parallel with our existing website for a time), and have upgraded and consolidated our multiple web presences to make them fresher and more usable.

With an average of almost 180,000 unique visitors each day, our website is one of the most prominent and trusted aspects of our brand.

We now offer customers a digital home that reflects the contemporary and innovative nature of our business, and ASX's place as a leading and respected global exchange.

### Launch of the S&P/ASX All Technology Index

Mirroring the importance of technology to ASX as a company, there has been a steady rise in technology companies listing on our exchange in recent years.

Our new S&P/ASX All Technology Index, with the code XTX, launched earlier this year. It enhances the profile and understanding of the tech sector in Australia. It also increases opportunities for companies to access capital, and investors to gain exposure to some of the world's most exciting new enterprises.

Throughout the recent crisis, technology has been the best performing sector on ASX, highlighting the growing strength and attractiveness of listed technology companies within our market.

## Exploring adjacencies

ASX seeks opportunities that leverage our skills into adjacent areas. The execution of this strategy has gained momentum over the past year, and our plans could produce new revenue streams in the medium term.

While there is much work still to do, the CHES replacement project will provide a contemporary clearing and settlement solution for the Australian equity market. The optional distributed ledger technology (DLT) that is available with the new system, will generate value by helping participants, software vendors, service providers and fintechs to innovate by leveraging the distributed nature of the technology. This will allow them to develop new functionality for use in the cash equities market or to develop new applications for use outside of clearing and settlement.

Our DataSphere platform is being used internally and is providing a 'big data' technology solution for ASX. Data and workspaces can now be provided externally to customers. We are also looking to sign up external data partners to join the initiative. Importantly, similar to CHES replacement, ASX is building open technology that can be better accessed and leveraged by our customers.

Finally, we are using ASX's payments expertise to build a new solution in the growing e-conveyancing market, called Sympli. Here, ASX is the challenger rather than the incumbent. We believe Sympli is a superior solution that will integrate better with the banking and conveyancing market.

There is strong support from the Australian Competition and Consumer Commission (ACCC), federal and state governments, and industry associations to help facilitate competition in this sector. We are connected with the RBA, and almost all of the state registrars and revenue offices. However, the Banking Royal Commission and COVID-19 have slowed our progress connecting to the major banks.

Nevertheless, Sympli has completed both financial and non-financial conveyancing transactions, and expects to connect to all the major banks in the coming financial year.

## Update to CHES replacement timetable

In mid-2020 ASX consulted on an updated CHES replacement timetable in response to the COVID-19 pandemic. This was to give the industry more time to focus on day-to-day operations in this environment of heightened volatility and activity levels.

The replan was also in response to user feedback on timing, requested functionality changes and the need for ASX to complete aspects of its own readiness.

The aggregate effect of these considerations produced a proposed revised timetable with a new target go-live date of April 2022 – 12 months beyond the original proposed date. Consultation with CHES users has now been completed and we are reviewing the feedback received. The early findings from the consultation was pleasing, with over 90 per cent of CHES users saying they can meet the new schedule.

# CEO's year in review continued

Throughout this project, consultation and collaboration have been deep and wide. For example, in FY20 ASX held 165 bilateral meetings with stakeholders, 14 focus groups, seven Implementation and Transition working group meetings, nine Connectivity and Integration working group meetings, nine Technical Committee meetings and received on average over 1,500 stakeholder emails to the dedicated CHES replacement mailbox. I thank all our stakeholders for their input and support.

This is a world-leading project. At its core, the new CHES system will deliver existing services, new and enhanced functionality, high availability, reliability and performance, and will underpin Australia's financial markets for the next decade and beyond.

We are approaching an important and exciting phase of the project. While it is complex and the challenges created by COVID-19 remain, ASX is focused on delivering the solution in a safe and timely manner. We will continue to listen to our stakeholders as we work through this together.

## Looking ahead

ASX's investment in technology and risk management over the past three years has strengthened our ability to deal with the unexpected. Navigating through COVID-19 has reaffirmed our technology-driven growth strategy, underpinned by strong operations, which strives to make business easier for customers and seeks opportunities that benefit ASX and our stakeholders. Consistent with our history, ASX continues to position itself at the forefront of innovation, digitisation and efficiency within our industry.

It's likely that we will continue to see volatility across our markets in the coming financial year. Together with regulators, other exchanges, participants and investors, it is ASX's mission to ensure that whatever challenge presents itself, we maintain the integrity and attractiveness of Australia's financial markets.

My thanks to our employees for their hard work and to our customers for their loyalty throughout the year. And to you, our shareholders, thanks for your ongoing support.



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



# OPERATING AND FINANCIAL REVIEW

# Operating and financial review

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

## Business model and operating environment

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

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

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

In March 2020, COVID-19 was declared a global pandemic. Market conditions deteriorated and the RBA lowered the cash rate target to 0.25 percent to help reduce economic and financial disruption. Large movements in equity prices and a low interest rate environment led to ensuing speculation and heightened market activity and volatility. Throughout, ASX's operating functions remained resilient and reliably managed the impacts of these extraordinary events.

## Group financial performance

### Net profit after tax

Statutory net profit after tax (NPAT) for FY20 increased 1.4% on the prior comparative period (pcp) to \$498.6 million. Statutory earnings per share (EPS) were 257.6 cents, up 1.4% from the previously reported EPS of 254.1 cents per share, reflecting the growth in earnings. FY20 included the non-cash impairment of \$15.2 million on the Group's investment in Yieldbroker. There were no significant items in FY19.

The Group's underlying NPAT, which excludes significant items, increased 4.4% on the prior year. Underlying EPS was up 4.4%.

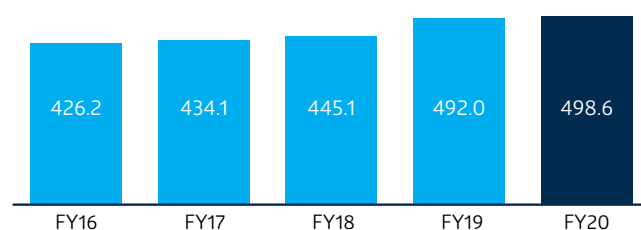
## Dividends

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

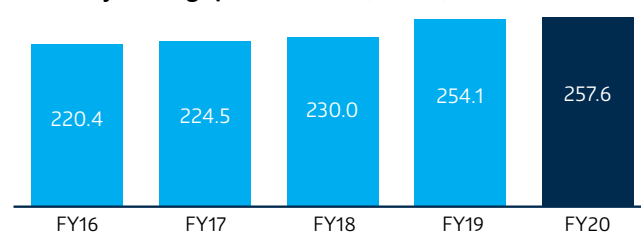
ASX paid an interim dividend of 116.4 cents per share in March 2020 and directors have determined a final dividend of 122.5 cents per share. Total interim and final dividends per share for FY20 of 238.9 cents are 4.5% higher than the prior year, and reflect the increase in underlying earnings. The final dividend will be paid on 30 September 2020.

FY19 included proceeds from the sale of ASX's investment in IRESS Limited paid to shareholders as a special dividend of 129.1 cents per share.

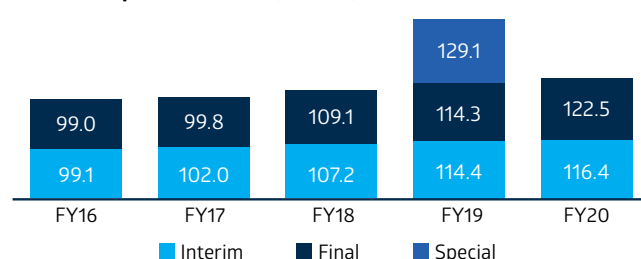
### Statutory net profit after tax (\$million)



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



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



# Operating and financial review continued

## Summary income statement for the year ending 30 June 2020

Based on the Group segment reporting note

	FY20 \$m	FY19 \$m	Variance fav/(unfav)	
			\$m	%
Operating revenue	938.4	863.8	74.6	8.6
Operating expenses	(235.7)	(214.8)	(20.9)	(9.7)
<b>EBITDA</b>	<b>702.7</b>	<b>649.0</b>	<b>53.7</b>	<b>8.3</b>
Depreciation and amortisation	(50.5)	(47.8)	(2.7)	(5.6)
<i>Total expenses</i>	<i>(286.2)</i>	<i>(262.6)</i>	<i>(23.6)</i>	<i>(9.0)</i>
<b>EBIT</b>	<b>652.2</b>	<b>601.2</b>	<b>51.0</b>	<b>8.5</b>
Interest and dividend income	83.8	103.9	(20.1)	(19.3)
<b>Underlying profit before tax</b>	<b>736.0</b>	<b>705.1</b>	<b>30.9</b>	<b>4.4</b>
Tax expense	(222.2)	(213.1)	(9.1)	(4.3)
<b>Underlying profit after tax</b>	<b>513.8</b>	<b>492.0</b>	<b>21.8</b>	<b>4.4</b>
Significant items after tax <sup>1</sup>	(15.2)	-	(15.2)	-
<b>Statutory profit after tax</b>	<b>498.6</b>	<b>492.0</b>	<b>6.6</b>	<b>1.4</b>
Statutory earnings per share (cents) <sup>1</sup>	257.6	254.1		1.4
Underlying earnings per share (cents)	265.4	254.1		4.4
Dividends per share (cents)	238.9	228.7		4.5

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

## Operating revenue

Operating revenue as reflected in the Group's segment note in FY20 increased 8.6% on the pcp to \$938.4 million.

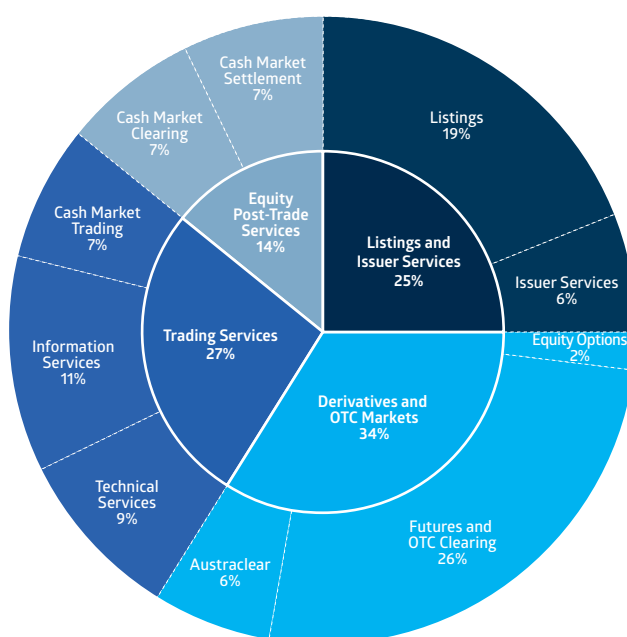
Overall, COVID-19 impacted each of our four businesses differently, with the net impact positive.

### The key components of operating revenue:

- **Listings and Issuer Services** revenue increased 7.3%, as a result of strong secondary capital raisings, elevated CHES holding statement volumes, and an increase in the use of the Primary Market Facilitation (PMF) service.
- **Derivatives and OTC Markets** revenue increased 4.5%, reflecting higher futures and OTC clearing revenues, and higher transactions and balances for Austraclear services.
- **Trading Services** revenue increased 11.5%, resulting from heightened cash market trading activity and growth in demand for information services.
- **Equity Post-Trade Services** revenue increased 17.0%, reflecting higher value cleared and settlement messages.

	FY20 \$m	FY19 \$m	Variance fav/(unfav)	
			\$m	%
Listing and Issuer Services	237.1	221.0	16.1	7.3
Derivatives and OTC Markets	317.6	304.0	13.6	4.5
Trading Services	256.3	230.0	26.3	11.5
Equity Post-Trade Services	127.4	108.8	18.6	17.0
<b>Total operating revenues</b>	<b>938.4</b>	<b>863.8</b>	<b>74.6</b>	<b>8.6</b>

FY20 revenue classification includes the allocation of 'other revenue' into respective revenue lines. Prior period comparative balances have been restated accordingly.





# Operating and financial review continued

## Total expenses

As reflected in the segment note, total expenses (excluding significant items) increased 9.0% to \$286.2 million. This is above previously provided guidance by 1.0% as a result of heightened expenses attached to COVID-19, namely heightened variable and ASIC fees attached to market activity, and lower annual leave taken by staff.

	FY20 \$m	FY19 \$m	Variance fav/(unfav)	
			\$m	%
Staff	145.4	127.7	(17.7)	(13.8)
Occupancy	9.7	17.9	8.2	46.0
Equipment	35.4	30.7	(4.7)	(15.1)
Administration	26.0	22.5	(3.5)	(15.6)
Variable	10.7	8.4	(2.3)	(28.5)
ASIC levy	8.5	7.6	(0.9)	(12.9)
<b>Operating expenses</b>	<b>235.7</b>	<b>214.8</b>	<b>(20.9)</b>	<b>(9.7)</b>
Depreciation and amortisation	50.5	47.8	(2.7)	(5.6)
<b>Total expenses</b>	<b>286.2</b>	<b>262.6</b>	<b>(23.6)</b>	<b>(9.0)</b>

- Staff costs increased 13.8% to \$145.4 million. This reflects the impact of expanding headcount to support both project and 'licence to operate' initiatives, coupled with the annual remuneration review and lower annual leave taken as a result of COVID-19. The average full-time equivalent (FTE) headcount increased to 709 compared to 650 in the pcp.
- Occupancy costs decreased 46.0% to \$9.7 million. With the adoption of AASB 16 *Leases* (AASB 16), certain leasing costs, previously captured within rental expense, are now split between depreciation and interest on the income statement resulting in a reduction in group occupancy costs. Other occupancy costs were broadly flat on pcp.
- Equipment costs increased 15.1% to \$35.4 million, including additional licence subscriptions for cyber security and digital initiatives.
- Administration costs increased 15.6% to \$26.0 million, due to a number of factors including higher consulting costs associated with initiatives, a Red Cross Disaster Relief donation and higher insurance premiums.
- Variable costs increased 28.5% to \$10.7 million, due to higher postage costs and elevated volumes of CHESSE statements amid heightened market activity due to COVID-19.
- ASIC supervision levy increased 12.9% to \$8.5 million, due to fee revisions provided during 2H20 and heightened activity.
- Depreciation and amortisation expenses increased 5.6% to \$50.5 million, primarily reflecting the recognition of right-of-use assets following adoption of AASB 16.

## Capital expenditure

The Group invested \$80.4 million in capital expenditure during the year, compared to \$75.1 million in the pcp. This is in-line with previously provided guidance.

FY20 expenditure included the continued investment in distributed ledger technology (DLT) for CHESSE replacement, ASX Trade platform upgrades, the new secondary data centre, as well as various initiatives to strengthen resiliency of ASX services by continuing to contemporise platforms.

## Net interest income

	FY20 \$m	FY19 \$m	Variance fav/(unfav)	
			\$m	%
ASX Group net interest income	7.6	23.4	(15.8)	(67.5)
Net interest on collateral balances	76.2	75.4	0.8	1.2
<b>Total net interest income</b>	<b>83.8</b>	<b>98.8</b>	<b>(15.0)</b>	<b>(15.1)</b>
Dividend income	-	5.1	(5.1)	-
<b>Interest and dividend income</b>	<b>83.8</b>	<b>103.9</b>	<b>(20.1)</b>	<b>(19.3)</b>

Net interest and dividend income decreased 19.3% to \$83.8 million. Net interest consists of two components: interest earned on ASX's cash balances and net interest earned from the investment of collateral balances lodged by participants.

Interest income on ASX's cash balances decreased 67.5% to \$7.6 million due to decreased earning rates and the inclusion of lease finance costs under AASB 16 from FY20. Net interest earned from the investment of participant balances increased 1.2% to \$76.2 million. This increase was driven by a 31.2% increase in average collateral balances to \$10.7 billion, reflective of larger positions. Investment earnings on this portfolio averaged 37 basis points compared to 51 basis points in the pcp above the official overnight cash rate.

FY19 dividend revenue reflected amounts entitled prior to the sale of ASX's shareholding in IRESS in February 2019.

## Financial position

At 30 June 2020, the net assets of the Group were \$3,720.4 million, down 5.0% from 30 June 2019.

### Summary balance sheet for year ending 30 June 2020

	30 June 2020 \$m	30 June 2019 \$m	Variance increase/ (decrease)	
			\$m	%
<b>Assets</b>				
Cash	858.1	333.1	525.0	157.6
Other financial assets <sup>1</sup>	12,998.9	11,937.2	1,061.7	8.9
Intangibles (excluding software)	2,325.9	2,326.1	(0.2)	(0.0)
Investments <sup>2</sup>	85.6	76.3	9.3	12.1
Right-of-use assets	74.9	-	74.9	100.0
Other assets <sup>3</sup>	1,071.4	657.6	413.8	62.9
<b>Total assets</b>	<b>17,414.8</b>	<b>15,330.3</b>	<b>2,084.5</b>	<b>13.6</b>
<b>Liabilities</b>				
Amounts owing to participants	12,677.2	10,801.0	1,876.2	17.4
Lease liabilities	81.1	-	81.1	100.0
Other liabilities	936.1	612.9	323.2	52.7
<b>Total liabilities</b>	<b>13,694.4</b>	<b>11,413.9</b>	<b>2,280.5</b>	<b>20.0</b>
<b>Equity</b>				
Capital	3,027.2	3,027.2	-	-
Retained earnings	603.8	801.7	(197.9)	(24.7)
Reserves	89.4	87.5	1.9	2.2
<b>Total equity</b>	<b>3,720.4</b>	<b>3,916.4</b>	<b>(196.0)</b>	<b>(5.0)</b>

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

<sup>2</sup> Prior period balance includes Digital Asset convertible note and accrued interest reclassified in the above for comparative purposes.

<sup>3</sup> Other assets include software.

# Operating and financial review continued

## Investments

Investments for the period were up \$9.3 million or 12.1% on the prior year. The increased investments in Digital Asset and Sympli were partly offset by the impairment of Yieldbroker. Investments are detailed below. The movement reflects the change in fair value of these investments.

- 44.8% shareholding in Yieldbroker Pty Limited, down \$15.5 million primarily representing the impairment treated as a significant item. An unlisted entity licensed to operate in electronic markets for trading Australian and New Zealand debt securities.
- 8.2% shareholding in Digital Asset Holdings LLC, up \$20.8 million as a result of a further USD 10 million investment and USD 3.9 million convertible note to equity conversion. An unlisted US domiciled technology entity. In July 2020, a further USD 2 million investment was made bringing ASX's shareholding to 8.7%.
- 49.1% shareholding in Sympli, up \$4.0 million representing additional investment partly offset by share of equity loss. A joint venture established to provide electronic property conveyancing and settlement services. In FY20, the Sympli joint venture completed its first four-party e-settlement property transaction.

## Right-of-use assets and lease liabilities

In accordance with AASB 16, ASX recognised assets and liabilities for all leases with a term more than 12 months. As at 30 June 2020, \$74.9 million of right-of-use assets and \$81.1 million of lease liabilities are recognised on the balance sheet, representing ASX's right to use the underlying leased asset and obligations to make lease payments respectively.

## Amounts owing to participants

Amounts owing to participants were up \$1,876.2 million or 17.4% compared to the prior year, reflecting an increase in the open positions held in interest rate and equity index futures, as well as equity margins and OTC derivative positions. ASX holds these collateral positions to cover cash market and derivatives exposures as part of its clearing operations.

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

## Total equity

Total equity was down \$196.0 million or 5.0%. This was primarily due to payment of dividends, comprised of FY19 final dividend of \$221.3 million and special dividend of \$249.9 million, as well as the FY20 interim dividend of \$225.3 million. This was partly offset by the \$498.6 million annual profit in FY20.

## Listings and Issuer Services

### Business model and operating environment

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

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

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

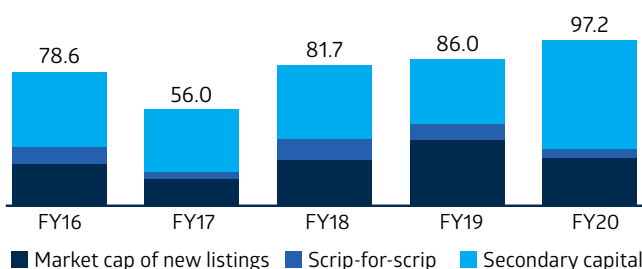
- Number of listed entities and their market value
- Number and value of initial public offerings (IPOs)
- Level of corporate actions, such as secondary capital raisings
- Number of holding statements.

### Results of operations

Listings and Issuer Services revenue was \$237.1 million, up 7.3%, reflecting the following.

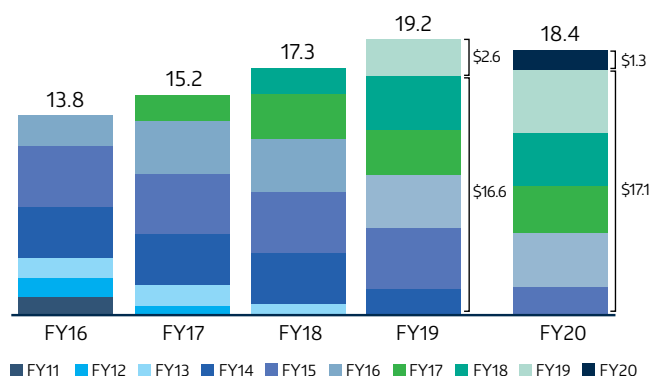
- **Annual listing** revenue down 1.6% to \$92.4 million. A decrease in the number of billed listed entities resulted in lower revenue, partially offset by annual fee changes.
- **Initial listing** revenue down 4.1% to \$18.4 million. Historical revenues accounted for \$17.1 million and \$1.3 million of revenue related to a more subdued current period. In FY20, the number of new listings decreased from 111 to 83 and the amount of capital raised was \$27.0 billion, down 27.9% on the pcp.
- **Secondary capital raisings** revenue up 9.7% to \$56.1 million. Historical revenues accounted for \$44.4 million and \$11.7 million of revenue related to strong secondary capital raisings in the current period. In FY20 capital raised was \$70.2 billion, up 44.5% compared to the pcp, generating revenue of \$68.2 million which is amortised over three years.
- **Other listings** revenue up 15.0% to \$9.0 million. Exchange-traded products (ETP) revenue increased as a result of strong growth in funds under management (FUM) balances year-on-year. There was also an increase in re-instatements, 13 compared to 11 in the pcp, and initial and secondary debt raisings were up on pcp.
- **Issuer services** revenue up 25.0% to \$61.2 million. With elevated activity particularly since March, there was a notable increase in the number of CHES holding statements, up 34.9% and other issuer-related CHES messages compared to pcp.

### Total capital raised (\$billion)



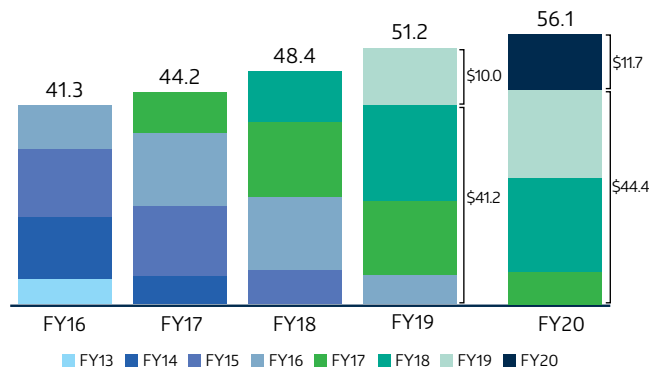
# Operating and financial review continued

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



Colours represent the year in which revenue was generated and the periods over which it is amortised.

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



Colours represent the year in which revenue was generated and the periods over which it is amortised.

## Business strategies

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

ASX has continued to focus on expanding the number of foreign companies and those from the technology sector listed on the exchange. ASX has 264 foreign entities and 201 technology companies listed (45 of the technology companies are also foreign).

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

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

- Bonds – ASX provides the ability for clients to trade Australian Government bonds on exchange in the same way as equities are traded

- ETPs – in recent years ASX has increased the number and range of ETPs. The value of ETPs listed on ASX increased 29.2% to \$65.8 billion in FY20

- Managed funds (mFund) – mFund allows investors to apply for and redeem unlisted managed funds using their broker platform. At 30 June 2020, there were 234 funds available on mFund with a market capitalisation of \$1,144.0 million, 22.1% up on the pcp.

## Derivatives and OTC Markets

### Business model and operating environment

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

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

In recent months we have seen a notable decline in futures volumes and have entered a period of historical low interest rates. The short to medium-term outlook for futures activity is more than likely to be subdued.

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

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

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

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

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

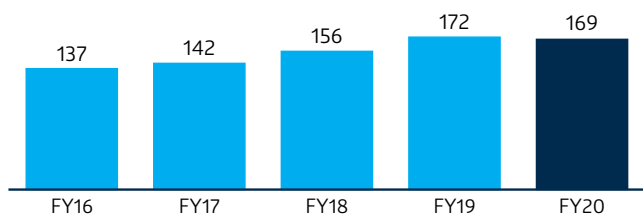
# Operating and financial review continued

## Results of operations

Derivatives and OTC Markets revenue was \$317.6 million, up 4.5%, reflecting the following.

- **Futures and OTC** revenue up 4.1% to \$242.9 million. Despite a strong volume result for 1H20, futures activity declined post the RBA cash rate cut in March, and volumes for the year ended up down 1.5% on the pcp. However, revenue growth was supported by an increase in the average futures fee with a change in the product and customer mix. Value cleared through the OTC clearing service was up 28.3% on the pcp.
- **Equity options** revenue down 7.0% to \$18.5 million. Subdued activity resulted in lower index options volumes, down 12.8%, and single stock option volumes, down 10.7%.
- **Austraclear** revenue up 10.6% to \$56.2 million. The increase was primarily due to higher balances in the depository, and increased transactions and growth in the ASX Collateral service across the period. At 30 June 2020, the value of assets in the ASX Collateral service was \$43.4 billion compared to \$22.4 billion in the pcp. However, average balances throughout the year were up 23.0% on pcp to \$26.9 billion.

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



## Business strategies

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

The OTC Clearing service includes A\$ and NZ\$ interest rate swaps and client clearing. Notional open interest at the end of June 2020 was \$5.1 trillion, down 29.3% on the pcp.

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

## Trading Services

### Business model and operating environment

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

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

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

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

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

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

## Results of operations

Trading Services revenue was \$256.3 million, up 11.5%, reflecting the following.

- **Cash market trading** revenue up 23.9% to \$64.2 million. The increase in revenue resulted from:
  - Higher on-market trading value of \$6.0 billion per day, up 29.0%. ASX's share of on-market trading averaged 89.4% in FY20, up 0.8% on the average of 88.6% in the pcp
  - Auctions and Centre Point value was up 18.6% on pcp, both of which have higher associated revenues. Auctions accounted for 26.9% of the on-market value while Centre Point usage was 7.9%. Together, these accounted for 51.9% of ASX trading revenue, down from 55.7% in the pcp.
- **Information services** revenue up 10.7% to \$106.8 million. The increase in revenue resulted from:
  - Increase in equities and futures market data distribution, and fee changes to certain data products
  - Increased index royalties from S&P, additional bank bill swap rate (BBSW) distribution and annual fee increases.
- **Technical services** revenue up 4.4% to \$85.3 million. The increase in revenue was due to:
  - Stable cabinet hosting with 326 cabinets at 30 June 2020 and growth in connections with the number of ALC cross-connections up from 1,068 to 1,078.

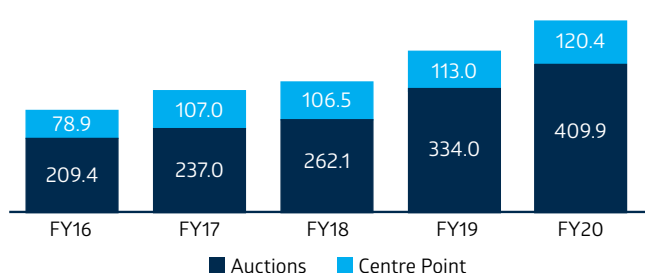
# Operating and financial review continued

## Business strategies

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

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

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



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

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

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

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

## Equity Post-Trade Services

### Business model and operating environment

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

### Cash market clearing

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

### Cash market settlement

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

## Results of operations

Equity Post-Trade operating revenue was \$127.4 million, up 17.0%, reflecting the following.

- **Cash market clearing** revenue up 19.5% to \$65.3 million. This resulted from an increase of 28.8% in the value of trades centrally cleared in the market in line with the higher total value traded in the market. An average of \$6.3 billion on-market value was centrally cleared each day by ASX Clear and no calls were made on the clearing guarantee fund in the current or prior year. Elevated year-on-year activity resulted in a clearing revenue rebate of \$8.3 million, \$2.5 million was paid in the pcp.
- **Cash market settlement** revenue up 14.5% to \$62.1 million. The number of messages increased year-on-year, with the main message type 14.6% higher than the previous year. Strong year-on-year activity resulted in a settlement revenue rebate of \$6.1 million, with \$0.9 million paid in the pcp.

## Business strategies

ASX is the sole provider of cash market clearing and settlement services to the Australian market.




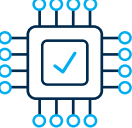
ASX's Equity Post-Trade strategy is to innovate to improve the efficiency of clearing and settlement, so to allow our customers to offer new products and services to benefit issuers and investors.

ASX's CHES replacement project continues to progress. In June–July 2020, users were consulted on a proposed new implementation timetable, moving the target start date from April 2021 to April 2022. The extra 12 months is to give all participants, including ASX, more time to manage the ongoing impact of COVID-19 and complete their readiness activities.

Further details on this initiative are included on page 8.

# Operating and financial review continued

The table below describes ASX's key risks and how we respond to them. For more information on ASX's approach to risk management please see page 27 of this report.

Risk	The risk and its impact	How we are responding
<b>Regulation, market structure and competition</b> 	<p>ASX operates in highly regulated markets. Changes in regulations and/or market structure can impact on ASX or its customers and the environment in which we operate.</p> <p>Examples of how ASX's business could be impacted include if:</p> <ul style="list-style-type: none"> <li>Regulatory requirements were changed for certain important services</li> <li>ASX's products or services did not meet industry expectations in terms of quality or value</li> <li>New competitors commenced operation in Australia.</li> </ul>	<ul style="list-style-type: none"> <li>We regularly engage with government, regulators and industry participants on market structure issues to promote the best industry-wide efficiency outcomes.</li> <li>We engage with our customers to seek feedback on the quality and value of our products and services, and continually look for ways to improve these.</li> <li>We monitor the performance of individual products and services against those available elsewhere to support ASX's ability to deliver a strong value proposition.</li> <li>We consider the impact of ASX-driven change on our customers.</li> <li>We invest in technology enabling us to stay at the forefront of innovative products and services.</li> <li>We constantly engage with government on the future direction of policy impacting our business.</li> </ul>
<b>Economic environment and market activity</b> 	<p>ASX's business can be impacted by the level of market activity. Market activity levels are influenced by economic performance, government policy, and general financial market conditions in Australia and overseas.</p> <p>Slowing economic conditions or a lessening of general market volatility can lead to a reduction in activity and revenues.</p> <p>Examples of how ASX's business could be impacted if there was a slowdown in the Australian economy include:</p> <ul style="list-style-type: none"> <li>Fewer new listings</li> <li>Less secondary capital raisings</li> <li>Decline in the volume and value of equities traded</li> <li>Slowdown of growth rates associated with data products and/or technical services.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to build resilience into our business model through the diversification of revenue streams.</li> <li>We have been growing those services that have annuity-style revenue streams.</li> <li>We have been focusing on enhancing our reputation as a listing venue with emphasis on both technology and foreign companies.</li> <li>We continually look to introduce new domestic and international participants to our trading markets and clearing and settlement facilities.</li> </ul>
<b>Operational excellence</b> 	<p>The resilience, continuity and quality of our operational processes are critical to our ability to operate.</p> <p>This risk arises when failures in our people, processes, systems or controls impact on the delivery of our products or services to our customers.</p> <p>The occurrence of such a failure may result in reduced customer service, the inability to provide services, reduced revenues, increased costs, fines or regulatory issues.</p> <p>This category also captures the risk that our project execution is poor, which could lead to a failure of our strategic projects to deliver expected outcomes.</p>	<ul style="list-style-type: none"> <li>We have people, processes, systems and controls in place designed to meet our operational benchmarks.</li> <li>We regularly assess how we can make improvements to the resilience and reliability of our operational processes.</li> <li>We regularly consider the effectiveness of our controls.</li> <li>We monitor customer complaints for feedback on where we could improve performance.</li> <li>We have project management disciplines in place to reduce the likelihood that milestones are missed leading to delays in key strategic projects.</li> <li>We have business continuity plans that are regularly tested.</li> <li>We have an incident management framework requiring that timely attention be paid to rectifying incidents as they occur.</li> <li>We undertake resource planning and have staff training and retention programs.</li> </ul>
<b>Technology availability</b> 	<p>ASX operates critically important financial market infrastructure which is expected to be open and available at all relevant business times.</p> <p>A risk to ASX arises where infrastructure and technology are unreliable and have slow recoverability or have insufficient capacity and where this cannot be quickly increased. Issues that would heighten this risk are the prevalence of ageing infrastructure, systems or applications that are near their end of life, and a significant increase in cyber attack activity.</p> <p>The risk may result in reduced ability or an inability to deliver ASX's trading, clearing and settlement services, reduced customer service, reduced revenues, unplanned remediation or replacement costs or further licence conditions.</p>	<ul style="list-style-type: none"> <li>We regularly monitor our systems availability against targets and test to understand maximum throughput capacity.</li> <li>We monitor the health of critical systems and have contingency plans in place for disruptions.</li> <li>We replace ageing technology in a phased and planned manner. Recent examples include the replacement of SYCOM with NTP, the announcement to replace CHESSE with a DLT solution, and upgrading our secondary data centre.</li> <li>We constantly engage with our vendor partners who provide some of our critical systems and applications.</li> <li>We have a regular disaster recovery testing program in place.</li> <li>We have a cyber security strategy in place and continually look to improve our capability.</li> </ul>

# Operating and financial review continued

## Counterparty default risk



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

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

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

## Investment returns



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

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

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

## Reputation and stakeholder confidence



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

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

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

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

# SUSTAINABILITY



# Sustainability

## Our approach

Continuing to generate long-term value for all our stakeholders is central to ASX's ability to operate at the heart of Australia's financial markets.

We understand that optimising our economic, social and environmental outcomes requires ongoing focus and effort.

Inherent within our vision to be the world's most respected financial marketplace is having trusted actions, resilient operations and a commitment to providing efficient markets.

We recognise that as a market operator it is critical that we lead by example, with good corporate governance and effective risk management. We are committed to being a responsible corporate

citizen and having engaged and energised people. In addition, as a provider of critical financial infrastructure we have a responsibility to support the integrity of our markets and encourage innovation for the benefit of all Australians.

In 2020, we refreshed our approach to Sustainability following our work over the last three years to strengthen our technology and risk management governance, resources and processes – fundamental building blocks for the long-term success and sustainability of our business. Updating our approach was a natural extension of this work. It brings together the broad range of activities occurring within our business to manage our non-financial material risks.

Our 2020 Sustainability disclosures have been prepared in accordance with the GRI Standards: Core Option, and can be found throughout this Annual Report and on ASX's website.

## Sustainability governance

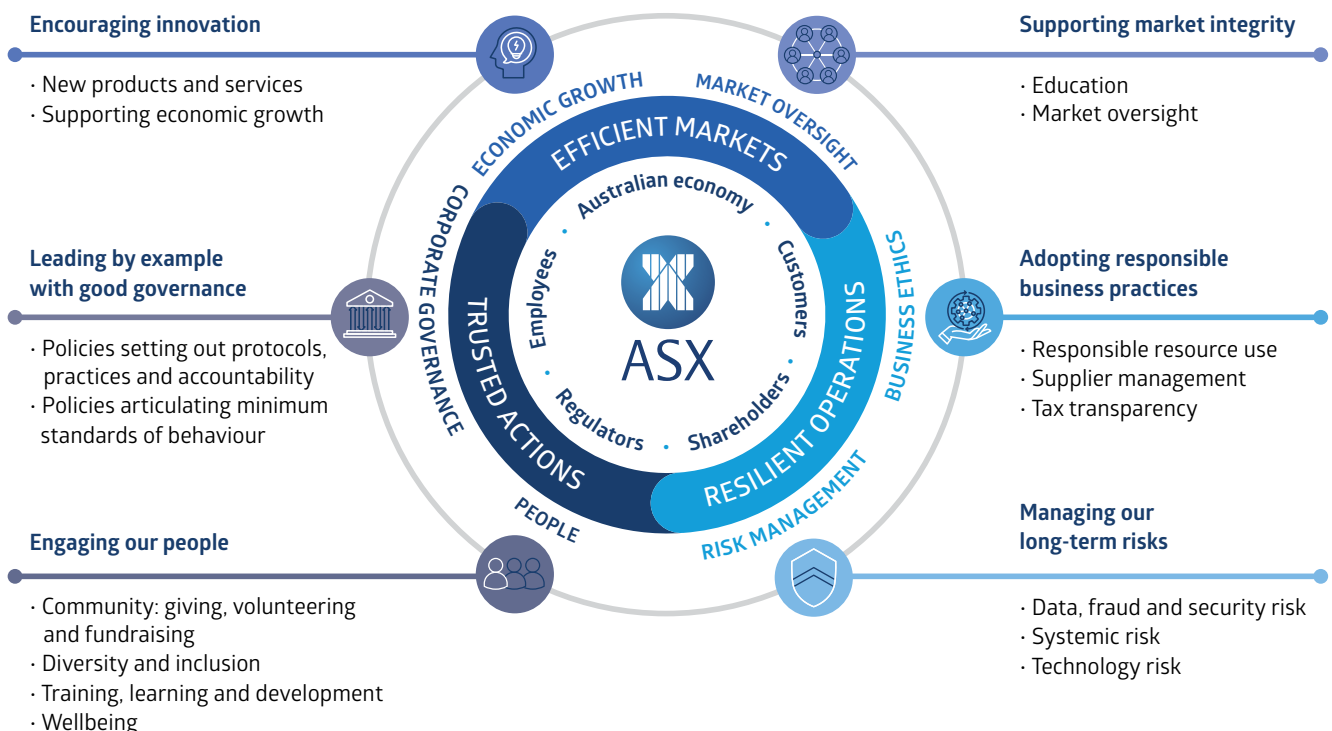
<b>ASX Limited Board</b>	Responsible for corporate governance policies and risk management, including those relevant to sustainability.
<b>Audit and Risk Committee</b>	Oversees and guides ASX's sustainability approach, reporting requirements and management of environment, social and governance (ESG) risk.
<b>CEO and the Executive Committee</b>	Approves ASX's sustainability agenda and priorities, and is responsible for implementation.
<b>ASX's Sustainability Working Group</b>	Develops and coordinates the implementation of ASX's sustainability approach and initiatives across the Group.

## Our focus areas

Our Sustainability approach supports the delivery of ASX's strategy and helps us manage our non-financial risks, which are important to our business and stakeholders.

There are six focus areas, each one considered to be material to ASX's ability to create long-term value for all stakeholders.

They were identified following a review of global peers, industry standards and benchmarks, including the Sustainability Accounting Standards Board's specified risks for securities and commodity exchanges, and after engagement with internal stakeholders. This process also included an assessment of each area's importance to our business and our ability to make a meaningful impact.



## Meeting the challenges of COVID-19

**The COVID-19 pandemic has changed the way individuals, companies and societies live and work. During this period, ASX has focused on the health and wellbeing of its people, as well as on the reliability and resilience of its infrastructure for the benefit of our customers and Australia's financial markets.**

The challenging conditions of 2020 have demonstrated the calibre of our employees and the resilience of our technology. In mid-March, during a period of extreme trading conditions, 95% of our employees transitioned to working from home at short notice – while keeping our markets open, customers supported and regulators informed. This has been maintained throughout the ongoing uncertainty caused by the pandemic.

## Trusted actions

Preserving the health and supporting the wellbeing of our people are at the heart of how we are responding to COVID-19.

Over a weekend in mid-March 2020, we transitioned our workforce to working from home. To assist with out of pocket expenses, a \$200 (after tax) one-time payment per employee was made.

We are taking a conservative approach to managing the challenges arising from this pandemic. A range of protective measures are in place, including:

- All staff work from home except for critical onsite employees
- Daily staff roll-calls to understand working locations in real-time
- Restrictions on international and interstate travel
- Sanitisation and social distancing measures at our locations
- Isolating overseas travellers and 'close contact' cases.

We have also undertaken surveys to assess employee wellbeing and understand their flexibility requirements. An all-staff weekly wellness and working from home communication has been introduced and supported with a new online wellbeing library.

Additional training was also offered to managers and employees in the areas of resilience, mental toughness and how to have 'courageous conversations'. And our CEO gives regular staff briefings to provide updates and insights on the evolving situation.

## Resilient operations

Providing our customers with open, reliable and functional infrastructure is never more important than during periods of crisis. In March and April 2020, ASX's systems proved their reliability and resiliency by delivering uninterrupted access, enabling record volumes and volatility to be transacted.

Across the business, ASX teams worked extended hours to support the delivery of our services to customers and the functioning of our markets. We have offered relief to our customers by freezing fees for some services and lengthening the payment period for others. In addition, we moved back market-facing project delivery dates to ease resourcing pressures and allow customers to focus on their immediate operations during the uncertainty.

## Efficient markets

### Regulatory support

ASX moved quickly to provide relief to its listed entities exposed to COVID-19. Through class waivers and updated disclosure guidelines, ASX enabled companies to raise urgently needed capital, while ensuring fairness and protection for retail investors. Just as it did through the GFC, the agility and efficiency of ASX's rules framework enabled Australia's capital markets to remain open and effective during a period of extreme uncertainty.

### Systemic risk management

ASX's two clearing houses, ASX Clear and ASX Clear (Futures), play important roles in reducing systemic risk in Australia's financial markets. This was critical in March and April 2020, during which they were monitoring margin requirements on a near real-time basis.

Our two clearing houses successfully navigated these unprecedented conditions, in part because of the initiatives taken to enhance their robustness over the past three years. These included implementing improved credit stress tests, increasing the frequency of margin calls, and introducing new capital and liquidity margin models.

In FY20, we introduced new calibration on initial margin models. This was to enable our clearing houses to cater for Australia's low interest rate environment and for periods of extreme market volatility, such as experienced as a result of the COVID-19 pandemic. These changes help ensure ASX's clearing operations have sufficient financial resources to support the stability of Australia's financial services industry.

# Sustainability continued



## Leading by example with good governance

### Why it matters?

Practising good governance is central to ASX's ability to act with transparency, accountability and effectiveness. This is ultimately in the best interests of ASX and all its stakeholders.

Good corporate governance promotes stakeholder confidence and is crucial for our ability to compete for capital. Well-executed corporate governance increases organisational accountability and drives company performance. Delivering transparency and good governance are the foundations of our ability to earn and preserve the trust of our stakeholders.

### Our approach

ASX is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the Group and its stakeholders. We believe good governance policies and practices provide the foundation for operating effectively in an accountable and transparent manner. As a market operator, we need to lead by example.

ASX undertakes regular reviews of our policies, practices and reporting activities to ensure they are in line with regulatory requirements, meet stakeholder expectations and support our ability to deliver our business objectives.



### Embedding and managing standards of behaviour

For more information regarding ASX's approach to corporate governance, please see pages 32 to 45 of this report, as well as ASX's website.

ASX's Board-approved Code of Conduct, and Anti-bribery and Corruption and Whistleblower Protection policies provide the foundations for our culture of acting lawfully, ethically and responsibly. These policies are detailed further on page 42 of the Corporate Governance section, and are available on ASX's website.

ASX periodically requires staff to attest to their understanding of, and compliance with, ASX's Code of Conduct and Anti-bribery and Corruption Policy. They also undertake mandatory compliance training in the areas of customer complaints, fraud and dealing rules. In FY20, this training was completed by 99% of all employees.

ASX also monitors and investigates any breaches of the Board-approved policies. In FY20, remedial action was taken in relation to nine code of conduct investigations, and there were no reported instances of bribery or corruption.

# Sustainability continued



## Engaging our people

### Why it matters?

Our people are central to achieving ASX's vision of being the world's most respected financial marketplace. How we support and inspire our workforce influences their commitment to ASX and the quality of their work. Striving to have an inclusive work environment, which cares for our people's wellbeing and provides them the opportunity to achieve their professional ambitions, contributes to our ability to retain and attract talent. It also helps deliver tangible results, such as improved financial performance.

### Our approach

We are committed to building an engaged, skilled and responsible workforce guided by values and behaviours that support our strategy. To do this, we:

- Make clear the behaviours we expect of employees through our values-based culture
- Commit to protecting the confidentiality of employees who wish to raise matters concerning the integrity of ASX
- Strive to create a diverse and inclusive workplace
- Have a strategy to attract and retain talent through our remuneration practices, and training and development programs
- Provide a safe and enjoyable work environment, with programs to support employee wellbeing.

## Values-based culture

Our people's actions and decisions are as important as the outcomes they deliver. That is why we are committed to building a values-driven culture.

Our values are to:

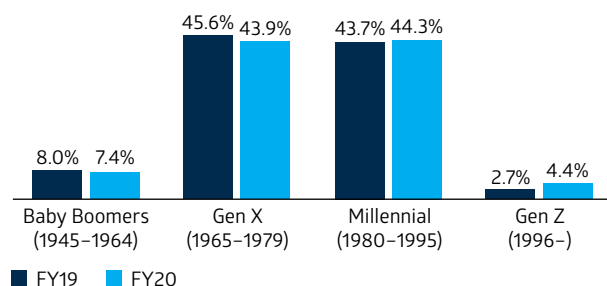
*Be Open, Be Trustworthy, Be Original, Be The Example.*

We work to instil and reinforce a culture of acting lawfully, ethically and responsibly, and know this is key to creating long-term value. We are committed to maintaining a high standard of integrity and stakeholder confidence.

Management and the Board monitor ASX's culture and behaviour with regular surveys and during annual performance reviews with employees. Results are reviewed by the Remuneration Committee.

The below chart outlines the demographic split of the organisation as at 30 June 2020.

### Percentage of employees



## Our workforce

In FY20, our permanent employee base increased by 5.5%. This was a marked slowdown from the 17% increase in FY19, which saw the hiring of resources to achieve our strategic initiative to uplift our technology and risk capabilities.

In FY20, voluntary turnover remained consistent with the previous year at 11%, which is slightly below the diversified financials industry average of 12% as measured by the Australian-based Financial Institutions Remuneration Group. Voluntary turnover is at a level that allows workforce stability, while enabling ASX to introduce new skills and talent.

### Remuneration

ASX employees receive a competitive fixed remuneration package. Subject to performance, employees also participate in a short-term incentive plan, which rewards individual behaviour and performance with ASX shares and/or cash (depending on the role). Details about our remuneration practices and policies are included in the Remuneration Report on pages 46 to 62.

ASX also provides employee benefits to all permanent and fixed-term employees. Through the General Employee Share Plan, ASX supports employees wanting to be shareholders by offering them the opportunity to buy \$1,000 of ASX shares at a 10% discount on a pre-tax salary sacrifice basis. ASX covers the brokerage costs. In FY20, this offer was accepted by 61% of staff.

Other benefits offered by ASX include salary continuance insurance, an Employee Assistance Program, discount and corporate rewards suite, and subsidised sport and social programs.

# Sustainability continued

## Managing performance and development

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

ASX's performance management system helps all employees achieve their best. Ninety-three percent of employees have documented deliverables and behavioural goals. The system also encourages the creation of developmental goals, performance conversations and career progression.

Learning programs are available for all roles and levels within the organisation via a global online learning platform. Additionally, ASX partners with best-in-class learning providers to deliver tailored development programs for leaders and team members.

## Employee safety and wellbeing

### Workplace health and safety

ASX is committed to the health and safety of all employees, visitors and contractors. Employees are encouraged to identify and address potential causes of workplace risk, injury and illness. Ongoing consultation with employees is conducted through the Health and Safety Committee, which meets on a quarterly basis. All employees have access to all relevant workplace health and safety (WHS) policies, risk assessments, procedures and statements, and complete mandatory annual e-training on WHS obligations.

The Audit and Risk Committee receives quarterly updates on ASX's compliance with WHS laws. WHS performance is audited periodically by an independent third party.

ASX's FY20 lost-time injury frequency rate (the number of lost time injuries per total hours worked) was below industry average at 1.41.

### Prevention of harassment and discrimination

ASX works to prevent discrimination and harassment in the workplace. Some of the highest scores in our 2019 staff survey included statements about the intolerance of sex-based harassment, and the belief that greater diversity leads to better business outcomes. ASX has processes in place to monitor and address discrimination, and employees must complete online training periodically.

### ASX Life Wellbeing Centre

The ASX Life Wellbeing Centre was launched at the annual ASX Benefits Expo in February 2020. A centralised hub and app, it provides free access to exercise workouts, information sessions on mind wellness, and healthy recipes.

The annual ASX Benefits Expo brings together all benefit providers to educate employees on what is available to them. Showcased wellbeing benefits include the Wellbeing Centre, flu vaccinations, the ability to purchase annual leave, Families at Work, corporate health cover providers, corporate gym membership offers, ASX employee networking groups, and the ASX Employee Assistance Program.

## Diversity and inclusion

ASX knows that a diverse and inclusive work environment brings performance benefits.

We support a workplace where employees have equal access to career opportunities, training and benefits. We treat employees fairly and respectfully and ensure they are not judged by their gender, age, ethnicity, race, cultural background, religion, sexual orientation, disability or caring responsibilities.

### Gender equality

We have a target of 40% female representation for all management levels. ASX is working towards achieving this target, with an overall representation of females in management of 39% as at 30 June 2020. To encourage greater representation of women at all levels in the organisation, we:

- Set gender diversity targets. Achievement against the targets is monitored by the Remuneration Committee
- Undertake annual pay equity reviews and make adjustments where a gap is identified
- Introduced gender-balanced shortlists and panels for interviews when recruiting
- Embed gender equality targets as part of an executive's balanced score card and review the executive's achievement against these targets when determining their short-term incentive.

The following table captures ASX's gender diversity targets and performance at various levels within the organisation. In FY21, ASX will continue to execute its gender diversity strategy by focusing on leadership accountability, gender pay equity, workforce gender composition, and talent pipeline and building capability, with the aim of reaching its gender diversity targets across the Group.

Reporting	Target	FY20	FY19
<b>Diversity % of women</b>			
On the Board	40%	27%	30%
Executive committee roles	40%	29%	29%
Management executive roles	40%	36%	42%
Management/team leader roles	40%	41%	39%
<b>Total % of women in management roles</b>	<b>40%</b>	<b>39%</b>	<b>39%</b>
Professional/technical roles	40%	36%	38%
Administrative roles	50%	82%	79%
<b>Across the entire organisation</b>	<b>40%</b>	<b>40%</b>	<b>41%</b>

### Work life balance

ASX's commitment to support working families was particularly evident throughout the COVID-19 period. A pulse survey in April 2020 generated results to help ensure our policies and benefits remain relevant and effective.

The results told us, for example, that 48% of ASX's workforce have primary aged children or younger. Such insights are fundamental in providing additional support and individual flexibility work arrangements to our employees.

# Sustainability continued

ASX's parental leave policy provides 16 weeks' paid leave for primary carers and four weeks' paid leave for secondary carers. Superannuation contributions foregone during unpaid parental leave are paid as a one-time contribution on return to work up to a maximum of 36 weeks. In FY20, 70 people took 16 weeks' parental leave, and 32.6% of these employees were male. Graduated return to work options are available to support employees' transition back to the workplace.

ASX has also maintained its Breastfeeding Friendly Workplace (BFW) accreditation since 2013.

ASX was recognised by Direct Advice for Dads as one of the 'Best Australian Workplaces for New Dads.' This recognition reflects ASX's commitment to creating a flexible workplace through a range of gender-neutral policies and strategies.

## Empowering employees passionate about inclusion

ASX recognises the power and passion of its employees and strives to support them through our employee-led networking groups (ENGs). These groups, developed, chaired and run by employees, raise awareness and provide education in areas its members are passionate about.

ASX supports these groups through:

- The provision of resources and guidance on the governance, structure and goals of the group
- Financial support to enable events, communication and raising awareness of the aims of the ENG
- Executive sponsorship to advocate for the ENG and provide mentorship to ENG leaders.

Two new ENGs were formed in FY20, joining ASX's Our Women's Network and Culture and Heritage groups. The first was ASX Giving, which encourages and supports ASX employees to give to the wider community. This was followed by the launch of Q at ASX (Q ASX) in February 2020. This group is focused on inclusivity and awareness of the LGBTIQ+ community. The group provides a voice for LGBTIQ+ employees, friends and supporters, and helps us continue to create a diverse and inclusive culture at ASX.

Culture&Heritage@ASX events celebrate the diverse cultural backgrounds, behaviours, thoughts and practices of our workforce. From Diwali to Lunar New Year, and Bastille Day to Naidoc week, these events foster understanding, awareness and inclusivity about the rich and fascinating cultural mix of our employees.

In FY20, the Culture&Heritage@ASX ENG's focus broadened to include developing – not just celebrating – our diverse workforce. This included a live panel event that discussed the benefits of mentoring. Almost a quarter of ASX employees attended in person or virtually.

As the second half of FY20 unfolded, the Culture&Heritage@ASX ENG adapted to the new working from home arrangements by taking their events online. Harmony Week was celebrated with employees sharing photos of themselves dressed in orange as they supported multiculturalism at ASX.

## ASX in the community

Giving our employees the opportunity to contribute to society and causes close to their heart is an important aspect of strengthening employee engagement at ASX.

In January 2020, ASX increased paid volunteer leave to up to two days; and up to 20 days per calendar year was introduced for Emergency Services Leave. ASX also encourages employees to make donations to their chosen charities through a workplace giving program, with ASX matching the donations.

In FY20, the workforce giving program was utilised by 18.5% of the ASX workforce and donations were made to 52 organisations.

The ASX Giving ENG had an immediate impact after launching in November 2019. As the bushfires raged in late 2019, the group developed a strategy to get people involved to complement the ASX corporate donation. The result was 210 volunteers signing up to help with bushfire relief, in addition to their current volunteering activities. In addition, 160 koalas were adopted and 42 animal beds were made in a staff-led workshop.

The group has provided valuable advice regarding ASX donations to the Red Cross, the Rural Fire Service, and the Salvation Army Disaster Relief, and on the decision to double volunteering leave for all staff. It has also managed volunteering and donation opportunities for the Wayside Chapel, Giant Steps working bee, and Dress for Success charity.



At the 2019 JPM Corporate Challenge, following a combined effort from ASX's Sports Committee and ASX's Giving ENG, ASX had a record turnout with 135 employees running the course and raising funds for charity.



# Sustainability continued



## Managing our long-term risks

### Why it matters?

**Risk management is a critical component of ASX's day-to-day operations and of our ability to achieve long-term success. A focus on risk management reduces the impact and likelihood of negative outcomes. Thereby, it increases the likelihood of ASX achieving its strategic and financial goals.**

### Our approach

ASX has a Board-approved Risk Appetite statement that describes the types of risk we encounter in our business, along with our tolerance for outcomes that impact on our stakeholders.

Complementing this is a governance structure, starting with the Board and flowing down through executive level management committees to individuals, which articulates roles and responsibilities for managing risk within the organisation. This is underpinned by the 3 Lines of Defence risk management framework.

How ASX manages its risks is outlined in the table on pages 18 and 19 of this report.

## Strengthening our risk management

In FY20, ASX continued to focus on strengthening its risk management approach, and embedding its risk and compliance culture.

We continued to invest in new tools and processes that assist with risk oversight, accountability and generating insights for more effective risk management and decision-making. Across ASX, we rolled out a new Governance, Risk and Compliance tool to enable our businesses to more effectively manage their risk and compliance responsibilities. We also implemented a new Incident Management tool to enable ASX to better manage, and lessen the impact of, incidents when they arise.

FY20 was the first full year of having our Risk Champions program in place. Located throughout the business, ASX Risk Champions play an active role in facilitating and coordinating risk management responsibilities in their teams. They are integral to strengthening ASX's 3 Lines of Defence risk model, and helping support the risk framework and strategy.

Following the adoption of a new Group-wide Risk Appetite statement in 2018, we established organisational level Key Risk Indicators for each of ASX's businesses to improve the assessment and monitoring of risk across the company. More recently, we developed an Enterprise Compliance uplift plan to improve the identification, assessment and management of our regulatory obligations.

## Ongoing focus on data security

Managing and protecting our data and that of our customers are critical to maintaining trust and confidence in Australia's financial markets, and in strengthening the resilience of our operations. Continually strengthening our cyber security risk controls, procedures and prevention strategies is fundamental to protecting our systems and customer information from fraud-related incidents and cyber attacks, as they evolve in their sophistication and frequency.

Our dedicated information security and risk team continued to implement and update the tools and strategies we use to manage and monitor cyber attacks in FY20. Among these initiatives was the implementation of a more contemporary email platform, which is better equipped to deal with the growing volume of sophisticated email threats. It also strengthens our cyber resilience through advanced configuration, analysis and assessment capabilities.

Key to our efforts in mitigating the risk of cyber crime is the data security training all ASX employees receive, particularly in relation to recognising phishing emails and ransomware activities. We also send out regular communications keeping employees informed of the latest trends in email scams.

# Sustainability continued



## Adopting responsible business practices

### Why it matters?

**Our stakeholders have growing expectations about how we manage our supplier partnerships, minimise our impact on the environment and continue to be a respected corporate citizen.**

### Our approach

ASX takes its responsibility as a corporate citizen seriously. We are committed to doing the right thing by all our stakeholders and the community in which we operate. We believe this is more than just managing our business in accordance with all applicable laws and regulations. It also includes being ethical and responsible in how we conduct ASX's operations.

## Building supplier partnerships

**We actively manage our supplier relationships with a view to our supply chain being cost-effective, innovative, risk managed, sustainable, fair and ethical.**

### Supplier relationships

We seek to work with suppliers who share our commitment to fostering responsible practices across all aspects of their business. Material suppliers are required to comply with ASX's Supplier Code of Conduct. ASX's Supplier Code of Conduct sets minimum standards across a range of topics including labour and human rights, diversity and inclusion, health and safety, environment and sustainability.

Our primary supply chain includes the manufacture, delivery, installation and maintenance of the technology required to operate our infrastructure and provide our services. Our supply chain also includes the suppliers of the various goods and services that contribute to our general operation. These include our property agents, insurance providers, external consultants, the companies that provide our kitchen and stationery supplies, the manufacturers of ASX uniforms and apparel, and our security providers.

During the reporting period, our global supply chain numbered approximately 600 direct suppliers from a total of 17 countries, comprising Australia, Belgium, Canada, China, the Czech Republic, England, Hong Kong, Ireland, Israel, Luxembourg, New Zealand, the Philippines, Singapore, South Africa, Sweden, Switzerland and the USA.

### A new Modern Slavery Policy

During the year, ASX introduced a Board-approved Modern Slavery Policy. The policy articulates ASX's commitment to identifying and addressing risks of modern slavery occurring in ASX's supply chain.

In FY20, we undertook an analysis of the extent and nature of modern slavery disclosures for 220 of ASX's suppliers as part of assessing the risk of modern slavery in ASX's supply chain.

Included within the 220 were our critical service providers and those considered key to the functioning of our business. Of the sample of suppliers investigated, approximately 42% were found in ASX's view to have made satisfactory disclosures of their modern slavery risks through the publication of either a UK Modern Slavery Statement or USA Human Trafficking Statement. ASX is following up with those suppliers who had no or insufficient disclosures about their modern slavery risks and actions, with a view to assessing and addressing any such risks.

As part of ASX's commitment to the policy and as required under Australian modern slavery legislation, each year we will strive to improve how we manage risk in our supply chain. As captured in ASX's 2020 Modern Slavery Statement, in the next 12 months, we will commence a review of suppliers not assessed in FY20 and enhance, for example, staff training materials so that ASX can improve its understanding of its material suppliers and potential modern slavery risks.

## Tax transparency

As a responsible corporate citizen, ASX believes in paying its fair share of tax. We are a signatory to the voluntary Tax Transparency Code issued by the Australian Government Board of Taxation. Each year we release our Tax Transparency Report as part of the suite of annual reporting documents published on ASX's website.

Tax is an important sub-segment of ASX's robust corporate governance and risk management framework. We take a low risk strategy to managing our tax position by meeting all our taxation obligations, adopting a conservative approach to the interpretation of applicable legislation, seeking professional third party advice when the potential taxation outcome is unknown, and not entering into transactions or structures that have the primary objective of reducing tax liabilities.

In FY20, ASX's total tax contribution was \$357.0 million.



# Sustainability continued

## ASX and climate change

As a technology-based infrastructure and services company we do not believe ASX has a material exposure to climate change risks. This reflects our low reliance on energy, physical supply chains, water and raw materials. Notwithstanding this, we recognise that climate change presents significant challenges and opportunities for society and the global economy. We also know we have our part to play, alongside government, business, investors and the community.

### Minimising our own carbon footprint

During FY20, we refreshed our approach to Sustainability and have begun a process to better understand our own carbon footprint. In FY21, we will continue to assess what we can do to manage the carbon footprint of our operations.

As the market operator, ASX supports the important work of the Task Force on Climate-related Financial Disclosures (TCFD). We are reviewing how the TCFD recommendations may apply to ASX and whether we will report under the recommendations.

### FY20 environmental outcomes

Electricity and paper usage	FY19	FY20	% change from prior year
Electricity GHG <sup>1</sup> emission (excluding ASX's data centre hosting) per \$1,000 of revenue generated (in t CO <sub>2</sub> -e <sup>2</sup> )	0.0097	0.0087	-10%
Paper usage (excluding CHESSE statements and notifications) by headcount (tonnes)	0.0125	0.0077	-38%

<sup>1</sup> Greenhouse gas (GHG) emissions.  
<sup>2</sup> Tonnes of carbon dioxide equivalent.

Greenhouse gas (GHG) emissions	Unit	2018	2019	2020	% change from prior year
Scope 1 – diesel and gas <sup>1</sup>	t CO <sub>2</sub> -e	44.71	29.56	30.12	2%
Scope 2 – electricity	t CO <sub>2</sub> -e	14,330	15,065	14,762	-2%

GHG emissions by activity	Unit	2018	2019	2020	% change from prior year
Scope 1 – Combustion of diesel and gas <sup>1</sup>	t CO <sub>2</sub> -e	45	30	30	2%
Scope 2 – electricity (data centre hosting)	t CO <sub>2</sub> -e	10,031	10,546	10,334	-2%
– electricity (remainder ASX's business)	t CO <sub>2</sub> -e	4,299	4,520	4,429	-2%
Scope 3 – travel (business travel and commuting)	t CO <sub>2</sub> -e	660	758	514	-32%
– paper usage (office)	t CO <sub>2</sub> -e	0	0	0.12	NA
– paper usage (CHESSE statements and notifications) <sup>2</sup>	t CO <sub>2</sub> -e	0	0	0	0

Paper usage	Unit	2018	2019	2020	% change from prior year
Office use	tonnes	6.80	8.12	5.46	-33%
CHESSE statements and notifications	tonnes	79	77	103	34%

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

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

## Optimising our resource consumption

Managing our consumption of natural resources is an important aspect of operating our business, given the economic and environmental benefits to be gained from optimising our consumption.

### Energy usage

Approximately 30% of ASX's reported electricity usage relates to our direct operations. The balance is consumed by the customers at our data centre, the Australian Liquidity Centre (ALC), which offers ALC customers productivity efficiencies by being co-located with ASX and each other.

In FY20, the electricity used by ASX's operations was largely unchanged. The vast majority of ASX's own electricity usage relates to the operation of the technology that powers Australia's financial markets infrastructure.

ASX uses diesel to power the back-up generators at the ALC, our primary data centre. These generators are utilised when there is a power disruption to the ALC and as part of monthly back-up testing procedures.

### Paper usage

Since 2015, ASX's own paper usage and the paper CHESSE statements are printed on, have been carbon neutral. In FY20, with the majority of ASX's workforce working from home since mid-March 2020, ASX's paper consumption declined 38% on the previous year.

Over the past 12 months, ASX has made significant progress towards developing the ability for issuers to offer their shareholders the option of electronic CHESSE statements. This will create an opportunity for the entire industry to reduce its paper consumption.

# Sustainability continued



## Supporting market integrity

### Why it matters?

Market integrity creates investor confidence, which is vital to the long-term success of any market place. A market's integrity reflects how effectively it helps provide equal and timely access to information. It also reflects its ability to operate in a fair, orderly and transparent manner.

### Our approach

ASX plays an important role in supporting the integrity of our markets, alongside regulators, the media, investors, financial intermediaries and professional service providers, such as proxy advisers, lawyers and accountants.

ASX undertakes a broad range of activities to support the integrity of our equity and derivatives markets. For our equity market, this includes ASX's listing rules and the ASX Corporate Governance Principles and Recommendations. ASX's listing rules are complemented by ASX's participant rules, which outline the requirements of becoming a participant within ASX's markets or a user of our facilities.

## Enhancing market integrity

In October 2019, ASX released a major package of listing rules changes, and new and updated guidance notes. The changes were designed to improve disclosures to the market, make the listings rules easier to understand and comply with, and enable ASX to better monitor and enforce compliance with the listing rules.

The changes took into account feedback received through an extensive public consultation process and were received positively.

ASX undertook a national roadshow providing an opportunity for listing rule users to learn about the changes and ask questions. The roadshow was held in each major capital city, and attended by more than a thousand people representing issuers, financial intermediaries and professional advisers.

## Supporting the transition to a low carbon economy

ASX is playing an important role in supporting a smooth and orderly transition to a low carbon economy by fulfilling our purpose as a marketplace for capital to be allocated and risk to be assessed and priced.

Company reporting and disclosure is central to how capital is allocated and risk priced. ASX supports and promotes disclosure of material risks, including climate change risks, so that investors can make informed decisions when allocating capital.

In 2019, ASX endorsed the TCFD framework as best practice disclosure for those companies that have a material exposure to climate change risks. This endorsement has two important outcomes. For companies, it encourages self-assessment of their climate change exposure, which can have significant implications for their ability to create long-term value. For investors, it allows meaningful comparison across companies, sectors and segments of the listed market.

<b>FY20 listing rule package numbers</b>	<b>5</b> improved listing rule appendix forms	<b>12</b> updated guidance notes	<b>6</b> new guidance notes
	<b>48</b> submissions taken into consideration	<b>2</b> years of consultation and development	

# Sustainability continued

TRUSTED ACTIONS		RESILIENT OPERATIONS		EFFICIENT MARKETS	
 Corporate governance	 People	 Risk management	 Business ethics	 Market oversight	 Economic growth

## Encouraging innovation

### Why it matters?

As is the case for any business, innovation is fundamental to ASX's ability to deliver sustainable growth. However, from our position at the heart of Australia's financial markets, we have the added privilege and responsibility of supporting and encouraging innovation across our industry for the benefit of all Australians.

### Our approach

At ASX, innovation takes various shapes and forms. Whether it's through customers leveraging our infrastructure to drive efficiency or build new products; the development of our own products and services in new asset classes; or the promotion of technology as a sector growing in importance in the Australian economy. Innovation at ASX seeks to make business easier for our customers and our industry more efficient.

## S&P/ASX All Technology Index

ASX continued to support the evolution of Australia's technology industry with the launch of the S&P/ASX All Technology Index (All Tech Index) in early 2020.

Developed in partnership with S&P, the new index recognises the critical mass of technology companies now listed on ASX. The All Tech Index provides investors with an opportunity to see how the sector is tracking and gives them a benchmark to measure its performance.

At its launch in February 2020, it had 46 constituents with a combined market capitalisation of over \$100 billion. It featured domestic and international companies, including from the United States, New Zealand and Ireland, which saw the opportunity to list and grow on ASX. Reflecting this growth, at its June 2020 rebalance, the number of constituents had increased to 50, with a total value of \$110 billion.

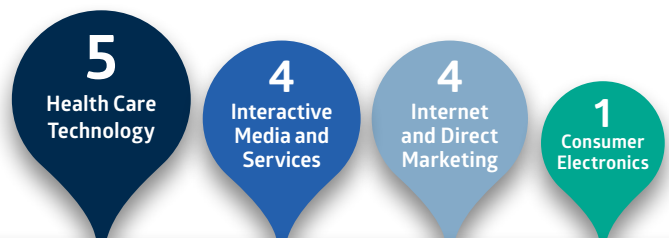
The All Tech Index provides investors with exposure to this high growth and exciting sector. It also adds to the profile and attractiveness of Australia's financial market.

## Supporting industry innovation

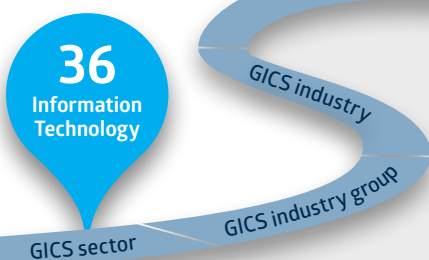
Globally we have been at the forefront of the digitisation of financial services for many decades – delivering customers the time and cost benefits that come from evolving manual, paper-based processes into electronic processes that can complete multiple steps in rapid sequence.

In FY20, we continued our work on a range of digitisation projects that will simplify the costly and time consuming back office processes for the benefit of our customers and industry. For example, our project to replace CHESSE will increase the opportunity for our customers to digitise their workflows and create efficiencies. Also, our corporate actions straight-through-processing initiative will reduce average processing times from almost half-an-hour to seconds.

Digitisation creates opportunities for innovation. We believe our DLT Solutions infrastructure, an extension of our CHESSE replacement work, will enable customers to develop new products and services that will play an important role in the vibrancy and growth of our industry well into the future.



### GICS sectors represented in the All Tech Index



### All Tech Index inclusion requirements

<b>0.3</b> minimum investable weight factor	<b>30%</b> minimum relative liquidity ratio	<b>\$120k</b> minimum daily value traded	<b>\$120m</b> market capitalisation (minimum 3 monthly average float adjusted)
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**Quarterly**  
index rebalance

# CORPORATE GOVERNANCE

# Corporate governance

## ASX Limited Board

### Rick Holliday-Smith

Independent, Non-Executive Chairman

BA (Hons), FAICD



Mr Rick Holliday-Smith has served as Chairman of ASX since March 2012, and as a director since July 2006. He was previously Chairman of SFE Corporation Limited from 1998 until 2006.

Mr Holliday-Smith is Chairman of the Nomination Committee and the intermediate holding companies of the ASX clearing and settlement facility licensees. He is also a member of the Audit and Risk Committee and the Remuneration Committee.

Mr Holliday-Smith has global executive and leadership experience in capital markets and derivatives, and a background in venture capital activities.

His previous roles include CEO of futures and options trading firm Chicago Research and Trading (CRT), President responsible for global trading and sales at Nations Bank-CRT (a predecessor of Bank of America), both based in Chicago, and Managing Director of Hong Kong Bank Limited (a wholly owned merchant banking subsidiary of HSBC Bank), based in London.

Mr Holliday-Smith was appointed Chairman of Cochlear Limited in July 2010, having joined the Board in March 2005. He is a member of the Macquarie University Faculty of Business and Economics Advisory Board. Mr Holliday-Smith was a director of Servcorp Limited between October 1999 and April 2020.

### Yasmin Allen

Independent, Non-Executive Director

BCom, FAICD



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

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

Ms Allen has extensive financial services, strategy and corporate governance experience, gained during a career of over 20 years in finance and investment banking.

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

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

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

### Dominic Stevens

Managing Director and CEO, Executive Director

BCom (Hons)



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

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

Mr Stevens has over 30 years experience in financial markets. He was CEO of Challenger Limited from 2008 to 2012, before which he was the company's Deputy CEO and head of capital, risk and strategy.

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

### Melinda Conrad

Independent, Non-Executive Director

MBA, FAICD



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

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

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

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

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

# Corporate governance continued

## Dr Ken Henry AC

Independent, Non-Executive Director  
BCom (Hons), PhD, DB h.c, FASSA



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

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

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

Dr Henry served as the Secretary of the Federal Department of the Treasury from 2001 to 2011. He is Chairman of the Sir Roland Wilson Foundation at the Australian National University, Governor of the Committee for Economic Development of Australia, and a member of the Advisory Board of the John Grill Centre for Project Leadership at the University of Sydney.

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

## Peter Nash

Independent, Non-Executive Director  
BCom, FCA, F Fin



Mr Peter Nash was appointed a director of ASX in June 2019. He was appointed a member of the Audit and Risk Committee in June 2020.

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

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

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

## Peter Marriott

Independent, Non-Executive Director  
BEc (Hons), FCA, MAICD



Mr Peter Marriott was appointed a director of ASX and Chair of the Audit and Risk Committee in July 2009.

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

Mr Marriott has spent over 30 years in senior management roles in the finance industry, spanning international banking, finance and auditing.

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

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

## Heather Ridout AO

Independent, Non-Executive Director  
BEc (Hons)



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

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

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

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

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

# Corporate governance continued

## Damian Roche

Independent, Non-Executive Director  
BCom



Mr Damian Roche was appointed a director of ASX in August 2014.

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

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

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

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

## Rob Woods

Independent, Non-Executive Director  
BCom



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

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

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

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

## Peter Warne

Independent, Non-Executive Director  
BA, FAICD



Peter Warne was appointed a director of ASX in July 2006. He was previously a director of SFE Corporation Limited from 2000 to 2006. He is also a member of the Audit and Risk, Nomination and Remuneration Committees.

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

Mr Warne has over 30 years' experience in financial markets and brings a deep practical and technical understanding of debt, equities and derivatives markets, and risk management.

Mr Warne is a director of Securities Exchanges Guarantee Corporation, NSW Treasury Corporation and Allens. He is also a member of the ASIC External Advisory Panel.

Mr Warne has been Chairman of Macquarie Group Limited and Macquarie Bank Limited since April 2016, having served as a director since July 2007.

Mr Warne's previous appointments include Chairman of OFX Group Limited (formerly OzForex Group) between September 2013 and November 2016, Chairman of Australian Leisure and Entertainment Property Management Limited between September 2003 and May 2017, Deputy Chairman of Crowe Horwath Australasia Limited between May 2007 and January 2014, and Adjunct Professor at the University of Sydney Business School between November 2011 and November 2014.

# Corporate governance continued

## Corporate governance statement

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

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

This report outlines ASX's principal governance arrangements and practices. It is current as at 20 August 2020 and has been approved by the Board.

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

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

[More information on ASX's corporate governance including ASX's Appendix 4G, is available on ASX's website at www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

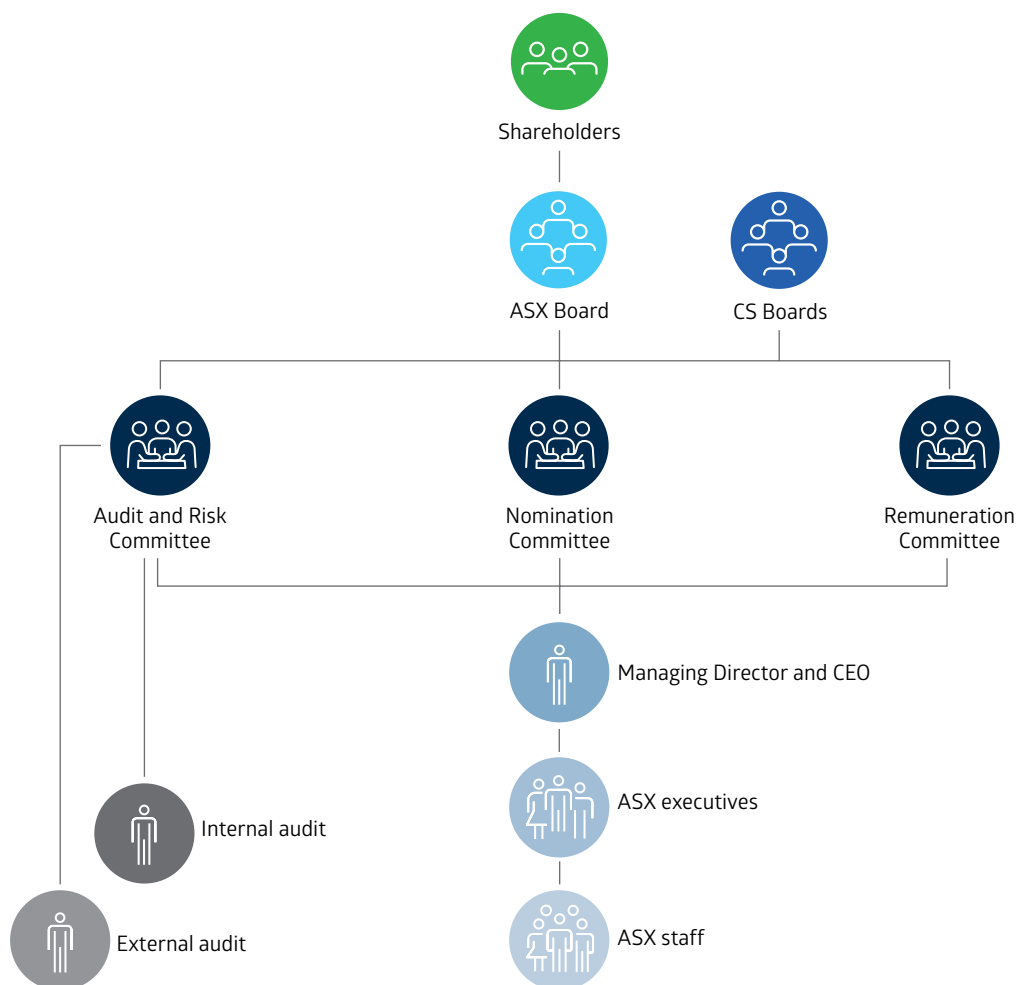
## Laying solid foundations for management and oversight

### Corporate governance framework

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

ASX is regulated by Australian Securities and Investments Commission (ASIC), and the clearing and settlement licensees within the ASX Group are also regulated by the Reserve Bank of Australia (RBA).

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





# Corporate governance continued

## The role of the Board

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

The Board's role and responsibilities are detailed in its Charter. ASX's constitution also governs the Board's conduct.

The role of the Board is to provide leadership, guidance and oversight for ASX and its related bodies corporate.

Its responsibilities include defining ASX's purpose and setting its strategic objectives, approving the annual budget and financial plans, approving ASX's statement of values and code of conduct, setting ASX's risk strategy and risk appetite, and appointing the Managing Director and CEO.

The Board monitors the execution of strategies by Management, including for consistency with ASX's risk management strategy and risk appetite.

The Board has set the company's vision to become the world's most respected financial marketplace. This is a long-term goal. ASX's progress in FY20 towards achieving this vision is set out in the Chairman's Letter and CEO's Review.

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

## FY20 governance activities

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

- Oversight and monitoring of ASX's organisational performance in response to the COVID-19 pandemic, including overseeing the conduct of the affairs of the ASX Group consistent with its licence obligations and public policy objectives directed at financial markets and payment systems integrity. This included a focus on people and culture
- Operational and technical resilience of ASX's business including oversight of its Building Stronger Foundations initiative, CHES replacement project, updates to other ASX core technology, cyber resilience, and secondary data centre operationalisation and customer migration
- Board renewal and succession planning, including the appointment of Rob Woods in January 2020 and ASX Chairman succession planning for FY21 (noting that the ASX Chairman has announced his intention to retire as an ASX director at the end of his current term in 2021)
- Scheduled private meetings with external auditors and head of internal audit
- Scheduled engagements with regulators including ASIC and the RBA.

The Board continued to review its governance policies and practices in FY20 to identify further enhancements and efficiencies. This included a review of its Board Charter.

## Board committees

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

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

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

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

## Responsibilities of management

The matters reserved to the Board are set out in the ASX Board Charter. The Board has delegated other matters to management, subject to financial and other limits.

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

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

- Executing the Board-approved strategy and achieving ASX's strategic objectives (within the risk appetite set by the Board)
- Instilling the Code of Conduct
- The timely presentation of information to the Board to enable it to fulfil its responsibilities.

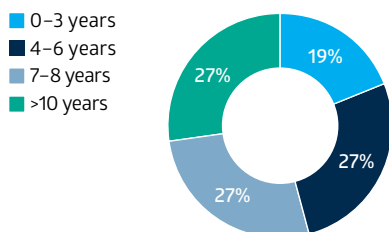
The CEO is supported by executives who regularly attend and present at Board meetings. The CEO has determined delegations to executives who report to him.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Board appoints the Company Secretary with their role set out in the Board Charter. Details of ASX's company secretaries are on page 63.

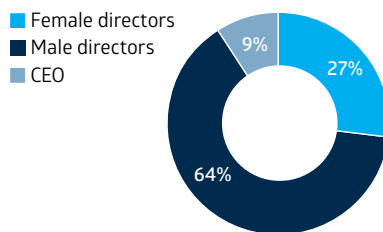
The ASX Board Charter and biographies of ASX executives are available on ASX's website at [www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm) and [www.asx.com.au/about/executive-team.htm](http://www.asx.com.au/about/executive-team.htm), respectively.

# Corporate governance continued

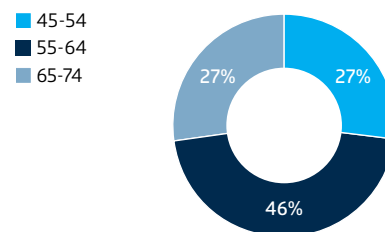
## Director tenure



## Board gender diversity



## Age of directors



## Nomination and appointment of directors

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

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

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

The Nomination Committee is comprised of five independent, non-executive directors. The ASX Chairman, Rick Holliday-Smith, chairs the Nomination Committee. Melinda Conrad, Ken Henry, Heather Ridout and Peter Warne are also Committee members.

The number of times the Committee met during FY20 and the individual attendance of its members at those meetings are disclosed on page 41.

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

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

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

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

## Director election and Board renewal

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

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

Damian Roche will retire by rotation in 2020 and stand for re-election at the 2020 AGM. Rob Woods, who was appointed a director on 1 January 2020, will stand for election. Details of their respective skills and experience are set out on page 35 and are also outlined in the Notice of Annual General Meeting 2020. The Board considers that their experience in financial markets complements and strengthens the Board's existing skills and experience. The re-election of Damian Roche and election of Rob Woods are unanimously supported by all other directors.

Peter Warne has indicated his intention to retire as an ASX director at the end of his current term (being the end of the 2020 AGM). The Board thanks Peter Warne for the valuable contribution he has made to ASX over his 14 years as a director.

[The Notice of Annual General Meeting 2020 is available on ASX's www.asx.com.au/about/annual-general-meeting.htm](http://www.asx.com.au/about/annual-general-meeting.htm)

## Diversity

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

ASX has adopted a Diversity and Inclusion Policy, which describes how ASX promotes diversity. The diversity objectives adopted by the Board and achievements in FY20 are set out on page 25, along with further details on ASX's initiatives to support diversity.

The Board is committed to maintaining the gender diversity of its membership. The Board has adopted a target of a minimum of 40% female directors. Currently, 27% of ASX's directors are female and 30% of non-executive directors are female. Upon the retirement of Peter Warne at the 2020 AGM, 33% of non-executive directors will be female.

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

[ASX's Diversity and Inclusion Policy, and its latest report to the Workplace Gender Equality Agency are available on ASX's website at www.asx.com.au/about/corporate-governance.htm](http://www.asx.com.au/about/corporate-governance.htm)

# Corporate governance continued

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## Performance assessments

### Board and individual directors

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

The performance of the Board, its committees and individual directors are reviewed annually. Typically, the review process includes interviews by the ASX Chairman with each ASX director and a confidential survey. A report summarising the results of the survey is presented to the Board for private discussion at a Board meeting.

This evaluation took place in FY20.

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

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

### Executives

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

The Board assesses each executive's performance on an annual basis. The process for evaluating executive performance and remuneration is set out in the Remuneration Report on pages 46 to 62. Performance evaluations for the CEO and ASX's executives took place in FY20 in accordance with the process disclosed in the Remuneration Report.

## Structure the board to be effective and add value

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### Board composition

The Board currently comprises eleven directors. This includes ten non-executive directors and one executive director, being the CEO. As noted above, Rob Woods was appointed during the financial year and Peter Warne has indicated his intention to retire as an ASX director at the end of his current term (being the end of the 2020 AGM). Following the retirement of Peter Warne as an ASX director, there will be nine non-executive directors on Board.

The names, qualifications and tenure of each director are provided on pages 33 to 35.

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

### Chairman

The Chairman of ASX, Rick Holliday-Smith, is an independent, non-executive director. He was elected Chairman by the directors in 2012.

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

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

In 2018, Mr Holliday-Smith announced his intention to retire as ASX Chairman at the conclusion of his current term, being the end of the 2021 AGM. A process is underway to identify a successor to Mr Holliday-Smith.

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### Director skills and experience

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

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

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

# Corporate governance continued

## Skills matrix

Category	Description	Number of non-executive directors with these skills (ten current NEDs)
Executive leadership	Successful career as a CEO or senior executive in a large, complex organisation	10/10
Strategy	Experience in defining strategic objectives, constructively questioning business plans and implementing strategy	10/10
Financial acumen	Qualifications or experience in accounting, financial reporting and corporate finance. Experience in assessing the quality of internal accounting and financial reporting controls	10/10
Risk and compliance	Forward looking, able to identify the key risks to the organisation. Experience in monitoring the effectiveness of risk management frameworks and practices	10/10
Public policy	Ability to assess the impact of legal, public and regulatory policy matters on markets and corporations, and experience in managing such impacts	8/10
Technology and data	Experience in overseeing the use and governance of critical information technology infrastructure; setting, and overseeing the implementation of complex technology strategies (including adoption of new technologies); commercialisation of data products and provision of technology services	7/10
Business development and customer management	Commercial and business experience, including development of products and services. Ability to understand customer needs and trends. Experience in implementing changes to enhance customers' experience	9/10
People and change management	Experience in overseeing and assessing senior management, remuneration frameworks, strategic human resource management and organisational change. Experience in overseeing and monitoring corporate culture	9/10
Corporate governance	Knowledge, experience, and commitment to the highest standards of governance	10/10
Financial services	Extensive experience in the financial services industry (for example, broking, funds management, superannuation, investment banking and/or experience in international financial markets or exchange groups, including post-trade services)	9/10

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

The Board periodically reviews whether there is a need for directors to undertake professional development to maintain the skills and knowledge required to perform their role effectively. In FY20, the Board participated in a workshop on cyber security and received deep dive presentations from executives on topics specific to the executives' respective business functions.

### Director independence and length of service

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

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

In determining whether a director is independent, the Board considers whether the director is free of interests that could (or could be perceived to) materially interfere with the independent

exercise of the director's judgement and the capacity to act in the best interests of ASX as a whole, rather than of an individual security holder or other party.

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

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

ASX has not adopted a limit on director tenure. The tenure of each director is set out on pages 33 to 35. Rick Holliday-Smith (ASX's Chairman) and Peter Warne have been directors of ASX for more than 14 years. Peter Marriott has been a director of ASX for more than 11 years. In FY20, the Board reviewed and determined that their tenure had not impacted on their independence.

As noted above, Mr Warne has advised that he will retire as an ASX director at the conclusion of the 2020 AGM. Mr Holliday-Smith has previously announced his intention to retire as ASX Chairman when his current term expires at the conclusion of the 2021 AGM.

The mix of directors' tenure is shown in a diagram on page 38.

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

# Corporate governance continued

## Conflicts of interest

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

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

## Aligning interests of the Board with shareholders

To underscore the alignment of the Board with shareholders' interests, the Board has adopted a non-executive director shareholding guideline. This requires that all non-executive directors accumulate ASX shares to the value of their base level annual director fee within three years of their appointment.

All non-executive directors who have served at least three years meet this guideline.

Details regarding director remuneration and ASX's remuneration policies and practices are detailed in the Remuneration Report on pages 46 to 62.

## Access to information and advice

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

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

## Attendance at meetings

Details of director attendance at Board and committee meetings in the last 12 months up to 30 June 2020 are set out below. Provided there is no conflict of interest, directors are also invited to, and frequently attend as observers, meetings of Board committees of which they are not members. The CEO is not present for Remuneration Committee discussion on his remuneration.

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

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

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

## ASX's Values program

An overview of ASX's Values program is set out on page 24. ASX values are behaviours that guide the actions and decision-making of staff, and reflect ASX's brand and culture. The values are to *Be Open, Be Trustworthy, Be Original, Be The Example*.

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

Our Values are published on ASX's website at [www.asx.com.au/about/corporate-social-responsibility.htm](http://www.asx.com.au/about/corporate-social-responsibility.htm)

Director name	Board meetings	Audit and Risk Committee meetings		Nomination Committee meetings		Remuneration Committee meetings		CS boards (concurrent) meetings	
	Attended /Held	Attended /Held	Observed	Attended /Held	Observed	Attended /Held	Observed	Attended /Held	Observed
Rick Holliday-Smith	11/11	4/4	-	5/5	-	5/5	-	10/10	-
Dominic Stevens	11/11	-	4/4	-	5/5	-	5/5	10/10	-
Yasmin Allen	11/11	4/4	-	-	5/5	-	5/5	9/10	-
Melinda Conrad <sup>1</sup>	11/11	-	4/4	5/5	-	4/4	1/1	-	10/10
Ken Henry <sup>2</sup>	11/11	4/4	-	5/5	-	-	5/5	10/10	-
Peter Marriott	11/11	4/4	-	-	5/5	-	5/5	10/10	-
Peter Nash <sup>3</sup>	10/11	-	4/4	-	5/5	-	5/5	-	9/10
Heather Ridout	11/11	-	3/4	5/5	-	5/5	-	-	10/10
Damian Roche	11/11	-	4/4	-	5/5	-	5/5	9/10	-
Peter Warne	11/11	4/4	-	5/5	-	5/5	-	10/10	-
Rob Woods <sup>4</sup>	5/5	-	2/2	-	4/4	-	3/3	10/10	-

### Directors on CS boards (non-ASX)

Carolyn Colley <sup>5</sup>	5/5	-
Stephen Knight <sup>6</sup>	10/10	-
Adrian Todd <sup>7</sup>	10/10	-

<sup>1</sup> Melinda Conrad was appointed to the Nomination Committee and Remuneration Committee on 16 October 2019.

<sup>2</sup> Ken Henry was appointed to the Nomination Committee on 16 October 2019.

<sup>3</sup> Peter Nash was appointed to the Audit and Risk Committee on 21 May 2020.

<sup>4</sup> Rob Woods was appointed the ASX Limited Board on 1 January 2020 and to the Audit and Risk Committee on 21 May 2020.

<sup>5</sup> Carolyn Colley was appointed to the CS boards on 1 January 2020.

<sup>6</sup> Stephen Knight was appointed to the CS boards on 20 June 2019. He was appointed Chairman of ASX Clear Pty Limited and ASX Settlement Pty Limited on 1 January 2020.

<sup>7</sup> Adrian Todd was appointed to the CS boards on 1 August 2019.

# Corporate governance continued

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

ASX has adopted a:

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

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

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

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

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## Securities trading

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

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

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

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

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## Payments to political parties

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

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

Similar to previous years, in FY20 ASX paid \$100,000 in membership fees to each of the Liberal Party Australian Business Network and the Federal Labor Business Forum. ASX's membership of these business networks provides an opportunity to engage with a wide range of policy and decision-makers.

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

## Safeguard the integrity of corporate reports

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

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

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

Additional information on the role and responsibilities of the Audit and Risk Committee, its membership and the number of times the Committee met in FY20 are detailed on pages 41 and 44.

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## Integrity of financial reporting

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

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## External auditor

ASX has appointed PricewaterhouseCoopers (PwC) as its external auditor. The appointment was approved by shareholders at the 2008 Annual General Meeting. In accordance with auditor rotation requirements, the lead audit partner changed in FY19.

Among its key responsibilities, PwC reviews ASX's financial reporting and provides an opinion on whether ASX's financial report gives a true and fair view of the ASX Group's financial position and financial performance, and whether it complies with Australian Accounting Standards and the *Corporations Regulations 2001*. PwC's opinion on the FY20 financial report is on pages 105 to 109.

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

PwC has provided confirmation that there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* and no contraventions of any applicable code of professional conduct in relation to its audit (refer to page 65). The fees paid to PwC for non-audit services are disclosed on page 103.

PwC's lead audit partner will attend the 2020 AGM to answer questions related to the external audit.

# Corporate governance continued

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## Periodic corporate reports

Processes are in place to verify the integrity of ASX's periodic corporate reports (as defined in the Principles and Recommendations) released to the market and not audited or reviewed by the external auditor. Examples of periodic corporate reports released by ASX include the Directors' Report in this Annual Report.

ASX has adopted a Continuous Disclosure Policy which sets out how market announcements are prepared and released.

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

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

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

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

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

## Make timely and balanced disclosures

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### Continuous disclosure

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

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

Security holders have an opportunity to participate in the presentation of ASX's half-year and full-year results by being provided a link to a live webcast.

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

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

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## Respect the rights of security holders

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### Shareholder engagement and provision of information

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

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

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

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

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

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

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### Investor relations program

ASX has an investor relations program to facilitate effective two-way communication with investors. The program provides greater understanding of ASX and involves engagement throughout the year via both scheduled and ad hoc interactions with institutional and private investors, sell-side and buy-side analysts, and proxy advisors. ASX has a framework for management to report to the Board any significant comments or concerns raised by investors or their representatives.

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

# Corporate governance continued

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## Annual General Meeting

Details about ASX's 2020 AGM are provided on page 115. ASX has been monitoring the impact of the COVID-19 pandemic. Having regard to the social distancing requirements in New South Wales and in the interests of the health and safety of our shareholders and staff, ASX has decided that its 2020 AGM will be held as a virtual meeting. This approach is in line with temporary modifications to the law and current regulatory guidance.

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

Detailed information about how shareholders can participate in the 2020 AGM is set out in the Notice of Annual General Meeting which is published on our website.

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

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

[ASX's 2020 Notice of Annual General Meeting is available at www.asx.com.au/about/annual-general-meeting.htm](http://www.asx.com.au/about/annual-general-meeting.htm)

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## Shareholder communications

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

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

## Recognise and manage risk

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

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## Division of responsibilities

The Board's responsibilities regarding risk management include:

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

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

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## Audit and Risk Committee

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

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

The Audit and Risk Committee receives regular reports from the CFO on financial matters, the CRO on enterprise risks, the Chief Operations Officer (COO) on operational, technology and cyber security risks, the CCO on compliance matters, as well as reports from ASX's Internal Auditor, Enterprise Compliance function, and from ASX's external auditor.

In addition to the responsibilities above, the Audit and Risk Committee has a role in safeguarding the integrity of ASX's corporate reporting. Further details about that role are set out on page 42.

The Committee is currently comprised of seven independent, non-executive directors. Peter Marriott is the Committee's Chairman. Rick Holliday-Smith, Yasmin Allen, Ken Henry, Peter Nash, Peter Warne and Rob Woods are also Committee members.

Consistent with the Board's approach to other Board Committees, all other directors are invited to the Audit and Risk Committee meetings, and frequently attend as observers.

The number of times the Committee met during FY20 and the individual attendance of its members and other directors at those meetings are detailed on page 41.

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

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## Risk management framework

ASX has an established enterprise risk management framework. The framework encompasses, among other matters, the risk governance structure across ASX, the risk strategy and appetite, risk culture and behaviours, and supporting frameworks and processes governing risk assessment, monitoring and reporting.

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

The Audit and Risk Committee reviews the enterprise risk management framework annually. This review took place in FY20.

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## Management committees

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

- **Risk Committee** chaired by the CRO. The Risk Committee has oversight of the implementation of ASX's enterprise risk management framework, approves risk policies and considers general risk matters consistent with the ASX Board's risk appetite



# Corporate governance continued

- **Regulatory Committee** chaired by the Group General Counsel. The Regulatory Committee has oversight of licence compliance matters, develops and approves policies, and considers updates on regulatory and government engagement and on ASX rule changes
- **Technology Operations and Security Committee** (TOSC) chaired by the COO. The TOSC has oversight of IT security matters, systems updates and incident management, and considers emerging technology, operational and security risks.

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## Internal audit

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

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

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

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

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## Enterprise compliance

ASX's Enterprise Compliance function maps the compliance frameworks for ASX's regulatory obligations, oversees ASX's conflict handling arrangements, and provides training to the business to ensure key Australian and international obligations are understood and complied with. It also undertakes compliance reviews and reporting to regulators. The General Manager of Enterprise Compliance has a direct reporting line to the Audit and Risk Committee and to ASX's clearing and settlement (CS) boards for key licence obligations and conflict handling arrangements. It reports to the CRO for other matters.

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## Exposure to environmental and social risks

Information on ASX's material business risks and how these are managed are provided on pages 18 and 19 in the Operating and Financial Review.

ASX's exposure to environmental and social risks, and how these are managed (including ASX's assessment of its exposure to climate change risks), is set out on pages 20 to 31 in the Sustainability report.

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## Clearing and Settlement boards

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

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

In FY20, two new directors were appointed to the CS boards – Mr Adrian Todd in August 2019 and Ms Carolyn Colley in January 2020. Mr Stephen Knight, who was appointed a director in June 2019, was

appointed Chairman of ASX Clear Pty Limited and ASX Settlement Pty Limited in January 2020. Details of their experience are set out on ASX's website.

The Audit and Risk Committee serves as the audit and risk committee for the CS boards where such matters relate to clearing and settlement operations outside of those matters carried out by the CS boards (and detailed in the CS boards' Charter).

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

## Remunerate fairly and responsibly

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

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

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

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

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

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

The Remuneration Committee is currently comprised of four independent, non-executive directors. Heather Ridout is the Committee Chair. Rick Holliday-Smith, Melinda Conrad and Peter Warne are also Committee members.

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

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

The number of times the Committee met during FY20 and the individual attendance of its members at those meetings are disclosed on page 41.

Details of executive and director remuneration and ASX's remuneration policies are disclosed in the Remuneration Report on pages 46 to 62.

# REMUNERATION REPORT

# Remuneration report

Dear fellow shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the 2020 financial year (FY20).

The Board is committed to ensuring that remuneration outcomes for Executives are aligned with the value created for our shareholders and customers. This value is generated by the collective effort of our employees. In a year when the impacts of COVID-19 are felt throughout the economy and in communities around the globe, supporting our employees is more important than ever.

## Value created for shareholders

ASX's performance was resilient to the challenges of FY20 on both an absolute and relative basis. The Group's net profit after tax was \$498.6 million, allowing total dividends for the year of 238.9 cents per share. This represents a payment equivalent to 90% of our underlying earnings. Earnings per share were 257.6 cents, up 1.4% compared to the prior year. These solid achievements in FY20 are consistent with ASX's long-term performance. ASX's total shareholder return as measured by the long-term incentive plan over the four-years to 30 September 2019, was 147%. This compared to the median for ASX 100 companies of 47%.

## Value created for customers

FY20 saw unprecedented volatility in all of our markets. There were 43 days where the daily trading volume for equities exceeded the record from prior financial years and the highest daily volume in FY20 was 150% higher than the previous record. Also during this period, our BBSW benchmark saw a 100% increase on its previous record number of trades. Throughout this heightened activity, ASX continued to deliver customers the value of open, reliable and transparent markets. Operational uptime was maintained across the year for all key systems.

## Supporting our employees

To deliver value to our shareholders and customers, ASX relies on the talent, skill and dedication of our people. Much of the market volatility was managed while moving all employees to work from home, except on-site critical staff. In fact, the first day of ASX working from home coincided with the largest drop in our equity market since the 1987 share market crash.

Employees were supported with technology, home ergonomic assessments, and mental and physical wellbeing resources to help them adapt to new modes of working. Employees reported 96% confidence in ASX leadership and decision-making during this period.

## Strategic delivery

Despite the impact of COVID-19 on markets and economies in FY20, ASX continued to strike a balance between day-to-day operational management and long-term strategic priorities, which support the company's vision to be the world's most respected financial marketplace. Highlights include:

- Strengthening our foundational platform through the completion of the Building Stronger Foundations initiative in late 2019 and the rollout of Group-wide risk reporting tools, mitigation plans and heat maps
- Building an exchange for the future with the continued implementation of our multi-year technology refresh program

- Delivering customer value by progressing our CHES replacement project, product enhancements and directly supporting issuers during the COVID-19 period
- Continuing to pursue new business opportunities with initiatives like our DataSphere offering.

## Executive remuneration outcomes

### Fixed remuneration

For FY20, the Board increased the fixed remuneration of the Chief Operating Officer and Chief Risk Officer by 7% and 9% respectively. This reflects their strong performance and the market benchmarks for these roles. The fixed remuneration for these roles was unchanged for the two prior financial years.

In August 2020, the Board determined that fixed remuneration will remain unchanged for all Executives, including the CEO, in the 2021 financial year.

### Short-term incentive (STI) outcomes

Target STI amounts for Executives are established at the commencement of each year and revised annually. A Group incentive pool is determined each year, being the sum of all target STI amounts for Executives and other employees within that STI Plan. In each year, the maximum value available under the Group incentive pool is determined by the Board. The Board determines the Group incentive pool based on the achievement of goals in the Group Scorecard, Vision, Strategy and Execution goals, and the management of risk.

Based on the Group's performance, the Board determined that the Group incentive pool will be 100% of target. Further detail regarding how the Group incentive pool was determined is discussed in section 3.2 of this Remuneration Report.

Subject to the Group incentive pool, Executives may typically receive an STI payment around their target opportunity, where they have achieved their goals. An Executive's goals are drawn from the Group Scorecard, the Vision, Strategy and Execution goals, division-specific goals and individual goals based on the accountabilities of that Executive's role. The ASX values and risk management are also explicitly considered, as they guide the way Executives behave in achieving their goals and how they manage risk.

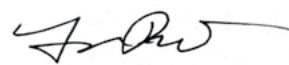
In FY20, the STI outcomes for Executives ranged from 95% to 110% of their target STI, with the average STI outcome being 104%.

### Long-term incentive (LTI) outcomes

The performance rights granted under the LTI Plan are measured against underlying earnings per share (EPS) targets and relative total shareholder return (TSR) targets.

In FY20, the LTI granted in FY16 was tested. ASX's relative TSR was in the 88th percentile of the peer group and therefore the TSR-related portion of this award vested in full. ASX's underlying EPS compound annual growth rate over the performance period was 5.08%, below the threshold of 5.10% required for vesting. The EPS portion of the LTI subsequently lapsed. Further details of the LTI Plan can be found in section 4.5 of this Remuneration Report.

The Board believes these remuneration outcomes are aligned with the results achieved for our shareholders, customers and other stakeholders. We thank you for your support.



**Heather Ridout**  
Chair, Remuneration Committee

# Remuneration report continued

## Contents

1. Key Management Personnel covered in this report	48
2. Glossary of key terms	48
3. Snapshot of FY20 Group performance and reward	49
4. Executive remuneration framework	54
5. Remuneration governance	57
6. Statutory remuneration disclosure – Executives	59
7. Non-executive director remuneration arrangements	61

## 1. Key Management Personnel covered in this report

This Remuneration Report details the performance and remuneration of Key Management Personnel (KMP) for FY20. KMP is defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. The KMP comprise of:

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

Name	Role	Term as KMP
<b>Non-executive directors</b>		
R Holliday-Smith	Chairman	Full year
Y A Allen	Non-executive director	Full year
M B Conrad	Non-executive director	Full year
K R Henry	Non-executive director	Full year
P R Marriott	Non-executive director	Full year
P S Nash	Non-executive director	Full year
H M Ridout	Non-executive director	Full year
D Roche	Non-executive director	Full year
P H Warne	Non-executive director	Full year
R Woods	Non-executive director	Commenced 1 January 2020
<b>Executives</b>		
D J Stevens	Managing Director and Chief Executive Officer (CEO)	Full year
P D Hiom	Deputy Chief Executive Officer (Deputy CEO)	Full year
T J Hogben	Chief Operating Officer	Full year
G L Larkins	Chief Financial Officer	Full year
H J Treleaven	Chief Risk Officer	Full year

## 2. Glossary of key terms

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

# Remuneration report continued

## 3. Snapshot of FY20 Group performance and reward

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

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

	Year	Total fixed remuneration <sup>1</sup>	Other remuneration <sup>2</sup>	STI awarded and paid <sup>3</sup>	Total payments	Previous year awards that vested during the year		Total remuneration received
						Deferred STI vested <sup>4</sup>	LTI vested <sup>5</sup>	
		a	b	c	d=a+b+c	e	f	g=d+e+f
<b>Current</b>								
D J Stevens CEO	2020	2,000,000	1,999	840,000	2,841,999	789,693	-	3,631,692
	2019	2,000,000	2,610	868,000	2,870,610	-	-	2,870,610
P D Hiom Deputy CEO	2020	1,000,000	1,999	380,000	1,381,999	431,489	531,555	2,345,043
	2019	1,000,000	2,610	434,000	1,436,610	395,767	-	1,832,377
T J Hogben Chief Operating Officer	2020	725,000	1,999	231,000	957,999	204,021	-	1,162,020
	2019	675,000	2,610	195,300	872,910	138,535	-	1,011,445
G L Larkins <sup>6</sup> Chief Financial Officer	2020	800,000	380,447	320,000	1,500,447	-	-	1,500,447
	2019	538,462	1,757	225,534	765,753	-	-	765,753
H J Treleaven Chief Risk Officer	2020	875,000	101,999	132,000	1,108,999	43,434	-	1,152,433
	2019	800,000	202,610	133,334	1,135,944	-	-	1,135,944
<b>Total</b>	2020	5,400,000	488,443	1,903,000	7,791,443	1,468,637	531,555	9,791,635
	2019	5,013,462	212,197	1,856,168	7,081,827	534,302	-	7,616,129

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

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

- Hamish Treleaven: deferred cash payments were made in FY19 and FY20 in connection to the commencement of his employment, which were subject to his service and sufficient performance standards being met.
- Gillian Larkins: a tranche of deferred equity vested on 1 September 2019. The value has been calculated using the total number of shares vested and the five-day volume weighted average price of ASX ordinary shares up to and including the vesting date.

<sup>3</sup> The portion of STI awarded for the financial year in cash. The remaining portion of STI in respect of FY20 but deferred for two and four years, is shown in table 6.1.

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

<sup>5</sup> The FY20 value for Peter Hiom relates to the vesting of the 2015 LTI offer. It has been calculated using the total number of rights vested, multiplied by the five-day volume weighted average price of ASX ordinary shares up to and including the vesting date. No LTI vested during FY19.

<sup>6</sup> Gillian Larkins commenced in her role on 29 October 2018. Her 2019 remuneration reflects the portion of the year worked.

# Remuneration report continued

## 3.2 FY20 Group performance

The Board assesses the performance of the Group against the Group Scorecard, the achievement of Vision, Strategy and Execution goals, and the management of risk. This assessment informs the Board's determination of the Group incentive pool, which limits the total value of STI payments available.

The Board believes ASX has a robust remuneration governance framework in place, which supports the exercise of discretion to ensure variable remuneration outcomes are appropriate. In FY20, ASX delivered resilient financial performance and achieved many of the Group's key strategic priorities, however the delivery of some goals has been delayed. The Board considered the operating and financial impact of COVID-19 on the Group's performance and believes the Group incentive pool of 100% appropriately reflects the underlying performance of the Group. The following table summarises the Group's FY20 performance against ASX's financial measures and five strategic priority areas.

Measure	Actual outcome	Performance against expectations		
		Not met	Met	Exceeded
<b>Financial objectives</b>				
Revenue	\$938.4 million, up 8.6% on FY19	.....●		
Total expenses	9.0% growth, above guidance	.....●		
Earnings before interest and tax (EBIT)	\$652.2 million, up 8.5% on FY19	.....●		
Statutory net profit after tax (NPAT)	\$498.6 million, up 1.4% on FY19	.....●		
Underlying NPAT	\$513.8 million, up 4.4% on FY19	.....●		
Earnings per share (EPS)	257.6 cents, up 1.4% on FY19	.....●		
Underlying EPS	265.4 cents, up 4.4% on FY19	.....●		
Dividends per share (DPS)	238.9 cents, fully franked, up 4.5% (excluding FY19 special dividend) Payout ratio 90%	.....●		
Capital expenditure	\$80.4 million, in line with guidance	.....●		
<b>Enduring trust, integrity and resilience</b>				
Increase employee focus on risk awareness, accountability and speaking up	ASX measures employee risk awareness through our annual risk survey. Employees reported increased focus on risk awareness, accountability and speaking up, with all three reporting favourable scores above 90%.	.....●		
Deliver improved risk ownership and effective risk management practices	Launched new risk management tool to improve the way business owners and risk champions capture, manage and monitor risks and controls in their businesses, as part of a three-year program to uplift risk management practices.	.....●		
Implement listing rule and guidance changes	Major listing rule reforms came into effect 1 December 2019, which help improve disclosures to the market, make the listings rules easier to understand and comply with, and enable ASX to better monitor and enforce compliance with the rules.	.....●		
Complete secondary data centre system migration	Secondary data centre system migration complete.	.....●		
Complete equities infrastructure upgrade to production ready status	Equities infrastructure upgrade re-prioritised for October 2020 completion. Milestones are currently tracking to the revised plan to be production ready.	.....●		
Enhance ASX's privacy framework to meet increasing demands for the protection and ethical use of personal data	A review of ASX's privacy framework has been conducted. ASX remains compliant with Australian Privacy Principles, and further enhancements in the management of personally identifiable data have been implemented.	.....●		
All activities operated within regulatory requirements	No significant regulatory breaches (legal, compliance, finance, tax or operations).	.....●		
All systems meet availability targets	Average system uptime for our critical systems over the past 12 months was 100%.	.....●		

# Remuneration report continued

Measure	Actual outcome	Performance against expectations		
		Not met	Met	Exceeded
<b>Innovative solutions and technology</b>				
Delivery of CHES replacement program milestones	System development continues in preparation to open the industry test environment in FY21. Significant progress has been made with seven software releases deployed, progressed rule consultation and extensive industry engagement. A consultation was undertaken on a revised implementation timetable in response to the COVID-19 pandemic, requested functionality changes, and to provide more time for both ASX and all participants to complete their readiness activities.			
Implement system upgrade to enhance ASX 24 market surveillance	Market surveillance upgrade completed and successfully operating during critical periods of heightened activity and volatility in FY20.			
Deliver ASX Trade platform refresh project milestones	Significant progress made on this multi-year project, with major milestones related to infrastructure installation and software acceptance met.			
<b>Customer-focused</b>				
Drive a customer-focused culture to deepen insights, and improve customer value and service experience	ASX has developed a new approach to customer experience in FY20. Enhancements to support ASX's customer-focused culture include the innovative use of data, targeted customer dialogue and improved management tools.			
Enhance ASX digital foundation and customer connection through development and launch of new asx.com.au site	Refreshed ASX digital portal now available and being progressively rolled out, providing a clear and modern channel for all ASX customers to interact with the exchange.			
<b>Diverse ecosystem</b>				
Diversified listings strategy to expand the investment ecosystem and attract foreign and technology listings	In FY20, 59 new technology and foreign company listings, 60 new products and 135 advisers joined the ecosystem. The S&P/ASX All Technology Index was also launched.			
Strengthen the rates ecosystem by developing a new secured funding reference rate and diversifying the client base	Client base diversification has occurred throughout the year. Development of secured funding reference rate rescheduled for FY22 in line with operational considerations.			
Expand DataSphere with external, listed company and fixed income products	ASX equities historical order book data, listed company products and fixed income products now available through the DataSphere webstore. Over 50 ASX datasets have been onboarded to the platform to support product development.			
<b>Collaborative culture</b>				
Design and deliver a new graduate recruitment program to build future skills and capabilities	A new graduate program was designed and delivered in FY20 to grow ASX's data science, analytics, and digital capabilities.			
Support a diverse and inclusive culture at ASX with the development of four diversity initiatives	Diversity and inclusion have been a focus of our people. Programs to enhance diversity of thought, inclusion, community participation and gender-balanced talent acquisition have been delivered.			

# Remuneration report continued

## 3.3 FY20 Executive STI outcomes

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

3	Total STI awarded <sup>1,2</sup>		Cash payment paid August 2020	STI deferred for 2 years (vesting August 2022) <sup>3</sup>	STI deferred for 4 years (vesting August 2024) <sup>3</sup>
	\$	%	\$	\$	\$
<b>Current</b>					
D J Stevens	2,100,000	105%	840,000	630,000	630,000
P D Hiom	950,000	95%	380,000	285,000	285,000
T J Hogben	577,500	110%	231,000	173,250	173,250
G L Larkins	800,000	100%	320,000	240,000	240,000
H J Treleaven	330,000	110%	132,000	99,000	99,000

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

<sup>2</sup> The STI forfeited is determined by subtracting the 'total STI awarded %' from the maximum potential STI of 150% of target. The average STI forfeited by Executives in FY20 was 46% of target (compared to 41% of target in 2019).

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

## 3.4. Long-term performance

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

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

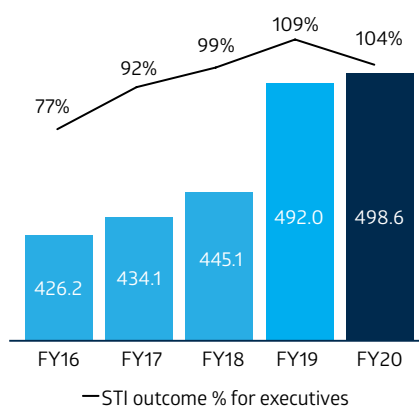
	Outcomes for customers and stakeholders	Achievements
 <b>Diverse ecosystem</b>	<p>We are continuing to build diverse ecosystems to improve the service offering to our customers and the resilience of our business model.</p> <p>Creating a diverse ecosystem is about more than products and services. It is also about providing an open system of collaboration and partnerships with benefits across the entire system.</p>	<p>Within each business unit, we have diversified their respective ecosystems. Highlights include:</p> <ul style="list-style-type: none"> <li>The revitalised BBSW benchmark with world-leading calculation methodology and robustness</li> <li>The offshore expansion of ASX's futures client base following the technology upgrade of ASX's futures trading platform</li> <li>The launch of the S&amp;P/ASX All Technology Index, reflecting the growth in the size and value of the listed technology sector</li> <li>The development of DataSphere, a data platform enabling ASX to offer new data sets as well as analytics capability and third party data.</li> </ul>
 <b>Enduring trust, integrity and resilience</b>	<p>Our focus on enduring trust, integrity and resilience is fundamental to our core offering, our brand value and our licence to operate in the Australian market.</p> <p>Our work in this area contributes to us operating a resilient, fair and open marketplace, especially in the face of volatility and under market pressure. These demonstrated capabilities have enhanced the open, respectful and constructive relationship ASX has with its regulators.</p>	<ul style="list-style-type: none"> <li>Completion of the three-year Building Stronger Foundations program.</li> <li>Enhancement of risk management in ASX's clearing houses.</li> <li>Embedded a risk and compliance-focused culture, with 97% of our people believing ASX is serious about creating a culture of risk awareness, accountability and speaking up.</li> <li>Delivered consecutive years of 100% uptime availability of the five main trading and post-trade systems for Australia's financial markets.</li> </ul>
 <b>Innovative solutions and technology</b>	<p>Embracing innovation and being open to change supports ASX's position as a leading global market, earning the respect of our stakeholders and peer markets.</p> <p>Our capability to innovate, to make life easier for customers and to help companies grow, creates value for shareholders and advances the Australian economy.</p>	<ul style="list-style-type: none"> <li>Developing a vision for, and progressing the modernisation of, the settlement of transactions through the replacement of CHESSE using distributed ledger technology.</li> <li>Updating legacy systems and technologies to improve our operating resilience and efficiency, including opening our secondary data centre and upgrading our market surveillance tools.</li> </ul>
 <b>Customer-focused</b>	<p>ASX promotes customer-focused thinking across the whole of ASX. Companies, corporates and issuers of capital from Australia and around the world engage with ASX to manage risk and raise capital to grow. Our customers value ASX's operating strength, resilience and dependability. Having a reliable, well-capitalised and trusted company at the heart of Australia's financial markets has never been more important.</p>	<ul style="list-style-type: none"> <li>In FY20, ASX released a major package of listing rule amendments to make the rules easier to use and comply with, as well as to enhance the monitoring and enforcement of compliance.</li> </ul>
 <b>Collaborative culture</b>	<p>The way we treat our employees drives engagement and alignment between our people and ASX, ultimately allowing us to attract and retain great people. Our people deliver the innovation, proactive risk management and customer-focused thinking that drives our company forward.</p>	<ul style="list-style-type: none"> <li>Launched new employee 'BE Values' and embedded these in the organisation. In FY20, 98.5% of employees demonstrated the values.</li> <li>ASX launched three new employee networking groups to celebrate our people's culture and heritage, support LGBTIQ+ employees and encourage community participation and giving.</li> </ul>



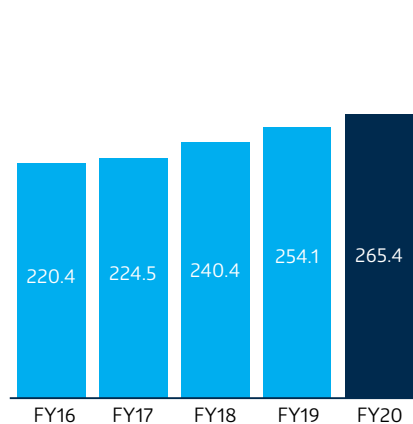
# Remuneration report continued

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

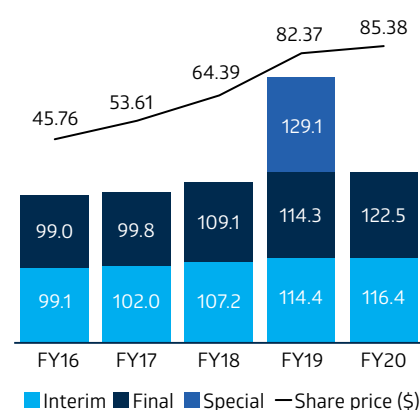
**Statutory net profit after tax (\$million) and STI outcome (% of target) for Executives**



**Underlying earnings per share (cents)**



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



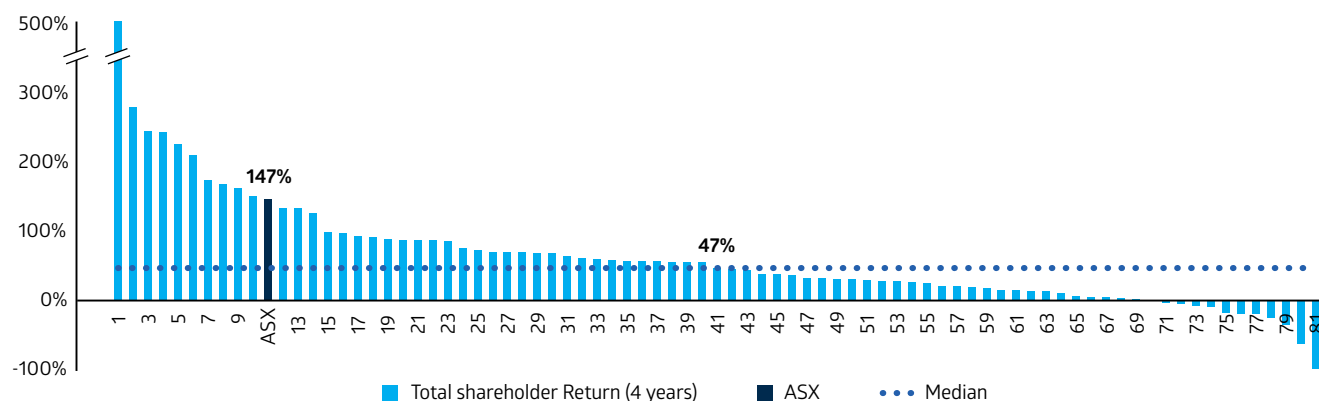
## Impact on Executive reward

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

In FY20, the 2015 LTI grant was tested.

- ASX's underlying EPS compound annual growth rate over the four years to 30 June 2019 was 5.08%, which did not meet the minimum performance hurdle of 5.10%, and this award subsequently lapsed. ASX's long-term underlying EPS can be seen on the preceding chart.
- ASX's relative TSR was in the 88th percentile of the peer group and therefore the TSR-related portion of this award vested in full. The relative TSR of ASX compared to the peer group can be seen in the following chart.

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









# Remuneration report continued

## 4. Executive remuneration framework

### 4.1 Executive remuneration principles

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

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

### 4.2 Executive remuneration components

The remuneration arrangements for Executives are made up of both fixed and variable remuneration. Variable remuneration is provided through the STI and LTI.

### 4.3 Fixed remuneration

ASX provides competitive fixed remuneration to attract and retain talent. Fixed remuneration is paid as cash and comprises salary, superannuation, and salary sacrificed items including non-monetary benefits and share-based payments. Fixed remuneration is set with reference to relevant market benchmarks, which are typically within the banking, finance, legal, technology and other sectors relevant to ASX's functions, or to the broader market. Fixed remuneration is reviewed annually.

# Remuneration report continued

## 4.4 Short-term incentive

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



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

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

# Remuneration report continued

## 4.5 Long-term incentives

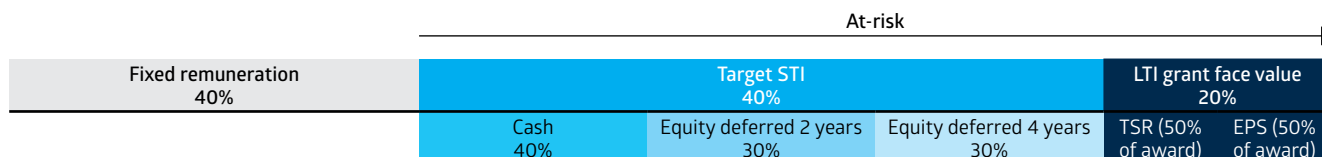
Key features of the plan are summarised below.

<b>Purpose</b>	<ul style="list-style-type: none"> <li>Encourage performance that creates long-term value for shareholders. The combination of relative TSR and underlying EPS hurdles provides balance to the plan by measuring performance on a relative and absolute basis: <ul style="list-style-type: none"> <li>Relative: rewards participating Executives for performance that exceeds that of peer companies</li> <li>Absolute: ensures there is a continued focus on providing positive growth, a core measure of value created.</li> </ul> </li> </ul>			
<b>Performance</b>	Participation is limited to the CEO and Deputy CEO. The face value of the maximum potential LTI award for the CEO and Deputy CEO is 50% of their fixed remuneration.			
<b>Performance measures</b>	<b>External performance measure</b>		<b>Internal performance measure</b>	
	Relative total shareholder return (50%)		Underlying earnings per share growth (50%)	
	<ul style="list-style-type: none"> <li>Relative TSR is measured over a four-year period against a peer group determined by the Board at the time of the offer. Currently, it is based on the ASX 100, excluding property trusts.</li> <li>The peer group may change as a result of specific events such as mergers and acquisitions or de-listings. The plan rules determine the adjustments of the peer group following such events.</li> </ul>		<ul style="list-style-type: none"> <li>Underlying EPS performance is measured over a four-year period using the most recent financial year-end prior to the granting of the award as the base year, and the final financial year in the performance period as the end-year.</li> </ul>	
<b>Vesting schedule</b>	<b>Performance</b>	<b>Vesting</b>	<b>Performance p.a.</b>	<b>Vesting</b>
	Less than 51st percentile	0%	Less than 5.1%	0%
	51st percentile	25%	5.1%	50%
	Greater than 76th percentile	100%	Greater than 10%	100%
	Vesting occurs in a straight line between the 51st and 76th percentile		Vesting occurs in a straight line between 5.1% and 10%	
<b>Calculation</b>	<ul style="list-style-type: none"> <li>TSR of ASX and the peer group is calculated as the movement in share price and dividends received, assuming the re-investment of dividends.</li> <li>The TSR is calculated over a four-year period, using the three-month volume weighted average price up to (and including) the start date, and the three-month volume weighted average price including the reinvestment of dividends up to (and including) the end date of the performance period.</li> </ul>		<ul style="list-style-type: none"> <li>Underlying EPS is calculated by dividing the underlying profit after tax for the relevant reporting period (profit after tax adjusted for the after tax effect of any significant items) by the weighted average number of ordinary shares of ASX. This is then compared to the starting EPS, calculated in a similar fashion to determine the EPS performance.</li> <li>To arrive at underlying profit after tax, significant items may be excluded. These items are determined by the Board and may include revenues and expenses associated with specific events or the results of corporate actions. Exclusion of these items would be clearly identified and explained if such action impacted any vesting outcome. An example of an excluded significant item is the Yieldbroker impairment in FY18. The impairment has not impacted the vesting outcome of any prior award.</li> </ul>	
<b>Performance period</b>	Four years			
<b>Instrument</b>	Performance rights over ASX ordinary shares. For grants made from FY19 onwards, the Board may, at its discretion, elect to settle vested LTI allocations with a cash equivalent payment. The value of the cash payment will be determined based on the number of rights that have vested, multiplied by the volume weighted average price over the 20 trading days prior to the vesting date.			
<b>Determining the number of performance rights</b>	The number of performance rights allocated is based on the volume weighted average price of ASX shares (face value) on the 10 business days preceding the grant date.			
<b>Expiry</b>	At the end of the performance period, any performance rights that have not vested will lapse.			
<b>Dividends</b>	Dividends are not paid on performance rights.			
<b>Retesting</b>	No			
<b>Treatment upon departure</b>	Performance rights will lapse if an Executive's employment is terminated for cause or poor performance, or if the Executive resigns. If an Executive ceases employment in other circumstances (for example, by mutual agreement with ASX, termination of employment by ASX on notice, redundancy or retirement), any performance rights will remain on foot in accordance with their original terms, except that any service condition will be waived, unless the Board determines otherwise. The Board retains a discretion to determine the proportion of performance rights that remain on foot, vest or lapse.			

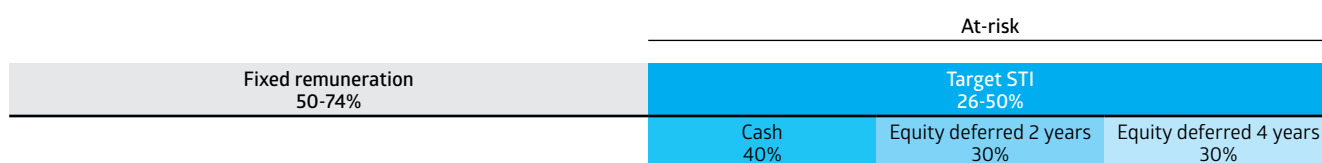
# Remuneration report continued

## 4.6 Executive remuneration mix

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

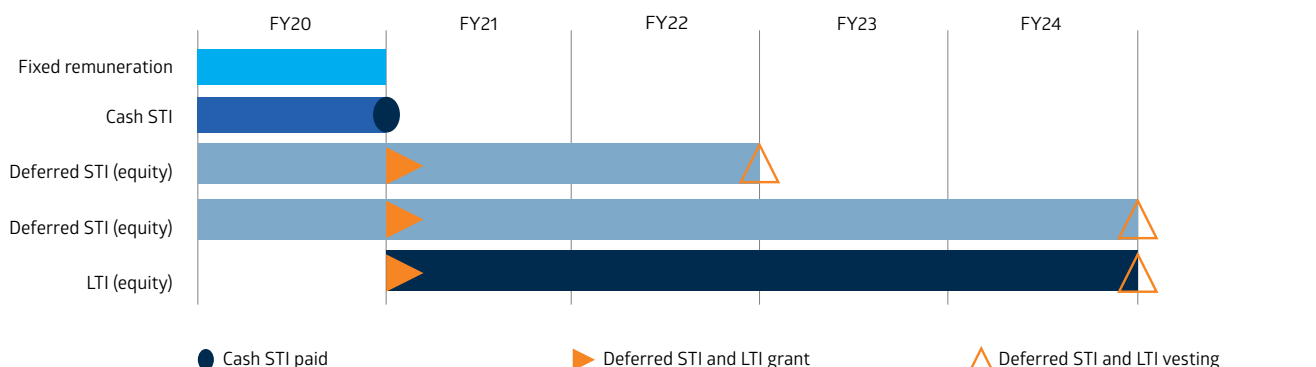


The chart below sets out the remuneration structure and mix for Executives other than the CEO and Deputy CEO. These Executives consist of the Chief Financial Officer, Chief Operating Officer and Chief Risk Officer.



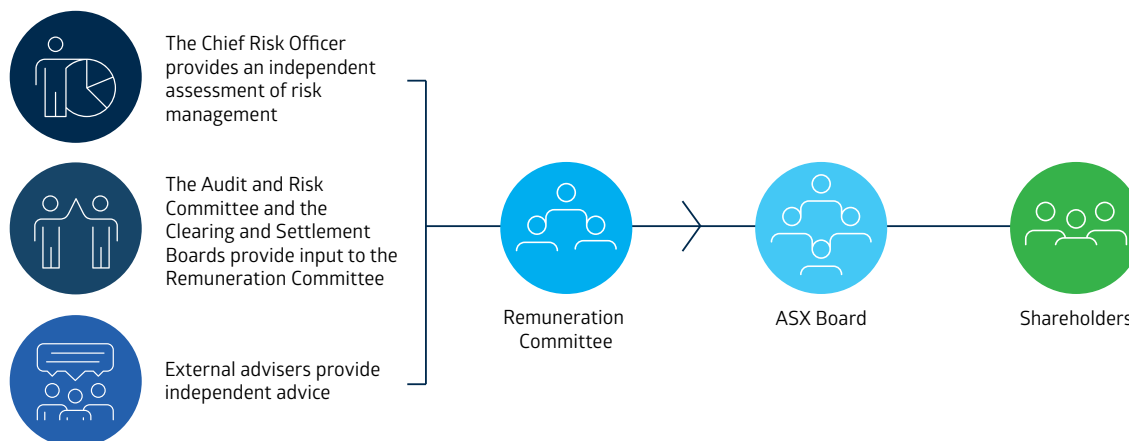
## 4.7 Executive remuneration delivery

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



## 5. Remuneration governance

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



# Remuneration report continued

## 5.1 Role of the ASX Board

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

## 5.2 Role and responsibilities of the Remuneration Committee

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

Recommend to the Board:

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

Conduct reviews of:

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

## 5.3 Board discretion relating to variable remuneration

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

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

## 5.4 Clawback Policy

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

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

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

## 5.5 External advice

When an external perspective is needed, the Remuneration Committee may seek professional advice from remuneration advisers. Remuneration advisers are engaged by the Committee independently of management when receiving remuneration recommendations, as defined by the *Corporations Act 2001*. During FY20, the Committee did not engage any external advisers to provide remuneration recommendations as defined by the *Corporations Act*.

# Remuneration report continued

## 5.6 Engagement with external stakeholders

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

## 5.7 Share ownership

Share ownership is encouraged among non-executive directors to strengthen the alignment between their interests and the interests of shareholders.

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

All non-executive directors who have served at least three years meet this guideline.

## 6. Statutory remuneration disclosure – Executives

### 6.1 Statutory remuneration

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

	Year	Short-term				Long-term		Share-based payments			Total	Performance-related <sup>10</sup>
		Salary <sup>1</sup>	STI <sup>2</sup>	Non-monetary <sup>3</sup>	Other <sup>4</sup>	Long service leave accrual <sup>5</sup>	Superannuation <sup>6</sup>	STI Plan <sup>7</sup>	LTI Plan <sup>8</sup>	Other share-based payments <sup>9</sup>		
<b>Current</b>												
D J Stevens CEO	2020	1,963,513	840,000	15,484	9,648	13,166	21,003	1,061,784	152,768	-	4,077,366	50%
	2019	1,962,590	868,000	16,878	2,610	7,709	20,531	820,603	220,172	-	3,919,093	49%
P D Hiom Deputy CEO	2020	963,513	380,000	15,484	2,004	15,693	21,003	622,875	85,900	-	2,106,472	52%
	2019	962,590	434,000	16,878	70,419	(44,002)	20,531	513,750	43,503	-	2,017,669	49%
T J Hogben Chief Operating Officer	2020	695,251	231,000	8,746	24,690	25,822	21,003	274,171	-	-	1,280,683	39%
	2019	644,978	195,300	9,490	(12,529)	10,761	20,531	227,819	-	-	1,096,350	39%
G L Larkins <sup>11</sup> Chief Financial Officer	2020	778,997	320,000	-	17,043	2,284	21,003	126,863	-	270,993	1,537,183	29%
	2019	522,610	225,534	-	36,008	1,044	15,851	-	-	355,678	1,156,725	19%
H J Treleaven Chief Risk Officer	2020	837,668	132,000	16,329	62,684	4,783	21,003	156,626	-	-	1,231,093	23%
	2019	769,335	133,334	10,133	52,786	2,870	20,531	94,877	-	-	1,083,866	21%
<b>Total</b>	2020	5,238,942	1,903,000	56,043	116,069	61,748	105,015	2,242,319	238,668	270,993	10,232,797	43%
	2019	4,862,103	1,856,168	53,379	149,294	(21,618)	97,975	1,657,049	263,675	355,678	9,273,703	41%

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

<sup>2</sup> The cash component of the STI earned over FY20, paid in cash in August 2020.

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

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

<sup>5</sup> Long service leave accrued over the year.

<sup>6</sup> Post-employment benefits, comprising the compulsory superannuation guarantee.

<sup>7</sup> Annual share-based payments expense for restricted shares issued under the deferred STI Plan.

<sup>8</sup> Annual share-based payments expense for performance rights issued under the LTI Plan. The expense is calculated using the fair value of performance rights at grant date, less any write-back for performance rights lapsed as a result of non-market hurdles not attained. The LTI may be either equity or cash settled, as determined by the Board. The FY20 and FY19 values reflect the reversal of the accrued expense of previous awards which did not vest.

<sup>9</sup> The amortised value of 11,604 restricted shares granted to Gillian Larkins on 15 February 2019, with a volume weighted average price of \$58.38. The restriction on 40% of this allocation of shares lifted on 1 September 2019 with the restriction on the remaining 60% expected to lift on 1 September 2020, subject to ongoing employment and satisfactory performance.

<sup>10</sup> Reflects the percentage of total remuneration that is performance-related (short-term cash settled STI and share-based payments relating to the LTI and STI Plans).

<sup>11</sup> Gillian Larkins commenced in her role on 29 October 2018. Her 2019 remuneration reflects the portion of the year worked.

# Remuneration report continued

## 6.2 Current LTI grants

Shares relating to grants of performance rights that have vested are allocated from a trust established to hold shares for this purpose. The table below sets out a summary of the LTI grants that were in operation during FY20.

Grant year	2019		2018		2017		2016	
Grant date	24 September 2019		4 October 2018		26 September 2017		28 September 2016	
Performance period	25 September 2019 – 24 September 2023		5 October 2018 – 4 October 2022		27 September 2017 – 26 September 2021		28 September 2016 – 29 September 2020	
Vesting date	24 September 2023		4 October 2022		26 September 2021		29 September 2020	
Vesting period	4 years		4 years		4 years		4 years	
Participation	2		2		2		2	
Performance rights awarded	CEO 12,281	Deputy CEO 6,141	CEO 15,843	Deputy CEO 7,921	CEO 18,975	Deputy CEO 9,488	CEO 20,889	Deputy CEO 10,445
Performance measure	50% EPS and 50% TSR		50% EPS and 50% TSR		50% EPS and 50% TSR		50% EPS and 50% TSR	
EPS vesting commences at	5.1% compound growth		5.1% compound growth		5.1% compound growth		5.1% compound growth	
TSR vesting commences at	51st percentile		51st percentile		51st percentile		51st percentile	
Dividends paid	No		No		No		No	
Retesting	No		No		No		No	
Share price at grant date	\$81.61		\$62.01		\$52.62		\$47.78	
Volatility p.a.	15%		16%		17%		17%	
Discount rate (risk free rate) p.a.	0.72%		2.2%		2.24%		1.70%	
Dividend yield p.a.	3.2%		3.70%		4.00%		4.60%	
Fair value of performance rights (EPS awards)	\$71.80		\$53.48		\$44.83		\$39.75	
Fair value of performance rights (TSR awards)	\$29.83		\$24.34		\$23.78		\$19.62	
Weighted average AASB 2 share-based payment fair value	\$50.82		\$38.91		\$34.30		\$29.68	

As is customary, ASX will voluntarily submit Dominic Stevens' 2020 LTI grant for shareholder approval at the 2020 Annual General Meeting (AGM).

## 6.3 FY20 Executive LTI allocations

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

	Held as at 1 July 2019	Granted as compensation during the year	Vested during the year	Lapsed during the year	Held at 30 June 2020
<b>Current</b>					
D J Stevens	55,707	12,281	-	-	67,988
P D Hiom	40,895	6,141	(6,520)	(6,521)	33,995
No other KMP had performance-related rights over issued ordinary shares in ASX directly, indirectly or beneficially.					

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

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

Grant date:	28 September 2016		26 September 2017		4 October 2018		24 September 2019	
Vesting date:	29 September 2020		26 September 2021		4 October 2022		24 September 2023	
	Min \$ <sup>1</sup>	Max \$ <sup>2</sup>	Min \$ <sup>1</sup>	Max \$ <sup>2</sup>	Min \$ <sup>1</sup>	Max \$ <sup>2</sup>	Min \$ <sup>1</sup>	Max \$ <sup>2</sup>
<b>Current</b>								
D J Stevens	-	619,986	-	650,843	-	616,451	-	624,120
P D Hiom	-	310,008	-	325,438	-	308,206	-	312,086

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

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



# Remuneration report continued

## 6.5 Beneficial holdings of ordinary shares

	Held at 1 July 2019	Received on vesting of rights over deferred shares	Allocated under deferred STI Plan	Other changes	Held at 30 June 2020
<b>Current</b>					
D J Stevens	47,640	-	15,272	(9,127)	53,785
P D Hiom	63,989	6,520	7,636	(33,566)	44,579
T J Hogben	13,060	-	3,436	(4,380)	12,116
G L Larkins	11,604	-	3,968	(4,642)	10,930
H J Treleaven	3,991	-	2,346	12	6,349

## 6.6 Service agreements

Minimum notice periods (months)					
Name	Position held	Contract effective date <sup>1</sup>	Executive	ASX	Poor performance
D J Stevens	CEO	1 August 2016	6	12	3
P D Hiom	Deputy CEO	1 July 2015	6	12	3 <sup>1</sup>
T J Hogben	Chief Operating Officer	1 April 2010	3	6	1 <sup>1</sup>
G L Larkins	Chief Financial Officer	29 October 2018	6	12	3 <sup>1</sup>
H J Treleaven	Chief Risk Officer	1 March 2017	6	12	3 <sup>1</sup>

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

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

## 7. Non-executive director remuneration arrangements

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

Non-executive director fees are set to ensure:

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

### 7.1 Remuneration structure

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

The aggregate amount paid to non-executive directors is approved by shareholders at the AGM. The maximum aggregate amount that may be paid to all ASX non-executive directors in their capacity as members of the ASX Limited Board and its committees, and as non-executive directors of subsidiary boards, is \$3 million per annum. This was approved by shareholders at the 2017 AGM. The amount paid in FY20 was \$2.87 million. Non-executive directors of independent subsidiary boards who do not serve on the ASX Limited Board are not included in the fee pool.

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

# Remuneration report continued

## 7.2 Non-executive director fee schedule

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

Board/Committee	Role	Fees excluding superannuation (\$)	
		2020	2019
Board <sup>1</sup>	Chair	550,000	550,000
	Member	235,000	235,000
Audit and Risk Committee	Chair	45,000	45,000
Remuneration Committee	Chair	20,000	20,000
ASX Clear (Futures)	Chair	35,000	35,000
Austraclear	Chair	20,000	20,000

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

## 7.3 Director fees for FY19 and FY20

The following table sets out the statutory remuneration details for non-executive directors for FY19 and FY20.

	Year	Short-term salary and fees	Post-employment superannuation	Total
<b>Current</b>				
R Holliday-Smith	2020	550,000	21,003	571,003
	2019	550,000	20,531	570,531
Y A Allen	2020	235,000	21,003	256,003
	2019	235,000	20,531	255,531
M B Conrad	2020	235,000	21,003	256,003
	2019	235,000	20,531	255,531
K R Henry	2020	235,000	21,003	256,003
	2019	235,000	20,531	255,531
P R Marriott	2020	280,000	21,003	301,003
	2019	280,000	20,531	300,531
P S Nash <sup>1</sup>	2020	235,000	21,003	256,003
	2019	6,603	627	7,230
H M Ridout	2020	255,000	21,003	276,003
	2019	255,000	20,531	275,531
D Roche <sup>2</sup>	2020	270,000	21,003	291,003
	2019	270,000	20,531	290,531
P H Warne <sup>3</sup>	2020	255,000	21,003	276,003
	2019	255,000	20,531	275,531
R Woods <sup>4</sup>	2020	117,500	10,501	128,001
Total	2020	2,667,500	199,528	2,867,028
	2019	2,321,603	164,875	2,486,478

<sup>1</sup> Fees disclosed for Peter Nash in 2019 reflect the partial year worked, having commenced 19 June 2019.

<sup>2</sup> Fees disclosed for Damian Roche include \$35,000 per annum for his role as Chairman of ASX Clear (Futures) Pty Ltd.

<sup>3</sup> Fees disclosed for Peter Warne include \$20,000 per annum for his role as Chairman of Austraclear Ltd.

<sup>4</sup> Fees disclosed for Rob Woods in 2020 reflect the partial year worked, having commenced 1 January 2020.

## 7.4 Equity holdings

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

	Held as at 1 July 2019	Other changes	Held at 30 June 2020
R Holliday-Smith	12,000	-	12,000
Y A Allen	5,000	-	5,000
M B Conrad	5,000	-	5,000
K R Henry	5,000	-	5,000
P R Marriott	5,316	-	5,316
P S Nash	-	2,000	2,000
H M Ridout	5,000	-	5,000
D Roche	10,000	-	10,000
P H Warne	6,000	-	6,000
R Woods <sup>1</sup>	-	3,000	3,000

<sup>1</sup> The opening balance for Rob Woods is taken at his commencement date of 1 January 2020.

# Directors' report

The directors present their report which includes the Remuneration Report, together with the financial statements of ASX Limited (ASX or the Company) and its subsidiaries (together referred to as the Group), for the year ended 30 June 2020 (FY20) and the auditor's report thereon. The financial statements have been reviewed and approved by the directors on the recommendation of the ASX Audit and Risk Committee.

The FY20 consolidated net profit after tax attributable to the owners of ASX was \$498.6 million (2019: \$492.0 million).

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## Directors

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

- Rick Holliday-Smith (Chairman)
- Dominic J Stevens (Managing Director and CEO)
- Yasmin A Allen
- Melinda B Conrad
- Ken R Henry AC
- Peter R Marriott
- Peter S Nash
- Heather M Ridout AO
- Damian Roche
- Peter H Warne
- Rob Woods (appointed 1 January 2020).

Directors' meetings and attendance at those meetings for FY20 (including meetings of committees of directors) are disclosed on page 41. The qualifications and experience of directors, including current and recent directorships, are detailed on pages 33 to 35.

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## Company secretaries

### Daniel Moran

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

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

### Daniel Csillag

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

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

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## Report on the business

### Principal activities

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

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

### Review of operations

Information on the operations and financial position of the Group, and its business strategies and prospects, is disclosed in the Operating and Financial Review on pages 10 to 19.

The global COVID-19 pandemic and the subsequent restrictions imposed by various governments, including in Australia, caused major disruptions to business operations. ASX implemented its business contingency plan (BCP) to ensure the health and safety of its employees, contractors and customers in line with government social distancing measures and recommended guidelines. Despite extraordinary global events, ASX's BCP measures ensured that the Group's core business functions remained resilient and strong in FY20.

Operating revenue benefits from ASX's diverse business model, where key revenue streams complement each other in changing market conditions. For example, increased market volatility could see a decrease in futures and OTC revenue due to lower volumes, while being offset by an increase in listings revenue due to higher secondary capital raisings. There have not been any significant adverse financial or operational impacts as a result of the COVID-19 pandemic to date and any known impacts to date have been reflected in the FY20 financial statements.

### Dividends

Information relating to dividends for the current and prior financial year, including dividends determined by the Board since the end of the financial year, is disclosed in note B3 of the financial statements on page 77.

### Significant changes in the state of affairs

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

### Events subsequent to balance date

Subsequent to balance date, ASX invested a further \$2.9 million (USD 2.0 million) in Digital Asset in July 2020 using the same pre-money valuation and pricing as in the previous Series C funding round completed prior to balance date. This additional investment has increased ASX's shareholding in Digital Asset to 8.7%.

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

# Directors' report continued

## Likely developments

For further information about likely developments in the operations of the Group, refer to the Operating and Financial Review on pages 10 to 19. The expected results from those operations in future financial years have not been included because they depend on factors such as general economic conditions, the risks outlined, and the success of ASX's strategies, some of which are outside the control of the Group.

At the date of signing there is a high level of uncertainty regarding the depth and duration of the impacts on domestic and global economies, business activity and investment market indices from actions taken to address the COVID-19 pandemic. The directors and management will continue to manage and monitor this situation.

## Environmental regulation

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

## Indemnification and insurance of officers

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

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

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

## Performance rights over issued shares

At the date of this report, ASX had 101,983 performance rights outstanding (2019: 96,602). For further details on the performance rights including performance hurdles for vesting, refer to the Remuneration Report on pages 46 to 62.

During the year, 6,520 performance rights vested as a result of partial attainment of hurdles under the September 2015 Long-Term Incentive Plan (LTIP) and 6,521 rights lapsed. In the prior year no performance rights vested or lapsed.

## Proceedings on behalf of the Group

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

## Remuneration Report

Information on remuneration for the ASX Limited Board and Key Management Personnel (KMP), is contained in the Remuneration Report on pages 46 to 62 which forms part of the Directors' Report.

## Non-audit services

Details of the amounts paid or payable to the Group's auditor PricewaterhouseCoopers (PwC) and its related practices for non-audit services provided during the year are set out in note F5.3 of the financial statements on page 103.

## Directors' declaration of satisfaction with independence of auditor

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

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

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is on page 65.

## Rounding of amounts

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

Signed in accordance with a resolution of the directors:



**Rick Holliday-Smith**  
Chairman



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

Sydney, 20 August 2020



## Auditor's independence declaration

As lead auditor for the audit of ASX Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit. This declaration is in respect of ASX Limited and the entities it controlled during the period.

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

Voula Papageorgiou  
Partner

PricewaterhouseCoopers

Sydney, 20 August 2020

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### **PricewaterhouseCoopers, ABN 52 780 433 757**

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# Statutory report – consolidated financial statements

## Contents

### Consolidated financial statements

Consolidated statement of comprehensive income	67
Consolidated balance sheet	68
Consolidated statement of changes in equity	69
Consolidated statement of cash flows	70

### Notes to the consolidated financial statements

#### Significant accounting policies

A1 Significant accounting policies	72
A2 New and amended standards	72
A3 Changes in accounting policies	73

#### Performance of the Group

B1 Segment reporting	73
B2 Revenue from contracts with customers	75
B3 Dividends	77
B4 Capital management	77
B5 Earnings per share	78
B6 Taxation	79

#### Risk management

C1 Clearing risk	80
C2 Cash	81
C3 Financial risk	82

#### Investments

D1 Investments in equity instruments	91
D2 Equity accounted investments	91
D3 Financial assets at fair value through profit or loss	92

### Other balance sheet assets and liabilities

E1 Trade and other receivables	93
E2 Intangible assets	93
E3 Property, plant and equipment	95
E4 Trade and other payables	96
E5 Provisions	96
E6 Leases	97

### Group disclosures

F1 Subsidiaries	98
F2 Deed of Cross Guarantee	99
F3 Related party transactions	100
F4 Parent entity financial information	100
F5 Other disclosures	101
F5.1 Commitments	101
F5.2 Share-based payments	101
F5.3 Auditor's remuneration	103
F5.4 Subsequent events	103

### Directors' declaration **104**

### Independent auditor's report **105**

# Consolidated statement of comprehensive income

For the year ended 30 June	Note	2020 \$m	2019 \$m
<b>Revenue</b>			
Listings and Issuer Services <sup>1</sup>	B2	239.7	223.6
Derivatives and OTC Markets <sup>1</sup>	B2	323.6	310.0
Trading Services <sup>1</sup>	B2	258.3	231.0
Equity Post-Trade Services <sup>1</sup>	B2	127.4	108.6
Interest income		151.3	216.2
Dividend income		-	5.1
Share of net (loss) of equity accounted investments	D2	(5.0)	(5.1)
		<b>1,095.3</b>	<b>1,089.4</b>
<b>Expenses</b>			
Staff		(145.4)	(127.7)
Occupancy <sup>2</sup>		(9.7)	(17.9)
Equipment		(37.3)	(32.2)
Administration		(47.4)	(41.3)
Finance costs		(67.5)	(117.4)
Depreciation and amortisation	E2, E3, E6	(52.0)	(47.8)
Impairment of equity accounted investments	D2	(15.2)	-
		<b>(374.5)</b>	<b>(384.3)</b>
<b>Profit before income tax expense</b>		<b>720.8</b>	<b>705.1</b>
Income tax expense	B6	(222.2)	(213.1)
<b>Net profit for the year attributable to owners of the Company</b>		<b>498.6</b>	<b>492.0</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Change in the fair value of cash flow hedges		(0.5)	-
<b>Items that cannot be reclassified to profit or loss</b>			
Change in the fair value of investments in equity instruments		0.2	(7.9)
<b>Other comprehensive income for the year, net of tax</b>		<b>(0.3)</b>	<b>(7.9)</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>498.3</b>	<b>484.1</b>
<b>Earnings per share</b>			
<b>Basic earnings per share (cents per share)</b>	B5	<b>257.6</b>	<b>254.1</b>
<b>Diluted earnings per share (cents per share)</b>	B5	<b>257.6</b>	<b>254.1</b>

<sup>1</sup> FY20 revenue classification includes the allocation of 'other revenue' into respective revenue lines. Corresponding prior period comparative balances have been restated accordingly.

<sup>2</sup> Under AASB 16 *Leases*, certain operating lease expenses are now allocated between depreciation and interest.

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

# Consolidated balance sheet

As at 30 June	Note	2020 \$m	2019 \$m
<b>Current assets</b>			
Cash	C2	858.1	333.1
Other financial assets at amortised cost	C3	12,511.4	10,825.4
Financial assets at fair value through profit or loss	C3,D3	487.5	1,111.8
Trade and other receivables <sup>1</sup>	E1	761.6	390.6
Prepayments		23.3	17.5
<b>Total current assets</b>		<b>14,641.9</b>	<b>12,678.4</b>
<b>Non-current assets</b>			
Investments in equity instruments	D1	45.1	24.3
Equity accounted investments	D2	40.5	52.0
Intangible assets	E2	2,496.8	2,458.3
Net deferred tax asset	B6	44.8	45.3
Property, plant and equipment	E3	62.1	61.5
Right-of-use assets	E6	74.9	-
Prepayments		8.7	10.5
<b>Total non-current assets</b>		<b>2,772.9</b>	<b>2,651.9</b>
<b>Total assets</b>		<b>17,414.8</b>	<b>15,330.3</b>
<b>Current liabilities</b>			
Amounts owing to participants	C1	12,477.2	10,601.0
Trade and other payables <sup>1</sup>	E4	726.8	349.3
Current tax liabilities		25.8	89.9
Provisions	E5	17.9	15.2
Lease liabilities	E6	9.5	-
Revenue received in advance	B2	89.1	83.1
<b>Total current liabilities</b>		<b>13,346.3</b>	<b>11,138.5</b>
<b>Non-current liabilities</b>			
Amounts owing to participants	C1	200.0	200.0
Provisions	E5	5.5	9.6
Lease liabilities	E6	71.6	-
Revenue received in advance	B2	71.0	65.8
<b>Total non-current liabilities</b>		<b>348.1</b>	<b>275.4</b>
<b>Total liabilities</b>		<b>13,694.4</b>	<b>11,413.9</b>
<b>Net assets</b>		<b>3,720.4</b>	<b>3,916.4</b>
<b>Equity</b>			
Issued capital	B4	3,027.2	3,027.2
Retained earnings		603.8	801.7
Reserves	B4	89.4	87.5
<b>Total equity</b>		<b>3,720.4</b>	<b>3,916.4</b>

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

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



# Consolidated statement of changes in equity

For the year ended 30 June	Note	Issued capital \$m	Retained earnings \$m	Reserves \$m	Total equity \$m
<b>Opening balance at 1 July 2019</b>		<b>3,027.2</b>	<b>801.7</b>	<b>87.5</b>	<b>3,916.4</b>
Profit for the year		-	498.6	-	498.6
Other comprehensive income for the year		-	-	(0.3)	(0.3)
<b>Total comprehensive income for the period, net of tax</b>		<b>-</b>	<b>498.6</b>	<b>(0.3)</b>	<b>498.3</b>
<b>Transactions with owners in their capacity as owners:</b>					
Incentive plans – value of employee services		-	-	2.2	2.2
Dividends paid	B3	-	(696.5)	-	(696.5)
<b>Closing balance at 30 June 2020</b>		<b>3,027.2</b>	<b>603.8</b>	<b>89.4</b>	<b>3,720.4</b>
<b>Opening balance 1 July 2018</b>					
		<b>3,027.2</b>	<b>666.7</b>	<b>251.6</b>	<b>3,945.5</b>
Change in accounting policies		-	(85.0)	0.6	(84.4)
<b>Restated balance at 1 July 2018</b>		<b>3,027.2</b>	<b>581.7</b>	<b>252.2</b>	<b>3,861.1</b>
Profit for the year		-	492.0	-	492.0
Other comprehensive income for the year		-	-	(7.9)	(7.9)
Transfers within equity	D1	-	160.7	(160.7)	-
<b>Total comprehensive income for the period, net of tax</b>		<b>-</b>	<b>652.7</b>	<b>(168.6)</b>	<b>484.1</b>
<b>Transactions with owners in their capacity as owners:</b>					
Incentive plans – value of employee services		-	-	3.9	3.9
Dividends paid	B3	-	(432.7)	-	(432.7)
<b>Closing balance at 30 June 2019</b>		<b>3,027.2</b>	<b>801.7</b>	<b>87.5</b>	<b>3,916.4</b>

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

# Consolidated statement of cash flows

For the year ended 30 June	Note	2020 \$m	2019 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		1,038.5	941.8
Payments to suppliers and employees		(309.4)	(297.3)
		<b>729.1</b>	<b>644.5</b>
Increase in participants' margins and commitments <sup>1</sup>		2,496.5	1,603.3
Net movement in financial assets at amortised cost		(1,630.3)	(1,969.7)
Interest received		101.8	133.5
Interest paid		(76.1)	(116.2)
Dividends received		-	5.1
Income taxes paid		(285.7)	(210.6)
<b>Net cash inflow from operating activities</b>		<b>1,335.3</b>	<b>89.9</b>
<b>Cash flows from investing activities</b>			
Receipts from the sale of equity instruments		-	380.7
Payments for investments in equity instruments		(14.9)	-
Payments for equity accounted investments		(8.7)	(4.0)
Payments for other non-current assets		(82.2)	(84.6)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(105.8)</b>	<b>292.1</b>
<b>Cash flows from financing activities</b>			
Dividends paid	B3	(696.5)	(432.7)
Proceeds from borrowings	F4(d)	100.0	-
Repayment of borrowings	F4(d)	(100.0)	-
Principal payments for leased assets	E6	(6.1)	-
<b>Net cash (outflow) from financing activities</b>		<b>(702.6)</b>	<b>(432.7)</b>
<b>Net increase/(decrease) in cash</b>		<b>526.9</b>	<b>(50.7)</b>
(Decrease) in the fair value of cash		(0.7)	-
(Decrease)/increase in cash due to changes in foreign exchange rates		(1.2)	6.6
Cash at the beginning of the year		333.1	377.2
<b>Cash at the end of the year</b>	C2	<b>858.1</b>	<b>333.1</b>

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

As at 30 June

ASX Group funds		1,179.8	1,464.0
Participants' margins and commitments	C1	12,677.2	10,801.0
Less: non-cash collateral	C1	(487.5)	(1,106.5)
<b>Total</b>		<b>13,369.5</b>	<b>11,158.5</b>
Cash	C2	858.1	333.1
Other financial assets at amortised cost	C3	12,511.4	10,825.4
<b>Total</b>		<b>13,369.5</b>	<b>11,158.5</b>

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

# Consolidated statement of cash flows continued

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

For the year ended 30 June	2020 \$m	2019 \$m
<b>Net profit after tax</b>	<b>498.6</b>	<b>492.0</b>
<b>Non-cash items</b>		
Depreciation and amortisation	52.0	47.8
Share-based payments	2.2	3.9
Share of net loss of equity accounted investments	5.0	5.1
Foreign currency revaluation	1.2	(6.8)
Impairment of equity accounted investments	15.2	-
<b>Total non-cash items</b>	<b>75.6</b>	<b>50.0</b>
<b>Changes in operating assets and liabilities</b>		
(Increase) in other financial assets at amortised cost <sup>1</sup>	(1,686.0)	(2,048.0)
Decrease/(increase) in financial assets at fair value through profit or loss (FVTPL)	619.0	(695.3)
(Decrease)/increase in tax balances	(63.5)	2.5
Decrease/(increase) in receivables <sup>2</sup>	3.2	(15.6)
(Increase) in prepayments	(4.7)	(10.3)
Increase in amounts owing to participants <sup>3</sup>	1,876.2	2,305.2
Increase in trade and other payables <sup>2</sup>	2.4	2.5
Increase in revenue received in advance	11.2	5.3
Increase in provisions	3.3	1.6
<b>Net cash inflow from operating activities</b>	<b>1,335.3</b>	<b>89.9</b>

<sup>1</sup> Reconciliation of this line item to the statement of cash flows on page 70 includes interest from discount securities reflected within net profit after tax.

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

<sup>3</sup> Reconciliation of this line item to the statement of cash flows on page 70 includes foreign currency revaluation on amounts owing to participants reflected within the non-cash items above. The line item reflects the net effect of changes in FVTPL and changes in amounts owing to participants.

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

# Notes to the consolidated financial statements

## Significant accounting policies

### A1 Significant accounting policies

#### (a) Basis of preparation

ASX Limited (ASX or the Company) is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements. The financial statements for the year ended 30 June 2020 are for the consolidated entity which consists of ASX and its subsidiaries (together referred to as the Group) and were authorised for issue by the Board of Directors on 20 August 2020. The directors have the power to amend and reissue the financial statements.

The financial statements are general purpose financial statements that:

- Have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
- Include the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of the subsidiaries for the year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation
- Have been prepared on a historical cost basis, except for financial assets at FVTPL and investments in equity instruments which have been measured at fair value through other comprehensive income (FVTOCI) (refer to notes C3, D1 and D3)
- Are measured and presented in Australian dollars which is ASX's functional and presentation currency with all values rounded to the nearest thousand or hundred thousand dollars in accordance with ASIC Legislative Instrument 2016/191, unless otherwise indicated.

#### (b) Key judgements and estimates

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

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

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

#### (c) Accounting policies

##### Foreign currency translation

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

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

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

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

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

##### Other accounting policies

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

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

Certain comparative balances have been reclassified to ensure consistency with changes to current period presentation and classification. Refer to the consolidated statement of comprehensive income and note B1.

### A2 New and amended standards

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

The AASB has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2019. The Group has identified AASB 16 *Leases* (AASB 16) as having a material impact on adoption and in future reporting periods.

The impact of adopting AASB 16 is disclosed in note A3. All other standards and amendments to standards issued by the AASB do not materially affect the amounts recognised in prior, current or future periods. The Group did not apply any pronouncements before their operative date in the financial year ended 30 June 2020.

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

The AASB has issued a number of new or amended accounting standards and interpretations that are not mandatory for the first time in the reporting period commenced 1 July 2019. The Group has assessed these standards and interpretations and determined that there are no standards or amendments to standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting period.

# Notes to the consolidated financial statements continued

## Performance of the Group

### A3 Changes in accounting policies

The Group adopted AASB 16 with a date of initial application of 1 July 2019. The Group has updated its accounting policy for lease contracts as detailed in note E6.

The Group applied the modified retrospective approach on transition. Under this approach, comparative amounts have not been restated and the right-of-use (ROU) asset was equal to the amount of the lease liability less any accrued amounts under AASB 117 *Leases* (AASB 117) as of 1 July 2019.

AASB 16 replaces AASB 117 and contains a revised definition of a lease removing the distinction between operating and finance leases by lessees. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying assets to the Group.

Under AASB 16, the Group recognises a non-financial asset that represents the right to use the leased item and a financial liability that represents the obligation to pay rent on the balance sheet.

Short-term leases or leases of low value assets are exempt from the application of this standard and will continue to be expensed on a straight-line basis within occupancy expense.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117. These lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. In applying AASB 16 for the first time, the Group used the following practical expedients to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognise ROU assets and liabilities for leases with less than 12 months to end of lease term
- Excluded initial direct costs from measuring the ROU asset at the date of initial application
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On adoption of AASB 16 the Group recognised a lease liability of \$87.2 million and a lease ROU asset of \$83.3 million and these amounts have been tax effected. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.0%. The lease provisions of \$3.9 million as at 30 June 2019 recognised under AASB 117 were reversed and adjusted against the ROU asset.

	\$m
<b>Operating lease commitments disclosed at 30 June 2019</b>	<b>70.2</b>
Discounted using the incremental borrowing rate	68.8
Add adjustment as a result of a different treatment of extension options	12.7
Add leases not recognised as a lease under AASB 117	5.7
<b>Lease liability recognised as at 1 July 2019</b>	<b>87.2</b>

### B1 Segment reporting

#### (a) Description of segment

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

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

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

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

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

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

#### (b) Segment results

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

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

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

# Notes to the consolidated financial statements continued

## Performance of the Group

For the year ended 30 June	2020			2019		
	Segment information \$m	Adjustments \$m	Consolidated income statement \$m	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Revenue</b>						
Listings <sup>1</sup>	175.9	2.5	178.4	172.0	2.5	174.5
Issuer services <sup>1</sup>	61.2	0.1	61.3	49.0	0.1	49.1
<b>Listings and Issuer Services</b>	<b>237.1</b>	<b>2.6</b>	<b>239.7</b>	<b>221.0</b>	<b>2.6</b>	<b>223.6</b>
Equity options	18.5	0.2	18.7	19.9	0.3	20.2
Futures and OTC clearing <sup>1</sup>	242.9	1.0	243.9	233.3	0.5	233.8
Austraclear <sup>1</sup>	56.2	4.8	61.0	50.8	5.2	56.0
<b>Derivatives and OTC Markets</b>	<b>317.6</b>	<b>6.0</b>	<b>323.6</b>	<b>304.0</b>	<b>6.0</b>	<b>310.0</b>
Cash market trading <sup>1</sup>	64.2	-	64.2	51.9	(0.2)	51.7
Information services <sup>1</sup>	106.8	-	106.8	96.5	(0.2)	96.3
Technical services <sup>1</sup>	85.3	2.0	87.3	81.6	1.4	83.0
<b>Trading Services</b>	<b>256.3</b>	<b>2.0</b>	<b>258.3</b>	<b>230.0</b>	<b>1.0</b>	<b>231.0</b>
Cash market clearing <sup>1</sup>	65.3	-	65.3	54.6	(0.2)	54.4
Cash market settlement <sup>1</sup>	62.1	-	62.1	54.2	-	54.2
<b>Equity Post-Trade Services</b>	<b>127.4</b>	<b>-</b>	<b>127.4</b>	<b>108.8</b>	<b>(0.2)</b>	<b>108.6</b>
<b>Operating revenue</b>	<b>938.4</b>			<b>863.8</b>		
Interest income		151.3	151.3		216.2	216.2
Dividend income		-	-		5.1	5.1
Share of net (loss) of equity accounted investments		(5.0)	(5.0)		(5.1)	(5.1)
<b>Total revenue</b>		<b>156.9</b>	<b>1,095.3</b>		<b>225.6</b>	<b>1,089.4</b>
<b>Expenses</b>						
Staff	(145.4)	-	(145.4)	(127.7)	-	(127.7)
Occupancy	(9.7)	-	(9.7)	(17.9)	-	(17.9)
Equipment	(35.4)	(1.9)	(37.3)	(30.7)	(1.5)	(32.2)
Administration	(26.0)	(21.4)	(47.4)	(22.5)	(18.8)	(41.3)
Variable	(10.7)	10.7	-	(8.4)	8.4	-
ASIC levy	(8.5)	8.5	-	(7.6)	7.6	-
<b>Operating expenses</b>	<b>(235.7)</b>			<b>(214.8)</b>		
<b>EBITDA</b>	<b>702.7</b>			<b>649.0</b>		
Finance costs	-	(67.5)	(67.5)	-	(117.4)	(117.4)
Depreciation and amortisation	(50.5)	(1.5)	(52.0)	(47.8)	-	(47.8)
Impairment of equity accounted investments	-	(15.2)	(15.2)	-	-	-
<b>Total expenses</b>	<b>(50.5)</b>	<b>(88.3)</b>	<b>(374.5)</b>	<b>(47.8)</b>	<b>(121.7)</b>	<b>(384.3)</b>
<b>EBIT</b>	<b>652.2</b>			<b>601.2</b>		
<b>Net interest and dividend income</b>						
Net interest income	7.6	(7.6)	-	23.4	(23.4)	-
Net interest on participant balances	76.2	(76.2)	-	75.4	(75.4)	-
Dividend income	-	-	-	5.1	(5.1)	-
<b>Net interest and dividend income</b>	<b>83.8</b>	<b>(83.8)</b>	<b>-</b>	<b>103.9</b>	<b>(103.9)</b>	<b>-</b>
<b>Underlying profit before tax</b>	<b>736.0</b>	<b>(15.2)</b>	<b>720.8</b>	<b>705.1</b>	<b>-</b>	<b>705.1</b>
Income tax expense	(222.2)	-	(222.2)	(213.1)	-	(213.1)
<b>Underlying profit after tax</b>	<b>513.8</b>	<b>(15.2)</b>	<b>498.6</b>	<b>492.0</b>	<b>-</b>	<b>492.0</b>
<b>Significant items<sup>2</sup></b>	<b>(15.2)</b>	<b>15.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statutory profit after tax</b>	<b>498.6</b>	<b>-</b>	<b>498.6</b>	<b>492.0</b>	<b>-</b>	<b>492.0</b>

<sup>1</sup> FY20 revenue classification includes the allocation of 'other revenue' into respective revenue lines. Corresponding prior period comparative balances have been restated accordingly.

<sup>2</sup> Relates to the impairment of equity accounted investments. Refer to note D2 for further details.

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

# Notes to the consolidated financial statements continued

## Performance of the Group

### B2 Revenue from contracts with customers

#### (a) Disaggregation of revenue

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

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

For the year ended 30 June 2019	Services satisfied at a point in time \$m	Services satisfied over time \$m	Total \$m
Listings and Issuer Services	43.5	180.1	223.6
Derivatives and OTC Markets	280.5	29.5	310.0
Trading Services	56.3	174.7	231.0
Equity Post-Trade Services	108.1	0.5	108.6
<b>Total revenue from contracts with customers</b>	<b>488.4</b>	<b>384.8</b>	<b>873.2</b>

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

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

#### (b) Revenue received in advance

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

As at 30 June	2020 \$m	2019 \$m
<b>Current</b>		
Listings and Issuer Services	68.8	65.9
Austraclear	12.6	11.7
Information services	6.4	4.3
Memberships	1.3	1.2
<b>Total current revenue received in advance</b>	<b>89.1</b>	<b>83.1</b>
<b>Non-current</b>		
Listings and Issuer Services	71.0	65.7
Austraclear	-	0.1
<b>Total non-current revenue received in advance</b>	<b>71.0</b>	<b>65.8</b>
<b>Total revenue received in advance</b>	<b>160.1</b>	<b>148.9</b>

The Group expects 55% (2019: 55%) of the transaction price allocated to the above contract liabilities to be recognised as revenue within the next financial year. The remaining 45% (2019: 45%) all relates to initial and subsequent listings and will be recognised as revenue between FY22 and FY25.

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

The opening balance of the revenue received in advance at 1 July 2019 was \$148.9 million. The increase in the contract liabilities in the current year is largely related to secondary listing activities. The Group bills companies upfront and recognises this amount as a contract liability for unsatisfied performance obligations. Revenue recognition commences from the date the company lists on the exchange and is amortised over the estimated period the listing service is expected to be provided.

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

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

For the year ended 30 June	2020 \$m	2019 \$m
Listings and Issuer Services	64.3	60.2
Austraclear	11.7	10.5
Information services	4.3	3.2
Memberships	1.2	1.2
<b>Total</b>	<b>81.5</b>	<b>75.1</b>

#### (c) Contract assets

The Group did not have any contract assets at 30 June 2020.

# Notes to the consolidated financial statements continued

## Performance of the Group

**Revenue from contracts with customers** is recognised using a five step approach to depict the transfer of promised goods or services to customers. It is measured at the transaction price specified in the contract and is net of amounts expected to be refunded to the customer such as rebates. Revenue also excludes any taxes collected on behalf of third parties.

The following five steps are applied to determine when revenue is recognised:

1. Identify the contract with a customer
2. Identify the separate performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Performance obligations that have not been satisfied at the reporting date are recognised as revenue received in advance on the balance sheet.

There are no contracts with customers that have significant financing components. The Group has considered the time difference between when it provides the initial and subsequent listing service to the customer and when the customer pays for the service and determined that this does not result in a significant financing component.

All contracts have standard 30 day payment terms.

The transaction price is based on the price specified in the contract or in accordance with published fee schedules and is net of any applicable rebates. Rebates are calculated based on actual transactions or trading, clearing or settlement volumes. Where this information is not immediately available within the relevant accounting period, the expected amount is estimated based on previous experience with the customer and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A liability for the rebates is recognised within trade and other payables and typically have payment terms of 30 days following the end of the relevant period.

Revenue is recognised for the major revenue lines as described below.

### Listings and Issuer Services

Initial and subsequent listing fees are recognised evenly over the period the listing service is expected to be provided which is five years for initial listings and three years for subsequent listings. These fees are billed prior to the quotation of initial or secondary capital and are recognised within receivables and revenue received in advance at the time of billing. The recognition of revenue commences from the date that the entity is admitted to the official list or on quotation of the secondary capital.

Annual listing fees are billed at the commencement of the financial year or prior to an entity listing on the exchange, at which point the fee is recognised within receivables and revenue received in advance. The revenue is recognised evenly over the financial year as the service is provided.

Issuer services revenue includes revenue for the provision of holding statements and other related activities, and is recognised at the point that the service is provided.

### Derivatives and OTC Markets

Revenue from trading and clearing of futures and equity options, and clearing of OTC interest rate derivatives is recognised at the point the service is provided which is the trade date. The revenue includes variable consideration for rebates on certain volumes traded. A liability for rebates is recognised at trade date and they are paid following the end of the quarter.

Fees for registry services for debt securities are billed upfront and are net of rebates. They are recognised within receivables and revenue received in advance and the revenue is recognised evenly over a 12 month period in which the service is provided.

Fees for Austraclear settlement and cash transactions are billed monthly net of rebates and are recognised at the point the service is provided which is the transaction date. Fees for depository services for debt securities are billed monthly net of rebates and are recognised as the service is provided during the month.

Austraclear membership fees are billed at the commencement of the calendar year or at the time an entity becomes a member. The revenue is recognised evenly over the calendar year in which the service is provided.

ASX Collateral service fees are recognised over the period the service is provided.

### Trading Services

Cash market trading revenue is recognised at the point the service is provided which is the settlement date. The normal market convention is that settlement occurs two days after the initial trade date (T+2). Accordingly, revenue for trades transacted in the last two days prior to period end is deferred and recognised in the subsequent reporting period.

Memberships for cash market trading participants are billed at the commencement of the financial year and recognised within receivables and revenue received in advance. The revenue is recognised evenly over the financial year as the service is provided.

Revenue in relation to information and technical services is recognised over the period the service is provided.

### Equity Post-Trade Services

This includes revenue from clearing and settlement of quoted securities including equities, debt securities, warrants and exchange-traded funds and is recognised at the point that the service is provided which is the settlement date. Accordingly, clearing and settlement fees for trades transacted in the last two days prior to period end are deferred and recognised in the subsequent reporting period. The revenue recognised is net of rebates expected to be paid which are estimated based on prior experience with customers. The rebate is paid in the following year.

### Key judgements

The Group has applied critical judgement in determining the period that it expects to satisfy its performance obligations in relation to listing services. The model to determine the five and three year listing periods has taken into account historical information in relation to the length of time companies have been listed and excluded those outside one standard deviation of the mean.



# Notes to the consolidated financial statements continued

## Performance of the Group

### B3 Dividends

The Board's policy is to pay a dividend based on 90% of underlying net profit after tax. This is reviewed each time the Board considers payment of a dividend. The policy is unchanged from the prior year.

The following table includes information relating to dividends recognised and paid by ASX during the financial year.

For the year ended 30 June 2020	Cents per share	Total amount \$m
Special dividend for the year ended 30 June 2019	129.1	249.9
Final dividend for the year ended 30 June 2019	114.3	221.3
Interim dividend for the year ended 30 June 2020	116.4	225.3
<b>Total</b>	<b>359.8</b>	<b>696.5</b>

#### For the year ended 30 June 2019

Final dividend for the year ended 30 June 2018	109.1	211.2
Interim dividend for the year ended 30 June 2019	114.4	221.5
<b>Total</b>	<b>223.5</b>	<b>432.7</b>

The above dividends paid by the Company include amounts attached to certain shares held by the Group's Long-Term Incentive Plan Trust (LTIPT). The dividend revenue recognised by LTIPT has been eliminated on consolidation. In the current and prior years, the dividend revenue was less than \$0.1 million.

Since the end of the financial year, the directors have determined a final dividend of 122.5 cents per share totalling \$237.2 million. The dividend will be fully franked based on tax paid at 30%.

A liability is recognised for the amount of any dividends determined on or before the balance date but not yet paid. Typically, the final dividend in respect of a financial year is determined after balance date, and therefore no provision is recognised.

### Dividend franking account

As at 30 June	2020 \$m	2019 \$m
Franking credits available for future years at 30% adjusted for the payment of current income tax	290.5	367.6

Adjusting for the payment of the final dividend for the year ended 30 June 2020, the franking balance would be \$188.9 million (2019: \$165.6 million).

### B4 Capital management

At 30 June 2020, equity of the Group totalled \$3,720.4 million (2019: \$3,916.4 million). The Group's capital supports a range of activities and risks. Capital requirements are subject to change from time to time. Some factors that may impact the amount of capital the Group requires to support its business include:

- The level of goodwill recognised from business combinations. This goodwill may be impacted by the performance of the Group and subsequent impairment leading to a reduction in capital
- Regulatory standards, both domestic and international, which may impact the level of capital supporting the clearing and settlement activities or other licensed activities. Regulatory standards applying to many financial market participants have increased in recent years and there is an expectation that these may increase further over time. There may also be uncertainty over the application of new regulatory standards
- The competitive environment in which ASX operates may lead to higher levels of capital in order to provide competitive services, noting that customers may be able to access competing services internationally
- The level or concentration of activity undertaken in markets and clearing and settlement facilities operated by ASX. Generally a higher level of activity may result in higher capital requirements, however the relationship is not necessarily linear
- The general economic or credit conditions that may impact on capital requirements as the level of risk generally increases as credit conditions deteriorate. The level of operational risk capital held by the Group can be impacted by any revision to future loss assessments and regulatory requirements
- The level of investments made, their fair value and the potential movement in their market values. Capital requirements are also impacted by ASX's level of investment in existing or new services. These investments are predominantly in intangible software assets and other equity investments which may be subject to write-down under certain circumstances.

The Board's policy is to maintain an appropriate level of capital within the Group and relevant subsidiaries with the objectives of:

- Meeting its compliance obligations with respect to the Financial Stability Standards and other regulations, including international regulations, as required by the various licences held
- Sustaining prudential stability through maintaining an adequate level of equity at the Group level, cognisant of the fact that a significant allocation of capital supports the activities of the two licensed central counterparty clearing (CCP) subsidiaries as discussed in note C1 and the two licensed settlement facilities
- Facilitating growth of the Group's exchange-traded and OTC markets, and providing appropriate risk-adjusted returns to shareholders
- Reflecting the risks associated with the Group's operations.

In accordance with the Group's objectives and policies, capital represented by cash is invested at an appropriate liquidity profile, taking into consideration the potential claims on that equity that may arise from the Group's activities, predominantly CCP clearing.

The Group's objective is also to maintain its credit rating at the current AA- long-term and A-1+ short-term as rated by Standard & Poor's (S&P).

# Notes to the consolidated financial statements continued

## Performance of the Group

### (a) Ordinary share capital

Fully paid ordinary shares carry the right to participate in dividends. Ordinary shares also entitle the holder to the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares have no par value and ASX does not have a limited amount of authorised capital. At 30 June 2020, all ordinary shares issued were fully paid. On a show of hands, every holder of ordinary shares present in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

As at 30 June 2020, the closing balance of ordinary share capital was \$3,027.2 million (2019: \$3,027.2 million) and the number of shares outstanding was 193,595,162 (2019: 193,595,162). There were no movements in the balance of ordinary share capital or the number of shares outstanding in the current or prior financial years.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

### (b) Treasury shares

The following table presents the movement in treasury shares during the financial year:

For the year ended 30 June	2020 No. of shares	2019 No. of shares
Opening balance	9,844	61,060
Issue of shares under the Long-Term Incentive Plan	(6,520)	(11,604)
Issue of deferred shares under employee equity plans	-	(50,000)
Shares transferred to the LTIPT	3,897	10,388
Closing balance	7,221	9,844

Treasury shares are shares in ASX held by a trust for the benefit of employees under the ASX Long-Term Incentive Plan (LTIP) as described in the Remuneration Report. The original purchase price of the shares, net of any tax effect, is deducted from the equity compensation reserve in equity.

Shares allocated to employees under the Deferred Short-Term Incentive Plan (DSTIP) are held as treasury shares when forfeited until such time that they are reallocated under another DSTIP or LTIP.

### (c) Reserves

The Group's reserves in equity includes the restricted capital reserve, the asset revaluation reserve and the equity compensation reserve.

As at 30 June 2020, the closing balance of reserves in equity was \$89.4 million (2019: \$87.5 million).

#### Restricted capital reserve

The restricted capital reserve was created when funds were transferred from the National Guarantee Fund (NGF) to ASX Clear Pty Ltd (ASX Clear) in 2005. At this point in time ASX Clear started assuming the clearing participant default risk of the clearing house. Under the terms of the transfer, ASX Clear must not, without first obtaining the consent in writing of the Assistant Treasurer (the Minister), take action to use these funds for a purpose other than clearing support.

#### Asset revaluation reserve

Changes in the fair value of investments in equity instruments are recognised in the asset revaluation reserve. The cumulative gain or loss that has been recognised within reserves is transferred directly to retained earnings and is not recycled through profit or loss when the associated equity instrument is sold.

The effective portion of gains or losses on assets designated as part of a cash flow hedging relationship are recognised in the hedging reserve which is included within asset revaluation reserves. The ineffective portion of a hedge is recognised directly in profit or loss.

#### Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of performance rights issued under ASX equity plans.

## B5 Earnings per share

As at 30 June	2020	2019
Basic and diluted earnings per share (cents)	257.6	254.1
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	193,587,739	193,576,187

The increase in the weighted average number of ordinary shares reflects lower treasury shares held during the current financial year. The basic and diluted earnings per share (EPS) amounts have been calculated on the basis of net profit after tax of \$498.6 million (2019: \$492.0 million).

Basic EPS is calculated by dividing the consolidated net profit after tax attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# Notes to the consolidated financial statements continued

## Performance of the Group

### B6 Taxation

The movements during the year in the following components of deferred tax asset and liability were recognised in profit or loss with the exception of revaluations of investments in equity instruments and cash flow hedges which were recognised in other comprehensive income.

As at 30 June	2020 \$m	2019 \$m
<b>(a) Income tax expense</b>		
Profit before income tax expense	720.8	705.1
Prima facie income tax expense calculated at 30% (2019: 30%) on the profit before tax	(216.2)	(211.5)
<b>Movement in income tax expense due to:</b>		
Non-deductible items	(1.1)	(1.6)
Equity accounted investments	(1.5)	(1.5)
Equity accounted investments impairment	(4.6)	-
Franking credit offset	-	0.9
Research and development tax offset	1.0	0.5
Adjustments to current tax for prior years	0.2	0.1
<b>Total income tax expense</b>	<b>(222.2)</b>	<b>(213.1)</b>
<b>(b) Major components of income tax expense</b>		
Current tax expense	(221.7)	(214.6)
Movement in deferred tax liability	(2.5)	(1.6)
Movement in deferred tax asset	1.8	3.0
Adjustments to current tax for prior years	0.2	0.1
<b>Total income tax expense</b>	<b>(222.2)</b>	<b>(213.1)</b>
<b>(c) Income tax on items recognised directly in equity</b>		
Sale of investments in equity instruments	-	68.9
Deferred revenue on adoption of AASB 15	-	36.3
ECL allowance on adoption of AASB 9	-	0.1
Deferred STI shares returned to trust	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>105.4</b>
<b>(d) Income tax on items recognised directly in other comprehensive income</b>		
Revaluation of AFS financial assets	-	(0.3)
Revaluation of investments in equity instruments – listed entities	-	2.0
Revaluation of investments in equity instruments – unlisted entities	(0.1)	1.4
Revaluation of cash flow hedges	0.2	-
<b>Total</b>	<b>0.1</b>	<b>3.1</b>
<b>(e) Deferred tax asset/(liability)</b>		
<b>Deferred tax asset comprises the estimated future benefit at an income tax rate of 30% (2019: 30%) of the below items:</b>		
Doubtful debts provisions	0.2	0.3
Employee entitlements provisions	10.1	9.8
Premises provisions	-	2.1
Lease liabilities	24.3	-
Accrued expenses	1.4	0.3
Revenue received in advance	48.2	44.2
ECL allowance	0.1	0.1
<b>Deferred tax asset</b>	<b>84.3</b>	<b>56.8</b>

As at 30 June	2020 \$m	2019 \$m
<b>Deferred tax (liability) comprises the estimated future expense at an income tax rate of 30% (2019: 30%) of the following items:</b>		
Fixed assets	(16.6)	(11.0)
Right-of-use assets	(22.5)	-
Revaluation of cash flow hedges	-	(0.2)
Revaluation of investments in equity instruments – unlisted entities	(0.1)	-
Long-Term Incentive Plan	(0.3)	(0.3)
<b>Deferred tax (liability)</b>	<b>(39.5)</b>	<b>(11.5)</b>
<b>Net deferred tax asset</b>	<b>44.8</b>	<b>45.3</b>

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. Income tax expense recognised in profit or loss comprises current and deferred income tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. Deferred income tax is not recognised for certain temporary differences such as the initial recognition of goodwill.

The amount of deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilised, and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and when the deferred tax balances relate to income taxes levied by the same tax authority.

Further information on the Group's tax obligations can be found in the Tax Transparency Report available on ASX's website.

# Notes to the consolidated financial statements continued

## Risk management

The Group is subject to a variety of risks including clearing and settlement risk, and operational risk.

### C1 Clearing risk

The Group undertakes CCP clearing and collects margins and other balances (commitments) from clearing participants as security for clearing risk undertaken.

Sub-sections (a) and (b) below discuss participants' obligations and the nature of collateral and commitments lodged, as well as ASX's recognition principles concerning these liabilities.

#### (a) Novation

The Group has two wholly owned subsidiaries that provide CCP clearing services:

- ASX Clear Pty Limited (ASX Clear), which provides novation of cash market securities and derivatives
- ASX Clear (Futures) Pty Limited (ASX Clear (Futures)), which provides novation of both exchange-traded and OTC derivatives.

As a CCP, transactions between two clearing participant organisations are novated to the CCPs. This makes the CCPs contractually responsible for the obligations entered into by clearing participants on both the buying and selling legs of the same transaction. Through novation, the respective CCP assumes the credit risk of the underlying clearing participant in the event of a participant default. The novation process results in all positions held by the CCPs being matched.

#### (b) Participants' margins

Clearing participants are required to lodge an amount (initial margin) on open cash market, derivative and OTC positions novated to the Group's CCPs. These margins are based on risk parameters attached to the underlying security or contract at trade date and may include additional margins called on participants. The margin rates are subject to regulatory standards including a high level of confidence that they meet expected movements based on historical events. However, there could be circumstances where losses are greater than the margins held.

Clearing participants may lodge cash or certain equity and debt securities to cover their margin obligations. In accordance with Group policies, the cash lodged by participants may subsequently be invested into approved products which are recognised as cash or financial assets at amortised cost on the balance sheet. The following table shows the form in which participants lodged margins and commitments at 30 June. This excludes equity securities lodged by participants which are not recognised on the balance sheet.

As at 30 June	2020 \$m	2019 \$m
<b>Current</b>		
Cash	11,989.7	9,494.5
Debt securities	487.5	1,106.5
<b>Total current amounts owing to participants</b>	<b>12,477.2</b>	<b>10,601.0</b>
<b>Non-current</b>		
Cash commitments	200.0	200.0
<b>Total non-current amounts owing to participants</b>	<b>200.0</b>	<b>200.0</b>
<b>Total amounts owing to participants</b>	<b>12,677.2</b>	<b>10,801.0</b>

Current amounts owing to participants represent collateral lodged to cover margin requirements on unsettled derivative contracts and cash market trades. Non-current amounts owing to participants represent cash balances lodged by participants as commitments to clearing guarantee funds, which at reporting date had no determined repayment date.

Margins that are settled by cash or debt securities are recognised on balance sheet at fair value and are classified as amounts owing to participants within current liabilities. Balances lodged in cash are interest bearing and are carried at the amounts deposited which represent fair value. Margins that are settled by equity securities are not recognised on balance sheet as the Group is not party to the contractual provisions of the instruments other than in the event of a default.

In addition to the initial margin, participants must also settle changes in the fair value of derivatives contracts (variation margin), and in certain circumstances must lodge additional margins. Participants must settle both initial and variation margins daily, including possible intraday and additional margin calls. The amounts owing to participants are repayable on settlement or closure of the contracts.

In the event of default by a clearing participant, ASX Clear and ASX Clear (Futures) are required to provide funds or settle securities of the defaulting participant. The CCPs also have the authority to retain collateral and commitments deposited by the defaulting clearing participant to satisfy its obligations. Clearing participants lodged the following collateral and commitments at 30 June:

As at 30 June 2020	ASX Clear \$m	ASX Clear (Futures) \$m	Total \$m
Cash	1,286.4	10,903.3	12,189.7
Debt securities	-	487.5	487.5
<b>Total amounts owing to participants</b>	<b>1,286.4</b>	<b>11,390.8</b>	<b>12,677.2</b>
<b>Equity securities<sup>1</sup></b>	<b>3,191.4</b>	<b>-</b>	<b>3,191.4</b>

As at 30 June 2019	ASX Clear \$m	ASX Clear (Futures) \$m	Total \$m
Cash	843.6	8,850.9	9,694.5
Debt securities	-	1,106.5	1,106.5
<b>Total amounts owing to participants</b>	<b>843.6</b>	<b>9,957.4</b>	<b>10,801.0</b>
<b>Equity securities<sup>1</sup></b>	<b>3,351.8</b>	<b>-</b>	<b>3,351.8</b>

<sup>1</sup> Equity securities are not recognised on the balance sheet.

# Notes to the consolidated financial statements continued

## Risk management

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 30 June 2020 were subsequently settled.

### (c) Financial resources available to CCPs

The Financial Stability Standards require each CCP to have adequate financial resources to cover its exposures in the event of default by the two participants and their affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. Financial resources include the clearing default funds shown in the next two tables as well as eligible collateral and commitments. The level of clearing default funds which the CCPs must maintain may therefore increase from time to time. The Financial Stability Standards also require each CCP to have a process for replenishing clearing default funds after depletion caused by a default loss. The replenished fund, which may be less than the original fund, is then available to support new activity post the loss. To comply with this obligation, the Group has undertaken, in certain circumstances, to provide funds up to pre-determined levels for replenishment of the clearing default funds. The Group may utilise a number of alternative funding sources to contribute to an increase in, or replenishment of, the CCPs' clearing default funds, including its own cash reserves. In certain circumstances participants may have an obligation to the CCP to contribute to an increase in, or replenishment of, the clearing default funds.

The CCPs' operating rules also provide for the CCPs to undertake certain actions to deal with events of default and utilisation of collateral, commitments and clearing default funds. These include the ability to call recovery assessments, impose payment reductions or implement termination of positions.

The following tables show the financial resources available to the CCPs to support their clearing activities (over and above the collateral lodged by participants).

#### ASX Clear

As at 30 June	2020 \$m	2019 \$m
Restricted capital reserve	71.5	71.5
Equity provided by the Group	178.5	178.5
<b>Paid-in resources</b>	<b>250.0</b>	<b>250.0</b>
Recovery assessments	300.0	300.0
<b>Total financial resources</b>	<b>550.0</b>	<b>550.0</b>

The financial resources at 30 June 2020 available to ASX Clear in the event of a participant default would be applied in the following order:

1. Collateral and other margins lodged by the defaulting participant
2. Restricted capital reserve of \$71.5 million
3. Equity capital of \$178.5 million
4. Contributions lodged by non-defaulting participants under the ASX Clear operating rules (no contributions were lodged in the current or prior year)
5. Recovery assessments of \$300.0 million which can be levied on participants (no amounts were levied in the current or prior year).

#### ASX Clear (Futures)

As at 30 June	2020 \$m	2019 \$m
Equity provided by the Group	120.0	120.0
Cash commitments	100.0	100.0
Equity provided by the Group	150.0	150.0
Cash commitments	100.0	100.0
Equity provided by the Group	180.0	180.0
<b>Paid-in resources</b>	<b>650.0</b>	<b>650.0</b>
Recovery assessments <sup>1</sup>	200.0	200.0
<b>Total financial resources</b>	<b>850.0</b>	<b>850.0</b>

<sup>1</sup> \$200 million for a single default event and up to \$600 million for more than one default event.

The financial resources at 30 June 2020 available to ASX Clear (Futures) in the event of a participant default would be applied in the following order:

1. Collateral and commitments lodged by the defaulting participant
2. Equity capital of \$120.0 million
3. Commitments lodged by non-defaulting participants, totalling \$100.0 million less the defaulting participants' commitments included in item 1 above
4. Equity capital of \$150.0 million
5. Commitments lodged by participants, totalling \$100.0 million
6. Equity capital of \$180.0 million
7. Recovery assessments of \$200.0 million which can be levied on participants (no amounts were levied in the current or prior year).

The order of application with respect to items 3 and 5 above will depend on the market in which the defaulting participant operates. If the defaulting participant is a futures participant, then item 3 will comprise the cash commitments lodged by non-defaulting futures participants and item 5 will comprise the cash commitments lodged by OTC participants. If the defaulting participant is an OTC participant, then item 3 will comprise the cash commitments lodged by non-defaulting OTC participants and item 5 will comprise the cash commitments lodged by futures participants. If the defaulting participant is both a futures and OTC participant, then the non-defaulting participants' commitments are apportioned for items 3 and 5.

#### C2 Cash

The cash balance is comprised of the Group's own cash funds as well as cash collateral and commitments lodged by participants in accordance with note C1 that has not been invested in debt or money market instruments.

Cash at bank and on hand	468.6	90.1
Overnight cash deposits	389.5	243.0
<b>Total cash</b>	<b>858.1</b>	<b>333.1</b>

Cash comprises cash on hand and deposits with banks that can be withdrawn with no or minimal notice.

# Notes to the consolidated financial statements continued

## Risk management

### C3 Financial risk

The Group's activities expose it to a variety of financial risks including market risk (comprising interest rate, foreign currency and equity price risk), credit risk and liquidity risk.

The Group's overall risk management strategy seeks to manage potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the Board of Directors. Management monitors investment credit, foreign currency, liquidity and cash flow interest rate risk, and manages clearing default credit risk with counterparties in accordance with approved Board mandates with ongoing reporting to the respective boards.

The Group holds the following financial assets and liabilities by category:

As at 30 June	Note	2020 \$m	2019 \$m
<b>Financial assets at amortised cost</b>			
Cash	C2	858.1	333.1
Trade and other receivables	E1	761.6	390.6
Other financial assets at amortised cost			
- Term deposits		-	231.9
- Reverse repurchase agreements		6,617.2	6,197.6
- NCDs		923.6	1,097.0
- P-Notes		4,179.3	3,280.3
- T-Notes		791.3	-
- FRNs		-	18.6
<b>Financial assets at FVTPL</b>			
Non-cash collateral	C1	487.5	1,106.5
Convertible notes	D3	-	5.3
<b>Financial assets at FVTOCI</b>			
Investments in equity instruments	D1	45.1	24.3
<b>Total financial assets</b>		<b>14,663.7</b>	<b>12,685.2</b>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables <sup>1</sup>	E4	719.2	342.3
Amounts owing to participants	C1	12,677.2	10,801.0
Lease liabilities	E6	81.1	-
<b>Total financial liabilities</b>		<b>13,477.5</b>	<b>11,143.3</b>

<sup>1</sup> Excludes transaction taxes payable which are not financial instruments as they are statutory obligations.

The maximum exposure to credit risk at the end of the reporting period for each class of financial asset, other than amounts owing to participants, is the carrying amount as detailed in the previous table. If the financial asset is attributed to participants' collateral, the maximum credit exposure to ASX is \$75 million per counterparty. However, if it is attributed to ASX's own financial resources, the maximum credit exposure is the carrying amount of the financial asset.

Financial liabilities and financial assets other than trade receivables without a significant financing component are initially measured at fair value. This includes transaction costs that are directly attributable to the acquisition of the asset or issue of the liability for financial assets and liabilities not at FVTPL. Financial liabilities are subsequently measured at amortised cost while financial assets are subsequently measured in accordance with one of the following categories.

Amortised cost – this includes financial assets managed under a business model to hold the assets in order to collect the CCFs and those cash flows represent solely payments of principal and interest (SPPI). Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are included within administration expense in the statement of profit or loss.

FVTOCI – this includes financial assets managed under a business model to sell the assets and collect the CCFs and those cash flows represent SPPI. Fair value gains or losses are recognised directly in the asset revaluation reserve in equity. Any cumulative gain or loss recognised in equity is subsequently reclassified to profit or loss on disposal. Interest income from these financial assets is included in interest income using the effective interest rate method. An irrevocable election can also be made to measure certain investments in equity instruments at FVTOCI on initial recognition. In this case, fair value gains or losses are recognised directly in the asset revaluation reserve in equity however are not reclassified to profit or loss on disposal but remain in equity.

FVTPL – this includes financial assets that do not meet the criteria to be measured at amortised cost or FVTOCI. Any fair value gains or losses are recognised in profit or loss.

Refer to the relevant note for further details of the accounting policies for trade and other receivables, convertible notes and investments in equity instruments.

Reverse repurchase agreements are measured at the amount of the cash consideration paid. The securities purchased under the agreement are not recognised on the balance sheet as substantially all the risks and rewards of ownership are retained by the counterparty to the agreement.

Interest income comprises interest earned on the Group's own funds, as well as interest earned from the investment of funds lodged by participants as collateral. Interest income is recognised using the effective interest rate method.

Interest expense is recognised as a finance cost in the statement of comprehensive income using the effective interest rate method.

# Notes to the consolidated financial statements continued

## Risk management

### (a) Market risk

Market risk is the risk of loss arising from movements in observable market variables such as interest rates, foreign exchange rates and other market prices.

#### (i) Interest rate risk

Exposure arising from	Risk management
Variable rate cash investments and money market instruments expose the Group to cash flow interest rate risk.	<ul style="list-style-type: none"> <li>The Boards of the relevant subsidiaries have set limits with respect to maximum and weighted average maturity and value at risk.</li> <li>Managed by policies that enable the Group to pay a variable rate of interest to participants on the funds held.</li> </ul>

Interest bearing assets is comprised of the investment of the Group's cash resources (participant collateral lodged in cash and Group funds). Interest bearing liabilities is comprised of cash collateral and commitments lodged by participants and finance leases. Non-cash collateral lodged by participants is non-interest bearing.

The Group's trade and other receivables, investments in equity instruments and trade and other payables are non-interest bearing so are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate (directly) due to a change in market interest rates.

The following table presents the Group's interest bearing financial assets and liabilities at 30 June.

As at 30 June	2020			2019		
	Floating interest rate \$m	Fixed interest rate \$m	Total \$m	Floating interest rate \$m	Fixed interest rate \$m	Total \$m
<b>Interest bearing financial assets</b>						
Cash	858.1	-	858.1	333.1	-	333.1
Other financial assets at amortised cost	-	12,511.4	12,511.4	18.6	10,806.8	10,825.4
Financial assets at FVTPL	-	-	-	-	5.3	5.3
<b>Total interest bearing financial assets</b>	<b>858.1</b>	<b>12,511.4</b>	<b>13,369.5</b>	<b>351.7</b>	<b>10,812.1</b>	<b>11,163.8</b>
Weighted average interest rate at period end	0.18%	0.48%		1.29%	1.64%	
<b>Interest bearing financial liabilities</b>						
Amounts owing to participants	12,677.2	-	12,677.2	10,801.0	-	10,801.0
Lease liabilities	-	81.1	81.1	-	-	-
<b>Total interest bearing financial liabilities</b>	<b>12,677.2</b>	<b>81.1</b>	<b>12,758.3</b>	<b>10,801.0</b>	<b>-</b>	<b>10,801.0</b>
Weighted average interest rate at period end	(0.11%)	4.04%		0.80%	-	
<b>Net interest bearing financial (liabilities)/assets</b>	<b>(11,819.1)</b>	<b>12,430.3</b>	<b>611.2</b>	<b>(10,449.3)</b>	<b>10,812.1</b>	<b>362.8</b>

With respect to the above table:

- Floating interest rate refers to financial instruments where the interest rate is subject to change prior to maturity or repayment – predominantly deposits at call and FRNs. The floating interest rate of (0.11%) (2019: 0.80%) for interest bearing financial liabilities represents the net of the interest paid and the Futures Client charge revenue on participant balances. In the current year the RBA cash rate has fallen below the weighted average Futures Client charge and therefore the negative interest rate represents the interest the Group received on participant balances
- Fixed interest rate refers to financial instruments where the interest rate is fixed up to maturity – predominantly term deposits, NCDs, P-Notes, T-Notes, reverse repurchase agreements, bonds, convertible notes and finance leases. The fixed interest rate of 4.04% for interest bearing financial liabilities represents the weighted average incremental borrowing rate applied for evaluating the present value of leases under AASB 16. The range of interest rates applied on the Group's leases is between 3.10% and 4.30%. Refer to note E6 for additional details on accounting treatment and policy.

#### Sensitivity analysis (net of tax)

Changes in interest rates affect the Group's profit or loss due to higher/lower interest income earned on its cash and other financial assets at amortised cost and higher/lower interest paid to clearing participants.

An analysis of this sensitivity and its impact on the Group's profit or loss and equity net of tax for the year is provided in the following table. The analysis is based on a hypothetical 25 basis point change in interest rates at 30 June and has been applied to the interest rate risk exposures that exist at that date. All other variables have been held constant.

# Notes to the consolidated financial statements continued

## Risk management

	2020	2019
	Impact on profit \$m	Impact on profit \$m
+25 basis point change in interest rates	(1.7)	(0.5)
-25 basis point change in interest rates	1.7	0.5

Changes in interest rates affect the Group's profit or loss due to interest income earned on the Group's own cash resources and treasury earnings on clearing participants' balances offset by interest paid to clearing participants on margins lodged. The interest earned side references a range of rates such as BBSW, while the interest paid side references overnight cash rates. ASX is exposed to the movement between these two rates. The table above assumes overnight cash rates and BBSW rates move in line.

### (ii) Foreign currency risk

Exposure arising from	Risk management
Cash flow commitments in foreign currencies entered into by the Group.	<ul style="list-style-type: none"> <li>Where the Group enters into material cash flow commitments in foreign currencies, its policy is to enter into hedging arrangements to mitigate the exchange risk where possible.</li> </ul>
Collateral on clearing participants' derivatives exposures lodged in foreign currency and held by the Group's CCPs.	<ul style="list-style-type: none"> <li>The collateral held in foreign currency is offset by an equal payable in the same currency to the participant, which reduces foreign currency risk in the normal course of business. Where non-matching currency is lodged as collateral, a discount is applied to its value.</li> </ul>

The majority of the Group's net foreign currency risk is associated with foreign denominated cash, net interest income and exchange fees receivable. Such exposure is converted to AUD on a regular basis. Investments in equity instruments denominated in USD are subject to foreign currency risk, impacting their carrying value.

The following table shows the Group's exposure on its balance sheet to foreign currency risk at the end of the year, expressed in AUD.

As at 30 June	2020				2019			
	NZD \$m	USD \$m	EUR \$m	JPY \$m	NZD \$m	USD \$m	EUR \$m	JPY \$m
<b>Financial assets</b>								
Cash	123.0	46.7	51.0	1.5	109.8	12.4	17.9	18.1
Trade and other receivables	0.8	-	0.1	-	1.0	-	-	-
Other financial assets at amortised cost	52.9	-	-	-	68.4	-	-	66.2
Investment in equity instruments	-	45.1	-	-	-	24.3	-	-
Financial asset at FVTPL	-	-	-	-	-	5.3	-	-
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	-	0.2	-	-	-
Amounts owing to participants	173.6	23.1	49.0	-	176.7	-	17.8	83.0
<b>Net exposure</b>	<b>3.1</b>	<b>68.7</b>	<b>2.1</b>	<b>1.5</b>	<b>2.3</b>	<b>42.0</b>	<b>0.1</b>	<b>1.3</b>
Exchange rate for conversion AUD 1:	1.0698	0.6856	0.6114	73.86	1.0461	0.7014	0.6168	75.57

### Sensitivity analysis (net of tax)

Changes in exchange rates affect the Group's profit or loss due to the gain/loss recognised on translation of foreign currency denominated financial assets other than financial assets at FVTOCI and all foreign currency denominated financial liabilities at balance date. Equity is affected due to USD foreign currency cash flow commitments designated as cash flow hedges and the valuation of foreign currency equity investments.

An analysis of this sensitivity and its impact on the Group's profit or loss and equity net of tax for the year is provided in the following table. The analysis is based on a hypothetical 10% change in the market exchange rate of the AUD against other currencies at 30 June and has been applied to the foreign currency risk exposures that exist at that date. All other variables, including interest rates, have been held constant. The impact is expressed in AUD.

	2020		2019	
	Impact on profit \$m	Impact on equity \$m	Impact on profit \$m	Impact on equity \$m
+10% strengthening of AUD	(0.4)	(4.9)	(0.7)	(2.5)
-10% weakening of AUD	0.4	4.9	0.7	2.5



# Notes to the consolidated financial statements continued

## Risk management

### Cash flow hedges

At 30 June 2020, the Group had designated cash at bank of USD 15.7 million (2019: USD 7.9 million) as the hedging instrument in qualifying cash flow hedges for committed expenditure to be paid in USD. These amounts are included within cash on the balance sheet. The cash flows are 100% hedged and the weighted average hedged rate during the year was AUD 1: USD 0.7402 (2019: AUD 1: USD 0.7498). During the current financial year, the use of cash flow hedges resulted in a \$1.1 million (2019: \$0.9 million) increase in cash flow required for committed capital and operating expenses.

The following table shows the movement in the Group's hedge reserves.

For the year ended 30 June	2020 \$m	2019 \$m
Opening balance at 1 July	0.5	0.5
Revaluation of hedging instrument	(0.7)	-
Less: deferred tax	0.2	-
Closing balance at 30 June	-	0.5

All movements in the hedge revaluation reserve, including gains or losses in the hedging instrument and amounts reclassified from equity to profit or loss were less than \$0.1 million in the current and prior years.

At the inception of the hedging transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group documents its assessment, both at hedge inception and also on an ongoing basis, of whether the hedging relationship meets the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- Credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio is the same as that resulting from the actual quantity of both the item hedged and the hedging instrument used.

For cash flow hedges, the effective portion of any change in the fair value of the instrument that is designated and that qualifies as a cash flow hedge is recognised in the hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

At the time the hedged item affects the income statement or when the hedged item is no longer expected to occur, the cumulative gain or loss recognised in the hedge reserve is taken to finance costs in the income statement.

### (iii) Price risk

Exposure arising from	Risk management
Other price movements associated with underlying equities and derivatives on trades novated to the CCPs.	<ul style="list-style-type: none"><li>• Under normal circumstances, this risk is minimal as the trades are matched. However price movements may impact on credit risk associated with participant obligations (as discussed in the following section).</li></ul>

# Notes to the consolidated financial statements continued

## Risk management

### (b) Credit risk

Exposure arising from	Risk management
Through its CCP activities, the Group is exposed to the potential loss that may arise from the failure of a counterparty to meet its obligations or commitments. The obligations mainly relate to T+2 settlement risk for cash market trades and daily mark-to-market movements on open derivative positions. Failure of clearing participants to meet these obligations exposes the Group to potential losses.	<ul style="list-style-type: none"> <li>Clearing participant membership requirements and admission standards, including minimum capital requirements.</li> <li>Participant surveillance, including capital monitoring.</li> <li>Daily and intraday counterparty credit risk control, including margining and collateral management.</li> <li>Position limits based on the capital of the participant.</li> <li>Financial resource adequacy, including fixed capital and stress-testing of clearing participants' exposure limits against the amount and liquidity of variable and fixed financial resources available.</li> <li>Operating rules that deal with recovery and resolution of losses in the event of a clearing participant default. Refer to note C1(c).</li> <li>Initial margin calls outside of Australian business hours.</li> </ul>
Investment counterparty credit risk arises on certain financial assets including cash, other financial assets at amortised cost, and trade and other receivables.	<ul style="list-style-type: none"> <li>Board policies that limit the amount of credit exposure and concentration to any one counterparty, as well as minimum credit ratings for counterparties. Investments are limited to non-derivative assets.</li> <li>Recovery rules that address the allocation of losses between the Group and clearing participants.</li> <li>Active debt collection procedures and regular review of trade receivables ageing.</li> </ul>

The Group's ongoing monitoring of participants' market positions and exposures, coupled with daily margining and collateral management, including possible intraday and additional margin calls, enable it to manage its central counterparty credit risk and meet its regulatory obligations. Further information on the resources available to the CCPs in the event of a participant default is shown in note C1.

S&P credit ratings are used in determining the credit quality of the counterparty with whom cash and other financial assets at amortised cost are held.

Counterparties are limited to the Commonwealth of Australia, Australian state governments and banks, and foreign governments and banks with a minimum short-term credit rating of A2. The Group's largest single counterparty exposure at the end of the reporting period was \$4,311.0 million (2019: \$5,215.7 million) to an Australian licensed bank with a S&P short-term credit rating of A-1+. The majority of this exposure was secured against Australian State Government securities. The risk ratings of the counterparties that the Group has exposure to at the end of the period are shown in the following table.

As at 30 June	2020			2019		
	A1+ \$m	A1 \$m	Total \$m	A1+ \$m	A1 \$m	Total \$m
Cash at bank and on hand	438.1	30.6	468.7	89.6	0.5	90.1
Overnight cash deposits	193.0	196.4	389.4	136.3	106.7	243.0
<b>Total cash</b>	<b>631.1</b>	<b>227.0</b>	<b>858.1</b>	<b>225.9</b>	<b>107.2</b>	<b>333.1</b>
Reverse repurchase agreements <sup>1</sup>	3,162.6	3,454.6	6,617.2	4,571.1	1,626.5	6,197.6
Term deposits	-	-	-	90.0	141.9	231.9
NCDs	489.4	434.2	923.6	758.8	338.2	1,097.0
P-Notes	4,179.3	-	4,179.3	3,280.3	-	3,280.3
T-Notes	791.3	-	791.3	-	-	-
FRNs	-	-	-	18.6	-	18.6
<b>Total other financial assets at amortised cost</b>	<b>8,622.6</b>	<b>3,888.8</b>	<b>12,511.4</b>	<b>8,718.8</b>	<b>2,106.6</b>	<b>10,825.4</b>
Bonds (lodged by participants)	487.5	-	487.5	1,106.5	-	1,106.5
<b>Total financial assets at FVTPL</b>	<b>487.5</b>	<b>-</b>	<b>487.5</b>	<b>1,106.5</b>	<b>-</b>	<b>1,106.5</b>

<sup>1</sup> Reverse repurchase agreements are collateralised by Commonwealth, foreign government or Australian state government securities.

The Group uses other measures to monitor the credit of other financial assets, which include trade and other receivables, margins receivable from participants, accrued revenue, interest receivable and investments in equity instruments. Intercompany receivables consist of balances owing between the entities of the Group and are eliminated on consolidation. The parent entity considers the credit risk on these balances to be low. The maximum exposure to credit risk for these financial assets is the carrying value as at reporting date.

# Notes to the consolidated financial statements continued

## Risk management

### (i) Impairment of financial assets

The Group has the following financial assets that are subject to impairment:

- Cash
- Trade and other receivables
- Other financial assets at amortised cost.

#### Trade receivables

The Group has used the simplified approach for measuring expected credit losses for trade receivables whereby the lifetime ECL is recognised. To measure the loss allowance, the receivables have been grouped based on the number of days overdue. Expected loss rates have been determined for each group based on historical credit losses in the previous six years. These historical rates are adjusted to reflect current and forward looking information on macroeconomic factors that affect the ability of customers to settle the receivables. These rates have been applied to the gross carrying value of trade receivables to calculate the loss allowance. Where this calculation results in an immaterial amount no loss allowance is recognised. A loss allowance is also recognised for any debtors individually identified as being credit impaired.

The following table shows the aged analysis for gross trade receivables of the Group.

As at 30 June	2020 \$m	2019 \$m
Not past due	102.9	102.2
Past due 0-30 days	2.2	3.1
Past due 31-60 days	0.5	0.4
Past due 61-90 days	0.5	0.6
Past due 91 days and over	1.4	1.0
<b>Trade receivables</b>	<b>107.5</b>	<b>107.3</b>

As at 30 June 2020, the Group provided \$0.7 million (2019: \$0.9 million) for trade receivables that were identified as being impaired.

The Group recognised \$0.3 million (2019: \$0.2 million gain) of impairment loss in profit or loss during the year.

The movement in the loss allowance for trade receivables is as follows:

For the year ended 30 June		
	2020 \$m	2019 \$m
<b>Opening loss allowance at 1 July</b>	<b>(0.9)</b>	<b>(0.8)</b>
Increase in loss allowance recognised in profit or loss during the year	(1.1)	(1.4)
Amounts written off during the year	0.5	0.3
Loss allowance subsequently reversed	0.8	1.0
<b>Closing balance at 30 June</b>	<b>(0.7)</b>	<b>(0.9)</b>

#### Cash and other receivables

Other receivables includes margins receivable, accrued revenue, interest receivable and other debtors. A default event in relation to margin obligations is defined in the ASX Clear and ASX Clear (Futures) operating rules. No loss allowance has been recognised for cash and other receivables as the assessed amount is immaterial.

### Other financial assets at amortised cost

The ECL model for the Group's debt and money market instruments is based on the probability of default, loss given default and the Group's exposure to the counterparty. The probability of default is based on historical default rates and has been sourced from an external study of global corporate defaults by S&P. These rates have been adjusted for the loss given default to calculate the ECL rate.

The following tables show the gross carrying amounts of the other financial assets at amortised and the ECL rates that have been applied to determine the carrying amount net of the ECL allowance.

As at 30 June 2020				
S&P long-term credit rating	ECL rate	Gross carrying amount \$m	ECL loss allowance \$m	Net carrying amount \$m
AAA	-	9,078.1	-	9,078.1
AA+	-	2,456.9	-	2,456.9
AA	0.02%	52.9	-	52.9
AA-	0.03%	489.5	(0.1)	489.4
A+	0.05%	209.7	(0.1)	209.6
A	0.05%	224.7	(0.2)	224.5
		<b>12,511.8</b>	<b>(0.4)</b>	<b>12,511.4</b>

As at 30 June 2019				
S&P long-term credit rating	ECL rate	Gross carrying amount \$m	ECL loss allowance \$m	Net carrying amount \$m
AAA	-	7,386.7	-	7,386.7
AA+	-	2,025.1	-	2,025.1
AA	0.01%	-	-	-
AA-	0.02%	867.5	(0.1)	867.4
A+	0.03%	252.5	(0.1)	252.4
A	0.04%	294.0	(0.2)	293.8
		<b>10,825.8</b>	<b>(0.4)</b>	<b>10,825.4</b>

The ECL rates have been applied to the gross carrying values of the Group's debt and money market instruments held at amortised cost as at 30 June. There were no material movements in the loss allowance for the current or prior years. A reconciliation of the loss allowance is provided in the following table.

	2020 \$m	2019 \$m
<b>For the year ended 30 June</b>		
<b>Opening loss allowance at 1 July</b>	<b>0.4</b>	<b>0.4</b>
Increase in loss allowance recognised in profit or loss during the year	-	-
<b>Closing loss allowance at 30 June</b>	<b>0.4</b>	<b>0.4</b>

There were no significant changes to estimation techniques or assumptions made during the reporting period.

The debt and money market instruments are all considered to have low credit risk at the reporting date as all counterparties have an S&P long-term credit rating of A or higher. The credit risk for these financial assets has not increased significantly since the prior year and the impairment allowance is measured at an amount equal to 12-month expected credit losses.

# Notes to the consolidated financial statements continued

## Risk management

### Impairment

The Group recognises a loss allowance on financial assets at amortised cost using a three stage approach as described in the below table.

Stage	Credit risk	Recognition of ECL
Stage 1	No significant increase since initial recognition	12 month ECLs
Stage 2	Significant increase since initial recognition	Lifetime ECLs
Stage 3	Asset is credit impaired	Lifetime ECLs

A simplified approach for measuring the loss allowance is applied for trade receivables where the lifetime ECLs are recognised. Loss rates for trade receivables are determined based on historical loss rates over a four year period and are adjusted for current and forward looking macroeconomic factors that may affect the customers' ability to settle the receivable.

Assets are credit impaired when there is objective evidence that the Group will not be able to collect all of the original amounts due.

The collectability of trade receivables is reviewed on a regular basis. Debts known to be uncollectable are written off by reducing the carrying amount directly. Other financial assets are written off when there is no reasonable expectation of recovery. Indicators that this may be the case include the debtor entering bankruptcy or failure to enter into a payment plan.

Impairment losses are recognised in the statement of comprehensive income in administration expenses.

### (c) Liquidity risk

#### Exposure arising from

Margins to cover derivatives and cash market exposures are settled with participants and invested in the short-term money market on a daily basis. The investment of these balances requires strict management to provide sufficient liquidity for the routine daily margin settlement.

#### Risk management

- The Board has implemented policies that specify liquidity requirements, based on whether assets can be liquidated and converted to cash on a same-day basis, including maximum average maturity limits. Instruments that are eligible for repurchase agreements with the Reserve Bank of Australia are treated as liquid.
- Forward planning and forecasting of liquidity requirements.

The expected undiscounted contractual cash flows of the Group's financial assets and liabilities are shown in the following table. All other financial assets at amortised cost are eligible for repurchase in the secondary market. All financial assets and liabilities are non-derivative.

The values on the balance sheet may differ to the assets and liabilities in the following table due to the difference in fair value at balance date compared to the contractual cash flows up to maturity.

As at 30 June 2020	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year \$m	No specific maturity \$m	Total \$m
<b>Financial assets</b>						
Cash	858.1	-	-	-	-	858.1
Other financial assets at amortised cost	4,095.0	6,797.0	1,629.6	-	-	12,521.6
Financial assets at FVTPL	487.5	-	-	-	-	487.5
Trade and other receivables	756.0	2.5	3.1	-	-	761.6
Investments in equity instruments	-	-	-	-	45.1	45.1
<b>Total financial assets</b>	<b>6,196.6</b>	<b>6,799.5</b>	<b>1,632.7</b>	<b>-</b>	<b>45.1</b>	<b>14,673.9</b>
<b>Financial liabilities</b>						
Trade and other payables	698.5	19.9	-	-	0.8	719.2
Amounts owing to participants	12,477.2	-	-	-	200.0	12,677.2
Lease liabilities	1.0	2.1	9.5	84.9	-	97.5
<b>Total financial liabilities</b>	<b>13,176.7</b>	<b>22.0</b>	<b>9.5</b>	<b>84.9</b>	<b>200.8</b>	<b>13,493.9</b>
<b>Commitments</b>						
Capital and operating commitments	1.0	5.8	18.3	60.0	-	85.1
<b>Total commitments</b>	<b>1.0</b>	<b>5.8</b>	<b>18.3</b>	<b>60.0</b>	<b>-</b>	<b>85.1</b>

# Notes to the consolidated financial statements continued

## Risk management

As at 30 June 2019	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year \$m	No specific maturity \$m	Total \$m
<b>Financial assets</b>						
Cash	333.1	-	-	-	-	333.1
Other financial assets at amortised cost	5,339.8	3,378.9	2,133.6	-	-	10,852.3
Financial assets at FVTPL	1,106.5	-	-	8.8	-	1,115.3
Trade and other receivables	390.1	0.2	0.1	0.2	-	390.6
Investments in equity instruments	-	-	-	-	24.3	24.3
<b>Total financial assets</b>	<b>7,169.5</b>	<b>3,379.1</b>	<b>2,133.7</b>	<b>9.0</b>	<b>24.3</b>	<b>12,715.6</b>
<b>Financial liabilities</b>						
Trade and other payables	336.0	5.4	-	-	0.8	342.2
Amounts owing to participants	10,601.0	-	-	-	200.0	10,801.0
<b>Total financial liabilities</b>	<b>10,937.0</b>	<b>5.4</b>	<b>-</b>	<b>-</b>	<b>200.8</b>	<b>11,143.2</b>
<b>Commitments</b>						
Capital and operating commitments	1.6	5.0	17.4	59.7	-	83.7
Operating lease commitments	0.8	1.6	7.3	60.5	-	70.2
<b>Total commitments</b>	<b>2.4</b>	<b>6.6</b>	<b>24.7</b>	<b>120.2</b>	<b>-</b>	<b>153.9</b>

While amounts owing to participants may have contractual cash flows greater than one month, they have been classified as having maturities up to one month on the basis of the shortest possible obligation for repayment.

### (d) Fair value measurements

#### (i) Financial instruments at fair value

The following table presents the Group's financial assets measured at fair value at 30 June. The Group does not have any financial liabilities measured at fair value.

As at 30 June	2020				2019			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial assets</b>								
Investments in equity instruments	-	-	45.1	45.1	-	-	24.3	24.3
Financial assets at FVTPL	305.5	182.0	-	487.5	1,044.9	61.6	5.3	1,111.8
<b>Total financial assets</b>	<b>305.5</b>	<b>182.0</b>	<b>45.1</b>	<b>532.6</b>	<b>1,044.9</b>	<b>61.6</b>	<b>29.6</b>	<b>1,136.1</b>

There were no transfers between levels for recurring measurements during the year. The Group did not measure any financial assets at fair value on a non-recurring basis at 30 June in the current or prior year.

# Notes to the consolidated financial statements continued

## Risk management

The classification of financial instruments within the fair value hierarchy and the valuation techniques used to determine their values are detailed below.

### Level 1

Level 1 inputs are unadjusted quoted prices in active markets at the measurement date for identical assets and liabilities. Financial instruments included in this category are Australian Government bonds. The fair value of Australian Government bonds are determined by reference to readily observable quoted prices for identical assets in active markets.

### Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Financial instruments included in this category include Semi Government bonds as their fair values are determined using observable market prices for identical assets that were not actively traded.

### Level 3

Level 3 inputs are based on unobservable market data. The fair values of the Group's unlisted equity investment and convertible note at FVTPL are determined using unobservable inputs and therefore are classified as Level 3 instruments.

### (ii) Financial instruments at amortised cost

The Group has a number of financial instruments which are not measured at fair value on the balance sheet. The carrying amounts of current trade and other receivables, cash, term deposits, reverse repurchase agreements, current trade and other payables and current amounts owing to participants are assumed to approximate their fair value due to their short-term nature. The carrying amount of non-current amounts owing to participants approximates their fair value as the impact of discounting is not significant.

The table below presents other financial assets at amortised cost (excluding those mentioned above) had they been measured on a fair value basis.

As at 30 June	2020 \$m	2019 \$m
NCDs	924.8	1,098.5
P-Notes	4,183.7	3,283.6
T-Notes	791.6	-
FRNs	-	18.6
<b>Total</b>	<b>5,900.1</b>	<b>4,400.7</b>

The fair values of the above financial assets are determined in accordance with the level 2 fair value hierarchy described in note C3(d)(i).

### (iii) Level 3 fair value instruments

The following table presents the changes in Level 3 fair value instruments during the year:

For the year ended 30 June	Investments in unlisted entities <sup>1</sup> \$m	Investments at FVTPL <sup>2</sup> \$m	Total \$m
<b>Opening balance at 1 July 2019</b>	<b>24.3</b>	<b>5.3</b>	<b>29.6</b>
Additions	20.5	-	20.5
Disposals	-	(5.4)	(5.4)
FX revaluation gain:			
- Recognised in equity	0.2	-	0.2
- Recognised in profit or loss	-	0.1	0.1
- Recognised in deferred tax	0.1	-	0.1
<b>Closing balance at 30 June 2020</b>	<b>45.1</b>	<b>-</b>	<b>45.1</b>

Opening balance at 1 July 2018	28.9	4.8	33.7
Additions	-	0.3	0.3
Price revaluation:			
- Recognised in equity	(4.2)	-	(4.2)
- Recognised in deferred tax	(1.8)	-	(1.8)
FX revaluation gain:			
- Recognised in equity	1.0	-	1.0
- Recognised in profit or loss	-	0.2	0.2
- Recognised in deferred tax	0.4	-	0.4
<b>Closing balance at 30 June 2019</b>	<b>24.3</b>	<b>5.3</b>	<b>29.6</b>

<sup>1</sup> The revaluation gain/(loss), net of tax, has been recognised within the asset revaluation reserve. Refer to note D1 for further details.

<sup>2</sup> The gain, net of tax, has been recognised within administration expenses in the statement of comprehensive income.

A change in the unobservable inputs used to determine the fair value of the unlisted equity investment would not have a material impact on the financial statements.

### (e) Enforceable netting arrangements

There are no financial assets and financial liabilities recognised on a net basis. In the event that a clearing participant defaults and ASX assumes open positions under novation, ASX's policy is to recognise the net open positions where it has the right to offset exposures.

In the event that a clearing participant defaults, ASX may utilise collateral and commitments lodged by that participant to offset net losses realised from the close-out of positions. While ASX has the right to offset this collateral from the open position, its policy is to only offset following the close-out. The aggregate amount of collateral and commitments lodged by participants at 30 June 2020 was \$12,677.2 million (2019: \$10,801.0 million).

# Notes to the consolidated financial statements continued

## Investments

### D1 Investments in equity instruments

	2020 \$m	2019 \$m
Investments in unlisted entities	45.1	24.3
<b>Total investments in equity instruments</b>	<b>45.1</b>	<b>24.3</b>

The investments in equity instruments have been designated at FVTOCI on initial recognition. The election to measure the investments at FVTOCI rather than FVTPL has been made as the Group considers this to be more relevant as they are held for strategic purposes.

The investments are initially recognised at fair value, being the consideration given plus transaction costs that are directly attributable to acquiring the asset. After initial recognition, they continue to be measured at fair value and any fair value gains or losses are recognised directly in the asset revaluation reserve in equity. Any gains or losses on disposal remain within equity.

The fair value of investments in unlisted entities is determined by reference to unobservable market data at balance date. Refer to note C3(d)(iii).

Dividend income is recognised when the right to receive the dividend has been established.

#### Key judgements

The Group has applied judgement in determining if it has significant influence or control over the investees and has concluded that it does not have significant influence over any of its investees as it holds less than 20% of the voting power and does not have the power to participate in financial and operating policy decisions.

#### (a) Investments in unlisted entity

As at 30 June 2020, ASX held 8% (2019: 7%) equity interest in Digital Asset (DA), which specialises in developer tools and smart contract applications using its own purpose built programming language to be used in conjunction with distributed ledgers and traditional databases.

In August 2019, ASX invested an additional \$14.9 million (USD 10 million) in DA and converted the DA convertible note and interest which was held at \$5.6 million (USD 3.9 million) into DA shares.

No dividends were received during the current or prior year. Refer to note C3(d)(iii) for details of the movement in the fair value in the current and prior year.

### D2 Equity accounted investments

The Group has interests in the following associates and joint ventures which are individually immaterial to the Group.

Name of entity	Nature of relationship	Ownership interest		Carrying amount	
		2020 %	2019 %	2020 \$	2019 \$
Yieldbroker Pty Limited (Yieldbroker)	Associate	45	46	31.0	46.5
Sympli Australia Pty Ltd (Sympli)	Joint venture	49	49	9.5	5.5
				<b>40.5</b>	<b>52.0</b>

The country of incorporation and principal place of business for both entities is Australia. Both Yieldbroker and Sympli are private entities and therefore quoted market prices are not available.

Yieldbroker operates licensed electronic markets for trading Australian and New Zealand debt securities and interest rate derivatives.

Sympli intends to offer electronic conveyancing solutions for property settlements, known as an Electronic Lodgement Network Operator (ELNO).

#### Impairment

During the year the carrying amount of Yieldbroker was reduced by \$15.2 million to recognise the decline in current market value based on value-in-use using projected cash flows. This impairment is a result of underperformance by the company and slower than expected revenue growth. The pre-tax discount rate used is 13.9% (12.0% post-tax discount rate) and the growth rate applied to extrapolate cash flow projections beyond 5 years is 3.5%. The impairment loss is included in impairment of equity accounted investments expenses in the consolidated statement of comprehensive income.

The assumptions used for the current reporting period may differ from the assumptions in the next reporting period as internal and external circumstances and expectations change.

In particular, if the growth rate and discount rate were revised to 2.0% and 11.5% respectively, the impairment loss recognised in the carrying amount of Yieldbroker would increase by \$2.0 million. Conversely, if the growth rate and discount rate were revised to 5.0% and 13.0% respectively, the impairment loss recognised in the carrying amount of Yieldbroker would decrease by \$0.6 million.

No impairment was recognised in the current year or prior year for Sympli.

# Notes to the consolidated financial statements continued

## Investments

The following table shows ASX's aggregated interests in equity accounted investments.

For the year ended 30 June	2020 \$m	2019 \$m
(Loss) from continuing operations	(5.0)	(5.1)
Impairment loss	(15.2)	-
<b>Total comprehensive income</b>	<b>(20.2)</b>	<b>(5.1)</b>

Associates are entities over which the Group has significant influence but not control.

Joint ventures are arrangements in which the Group and another party have joint control and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method. The investments are initially recognised at cost and the carrying value is subsequently adjusted to recognise the Group's share of the investee's post-acquisition profit or loss and movement in other comprehensive income. This is recognised in the Group's profit and loss and comprehensive income respectively. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

The carrying amount of each equity accounted investment is tested for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment include a significant or prolonged decline in the fair value of the investment below its cost. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount is the higher of the assets' fair value less costs of disposal and value in use, and is assessed at the end of each reporting period.

### Key judgements

The Group has applied judgement in determining if it has significant influence, control or joint control of the investees. Through its appointment of two directors to the Board of Yieldbroker, ASX participates in the financial and operating policy decisions of the investee. It also holds more than 20% of the voting rights so it is presumed that ASX has significant influence over the investee. The Group however does not have the power to unilaterally direct these decisions to affect the returns of the investee so does not have control of the investee. The investment in Yieldbroker has therefore been classified as an interest in an associate.

The arrangement in relation to Sympli requires unanimous consent from both parties about relevant activities. As ASX has joint control over Sympli and has rights to the net assets of the arrangement the investment has been classified as a joint venture.

## D3 Financial assets at fair value through profit or loss

In December 2017, ASX acquired a convertible note (the note) issued by DA for USD 3.5 million.

In August 2019, ASX converted the note into DA shares. Refer to note C3(d)(iii) for further details of the movement of financial assets at FVTPL at period end.

The convertible note is initially recognised at fair value being the consideration given. It is subsequently measured at FVTPL as the contractual terms of the agreement do not give rise to solely payments of principal and interest. Any fair value gains or losses are recognised in profit and loss. If the notes are converted to equity prior to or at maturity date, the converted shares will be designated at FVTOCI on initial recognition in accordance with the Group's accounting policy for investments in equity instruments.



# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### E1 Trade and other receivables

As at 30 June	2020 \$m	2019 \$m
<b>Current</b>		
Trade receivables	107.5	107.3
Margins receivable	643.0	268.6
Accrued revenue	3.6	4.4
Interest receivable	4.6	11.1
Other debtors	3.6	0.1
Less: loss allowance	(0.7)	(0.9)
<b>Total trade and other receivables</b>	<b>761.6</b>	<b>390.6</b>

Refer to note C3(b)(i) for further details of the loss allowance.

Trade receivables which generally have terms of 30 days are initially recognised at their transaction price and subsequently measured at amortised cost using the effective interest method, less any loss allowance.

Margins receivable represents collateral receivable from clearing participants on cash markets and derivative positions held at the end of the day, and are received on the next business day. The amounts include the movement in the fair value of derivative positions and are recognised on trade date. A corresponding margins payable is recognised and disclosed within trade and other payables.

### E2 Intangible assets

The movements in the intangible asset balances are as follows:

For the year ended 30 June	2020					2019				
	Software \$m	Trade- marks \$m	Customer lists \$m	Goodwill \$m	Total \$m	Software \$m	Trade- marks \$m	Customer lists \$m	Goodwill \$m	Total \$m
<b>Opening balance</b>										
Cost	377.1	7.9	1.2	2,317.6	2,703.8	347.5	7.9	1.2	2,317.6	2,674.2
Accumulated amortisation and impairment	(244.9)	-	(0.6)	-	(245.5)	(235.7)	-	(0.4)	-	(236.1)
<b>Net book value at 1 July</b>	<b>132.2</b>	<b>7.9</b>	<b>0.6</b>	<b>2,317.6</b>	<b>2,458.3</b>	<b>111.8</b>	<b>7.9</b>	<b>0.8</b>	<b>2,317.6</b>	<b>2,438.1</b>
<b>Movement</b>										
Additions <sup>1</sup>	65.7	-	-	-	65.7	54.3	-	-	-	54.3
Disposals – cost	-	-	-	-	-	(24.7)	-	-	-	(24.7)
Disposals – accumulated amortisation	-	-	-	-	-	24.7	-	-	-	24.7
Amortisation expense	(27.0)	-	(0.2)	-	(27.2)	(33.9)	-	(0.2)	-	(34.1)
<b>Net book value at 30 June<sup>2</sup></b>	<b>170.9</b>	<b>7.9</b>	<b>0.4</b>	<b>2,317.6</b>	<b>2,496.8</b>	<b>132.2</b>	<b>7.9</b>	<b>0.6</b>	<b>2,317.6</b>	<b>2,458.3</b>
<b>Closing balance</b>										
Cost	442.8	7.9	1.2	2,317.6	2,769.5	377.1	7.9	1.2	2,317.6	2,703.8
Accumulated amortisation and impairment	(271.9)	-	(0.8)	-	(272.7)	(244.9)	-	(0.6)	-	(245.5)
<b>Net book value at 30 June<sup>2</sup></b>	<b>170.9</b>	<b>7.9</b>	<b>0.4</b>	<b>2,317.6</b>	<b>2,496.8</b>	<b>132.2</b>	<b>7.9</b>	<b>0.6</b>	<b>2,317.6</b>	<b>2,458.3</b>

<sup>1</sup> Primarily relates to internal development costs.

<sup>2</sup> The carrying value of intangible assets under development is \$127.9 million (2019: \$70.2 million).

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### (a) Software

There was no impairment expense recognised during the year for software.

Costs incurred in developing products or systems, and acquiring software and licences that will contribute to future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful lives, from the time the assets are in use. Certain staff costs are capitalised when they can be specifically attributed to software development projects. Software purchased from external vendors is classified as externally acquired and may include capitalised staff costs that have been incurred in the implementation of the software.

Software is subject to amortisation and is reviewed for indicators of impairment at the end of each reporting period or when events or changes in circumstances have arisen that indicate the carrying value may be impaired. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Determining whether the intangibles are impaired requires an estimation of their useful lives, residual values and amortisation method. The effect of any changes will be recognised on a prospective basis.

Intangible assets not yet available for use are tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separate cash generating units (CGUs). Intangible assets not yet available for use are allocated to the Group's CGUs that include the asset. Refer to E2(c) (ii) for the details of the details of the impairment assessment performed over the Group's CGUs.

The estimated useful lives of significant computer software systems is as follows:

Trading platforms	5 years
Clearing platforms	5 years
Depository/registry platforms	10 years

### (b) Trademarks and customer lists

There was no impairment expense recognised during the year for trademarks or customer lists.

Trademarks and customer lists have been externally acquired and are measured at cost. Customer lists are amortised on a straight-line basis over their estimated useful life of five years while the registered trademark has an indefinite useful life and is not amortised. The trademark is assessed for impairment at each reporting date or when there are indicators of impairment.

### (c) Goodwill

#### (i) Impairment test for goodwill

The Group consists of two CGUs, namely exchange-traded and non exchange-traded. The goodwill attributable to each CGU at the time of acquisition is as follows:

- Exchange-traded: \$2,242.2 million
- Non exchange-traded: \$75.4 million.

No impairment charge arose in the current or prior financial year.

#### (ii) Key estimates and assumptions used for value-in-use calculations

Management has determined the budgeted operating results based on past performance and expectations for the future. The growth rates used for revenue and expense projections are consistent with, or lower than, historical trends for the CGUs.

The pre-tax discount rate used is 11.8% (9.3% post-tax discount rate (2019: 9.3%)) for all CGUs. The growth rate used to extrapolate cash flow projections beyond five years is 3.2% (2019: 3.5%) per annum for the exchange-traded CGU and 3.2% (2019: 3.5%) per annum for the non exchange-traded CGU. These calculations support the carrying value of goodwill and intangible assets not yet available for use. There is no reasonably possible change in any key assumptions that management has based its determination of the CGU's recoverable amount on that would result in an impairment charge being recognised.

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

Goodwill on acquisition is initially measured at cost, being the excess of the consideration paid over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill has an indefinite useful life and as such is not subject to amortisation and is tested semi-annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable CGUs. A CGU includes in its carrying amount an intangible asset that is not yet available for use and that asset is tested for impairment only as part of the CGU. Goodwill is allocated to each of the Group's CGUs that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested on an annual basis. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount of each CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond this five-year period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate for the business in which the CGU operates and are consistent with external sources of information.

### E3 Property, plant and equipment

The movements in the property, plant and equipment asset balances are as follows:

For the year ended 30 June	2020				2019			
	Leasehold improvements \$m	Plant and equipment \$m	Computer equipment \$m	Total \$m	Leasehold improvements \$m	Plant and equipment \$m	Computer equipment \$m	Total \$m
<b>Opening balance</b>								
Cost	32.7	30.3	94.9	157.9	33.0	29.9	85.2	148.1
Accumulated depreciation	(25.8)	(21.5)	(49.1)	(96.4)	(24.3)	(19.6)	(49.8)	(93.7)
<b>Net book value at 1 July</b>	<b>6.9</b>	<b>8.8</b>	<b>45.8</b>	<b>61.5</b>	<b>8.7</b>	<b>10.3</b>	<b>35.4</b>	<b>54.4</b>
<b>Movement</b>								
Additions	-	0.9	13.8	14.7	0.6	1.3	18.9	20.8
Transfers <sup>1</sup>	(0.3)	-	-	(0.3)	-	-	-	-
Disposals – cost	-	-	-	-	(0.9)	(0.9)	(9.2)	(11.0)
Disposals – accumulated depreciation	-	-	-	-	0.8	0.9	9.2	10.9
Depreciation expense	(2.4)	(2.9)	(8.5)	(13.8)	(2.3)	(2.8)	(8.5)	(13.6)
<b>Net book value at 30 June</b>	<b>4.2</b>	<b>6.8</b>	<b>51.1</b>	<b>62.1</b>	<b>6.9</b>	<b>8.8</b>	<b>45.8</b>	<b>61.5</b>
<b>Closing balance</b>								
Cost	32.4	31.2	108.7	172.3	32.7	30.3	94.9	157.9
Accumulated depreciation	(28.2)	(24.4)	(57.6)	(110.2)	(25.8)	(21.5)	(49.1)	(96.4)
<b>Net book value at 30 June</b>	<b>4.2</b>	<b>6.8</b>	<b>51.1</b>	<b>62.1</b>	<b>6.9</b>	<b>8.8</b>	<b>45.8</b>	<b>61.5</b>

<sup>1</sup> Transfers of \$0.3 million to property leases ROU assets on adoption of AASB 16. Refer to note E6 and note A3 for details on changes in accounting policies.

Property, plant and equipment is measured at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

The cost of improvements to leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds on disposal with the carrying amount and are included in profit or loss.

Depreciation of assets begins from the time an asset is implemented and available for use. Depreciation is provided on a straight-line basis on all plant and equipment, over their estimated useful lives.

The depreciation periods for each class of asset, for the current and previous years, are as follows:

Leasehold improvements	The shorter of minimum lease term and useful life
Plant and equipment	3 – 10 years
Computer equipment	3 – 5 years

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### E4 Trade and other payables

As at 30 June	2020 \$m	2019 \$m
Trade payables	5.6	3.4
Margins payable	643.0	268.6
Interest payable	1.4	10.0
Rebates payable	25.9	21.4
Transaction taxes payable	7.6	7.0
Employee-related payables	21.1	18.6
Accrued expenses	21.3	19.4
Other payables	0.9	0.9
<b>Total</b>	<b>726.8</b>	<b>349.3</b>

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid.

All trade and other payables are unsecured and usually paid within 30 days of recognition other than certain rebates and accrued expenses which are typically paid within three months of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date.

Refer to the accounting policy in note E1 for details of the margins payable.

Interest payable includes interest owed to participants on cash collateral and commitments lodged. Interest is recognised as a finance cost in the statement of comprehensive income using the effective interest rate method.

Rebates payable represent refund liabilities. Refer to the accounting policies in note B2 for further details of the rebates.

The provisions for employee benefits predominantly relate to annual and long service leave obligations. Premises provisions comprises of make-good provisions. In FY19, premise provisions also included lease rental amortised on a straight-line basis over the term of the lease and lease incentives.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, that it is probable the obligation will be settled and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is not probable or cannot be reliably measured. There are ongoing legal claims and possible claims against the Group and its subsidiaries. Contingent liabilities exist in respect of actual and potential claims. An assessment of any likely loss has been made on a case-by-case basis and a provision is raised where appropriate.

Current employee provisions include liabilities for annual leave and wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These are recognised in respect of employees' services up to the end of the reporting period. Long service leave provisions that the Company does not have an unconditional right to defer for 12 months after the reporting date are recognised as a current provision, regardless of when the actual settlement is expected to occur. Current employee provisions are measured at the amounts expected to be paid when the liabilities are settled.

Non-current employee provisions include long service leave provisions where the Company has an unconditional right to defer settlement for at least 12 months after the reporting period. Non-current employee provisions are not expected to be wholly settled within 12 months after the end of the reporting date, and are therefore measured as the present value of expected future payments.

When determining whether employees qualify or are expected to qualify for the Group's long service leave arrangements, consideration is given to history of employee departures and periods of service. Expected future wage and salary levels are discounted using the rates attached to a basket of comparable liquid corporate bonds at the end of each reporting period, which most closely match the terms to maturity of the related liabilities.

For short-term cash incentives offered to staff the Group recognises a liability and an expense. A provision is recognised where there is a contractual obligation or where there is past practice that gives clear evidence of the amount of the obligation.

Where short-term incentives are deferred to a future period the value of the incentives is expensed over the term of the deferral and recognised as a liability. Amounts expected to be wholly settled within 12 months after the end of the reporting date are recognised as current, all others are recognised as non-current.

Make-good obligations are provided for office space under operating leases that require the premises to be returned to the lessor in their original condition. The operating lease payments do not include the make-good payment at the end of the lease term. Provisions for make-good obligations are recognised when the Group becomes party to lease contracts that include make-good clauses.

#### Prior year accounting policy

In the prior year lease incentives received or receivable, such as rent-free periods and premises fit-out allowances, may have been included in operating leases entered into by the Group. The value of lease incentives was included in the premises provision and was recognised as a reduction in occupancy expense in profit or loss on a straight-line basis over the term of the lease. Where the original lease term had been extended, these incentives were continued to be recognised over the original lease term.

### E5 Provisions

As at 30 June		
<b>Current</b>		
Employee provisions	17.9	14.7
Premises provisions	-	0.5
<b>Total</b>	<b>17.9</b>	<b>15.2</b>
<b>Non-current</b>		
Employee provisions	3.6	3.6
Premises provisions	1.9	6.0
<b>Total</b>	<b>5.5</b>	<b>9.6</b>

The movements in the premises provision are as follows:

For the year ended 30 June		
<b>Opening balance at 1 July</b>	<b>6.5</b>	<b>6.0</b>
Provisions used during the period	-	(0.5)
Additions during the period	-	0.8
Unwinding of discount	0.1	0.2
Provisions reversed on adoption of AASB 16	(4.7)	-
<b>Closing balance at 30 June</b>	<b>1.9</b>	<b>6.5</b>

# Notes to the consolidated financial statements continued

## Other balance sheet assets and liabilities

### E6 Leases

As allowed by AASB 16, the prior year has not been restated and comparative disclosures have not been provided in this note.

The movements in the right-of-use asset balances are as follows:

For the year ended 30 June	2020		
	Property leases \$m	Other \$m	Total \$m
<b>Opening balance</b>			
<b>Net book value at 1 July<sup>1</sup></b>	<b>77.6</b>	<b>5.7</b>	<b>83.3</b>
<b>Movement</b>			
Additions	-	3.4	3.4
Disposals – cost	-	(1.2)	(1.2)
Disposals – accumulated depreciation	-	0.4	0.4
Depreciation expense	(9.1)	(1.9)	(11.0)
<b>Net book value at 30 June</b>	<b>68.5</b>	<b>6.4</b>	<b>74.9</b>
<b>Closing balance</b>			
Cost	77.6	7.9	85.5
Accumulated depreciation	(9.1)	(1.5)	(10.6)
<b>Net book value at 30 June</b>	<b>68.5</b>	<b>6.4</b>	<b>74.9</b>

<sup>1</sup> Net book value at 1 July includes assets recognised on adoption of AASB 16. The balance includes \$0.3 million transfers from leasehold improvements. Refer to note A3 for details on changes in accounting policies.

The movements in the lease liabilities balance are as follows:

For the year ended 30 June	2020 \$m
Liability recognised on adoption of AASB 16	87.2
Interest incurred	3.4
Payment of interest expense	(3.4)
Payments of lease liabilities	(6.1)
<b>Total lease liabilities</b>	<b>81.1</b>

The consolidated statement of other comprehensive income shows the following amounts relating to leases:

For the year ended 30 June	2020 \$m
Interest on lease liabilities	3.4
Expense relating to short-term & low value leases	0.6
Depreciation expense	11.0
<b>Total</b>	<b>15.0</b>

The consolidated statement of cash flows shows the following amounts relating to leases:

For the year ended 30 June	2020 \$m
Principal payments for leased assets	6.1
Payment of interest expense	3.4
<b>Total cash outflow for leases</b>	<b>9.5</b>

The right-of-use asset is initially measured at cost which comprises of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred, and an estimate of costs to restore the underlying asset, less any lease incentives received.

Depreciation is charged on a straight-line basis on all right-of-use assets over the term of the lease. The right-of-use asset is periodically assessed for impairment and is adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured on a present value basis of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease.

Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined, which is generally the case for leases in the Group. The incremental borrowing rate is the rate that the Group would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, with similar terms, security and conditions.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option with a corresponding adjustment to the right-of-use asset.

Lease payments due within the next 12 months are recognised within current lease liabilities. Payments due after 12 months are recognised within non-current lease liabilities.

Interest expense on the lease liability is a component of finance cost and is presented in the consolidated statement of comprehensive income.

For short-term leases of 12 months or less, and leases of low-value assets, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Critical judgements in determining lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

# Notes to the consolidated financial statements continued

## Group disclosures

### F1 Subsidiaries

#### Parent entity<sup>1</sup>: ASX Limited

#### Subsidiaries of ASX Limited:

ACN 611 659 664 Limited<sup>2</sup>  
ASX Acceler8 Pty Limited  
ASX Benchmarks Pty Limited  
ASX Clearing Corporation Limited  
ASX Compliance Pty Limited  
ASX Data Analytics Pty Limited  
ASX Energy Limited  
ASX Financial Settlements Pty Limited  
ASX Futures Exchange Pty Limited  
ASX Long-Term Incentive Plan Trust  
ASX Operations Pty Limited<sup>2</sup>  
ASX Settlement Corporation Limited<sup>2</sup>  
Australian Securities Exchange Limited<sup>2</sup>  
Australian Stock Exchange Pty Limited  
SFE Corporation Limited<sup>2</sup>

#### Subsidiaries of ASX Operations Pty Limited:

ASX Collateral Management Services Pty Limited  
Australian Clearing Corporation Limited<sup>2</sup>  
Australian Clearing House Pty Limited  
Equityclear Pty Limited  
New Zealand Futures and Options Exchange Limited  
Options Clearing House Pty Limited  
Sydney Futures Exchange Pty Limited

#### Subsidiaries of ASX Clearing Corporation Limited:

ASX Clear (Futures) Pty Limited  
ASX Clear Pty Limited  
ASX Clearing Corporation Trust

#### Subsidiaries of ASX Settlement Corporation Limited:

ASX Settlement Pty Limited  
Austraclear Limited

#### Subsidiaries of ASX Settlement Pty Limited:

CHESS Depository Nominees Pty Limited

#### Subsidiaries of Austraclear Limited:

Austraclear Services Limited

#### Subsidiaries of Australian Securities Exchange Limited:

Australian Securities Exchange (US) Inc

ASX Limited and Australian Securities Exchange Limited are licensed to operate financial markets while ASX Clear, ASX Clear (Futures), Austraclear Limited and ASX Settlement Pty Limited are licensed to operate clearing and settlement facilities.

In accordance with the *Corporations Act 2001*, the Group maintains two fidelity funds for claims about the defalcation of monies in relation to cash market and derivative trading. ASX Limited acts as manager for the ASX Division 3 Compensation Fund and Australian Securities Exchange Limited acts as trustee for the Sydney Futures Exchange Limited Fidelity Fund. ASX is also the sole member of the Securities Exchanges Guarantee Corporation (SEGC) which is responsible for administering the NGF, a compensation fund available to meet certain types of claims arising from dealings with participants of ASX and, in limited circumstances, participants of ASX Clear, in accordance with the *Corporations Act 2001*.

ASX Division 3 Compensation Fund, Sydney Futures Exchange Limited Fidelity Fund and SEGC are not consolidated into the Group.

All subsidiaries are incorporated in Australia except for Australian Securities Exchange (US) Inc (incorporated in the US), New Zealand Futures and Options Exchange Limited and ASX Energy Limited (both incorporated in New Zealand). All subsidiaries have the same reporting date.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect those returns through its power to direct the activities of the entity. In addition to considering the existence of potential voting rights that are presently exercisable or convertible, the Company also considers relationships with other parties that may result in the Company controlling an entity on the basis of de facto circumstances.

The Group has two established trusts. LTIPT administers the Group's employee share scheme while ASX Clearing Corporation Trust manages the cash and financial assets at amortised cost of the two CCP subsidiaries. Both trusts are consolidated as the substance of the relationship is that they are controlled by the Group.

<sup>1</sup> Parent entity refers to the immediate controlling entity of the entity in which the investment is shown. The parent entity's investment in relation to all subsidiaries during the financial year was 100% (2019: 100%).

<sup>2</sup> These subsidiaries are parties to the Deed of Cross Guarantee (the Deed) and have been granted relief from preparing financial statements in accordance with ASIC Legislative Instrument 2016/785. Refer to note F2 for details of the Deed.

# Notes to the consolidated financial statements continued

## Group disclosures

### F2 Deed of Cross Guarantee

ASX Limited and the wholly owned subsidiaries listed below are parties to a Deed of Cross Guarantee. In accordance with the Deed, each party guarantees the debts of the others.

Subsidiary name	ABN/ACN
ACN 611 659 664 Limited	611 659 664
ASX Operations Pty Limited	42 004 523 782
Australian Clearing Corporation Limited	068 624 813
Australian Securities Exchange Limited	83 000 943 377
ASX Settlement Corporation Limited	48 008 617 187
SFE Corporation Limited	74 000 299 392

Pursuant to ASIC Legislative Instrument 2016/785, the wholly owned subsidiaries are relieved from the requirement to prepare financial reports and directors' reports.

The entities represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the Deed that are controlled by the Company, they also represent the 'extended closed group'.

No entities were added or removed from the Deed during the year.

### (a) Consolidated statement of comprehensive income and summary of movements in retained earnings

The consolidated statement of comprehensive income and summary of movements in consolidated retained earnings for the closed group is set out below.

#### Statement of comprehensive income

For the year ended 30 June	2020 \$m	2019 \$m
Total revenue	1,014.0	937.1
Total expenses	(312.0)	(267.3)
<b>Profit before income tax expense</b>	<b>702.0</b>	<b>669.8</b>
Income tax expense	(197.0)	(186.0)
<b>Net profit for the period</b>	<b>505.0</b>	<b>483.8</b>
<b>Items that may be reclassified to profit or loss:</b>		
Change in the fair value of investments in equity instruments	0.2	(7.9)
Change in the fair value of cash flow hedges	(0.5)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>(0.3)</b>	<b>(7.9)</b>
<b>Total comprehensive income for the period</b>	<b>504.7</b>	<b>475.9</b>

#### Summary of movements in consolidated retained earnings

Opening retained earnings at 1 July	792.7	665.7
Adjustments on adoption of new accounting standards	-	(84.8)
Transfers from reserves to retained earnings	-	160.7
Dividends paid	(696.5)	(432.7)
Profit for the period	505.0	483.8
<b>Closing retained earnings at 30 June</b>	<b>601.2</b>	<b>792.7</b>

### (b) Consolidated balance sheet

The consolidated balance sheet for the closed group is set out below.

As at 30 June	2020 \$m	2019 \$m
<b>Current assets</b>		
Cash	64.7	129.7
Other financial assets at amortised cost	184.7	568.4
Trade and other receivables	111.5	125.6
Prepayments	23.3	17.5
<b>Total current assets</b>	<b>384.2</b>	<b>841.2</b>
<b>Non-current assets</b>		
Investments in subsidiaries	922.1	731.1
Investments in equity instruments	45.1	24.3
Equity accounted investments	40.5	52.0
Financial assets at FVTPL	-	5.3
Intangible assets	2,433.7	2,395.0
Property, plant and equipment	62.1	61.5
Leased assets	74.9	-
Net deferred tax asset	44.8	45.3
Prepayments	8.7	10.5
<b>Total non-current assets</b>	<b>3,631.9</b>	<b>3,325.0</b>
<b>Total assets</b>	<b>4,016.1</b>	<b>4,166.2</b>
<b>Current liabilities</b>		
Trade and other payables	79.4	66.7
Current tax liabilities	25.8	89.9
Provisions	17.9	15.2
Lease liabilities	9.5	-
Revenue received in advance	89.1	83.1
<b>Total current liabilities</b>	<b>221.7</b>	<b>254.9</b>
<b>Non-current liabilities</b>		
Provisions	5.5	9.6
Lease liabilities	71.6	-
Revenue received in advance	71.0	65.8
<b>Total non-current liabilities</b>	<b>148.1</b>	<b>75.4</b>
<b>Total liabilities</b>	<b>369.8</b>	<b>330.3</b>
<b>Net assets</b>	<b>3,646.3</b>	<b>3,835.9</b>
<b>Equity</b>		
Issued capital	3,027.2	3,027.2
Retained earnings	601.2	792.7
Reserves	17.9	16.0
<b>Total equity</b>	<b>3,646.3</b>	<b>3,835.9</b>

# Notes to the consolidated financial statements continued

## Group disclosures

### F3 Related party transactions

#### (a) Transactions between subsidiaries

ASX Operations Pty Limited provides operational support for the majority of the Group's activities. Expenses paid, revenues collected and purchase of capital items on behalf of other entities within the Group are booked into inter-entity accounts. Interest is not charged on any inter-entity account, other than trust balances.

Transactions between the Company and subsidiaries are eliminated on consolidation.

Balances receivable by the Company from wholly owned subsidiaries within the Group are as follows:

As at 30 June	2020 \$000	2019 \$000
<b>Current</b>		
Amounts due from subsidiaries	146,667	599,121

The following transactions occurred between subsidiaries and the Company during the year:

For the year ended 30 June		
Dividends paid to the parent entity	521,000	399,000

#### (b) Transactions with other related entities

The following transactions occurred with other related entities during the year:

Purchase of services from associates	339	265
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These transactions are on an arm's length basis and under normal commercial terms and conditions.

#### (c) Key Management Personnel (KMP) remuneration

KMP compensation (including non-executive directors) provided during the financial year is set out in the following table. Further details are disclosed in the Remuneration Report on pages 46 to 62.

Short-term employee benefits	9,982	9,857
Post-employment benefits	305	273
Long-term benefits	62	(18)
Share-based payments	2,752	2,425
<b>Total</b>	<b>13,101</b>	<b>12,537</b>

The share-based payments reflects the expense for performance rights issued under the ASX Long-Term Incentive Plan, shares issued under equity plans and shares purchased under the employee share scheme. The expense is calculated using the fair value of performance rights or shares at grant date, less any write-back for performance rights lapsed as a result of non-market hurdles not attained.

### F4 Parent entity financial information

#### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

#### Statement of comprehensive income

For the year ended 30 June	2020 \$m	2019 \$m
Total revenue	516.0	399.4
Total expenses	(16.4)	(0.4)
<b>Profit before income tax expense</b>	<b>499.6</b>	<b>399.0</b>
Income tax expense	0.4	(0.6)
<b>Net profit for the period</b>	<b>500.0</b>	<b>398.4</b>
Other comprehensive income for the period, net of tax	(0.1)	0.1
<b>Total comprehensive income for the period</b>	<b>499.9</b>	<b>398.5</b>

#### Balance sheet

As at 30 June		
<b>Current assets</b>	<b>147.4</b>	<b>600.6</b>
Non-current assets	3,459.6	3,264.7
<b>Total assets</b>	<b>3,607.0</b>	<b>3,865.3</b>
<b>Current liabilities</b>	<b>25.8</b>	<b>89.9</b>
Non-current liabilities	0.1	-
<b>Total liabilities</b>	<b>25.9</b>	<b>89.9</b>
<b>Net assets</b>	<b>3,581.1</b>	<b>3,775.4</b>
Issued capital	3,027.2	3,027.2
Retained earnings	538.2	734.8
Asset revaluation reserve	0.1	(0.1)
Equity compensation reserve	15.6	13.5
<b>Total equity</b>	<b>3,581.1</b>	<b>3,775.4</b>

The financial information for the parent entity, ASX, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Unlisted shares in subsidiaries are accounted for at cost in the financial statements of ASX.

ASX elected to form a tax consolidated group (tax group) for income tax purposes. ASX is the head entity and is therefore liable for the income tax liabilities of the tax group. The consolidated current and deferred tax amounts arising from temporary differences of the members of the tax group are recognised in the separate financial statements of the members of the tax group using the 'separate taxpayer within group' approach. ASX has entered into a tax funding agreement with members of the Australian tax group. The agreement has the objective of achieving an appropriate allocation of the Group's income tax expense to the main operating subsidiaries within the Group. The tax funding agreement also has the objective of allocating deferred tax assets relating to tax losses only, and current tax liabilities of the main operating subsidiaries to ASX. The subsidiaries will reimburse ASX for their portion of the Group's current tax liability and will recognise this payment as an inter-entity payable or receivable in their financial statements for that financial year. ASX will reimburse the subsidiaries for the deferred tax asset from any unused tax losses or credits by making a payment equal to the carrying value of the deferred tax asset.



# Notes to the consolidated financial statements continued

## Group disclosures

### (b) Guarantees entered into by the parent entity

The parent entity, ASX, is party to a Deed of Cross Guarantee together with the entities defined in note F2. Under the Deed, the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. No deficiencies of assets exist in any of these entities.

### (c) Contractual commitments and contingencies

ASX has an agreement with ASX Clear for a \$230.0 million (2019: \$150.0 million) standby liquidity loan facility that may be used in limited and specific circumstances following the default of clearing participants.

ASX has an agreement with CHESSE Depository Nominees Pty Limited (CDN) which provides \$10.0 million (2019: \$10.0 million) in funds to support CDN's licence obligations if required.

No payments were made under either facility in the current or prior financial year.

The NGF, which is administered by SEGC, is maintained to provide compensation for prescribed claims arising from dealings with market participants as set out in the *Corporations Act 2001*. If the net assets of the NGF fall below the minimum amount determined by the Minister, SEGC may determine that ASX or participants must pay a levy to SEGC. No levies were called on ASX in the current or prior financial year.

In accordance with the Financial Stability Standards recovery rules, the parent entity, ASX, is obligated in certain circumstances to replenish a shortfall in the financial resources available to the CCPs up to predetermined levels for any one participant default. No replenishments were made in the current or prior year. In accordance with the Australian Financial Services Licence of ASX Collateral Management Services Pty Limited, ASX Limited has an obligation to fund any amounts required by the subsidiary.

ASX Limited did not have any other contractual commitments or contingent liabilities for the years ended 30 June 2020 or 2019.

### (d) Borrowings

ASX Limited has an unsecured committed facility that can only be called upon to provide short-term liquidity to ASX Clear following a clearing participant default. The facility limit is \$180.0 million (2019: \$100.0 million) and remained undrawn at the date of this report.

In November 2019, ASX Limited established a new bilateral corporate debt facility to assist with short-term working capital requirements. The facility limit is \$300.0 million and there are no outstanding balances owed at the end of the current reporting period.

The movements in borrowings is summarised below:

For the year ended 30 June	2020 \$m	2019 \$m
As at 1 July	-	-
<b>Cash flows</b>		
Proceeds	100.0	-
Repayments	(100.0)	-
<b>Total</b>	-	-

## F5 Other disclosures

### F5.1 Commitments

#### (a) Capital commitments

Capital commitments contracted for but not yet incurred as at balance date are as follows:

As at 30 June	2020 \$m	2019 \$m
Intangible assets – software	22.3	19.8

#### (b) Operating lease commitments

Commitments for minimum lease payments of non-cancellable leases are as follows:

Due:		
Not later than one year	-	9.7
Later than one year but not later than five years	-	36.1
Later than five years	-	24.4
<b>Total</b>	-	<b>70.2</b>

Upon adoption of AASB 16 on 1 July 2019, what the Group recognised as operating leases under the previous standard AASB 117, are now recognised as lease liabilities on the balance sheet. See note E6 for further details. In the prior year the Group's major operating leases were for the premises from which it operates.

#### Prior year accounting policy

Operating leases are those in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee. Minimum lease payments, which includes fixed rental increases, are recognised in profit or loss on a straight-line basis over the period of the lease.

### F5.2 Share-based payments

#### (a) Long-Term Incentive Plan

The Group provides performance rights to ordinary shares of the Company to employees as part of the LTI Plan to recognise performance, skills and behaviours that deliver sustainable long-term shareholder value. They entitle certain KMP to performance rights over ASX Limited shares.

Participants are granted performance rights that only vest if certain performance conditions are met. All performance rights are to be settled by physical delivery of ordinary shares in ASX Limited subject to the performance conditions being attained. The number of rights that vest depends on an EPS hurdle being achieved and ASX's total shareholder return (TSR) relative to a comparator group. Under all of the plans, 50% of the performance rights are dependant on relative EPS growth and 50% on relative TSR. All plans have a contractual life of four years and do not carry rights to dividends.

# Notes to the consolidated financial statements continued

## Group disclosures

The following table shows the movement in the number of performance rights during the current and prior year.

For the year ended 30 June	2020 No. of rights	2019 No. of rights
Opening balance at 1 July	96,602	72,838
Granted during the year	18,422	23,764
Vested during the year	(6,520)	-
Lapsed during the year	(6,521)	-
Closing balance at 30 June	101,983	96,602

Details of each of the plans and the number of grants outstanding at the end of the reporting period is shown in the following table.

Grant date/employees entitled	Number of instruments granted	Weighted average fair value
Performance rights granted to KMP on 24 September 2019	18,422	\$50.82
Performance rights granted to KMP on 4 October 2018	23,764	\$38.91
Performance rights granted to KMP on 26 September 2017	28,463	\$34.30
Performance rights granted to KMP on 28 September 2016	31,334	\$29.68
<b>Total</b>	<b>101,983</b>	

### (b) Deferred equity plans

The Group operates deferred equity plans for KMPs and other employees. Under the plan, an employee receives between 40%–50% of their STI in cash and the remainder as shares which are deferred for two to four years in equity. If the employee ceases employment during the deferred share period, the shares are forfeited, except in certain limited circumstances.

Employees have full ownership rights of the shares under the schemes including voting rights and entitlement to dividends. Provided the employee remains employed by the ASX Group and maintains satisfactory individual performance, the shares are subject to a holding lock until vesting. Post vesting, employees can only deal with the shares in accordance with ASX's dealing rules. The shares cannot be transferred to another person or disposed of during this period.

The number of shares allocated to each eligible employee is the amount of the STI award deferred into shares divided by the volume weighted average price (VWAP) over the five business days up to and including the offer close date, rounded to the nearest share.

During the year, there were 103,900 (2019: 100,544) shares allocated. The shares are recognised at their fair value, being the market price on purchase date. The weighted average fair value of the shares issued under the deferred equity plans during the year was \$83.79 (2019: \$67.00).

### (c) Employee share purchase plan

The ASX employee share purchase plan offers the opportunity for employees to purchase fully paid ordinary shares in ASX through salary sacrifice up to the value of \$1,000 at a discount of 10%. All Australian permanent full-time and part-time employees, and maximum-term contractors with end dates beyond 30 June are eligible to participate in the scheme.

Employees have full ownership rights of the shares under the scheme including voting rights and entitlement to dividends. The shares are subject to a three-year holding lock and as such cannot be transferred to another person or disposed of until the earlier of cessation of employment or three years from grant date, and subject to compliance with ASX's dealing rules.

The number of shares allocated to each employee is the offer amount divided by the VWAP over the five business days up to and including the offer close date, rounded down to the nearest share.

Under the plan, 5,232 shares (2019: 5,852) were issued in total. The shares are recognised at their fair value of \$74.30 (2019: \$70.67), being the market price on the purchase date.

### (d) Employee expenses

The following table shows the total share-based payments recognised within staff expenses during the year and includes the impact of reversals resulting from non-market based performance hurdles not being achieved.

	2020 \$m	2019 \$m
Long-Term Incentive Plan	0.2	0.3
Deferred equity plans	6.9	5.4
Employee share purchase plan	0.4	0.4
<b>Total</b>	<b>7.5</b>	<b>6.1</b>

The fair value of the performance rights for the EPS component is calculated using the share price at market close on the grant date, less the present value of the expected dividends over the performance period. The fair value of performance rights for the TSR component is calculated by an independent valuer using a Black-Scholes option valuation model.

Fair values are recognised over the vesting period as an expense with a corresponding increase in the equity compensation reserve. Fair values include the impact of any market performance conditions and the impact of any non-vesting conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The impact of any revisions to the original estimates are recognised in profit or loss with a corresponding adjustment to equity.

# Notes to the consolidated financial statements continued

## Group disclosures

### F5.3 Auditor's remuneration

The following fees were paid or payable by the Group for and on behalf of all Group entities for services provided by the auditor and its related practices during the financial year:

<b>PricewaterhouseCoopers Australia</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
<b>Statutory audit services:</b>		
Audit and review of the financial statements and other audit work under the <i>Corporations Act 2001</i>	687	729
Audit of information technology platforms	196	191
<b>Other audit services:</b>		
Code of Practice compliance	80	80
<b>Non-audit services:</b>		
Tax compliance services	157	154
Other review services	-	51
<b>Total remuneration for PricewaterhouseCoopers Australia</b>	<b>1,120</b>	<b>1,205</b>

### F5.4 Subsequent events

Subsequent to balance date, ASX has invested a further \$2.9 million (USD 2.0 million) in Digital Asset in July 2020 using the same pre-money valuation and pricing as in the previous Series C funding round completed prior to balance date. This additional investment has increased ASX's shareholding in Digital Asset to 8.7%.

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

# Directors' declaration

In the opinion of the directors of ASX Limited (the Company):

- a. the financial statements and notes that are contained in pages 66 to 103 and the Remuneration Report set out on pages 46 to 62 in the Annual Report, are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
  - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note F2 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note F2, and
- d. the financial statements also comply with International Financial Reporting Standards.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the directors:



**Rick Holliday-Smith**  
Chairman



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

Sydney, 20 August 2020



# Independent auditor's report to the members of ASX Limited

## Report on the audit of the financial report

### Our opinion

In our opinion:

The accompanying financial report of ASX Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls, and the industry in which it operates.



### Materiality

- For the purpose of our audit we used overall Group materiality of \$36.8m, which represents approximately 5% of the Group's profit before tax, adjusted to exclude an impairment in the year.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We adjusted for impairment because it is an infrequently occurring item.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

### Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

#### PricewaterhouseCoopers, ABN 52 780 433 757

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## Independent auditor's report to the members of ASX Limited continued

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of assets</b></p> <p><b>A) Goodwill impairment assessment</b> (Refer to note E2)</p> <p>The Group's goodwill is allocated to two Cash Generating Units (CGUs): 'exchange-traded' (\$2,242.2m) and 'non-exchange traded' (\$75.4m).</p> <p>We considered this a key audit matter due to the financial significance of the goodwill balance (\$2.3bn as at 30 June 2020) and the inherent judgement and estimation uncertainty in the Group's assessment of the value in use of each CGU. This includes the impact of COVID-19 on the Group's judgements over future cash flows in light of economic and financial market uncertainty, and the terminal growth and discount rates applied to cash flow forecasts.</p> <p>The Group performed an annual impairment assessment over the goodwill balance, as required by Australian Accounting Standards, by:</p> <ol style="list-style-type: none"> <li>1. Calculating the value in use for each CGU using a discounted cash flow model. The key assumptions in this model include cash flows (revenues, expenses and capital expenditure) for each CGU for five years and a growth rate to extrapolate cash flow projections beyond 5 years (terminal growth rate). The cash flows were discounted to net present value using a discount rate determined to be appropriate by the Group</li> <li>2. Comparing the value in use of each CGU to their respective carrying values.</li> </ol> <p>The Group also performed a sensitivity analysis over the value in use calculations, by varying the assumptions used (terminal growth rate and discount rate) to assess the impact on the impairment assessment.</p>	<p>We performed testing over the Group's impairment assessment of each CGU (exchange-traded and non-exchange traded), which included the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating the Group's cash flow forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations in the discounted cash flow model and assessing whether the value in use cash flow forecasts were consistent with previous performance, the Board-approved budgets and that key assumptions in the budgets were subject to oversight by the directors</li> <li>• Performing a sensitivity analysis over the key assumptions used by the Group to establish the impact on results from using alternative growth rates and discount rates.</li> </ul> <p>Together with PwC valuation experts, we also:</p> <ul style="list-style-type: none"> <li>• Compared the Group's assumptions for forecast cash flows and growth rates used in the cash flow forecasts to historical results and economic and industry forecasts</li> <li>• Assessed the reasonableness of the discount rate used in the model by comparing the cost of capital for the Group to market data and industry research.</li> </ul>



## Independent auditor's report to the members of ASX Limited continued

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of assets – continued</b></p> <p><b>B) Yieldbroker impairment assessment</b> (Refer to note D2)</p> <p>At 30 June 2020, the Group's investment in Yieldbroker is carried at \$31.0m (2019 \$46.5m), reflecting the impact of an impairment charge of \$15.2m (2019 \$nil).</p> <p>Where there is an indication that an asset may be impaired, the Group is required under Australian Accounting Standards to estimate the recoverable amount of the asset and where this is less than its carrying amount, recognise any impairment loss immediately in profit or loss. The Group determined that indicators of impairment existed as at 30 June 2020 year end and, following an estimation of the recoverable amount of Yieldbroker, recorded an impairment loss in relation to the investment. This was determined by the Group as follows:</p> <ol style="list-style-type: none"> <li>1. Calculating the recoverable amount of Yieldbroker, being the value in use, using a discounted cash flow model. The key assumptions in this model include projected future cash flows for five years, a terminal growth rate and a discount rate</li> <li>2. Comparing the recoverable amount to Yieldbroker's carrying value at 30 June 2020, which identified an impairment charge of \$15.2m.</li> </ol> <p>We considered this a key audit matter due to the inherent judgement required by the Group in determining the recoverable amount of Yieldbroker. This includes the impact of COVID-19 on the Group's judgements over future cash flows in light of economic and financial market uncertainty, and the terminal growth and discount rates applied to cash flow forecasts.</p>	<p>We performed testing over the Group's impairment assessment of Yieldbroker, which included the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating the Group's assessment of indicators of impairment in the asset by considering whether any impairment indicators were present in line with Australian Accounting Standards</li> <li>• Evaluating the Group's cash flow forecasts for Yieldbroker and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations in the discounted cash flow model and assessing the Group's forecasting ability by having regard to historical forecasts relative to actual results and reasonable expectations of future performance</li> <li>• Assessing the sensitivity of the recoverable amount by varying the key assumptions, including cash flow growth rates, the discount rate and terminal growth rate.</li> </ul> <p>Together with PwC valuation experts, we also:</p> <ul style="list-style-type: none"> <li>• Assessed the methodology used by the Group to calculate the recoverable amount of the investment against Australian Accounting Standards</li> <li>• Compared the Group's assumptions for forecast cash flows and growth rates used in the cash flow forecasts to historical results and economic and industry forecasts</li> <li>• Assessed the reasonableness of the discount and growth rates by comparing them to market data, comparable companies and industry research.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of financial instruments</b></p> <p><b>A) Valuation and existence of other financial assets at amortised cost</b> (Refer to note C3)</p> <p>At 30 June 2020, other financial assets at amortised cost were \$12.5bn and comprised of reverse repurchase agreements, negotiable certificates of deposit and promissory notes.</p> <p>We considered this a key audit matter due to the financial significance of the balance.</p>	<p>We performed testing over the valuation of other financial assets at amortised cost, which included the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Assessing the accuracy of the Group's valuation calculations by agreeing a sample of key inputs from the calculations to source documentation</li> <li>• Assessing the mathematical accuracy of the Group's valuation calculations through reperformance.</li> </ul> <p>We confirmed the existence of other financial assets at amortised cost with counterparties as at 30 June 2020.</p>



## Independent auditor's report to the members of ASX Limited continued

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of financial instruments – continued</b></p> <p><b>B) Valuation and existence of financial assets at fair value</b> (Refer to note C3)</p> <p>At 30 June 2020, financial assets at fair value through profit and loss (FVTPL) were \$487.5m and comprised non-cash collateral.</p> <p>\$305.5m of the financial assets are classified as 'level 1' in accordance with the categorisation criteria under Australian Accounting Standards, where quoted prices in active markets are available for identical assets.</p> <p>The remaining \$182.0m is classified as 'level 2', where values are derived from observable prices (or inputs to valuation models) other than quoted prices included within 'level 1'. The valuation of 'level 2' securities therefore requires a higher degree of judgement by the Group.</p> <p>We considered this a key audit matter due to the financial significance of the balance, as well as the inherent judgement involved in valuing 'level 2' financial instruments at fair value. This includes the heightened judgement required by the Group to identify appropriate observable inputs in light of economic and financial market uncertainty as a result of COVID-19.</p>	<p>We performed testing over the valuation of both 'level 1' and 'level 2' financial assets at fair value, which included developing our own expectation of the valuation, together with PwC valuation experts, for financial assets at FVTPL held by the Group at 30 June 2020, by reference to quoted prices in active markets.</p> <p>We confirmed the existence of both 'level 1' and 'level 2' financial assets at fair value with counterparties as at 30 June 2020.</p> <p>We assessed the appropriateness of fair value disclosures in the financial statements, including the classification of the financial assets as 'level 1' and as 'level 2' in light of the requirements of Australian Accounting Standards.</p> <p>In addition to the above procedures, for 'level 2' financial assets at fair value, we considered the design of key controls over valuation and existence and tested the operating effectiveness of a sample of these controls.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Accuracy of revenue recognition</b> (Refer to note B2)</p> <p>At 30 June 2020, revenue recognised under AASB 15 Revenue from contracts in the consolidated statement of comprehensive income totalled \$949m.</p> <p>Listings and Issuer Services (\$239.7m) comprises: initial and subsequent listing fees, which are deferred and recognised evenly over the period the listing services are expected to be provided, which is five years for initial listings and three years for subsequent listings; and annual listing fees, which are recognised evenly over the financial year as the service is provided.</p> <p>All other revenue streams (\$709.3m) (Derivatives and OTC Markets; Trading Services; and Equity Post-Trade Services) are recognised at the point in time the service is provided.</p> <p>We considered this a key audit matter due to the financial significance of total revenue and the inherent judgement required by the Group in determining the period that it expects to satisfy its performance obligations in relation to listing services, within the Listings and Issuer Services revenue stream.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"><li>• Assessing the accuracy of inputs to revenue calculations by agreeing a sample of inputs to source documentation</li><li>• Assessing the mathematical accuracy of a sample of revenue calculations through reperformance</li><li>• Considering whether revenue recognised during the current year was recognised in the appropriate accounting period and did not relate to an earlier or later period</li><li>• Evaluating the appropriateness of the Group's methodology and key assumptions used to determine the deferral periods applied to initial and subsequent listings revenue in light of the requirements of Australian Accounting Standards</li><li>• Assessing the mathematical accuracy of the Group's calculations of the deferral periods by recalculating revenue recognised and revenue received in advance for a sample of initial and subsequent listing fees, using the Group's methodology.</li></ul>





## Independent auditor's report to the members of ASX Limited continued

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:  
[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf).  
This description forms part of our auditor's report.

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### Report on the Remuneration Report

#### Our opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 46 to 62 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of ASX Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Voula Papageorgiou  
Partner

Sydney, 20 August 2020

# Key financial ratios

Year ended 30 June	Notes	FY16	FY17	FY18	FY19	FY20
Basic earnings per share (EPS)	1	220.4c	224.5c	230.0c	254.1c	257.6c
Diluted EPS	1	220.4c	224.5c	230.0c	254.1c	257.6c
Underlying EPS	2	220.4c	224.5c	240.4c	254.1c	265.4c
Dividend per share – interim		99.1c	102.0c	107.2c	114.4c	116.4c
Dividend per share – final		99.0c	99.8c	109.1c	114.3c	122.5c
Dividend per share – special		-	-	-	129.1c	-
Statutory return on equity	3	11.4%	11.4%	11.5%	12.8%	13.6%
Underlying return on equity	4	11.4%	11.4%	12.0%	12.8%	14.0%
EBITDA/operating revenue	5,6	77.1%	76.3%	76.2%	75.1%	74.9%
EBIT/operating revenue	5,6	71.4%	70.3%	70.5%	69.6%	69.5%
Total expenses (including depreciation and amortisation)/operating revenue	5,6	28.6%	29.7%	29.5%	30.4%	30.5%
Capital expenditure (\$m)		\$50.2	\$50.3	\$54.1	\$75.1	\$80.4
Net tangible asset backing per share		\$7.25	\$7.59	\$7.79	\$7.53	\$6.32
Net asset backing per share		\$19.75	\$20.19	\$20.38	\$20.23	\$19.22
Shareholders' equity as a % of total assets (excluding participants' balances)		87.6%	76.2%	89.1%	86.5%	78.5%
Shareholders' equity as a % of total assets (including participants' balances)		36.6%	29.6%	30.5%	25.5%	21.4%
Share price at end of period		\$45.76	\$53.61	\$64.39	\$82.37	\$85.38
Ordinary shares on issue at end of period		193,595,162	193,595,162	193,595,162	193,595,162	193,595,162
Weighted average number of ordinary shares (excluding treasury shares)	7	193,413,893	193,415,430	193,507,104	193,576,187	193,587,739
Market value of ordinary shares on issue at end of period (\$m)		\$8,859	\$10,379	\$12,466	\$15,946	\$16,529
Market to book ratio at end of period		2.32	2.66	3.16	4.07	4.44
<b>Full-time equivalent permanent staff</b>						
Number at period end		546	554	587	689	726
Average during the period		534	556	560	650	709
1. Based on statutory net profit after tax (NPAT) including significant items and weighted average number of shares. 2. Based on underlying NPAT excluding significant items and weighted average number of shares. 3. Based on statutory NPAT including significant items. 4. Based on underlying NPAT excluding significant items. 5. Operating revenue excludes interest and dividend revenue (underlying). 6. EBITDA – earnings before interest, tax, depreciation and amortisation; EBIT – earnings before interest and tax. These metrics along with total expenses exclude significant items. 7. Weighted average number of ordinary shares used to calculate EPS.						

# Transaction levels and statistics

Year ended 30 June	FY16	FY17	FY18	FY19	FY20
<b>Listings and Issuer Services</b>					
Total domestic market capitalisation (\$bn) – period end	\$1,620	\$1,777	\$1,957	\$2,069	\$1,918
Total number of listed entities (includes stapled entities) – period end	2,204	2,239	2,285	2,269	2,188
Number of new listings	124	152	137	111	83
Average annual listing fee	\$34,101	\$35,419	\$37,569	\$41,356	\$42,214
Initial capital raised (\$m)	\$23,587	\$14,652	\$25,693	\$37,402	\$26,964
Secondary capital raised (\$m)	\$45,299	\$37,160	\$43,022	\$38,830	\$65,033
Other secondary capital raised including scrip-for-scrip (\$m)	\$9,704	\$4,156	\$12,998	\$9,783	\$5,193
<b>Total capital raised (\$m)</b>	<b>\$78,590</b>	<b>\$55,968</b>	<b>\$81,713</b>	<b>\$86,015</b>	<b>\$97,190</b>
Number of new warrant series quoted	2,959	1,828	1,967	1,849	2,060
Total warrant series quoted	2,886	2,827	2,976	2,789	2,516
<b>Cash market</b>					
Trading days	254	253	252	252	255
Total cash market trades ('000)	235,923	266,433	292,528	359,985	460,789
Average daily cash market trades	928,829	1,053,096	1,160,826	1,428,512	1,807,015
Continuous trading (\$bn)	\$770.805	\$735.447	\$677.893	\$722.111	\$995.319
Auctions (\$bn)	\$209.412	\$236.983	\$262.126	\$333.979	\$409.876
Centre Point (\$bn)	\$78.941	\$107.043	\$106.481	\$113.030	\$120.436
Trade reporting (\$bn)	\$144.991	\$167.377	\$185.316	\$211.568	\$266.053
<b>Total cash market value (\$bn)</b>	<b>\$1,204.149</b>	<b>\$1,246.850</b>	<b>\$1,231.816</b>	<b>\$1,380.688</b>	<b>\$1,791.684</b>
Average daily on-market value (\$bn)	\$4.170	\$4.267	\$4.153	\$4.639	\$5.983
Average daily value (including trade reporting) (\$bn)	\$4.741	\$4.928	\$4.888	\$5.479	\$7.026
Average trade size	\$5,104	\$4,680	\$4,211	\$3,835	\$3,888
Average trading fee per dollar of value (bps)	0.33	0.37	0.37	0.37	0.36
Velocity (total value/average market capitalisation) <sup>1</sup>	92%	88%	83%	87%	107%
Number of dominant settlement messages (m)	17.1	17.8	17.9	19.6	22.5
<sup>1</sup> Total value transacted on all venues.					

# Transaction levels and statistics continued

Year ended 30 June	FY16	FY17	FY18	FY19	FY20
<b>Equity options (excluding ASX SPI 200)</b>					
Trading days (exchange-traded options)	254	253	252	252	255
<b>Total contracts traded – equity options ('000)</b>					
Single stock options	88,701	93,295	80,091	73,825	65,894
Index options and futures	12,768	10,388	12,461	11,282	9,842
Average daily single stock options contracts	349,218	368,755	317,822	292,957	258,406
Average daily index options contracts	50,269	41,060	49,449	44,770	38,596
Average fee per derivatives contract	\$0.23	\$0.21	\$0.24	\$0.23	\$0.24
<b>Futures</b>					
Trading days (futures and options)	257	256	255	255	257
<b>Total contracts traded – futures ('000)</b>					
ASX SPI 200	12,105	12,255	13,782	15,994	19,246
90 day bank bills	29,567	28,931	33,226	34,698	24,967
3 year bonds	50,105	53,233	56,041	60,488	58,091
10 year bonds	36,079	41,697	47,729	51,883	56,772
20 year bonds	423	545	383	256	190
30 day interbank cash rate	4,112	2,455	1,952	4,268	5,743
Agricultural	132	91	84	93	95
Electricity	257	344	371	413	539
Other <sup>1</sup>	137	102	149	112	118
NZ\$ 90 day bank bills	1,915	1,422	1,697	2,329	2,354
<b>Total futures</b>	<b>134,832</b>	<b>141,075</b>	<b>155,414</b>	<b>170,534</b>	<b>168,115</b>
<b>Total contracts traded – options on futures ('000)</b>					
ASX SPI 200	363	202	140	98	65
3 year bonds	356	152	85	227	177
Overnight 3 year bonds	579	478	314	279	269
Intraday 3 year bonds	660	460	344	610	508
10 year bonds <sup>2</sup>	4	19	36	4	25
Electricity	23	27	36	56	79
Other <sup>3</sup>	6	5	-	-	2
<b>Total options on futures</b>	<b>1,991</b>	<b>1,343</b>	<b>955</b>	<b>1,274</b>	<b>1,125</b>
<b>Total futures and options on futures contract volume ('000)</b>					
Daily average contracts – futures and options	532,386	556,321	613,211	673,757	658,522
Average fee per contract – futures and options	\$1.42	\$1.39	\$1.36	\$1.36	\$1.44
<b>OTC markets</b>					
Total notional cleared value (\$bn) <sup>4</sup>	\$2,742.002	\$5,165.949	\$6,314.322	\$9,710.616	\$12,454.307
Open notional cleared value (\$bn) – period end	\$1,600.194	\$2,924.287	\$3,773.703	\$7,207.582	\$5,098.019
<sup>1</sup> Other includes VIX and sector futures.					
<sup>2</sup> 10 year bonds includes overnight and intraday 10 year bonds.					
<sup>3</sup> Other includes agricultural and 90 day bank bills.					
<sup>4</sup> Cleared notional value is double sided.					

# Transaction levels and statistics continued

Year ended 30 June	FY16	FY17	FY18	FY19	FY20
<b>Austraclear</b>					
Settlement days	254	253	252	253	255
<b>Transactions ('000)</b>					
Cash transfers	590	582	605	610	645
Fixed interest securities	717	741	770	812	975
Discount securities	150	146	146	147	131
Foreign exchange	11	9	9	9	6
Other	2	1	1	0	0
<b>Total transactions ('000)</b>	<b>1,470</b>	<b>1,479</b>	<b>1,531</b>	<b>1,578</b>	<b>1,757</b>
Average daily settlement volume	5,786	5,844	6,076	6,239	6,889
Securities holdings (\$bn) – monthly average	\$1,857.6	\$1,915.4	\$1,908.5	\$2,003.7	\$2,142.0
Securities holdings (\$bn) – period end	\$1,895.6	\$1,860.3	\$1,948.8	\$2,054.5	\$2,358.2
Average settlement and depository fee (including portfolio holdings) per transaction (excludes registry services revenue)	\$15.60	\$16.34	\$16.63	\$16.88	\$16.55
ASX Collateral (\$bn) – average	\$4.9	\$10.3	\$19.9	\$21.9	\$26.9
ASX Collateral (\$bn) – period end	\$4.9	\$16.2	\$23.5	\$22.4	\$43.4
<b>System uptime (period average)</b>					
ASX Trade	100.00%	99.79%	100.00%	100.00%	100.00%
CHESS	99.98%	100.00%	99.99%	100.00%	100.00%
Futures trading	99.96%	100.00%	100.00%	100.00%	100.00%
Futures clearing	100.00%	100.00%	100.00%	100.00%	100.00%
Austraclear	99.93%	99.98%	99.98%	100.00%	100.00%
<b>Technical services (number at period end)</b>					
<b>ASX distribution platform</b>					
Australian Liquidity Centre cabinets	231	285	301	324	326
<b>Connection services</b>					
ASX Net connections	116	123	112	104	103
ASX Net service feeds	382	437	444	447	455
Australian Liquidity Centre service connections	819	871	984	1,068	1,078
<b>ASX service access</b>					
ASX ITCH access	39	43	49	54	56
Futures ITCH access	45	74	80	73	71
<b>ASX market access</b>					
ASX sessions	1,113	1,033	922	886	882
ASX gateways	192	179	160	155	160
ASX liquidity cross-connections	57	60	64	57	55
ASX OUCH access	58	73	82	75	95
Futures gateways	208	199	251	329	245
Futures liquidity cross-connections	306	334	381	482	378

# Shareholder information

## ASX Limited – ordinary shares

ASX has ordinary shares on issue. These are listed on the Australian Securities Exchange under code: ASX. Details on trading activity are published daily in most major Australian newspapers (print, online and mobile) and by electronic information vendors.

At a general meeting, every shareholder present in person or by direct vote, proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held unless that share is a default share.

The ASX constitution classifies default shares as any share held above the 15% voting power limit by one party and its associates.

## Distribution of shareholdings at 30 July 2020

Number of shares held	Number of holders	Number of shares	% of issued capital
1 to 1,000	37,223	12,421,888	6.42
1,001 to 5,000	8,663	17,167,423	8.87
5,001 to 10,000	712	4,959,054	2.56
10,001 to 100,000	605	18,790,601	9.70
100,001 and over	84	140,256,196	72.45
<b>Total</b>	<b>47,287</b>	<b>193,595,162</b>	<b>100.00</b>

## Marketable parcel

As at 30 July 2020, there were 266 holders holding less than a marketable parcel of ASX shares.

A marketable parcel of ASX shares was five shares, based on a closing price of \$84.51 on 30 July 2020.

## On-market buy-back

There is no current on-market buy-back.

## Substantial shareholders at 30 July 2020

As at 30 July 2020, the following organisations have disclosed a substantial shareholder notice to ASX.

Name	Number of shares	% of voting power
UniSuper Limited	25,491,073	13.17
BlackRock Group	11,712,985	6.05
Vanguard Group Inc	9,684,443	5.00

## Largest 20 shareholders at 30 July 2020

Name	Number of shares	% of issued capital
1. HSBC Custody Nominees (Australia) Limited	45,891,468	23.71
2. J P Morgan Nominees Australia Pty Limited	35,478,907	18.33
3. BNP Paribas Nominees Pty Ltd	29,893,704	15.44
4. Citicorp Nominees Pty Limited	11,018,606	5.70
5. National Nominees Limited	4,827,386	2.50
6. Australian Foundation Investment Company Limited	1,054,029	0.54
7. Milton Corporation Limited	548,965	0.28
8. BKI Investment Company Limited	397,750	0.21
9. Pacific Custodians Pty Limited	348,054	0.18
10. The Senior Master of the Supreme Court	337,032	0.17
11. Mutual Trust Pty Ltd	311,915	0.16
12. Law Venture Pty Limited	308,999	0.16
13. AMP Life Limited	277,553	0.14
14. Netwealth Investments Limited	264,466	0.14
15. Navigator Australia Ltd	245,058	0.13
16. Gwynvill Trading Pty Limited	241,559	0.12
17. Mr Michael Denis Briody	183,474	0.09
17. Mr Gillies Thomas Kryger	183,474	0.09
17. Mr Leslie Guy Julian Paynter	183,474	0.09
17. Raffael Pty Ltd	183,474	0.09
17. Trevorann Investment Pty Ltd	183,474	0.09
17. Mr Kevin Joseph Troy	183,474	0.09
17. Vaucluse Skyline Pty Limited	183,474	0.09
<b>Total</b>	<b>132,729,769</b>	<b>68.54</b>

## Shareholders' calendar

### FY20

<b>Full-year financial results announcement</b>	<b>20 August 2020</b>
<b>Full-year dividend</b>	
Ex-dividend date	7 September 2020
Record date for dividend entitlements	8 September 2020
Payment date	30 September 2020
<b>Annual General Meeting</b>	<b>30 September 2020</b>

### FY21<sup>1</sup>

<b>Half-year financial results announcement</b>	<b>11 February 2021</b>
<b>Half-year dividend</b>	
Ex-dividend date	4 March 2021
Record date for dividend entitlements	5 March 2021
Payment date	24 March 2021
<b>Full-year financial results announcement</b>	<b>19 August 2021</b>
<b>Full-year dividend</b>	
Ex-dividend date	6 September 2021
Record date for dividend entitlements	7 September 2021
Payment date	29 September 2021
<b>Annual General Meeting</b>	<b>29 September 2021</b>

<sup>1</sup> Dates are subject to final ASX Board approval.

# Shareholder information continued

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## Annual General Meeting 2020

The ASX Annual General Meeting will be held at 10am (Sydney time) on Wednesday 30 September 2020 and conducted virtually. Information on how shareholders can view and participate in the meeting can be found on ASX's website and in the Notice of Meeting.

ASX's Notice of Annual General Meeting has been released on the Market Announcements Platform.

The proceedings will be archived on ASX's website for viewing after the live event.

The external auditor will be present at the meeting to answer questions relevant to the external audit.

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## Electronic communication

ASX encourages shareholders to receive information electronically.

Shareholders who currently receive information by post can log in at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to provide their email address and elect to receive electronic communications.

ASX emails shareholders when important information becomes available such as financial results, dividend statements, notices of meeting, voting forms and annual reports.

Electronic communication allows ASX to communicate with shareholders quickly and reduces ASX's paper usage.

For further information, please contact ASX's share registry, Link Market Services, on 1300 724 911 or at [asx@linkmarketservices.com.au](mailto:asx@linkmarketservices.com.au)

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## Important information about dividend payments

Australian and New Zealand shareholders receive their dividend payments by direct credit only. No cheque payments are made to these shareholders.

If you have not already done so, please provide your direct credit instructions by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

# Directory

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## Shareholder enquiries

### Enquiries about shareholdings in ASX Limited

Please direct all correspondence to ASX's share registry:

#### Link Market Services

Level 12, 680 George Street  
Sydney NSW 2000

#### Telephone

1300 724 911

#### Email

[asx@linkmarketservices.com.au](mailto:asx@linkmarketservices.com.au)

#### Website

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Questions to the ASX Chairman, Managing Director and CEO, or auditor

These may be emailed to:

[company.secretariat@asx.com.au](mailto:company.secretariat@asx.com.au)

Or mailed to ASX's registered office (details in right-hand column), marked to the attention of the Company Secretary.

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## For further information

#### Website

[www.asx.com.au](http://www.asx.com.au)

### ASX customer service

#### Telephone from within Australia

131 279 (for the cost of a local call from anywhere in Australia)

#### Telephone from overseas

(61 2) 9338 0000

#### General enquiries email

[info@asx.com.au](mailto:info@asx.com.au)

### Investor relations

#### Telephone

(61 2) 9227 0646

#### Email

[investor.relations@asx.com.au](mailto:investor.relations@asx.com.au)

### Media

#### Telephone

(61 2) 9227 0010

#### Email

[media@asx.com.au](mailto:media@asx.com.au)

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## ASX's offices around Australia

### Sydney (ASX's registered office)

#### Exchange Centre

20 Bridge Street  
Sydney NSW 2000

#### Telephone

(61 2) 9227 0000

### Perth

Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

#### Telephone

(61 8) 9224 0000

### Melbourne

Level 4, North Tower, Rialto  
525 Collins Street  
Melbourne VIC 3000

#### Telephone

(61 3) 9617 8611

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## ASX's auditor

### PricewaterhouseCoopers

GPO Box 2650  
Sydney NSW 2001

#### Telephone

(61 2) 8266 0000

#### Website

[www.pwc.com.au](http://www.pwc.com.au)





asx.com.au



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