



ASX LIMITED ANNUAL GENERAL MEETING

30 September 2009

EDITED TRANSCRIPT OF Q&A

Chaired By David Gonski, ASX Chairman

Carol Limmer, ASA:

Good morning Chairman my name is Carol Limmer and I represent the Australian Shareholders Association and I would like to commend the ASX on essentially the speed to market that they had with their annual results, the publication of the annual report, payment of dividend and conducting the AGM. There are many other 30 June reporting entities who are not as speedy as that. also in relation to the annual report I guess its 127 odd pages, I did find it user friendly, it's comprehensive and well presented and I understand the constraints of all the various accounting standards and legal and regulatory requirements and also to have good practice in terms of governance and disclosure etc. The use of tables and graphs was very good and I thought the 3 year comparison from the ASX SFE merger was also very useful. There is much good information on the ASX website and ASX also plays an important role in public information and I note the numbers accessing the online education has grown substantially so I commend the ASX on the well presented annual report and general information available to shareholders and general public and the chairman. I am being right up front in acknowledging the staff talent contribution, the annual reporting and also reinforcing that today, so thankyou.

David Gonski, ASX Chairman:

Thank you very much Mrs Limmer.

Other questions or comments?

Stephen Mayne, Shareholder:

Morning Mr Chairman, Stephen Mayne small shareholder and proxy holder. The first issue I would like to raise today goes to I guess what might be described as the wild west of infrastructure funding which is what I think a few people have described what happened in Australia with infrastructure funding and infrastructure vehicles over the last decade or so. And I guess the criticism of the ASX from some quarters was that we were too captured by the issuers so we have a Macquarie director, we had a Babcock and Brown director, we have got the Chairman of BrisConnections on our board, in that we became too captive to the promoters and the issuers and we lost sight of protecting the investors. I have been an investor in every single Babcock, Allco, MFS Macquarie and a lot many thousands of dollars. In fact investors over all have dropped almost ten billion dollars in all of the Babcock and Macquarie third party externally managed vehicles. So my question is, as a new chairman who is coming in and trying to clean up, have you learnt the lessons? and what have you specifically changed in terms of the next round of Babcocks or Macquaries who will come along and attempt to get waivers from your listing rules, attempt to register in Bermuda, have triple staple structures with poison pills and non-disclosed management contracts and directors who don't have to be re-elected and all those sort of fundamental breaches of good governance that were tolerated by the ASX over a long period of time. And I specifically I guess it is quite topical to talk about this today given that at 2 o'clock in Sydney we have got the Macquarie Airport's EGM to vote on giving Macquarie a \$345 million go away fee to unravel this mess and I would like to quote briefly from McCrann in the News Limited papers today who goes into great depth about why Macquarie has to be paid the money and then concludes as follows:

"The very big question is how this ever got allowed in the first place. Macquarie effectively locking itself in as permanent manager. The answer is the disgrace otherwise known as the Australian Securities Exchange. It not

only allowed this but allowed Macquarie to keep the management terms secret.. Talk about greedy bankers. ASX has been worse. Anything goes that will boost turnover and ASX fees." Now my argument would be that one of the reasons we have lost control of market supervision is that we dropped the ball on our franchise. We didn't do a good enough job in upholding standards and investors got burnt and now we are having to run a rear guard action to protect our monopoly revenues as ASIC takes over some of our key functions. And my question to you Mr Chairman and I would like a detailed response is what lessons have you learnt from the wild west of infrastructure funding that you tolerated and what specific changes have you introduced so that it will never happen again?

David Gonski:

Well thank you Mr Mayne. One thing by the way I have learnt in the 12 months I have been here is that you become chairman of the ASX and you are the complaints department for everybody in the financial industry and that's natural and that's the role you take on. Let me firstly start by saying and I don't know, I saw you come in a little late, as I said earlier, I believe that we have taken steps which were started I have got to say under my predecessor some years ago, to make sure that ASXMS, our market supervisor, is separate from our board in terms of its makeup and the way it works. We have got a wonderful chairman in Alan Cameron, who many of you will remember was an excellent chairman of ASIC and has an experience going back probably longer than he wishes to state publicly in public companies and so on. The issue of whether we have people on our board, the main board, who are either involved in infrastructure or involved in companies that wish to graze on the stock market in my view will be and has been irrelevant. Basically we are there now with an excellent board at MS who are separate to that, who are not conflicted in any way and who get on with life and they are there to look at the various rules and we are there to ensure that they have the resources to carry out what they are going to do.

In terms of the specifics, and indeed I saw the article by Mr McCrann, I'd think as you would expect me to say and I really believe it that it is totally unfair. It is quite interesting that 20/20 hindsight which I admit I have also got like everybody else, is always a great thing and it never is one's fault for investing in something, its always somebody else, be it ASIC, be it ASX, be it whatever. I believe, and that's why I did say a lot I think before you came in about our staff, that it really is quite unfair to blame those who work here day in day out trying to do the right thing. In terms of are we perfect, which is what you are asking, of course not. Have we learnt things? Of course we have learnt things. Will we continue to seek to improve? Absolutely and I should make the point that you said we had had taken from us supervision which is basically, you eluded may well be something to do with this infrastructure thing, in fact we retain that supervision and we deserve to retain it and we will work very hard for the future. Any other questions?

John Clancy, Shareholder:

John Clancy is my name. You mentioned you have got the minutes there from last year's meeting. At last year's meeting it had it recorded on the minutes that Malcolm Broomhead had stolen 30 or 40 million dollars from the shareholders at Orica and I am quite sure it is true and correct, no one has done anything about it and its on the meeting of your meeting so it must be accepte, Now reading the paper he's going to, instead of laying low, he's now going to be chairman of Sandiho some other company and he's going to be signing a statement of corporate governance and sending it into the Australian Stock Exchange and then you talk about what a wonderful exchange you are running. I would say without a doubt the Australian Stock Exchange is the most corrupt stock exchange in the world. You and ASIC have turned a blind eye to so much sleaze and corruption, both completely ineffective now in any sort of policing of the markets. Don Mercer is a thief and a liar at Orica. And that's a statement, and I've already told him he knows it and yet he signs a statement of corporate governance and he sends it into you people and what do you do with it, you just stamp it and put it on file. This is regulating your market is it?, this is an open and transparent market? If you don't believe me Jillian Segal, she has got all the facts and figures at her fingertips at the National Australia Bank.. Ask her about the insider trading that went on between NAB and Orega.

David Gonski:

John thank you. I think you have made your point very clear. I don't think this is the forum to talk about other companies and other individuals, if you have a problem with either how ASIC has dealt with it or ASX, you are welcome to write to us and ASX and to write to the chairman of ASIC. I should also make it very clear, you raised it last year and I remember it and the fact that it is put in the minutes in any way does not mean we agree with it nor do we condone what you have said. You are, because this is a democracy and we'd all fight about keeping

that, entitled to your view but I think we should see if we can stick to issues affecting us. You don't think very highly of us, that's your right but we won't go into specifics of individuals. I think we might move on now.

How are you going to catch anyone if you don't look at individuals?

David Gonski:

I didn't say we weren't looking at individuals, I said in this meeting we are not talking about individuals.

John Clancy:

Well there is no other place to raise it.

David Gonski:

Well there are procedures. OK well I am sure Tony is a very good operator and will be looking at it and he'll make his own decision.

John Clancy:

Well can you tell him to get in contact with me?

I don't feel that that's my right to do that, you should talk to his office. That's between you and him but could we now just move on and let's focus on this company and what it does. I think there is a question over here.

Paul Frenic, Shareholder:

Paul Frenic ASX shareholder and also SFE shareholder prior to the merger. Thank you Mr Chairman and Robert for good reports on the ASX activities in the last 12 months which clearly has been an exhilarating and demanding time for the board and also for supervisory activities of the market in general. There are two questions I have which I would like to get comment back from either or both of you. Firstly during the 12 months our DRP plan was introduced for the benefit of shareholders and at the same time other companies have had substantial secondary raisings of capital during the year. My question in this regard is, is the DRP been put in place has a quasi capital raising for the ASX instead of going out for a secondary raising directly to the market or is it for some strategy or purpose? The question is in one of the newspapers yesterday there was quite an extensive article reporting on ASIC's findings on ASX's supervisory activities and the article drew some attention to some inconsistencies if you like or conflicts of interest which spoke of the ASX could have done a better job in certain aspects of transparency over the previous 12 months. I find the report interesting given the comments that have been made today so I would like some feedback or enlightenment on that question and the previous question.

David Gonski:

Thank you very much for your questions. I will deal with both of them and obviously if Rob has any comments I am sure he will add his own. On the DRP firstly you rightly say we did introduce a DRP. DRP's as you know have become desirable by shareholders and it's become a feature of many companies. I think it is an easy way for shareholders to increase their holdings if that's what they wish to do and we felt it would be a good thing for our shareholders to have that opportunity as many other companies have also done. I should say to you that we have nothing in contemplation at this time which would require a secondary capital raising, if you look at our accounts you will see the position we are in but it's a perfectly good question to ask. Is the DRP then in lieu of a secondary raising? No. but the DRP with the 24% of take-up as Rob mentioned in his speech gives us an added boost to our balance sheet and is I think a benefit to shareholders if they see a 2½% discount and not having to pay brokerage etc as an advantage. No stamp duty either. That's on the DRP.

On the question of the articles yesterday, there were many articles written yesterday about ASIC's report and I don't think it's for me to be interpreting the various articles. Let me tell you what the facts are. The first fact is that the ASIC report from where we sit gave us a clean bill of health and I said in my opening remarks, did say, did specifically talk about the fact that the procedures we have in place for conflict of interest are dealt with. In that report usefully they mentioned a number of recommendations and a number of agreed actions. A lot of these agreed actions we had already commenced, a lot of these actions will be worked together with ASIC as we go forward. For them to make 4 specific recommendations for the future I think is an excellent thing, they've done it. By the way one of them on looking at algorithmic trading is probably a recommendation that every exchange in the world is looking at and if they are not, if you own shares in them I would give them away. The fact is that that's something that we have to look at today. Their talk of whether we should look at the dealings with partly paid

shares and so on is a constructive suggestion. That is and I don't read them as saying that we drop the ball but simply suggesting that we should review these matters and that we should evolve and improve as we go. And as I said in answer to Mr Mayne's question, we will never be in a position where we can't improve. If we get to that position I think we've entered a realm that no company has ever been in. Other questions?

Diag Moore, Shareholder:

My name is Diag Moore. Mark Twain once said better to be thought a fool than to open your mouth and prove it. But I risk it in any case. I would like to, notwithstanding the comments that we should not talk about individuals, in your report there is at least three times where the words investor confidence is used and is very important and I have to say that my own personal confidence has been shaken by the continued presence of Mr Rowe on this board. I understand that the supervision is now in the hands of the wholly owned subsidiary but I just wondered to what extent it is useful for confidence to have after the debacle and I understand now that you have been ordered to investigate the BrisCon saga by ASIC, why Mr Rowe could not have resigned or retired prior to this meeting. Thank you.

David Gonski:

Well let me first say I would just like to if I can mention, you make the statement which is by the way fair because you are getting it from the newspaper that we have been ordered to look at the BrisConnections matter. It's not actually what ASIC says at all. What they said to us is that we should conduct a review not on BrisConnect or Multiplex or Westpac Office Trust or any of the ones that have these partly paid but on whether partly paid securities of this type should be quoted, whether the approach tradeoffs and suspensions come to certain points in history would be dealt with. So I am not investigating on their order BrisConnect. We are investigating, looking at how to improve dealing with these sort of securities, taking I might say, I am sorry to refer going to Mr Mayne's question, looking at the past to try and improve for the future. Let me say that Trevor Rowe has given a lot to this company and to its benefit over the years. It is as you will see in the documents agreed, he has agreed, it is his suggestion that he will leave us in the not too distant future before the next AGM to allow us to continue the revitalisation, getting new people onto boards which is a good thing to do generally in any company. I feel personally it is harsh to blame a person for particular debacles. I understand your point on investor confidence, its very important but I do want to assure you as somebody new on this board, that this board is a very good board, that we are trying very hard to make sure that not only do we do what is required of us but that in changing times we ensure that you the shareholders do not only well but very well.

Jeff Bolton, Shareholder:

Jeff Bolton ordinary shareholder. I have a query about rating agencies. I live in a region where the council is one of those ones that made the misadventure of buying structured debt products and so they are making their way out of that the best they can. I queried this with their financial officer and he said we did it because it had a triple A rating from Standard & Poors. Now he still seems to feel that is gospel. Next time round they will do exactly the same decision. So my query is, how are Standard and Poors or other rating agencies being reviewed or pulled up about their performance in the past year or so?

David Gonski:

Can I say firstly no reading the supervision requirements of what we have to do can say that we have any say in relation to rating agencies and whilst it is a question that you want an answer to, I really think it's not for me or for any member of my board. And I suspect, looking at all my board members, that we may all have different views in answer to your question. I am not dissuading you for asking that elsewhere but here is not the right place. But I understand your question. Mr Mayne?

Stephen Mayne, Shareholder:

Thanks Chairman. A question on capital raisings. We have obviously seen a record hundred billion plus raised over the last 12 months which you know has fixed the balance sheets of many of the companies listed on the ASX. However there has been a fair bit of criticism of the fact that we don't have a UK style system which mandates pro-rata renounceable rights issues, all shareholders treated absolutely equally. You sell your right, you didn't take your right, you were compensated with premium by a price discovery mechanism, a book billed on the market.. So no one can claim to be discriminated against.. And then you get what's happened in Australia and I am on 700 share registers, I have participated in all in the money capital raisings but I have also sat back and watched retail shareholders as a class get diluted collectively by well over 10 billion dollars over the last couple of years. That goes down to a whole range of things, discounted institutional placements to the big end of town

without compensatory SPP offers to retail investors, the general apathy or lack of finance for retail investors to take up their entitlements, the best example being AXA where a 40% in the money SPP was only taken up by 8% of their shareholders, so 92% of AXA's retail shareholders disenfranchised themselves and diluted themselves by not taking up in the money offer, a retail loss to the tune of 100 million plus out of their exercise. So the question to you is what is the ASX doing, what does the ASX think about what's happened in the last year when retail investors have been done over? And do you think there is any merit in the UK system with mandated renounceable rights issue? and where we have seen a number of Australian companies do them such as Sigma, Connect East, FKP, Orica. It's not unheard of to do the British system yet then you get a whole bunch of companies like Wesfarmers and NAB just quite punitively diluting their retail shareholders to the tune of many hundreds of millions of dollars.

So the question is, where is the ASX in arguing the case or stepping in within its own listing rules to further protect retail investors given that we do claim to be the greatest shareholder democracy in the world, yet we just have this incredibly unlevel playing field between the insiders, the big ends of town, the mates of the investment banks who get the cheap stock from the investment banks versus ordinary Joe Public who collectively as a class has been a massive loser in the last 12 months.

David Gonski:

Thank you Mr Mayne and it is noted that you have been an advocate for retail shareholders, I want to make it very clear that ASX believe in retail shareholders. We believe that they are a very important group of shareholders and we would be very, very keen to see them grow both in their confidence and the number of shares they own in companies in Australia and listed on our exchange. On the question though of designating how companies raise money, this is as you know, a very complex thing and I don't know whether you heard what Rob Elstone said in his speech but it's interesting if I may so that the world does change, that's a good thing and that's an easy thing to say, but when one was around at the time say of the Lehman's debacle or whatever, sitting as a board many companies, and I was fortunate that I wasn't on those boards at the time, had to raise money very quickly and very certainly otherwise they may have entered some of the fray of the companies you mentioned in your first question. It is, I don't think for us and I believe my board agrees with that and they will continue to look at it, to start to constrain companies who may need funding on the way to do it provided there are some protections and of course our listing rules as you know contain protections.

You mention the UK procedure itself. I am actually against that procedure personally and let me put it to you this way. It takes a long time to do a rights issue like that and you who understand underwriting would know that somebody underwriting that say in a time of crisis because the company needed the money on day one not on day 46 when the money might come in or even later, there has to be a discount applied. You rightly said that people can do all sorts of efforts to get to those poor shareholders who can't take up their rights, don't have the money or whatever, don't want to, get their money back for the premium, but you also know that that often doesn't work and the deeper the discount in bad times the more the retail shareholder may miss out. I think we have got to be a little bit more open to the fact that in my view I think this was expressed nicely by Rob, boards must realise the importance of retail shareholders but it must be their decision within some criteria. As you know we have a 15% cap under ours and it seems to us that that at the moment is the right way to go to ensure that there is not inadequate protections for the retail punter, the retail shareholder. The fact is that nothing is the correct way to go and you are right to keep championing it and we believe in it but I think to ham string directors if we God forbid ever had another Lehman's type weekend or weeks or months that came after that may well see us pushing people into rights and other issues which would be more damaging than the way it went. Rob, do you want to add anything to that.

Robert Elstone, Managing Director & CEO, ASX Ltd:

To add to the chairman's comments Stephen but I think your comment about the past 12 months, it's really been a game of two halves. I don't think there's any comparability between the September to March period and the March to current tenure and you're the vein of your argument which David has already well and truly recognised in his response has a lot more application to some of the more recent offerings. I think to be critical with the benefit of hindsight given the trauma that was going through financial markets and boardrooms in the September 08, I just add that extra endorsement, I don't think it is that we are not hearing what you are saying and I think the issue is on last count there was somewhere between a dozen to 15 considerations that a board has to think about when it's making a decision on a secondary capital raising for any of us, even an expert such as yourself, to say that one of those is so important that the entire rule framework has to be biased to making sure that there is

equality. I just think it provides handcuffs throughout all sorts of business cycles and all sorts of capital market conditions which are not prudent and that is why in my address I said I think with the benefit of hindsight, flexibility should win out over a prescription but have said that particularly in the last months or as markets have stabilised have got to become more attuned and that's the area that ASIC will look at over coming months along the lines of your line of enquiry.

Noel Cummings, ASX Shareholder:

Noel Cummings long term shareholder. I have been investing, a shareholder for about 55 years and I am in well over 100 companies. I have been following the thing, and I have found say in the National Bank I think I got 202 shares and a huge amount of money returned to me. Now I think a bank like that should go out and speak to their major shareholders a day or two before they are going to do it, well a couple of days won't make a difference, and find out are they going to, the ones that have got 3%, 5%, 10%, 12% and ask them are you going to help us and when they say yes we will, then I think they should give money back if they are very worried. 202 shares with the National Bank, they sent me a two page screed after it. I think the directors haven't got trust in their shareholders where if they did something like that they would know where they were going. So I feel that, hope that the directors have learnt a lot from what has happened in their last economic debacle. But if I could ask on the economy, I must thank our managing director for the wide ranging professional experience he has got when he talked in the initial part of his report he mentioned about back in September and October last year where everyone was worried, but you know looking at it, you look at it wasn't Australia, it just shows that the global economy is such that we are all integrated particularly in the finance trade and it wasn't us that was affected by it.

We weren't affected the same amount as everybody else so, but even though we were, we had 17 years of economic growth and then suddenly we get this and I think the Reserve Bank has done a good job of the way they did their interest rates and kept us in the same thing for the interest rates and also for the fiscal governance. The government got in very well early in the peace and created a stimulatory budget so I think we have done very well and the Reserve Bank and the government is to be congratulated what they did, for the reasonable amount, see we only had well the end of March we picked up by 0.4%, it was only the one in December was 0.6% has gone down and has gone very well. So I think the directors of companies taking trust in their shareholders is a big thing. In fact that is one company that's never given to my knowledge since I have been, they have always given it to shareholders. Thank you very much.

David Gonski:

Noel thank you and we look forward to you coming to many more meetings by the way, I have seen you at so many. Can I just say there are two parts to that. Your first point about going round be it the NAB or any other company. Firstly obviously, our contention is it's up to the directors and they should be aware of the retail shareholders but the second point I would just make, the old lawyer in me just can't ignore it, it's very hard to go round to your big shareholders and offer them something that is not being offered to others and it is even harder to get them to commit to doing something without getting into awful trouble. So your suggestion may be the way to go but it will need a legislative change to do it and I think it illustrates beautiful, and it's probably why you raised it, why it has to be the directors decision, what legally are we allowed to do, how quickly and how definitely they need the money, how much they need and we would say, and Rob said this very eloquently in his speech, the retail shareholders should be given a fair go in that. Obviously if it's a question of that or going broke because you haven't got capital, one would assume the requirement to get the money pervades but that is the way we look at it. On the economy side I have no economics background whatsoever but what you say makes absolute sense to me. I will ask Rob who does have, do you agree with what Noel said?

Robert Elstone:

I can only endorse Noel's comments. I mean I think there have been a number of statements made at a political and economic level that whether you point to our twin peaks regulatory architecture, whether you point to the terrific job that APRA has done being a conservative prudential regulator of banks, we would like to think on our remarks this morning that the ASX has played its own role. By any standards our institutions, the plumbing that underpins our financial economy and our real economy has stood up to one of the most enormous stress any of us have ever lived through. That's not meant to be a chest beating statement but I think it is an objective statement and we have become the envy of many of our trading partners and full marks to many of the institutions who are often criticised daily but in fact they have stood the test of time in the last 12 months.

David Gonski:

Other questions, John I am happy to take a question but not about individuals, I can't do that.

John Clancy, Shareholder:

What you and Rob said about the way the companies were raising money and why they had to do it, in the case of NAB none of that applies to the NAB situation unless they are holding something back. They were just grabbing the opportunity. Your job is there to pull them up.

David Gonski:

I think that our argument is that our rules were complied with and that's for obviously our MS people to look at, if they weren't they would do something about it. But as far as I am concerned this is not the forum for debating that. I think we have made it very clear it's the duty of directors to ensure that their capital raisings are done properly. You would hope and we believe part of that duty is that the retail shareholder is well and truly looked after.

Well there are a lot of directors that are not very good at carrying out their duties, that's for sure.

David Gonski:

Any other questions? Stephen.

Stephen Mayne:

Just a last one on general business Chairman. Just picking up on the capital raisings debate, I agree with Rob that there are a whole range of variables and that it is a complex area. But I would just like to focus on a couple of those variables as an example of where I think ASX could step in through its listing rules, through a practice note and actually clean up what's fairly poor practice.

The first one is the idea of companies that announce a capital raising and leave the door open where they have a record date that's more than 3 trading days beyond the announcement of the capital raising. Now I personally have made many tens of thousands of dollars exploiting this opportunity and there are thousands of opportunists out there doing it, but it is fundamentally unfair for the existing shareholder. I mean Brit Works was a classic where they have 200,000 shareholders and they announce that PP was in the money, had a delayed record date and their share registry expanded by 500% in 2 days. So 15,000 people bought in and all those existing shareholders will be diluted because there will be a massive scale back because all the opportunists are in there. The names of companies that have left the door open include: Wesfarmers, Asciano, Comm Bank, Adelaide Brighton Crane, McArthur Coal and a whole range of penny dreadfuls as well. So my question to you would be why can't the ASX mandate or at least argue to the government that a fair rule is that if you announce a capital raising the shutoff is there. The record date is there. It's like conducting the races and letting people get bets on after the starters gun has been done and it's been massively shafting and diluting the existing shareholders. So that's one point.

The other one is scale back policy when there are over subscriptions. I have applied for a hundred different capital raisings this year and literally every single one seems to be different. All it says in the offer document is directors reserve the right to do what they like. Every single one of them comes back with a different solution. NZ went out and said we want to raise 350 million in SPP, they accept 2.3 billion so they massively overdo what they said they would do. Whereas NAB comes along and doesn't increase their 750 million and does the biggest scale back in Australian history, they returned 1.6 billion dollars. GPT said you can apply for 25% extra only. Pac Brand said you could apply for double only. Australand said you can apply for 100,000 extra only, many others were just completely silent. Amcor said you can have 15 times your entitlement but there is no minimum, Billabong said 5 times but the minimum is 112,000 so you could own one share in Billabong and you could be given \$112,000 worth of extra shares, massively beneficial to that person diluting somebody else.

So my question is, why can't the ASX mandate that scale back policy is outlined in the offer document, transparent for all to see and they stick to it and when they announce the results of scale back policy there are a series of things that they must reveal such as amount of over subscriptions, such as the amount that was applied in the entitlements, plus the amount that was applied for extras, how many people missed out, all those sorts of details because every single company is different, you get a whole range of companies releasing their scale back

announcements after the market is closed because they are embarrassed and they don't want you to know they don't reveal figures that show how they have ripped off their small shareholders and it literally is a casino and I have been in a 100 of them. Everyone is different, there is no consistency and ASX could at least step in on those one or two variables of the 12 or 13 variables that Rob talks about and provide a bit more certainty to the playing field. At the moment you know it's a complete lottery.

David Gonski:

Stephen, thank you. I have got to say you are in many ways unique. I don't think I have ever heard a business person complain about the rules that allowed you to do so well. So congratulations. But on that basis I think what we should do is, we will take your constructive points on notice. Some of this doesn't apply to our rules, some may, and we will have a look at it.

I will just compliment you on the granularity of both that you have raised, particularly the first that is a standout we would take up as part of the reprocessing that I alluded to in my address. Scale back policy consistency, I think that is a different issue, it takes you into the zone of prescribing one universal rule for all companies and that may be the right approach but its got to be tempered with an alternative view around flexibility. But all I can do Steve is compliment you on the constructive nature of both those areas that you have outlined to us. They will either be taken on board in the review that I foreshadowed or I urge you to write those points to us and to ASIC so they can be embraced in any formal process that we commence in coming months.

So Stephen, thanks for both the constructiveness but also the objectivity which is rare. Any other questions, we have quite a lot still to do. No other questions. All right. As there are no further questions we will just note that as it is not a matter that we have to vote on which brings us to resolution number 2.

David Gonski:

If anybody would like to ask a question in relation to the SEGC financial report this is the moment to do it. Stephen.

Stephen Mayne, Shareholder:

Chairman I guess there has always been an implied guarantee that the ASX has had over the SGEC, I know its well funded, but if there was some massive calamity, some mass failure to settle even if all the funds in the SEGC were expired there was a guarantee that ASX would step in, in the interests of the stability and credibility of the markets and make good the difference if the SEGC couldn't do it. My question therefore is, with ASIC stepping in, I mean we can all sort of understand ASIC will look after insider trading, prosecutions and things like that but when it comes to actual settlements and the capital adequacy and procedures of the market participants, the brokers, if there was some calamity with ASIC now supposedly coming in and having some role in this sort of settlement supervision side of things, is it fair to assume that that implied guarantee that ASX, the private company, the listed company, will ultimately stand behind some sort of calamity? Could you just talk a bit about that because it's a bit blurred you know if ASIC is coming in. Is it ASIC that would ultimately stand behind and it's a delicate area that would just deal with some explanation thanks.

David Gonski:

Well Stephen I will give you my view and you might ask general counsel to dig me out of a hole. But I don't believe it is implied at all. I mean yes it is a subsidiary of ours as I mentioned we are the only shareholder in the SEGC that runs the fund but I don't believe we have liability beyond that.

Amanda Harkness, General Counsel & Company Secretary, ASX Ltd:

Stephen there is no implied guarantee. There is a levy mechanism which of course flows through to participants. What I would say is that the fund is a separate fund. There is a trustee of that fund which has directors who are independent of ASX who consider whether or not claims have been made in accordance with the corporation's regulation which set out the basis on which claims have been made. In relation to what will be the role of SEGC as the trustee of that fund or indeed ASIC going forward, that is not clear. There has been no discussion to date in relation to that so I think any question what the forward arrangements are would be premature at this stage.

[Item 4]

Stephen Mayne, Shareholder:

Rick you are exactly the sort of person who should be on this board. You have got a terrific record across your other public companies that you are on and managing risk, managing exchanges is obviously a vital thing. I am just seeking a commitment from you today that you will indeed serve a full term. That you will hang around for the full 3 years. You have obviously been chairman of the SFE since '98, there would be a lot of directors in this position who would say 'you know I am into my 11th year with this body and its predecessor body', that's the time when people say you should move on. We don't have enough good directors with relevant industry experience in Australia and you have exactly the industry experience we need so I simply want you to put on the record that you are not going to retire before your 3 years is up that we are giving you today.

David Gonski:

I think the finger speaks, as you can see Stephen and others, a man of few words but always contributing and always to the point.

....

Any discussion on Peter Warne, Stephen?

Stephen Mayne:

I would like to congratulate Peter for his record on looking after retail investors. I got the \$2 in my account from ALE when you renounced the capital raising I didn't participate in. It just goes to show that listed companies can look after non-participants just as Peter and his board did at ALE. Equally at the Macquarie Bank, no scale back of the SSP, one of the rare examples where an institution probably diluted and retailers were up 700 million on the SPP so Jillian I hope you learnt the lesson with your massive scale back at NAB you did.

My question for Peter is a serious one. It goes back to that wild west of infrastructure discussion earlier. Back I think it was in 2002 ASX forced all of the listed office trusts to disclose any pre-emptive rights that they had in any of their assets when there was a series of sort of takeovers and things going on back then, now I can't for the life of me work out why you haven't required the same thing 7 years later across the listed infrastructure fund sector where there are a whole series of takeovers or management buy-outs and there is a whole series of undisclosed pre-emptive rights, you know if someone bids for Sydney, Macquarie airports, do they have to sell out to their partners in Sydney Airport for a certain price. Absolutely material, absolutely sensitive to share price, none of which is ever disclosed and given that you forced the office trusts to reveal their pre-emptive rights I would like to know who at the ASX and what is the decision making process that has led to you not requiring disclosure of pre-emptive rights and given that Macquarie Group of which Peter is a director obviously argues the case that they don't want to have disclosure. How does a board manage that situation where one of the participants in the market wants a poor governance outcome? and the regulator in my view should be pushing for a good disclosure outcome. Who made the decision that you have taken the governance low road on pre-emptive rights in infrastructure funds and what role did Peter have in any of the debate around that?

David Gonski:

To be honest it doesn't sound like a question for Peter and he is welcome to comment on it. I think can I firstly say that any discussion we may have around a board table if there is any conflict whatsoever we are absolutely careful and proper in terms of who is in the room and who discusses it so you may be absolutely certain Stephen if somebody has a conflict not only is it noted but also if it is a conflict as you are suggesting that they do not participate or rather their comments are taken in that vein so you do not have to worry about that. The second thing is I think if you look at timing by the way. Peter wasn't on the board of Macquarie Bank at the time anyway but I am not trying to take timing differences and so on. In terms of the larger issue I think this is almost a replay of last AGM, I mean we have got the chairman of last AGM here where we debated that also in terms of you know disclosing these items and so on. The matter is a matter of policy we believe we weigh up things, we put the policy in and then in terms of its implementation to the exact situation, that is done by ASXMS where Peter does not sit and indeed cannot be suggested to have any influence whatsoever. Rob do you want to say anything further on that? I mean Stephen points out a point which we are well aware of and argued before.

Robert Elstone:

I think again the questions, the level of granularity we will have to take on board and respond to him separately. I hear you on the inconsistency, it's a matter that has got to be looked into given the move we made last year on disclosure of management agreements on the infrastructure side, its something we will have to look at.

I think Stephen if you can take it that way, but the point you were making as this is the resolution for the re-election of Peter is you may be certain that if Peter has a conflict it will be recognised and it will not influence our decision in any way.

...

[Peter Marriott election discussion]

Carol Limmer, ASA:

Chairman as previously mentioned my name is Carol Limmer and I represent the ASA, the Australian Shareholders Association, with 409 proxies representing 571,000 votes. I would like to comment on Mr Marriott's proposed election. I acknowledge that he is a person with excellent background and experience, a very capable individual and would on the surface seem well suited as a non-executive director of the ASX and to chair the audit and risk committee. The appointment to the board would no doubt also represent excellent personal development for him, both in his current role and for any future roles and he could make a good contribution and complement overall ASX's board. Chairman you are aware of the ASA's view on workload of directors and with Mr Marriott he has an important and no doubt significant time commitment to his role as CFO at one of Australia's major banks and large listed companies. Shareholders of ANZ would have an interest in him devoting time at other large companies outside the ANZ group of companies. Likewise it could be an issue for ASX shareholders. Executives of companies who are appointed and paid as employees of that company with ASA they believe they are not suitable as non-executive directors outside their corporate group. To undertake such responsibilities risks inadequate execution of both roles. For example what would happen in a global financial crisis or a significant event at either ASX or ANZ? I acknowledge the reporting periods that Mr Marriott mentioned, so ASA does not support salaried executives of a company except as I mentioned where the latter company is a member of the same group as the company that employs the executive. This issue goes to the interests of both ASX and ANZ shareholders. Thank you.

David Gonski:

Thank you Mrs Limmer. Can I say firstly you were very kind to mention that you were going to say this and it caused me to be able to reflect exactly my view and I have got to be honest I disagree totally. And I would like, and there is obviously two sides to every argument, and I also admire the various policies of the ASA, but I want to say this - that I think in Australia often we allow ourselves to be too limited. I have watched over the many years I have been a director and indeed advisor to companies, I have watched people particularly those that become EEO's for long periods that become quite narrow. They need something to show them what is going on in the outside world apart from those who work for them and apart from just the industry they are in. I actually and I know when I mentioned it to you, you sort of looked up with some disdain, I actually don't believe at times in a career such as Peter's that they should just have one appointment. I actually believe they should actually have two, not two of public companies, one of a public company and one in the not-for-profit space and I have watched as chairman particularly of another company, our CEO absolutely grow as he took on an outside board and then he took on an outside not-for-profit. Not only was he more energetic in what he was doing but he understood governance better, he understood the institutions that owned us because he saw them in another context, he understood how the board worked because he was a non-executive elsewhere and in terms of the not-for-profit he understood a bit more about society and those less privileged and so on than what he had basically in the shiny towers that often we frequent.

I hope you might be able to trust that possibility and Peter is a man who does 10 years service already in his role. I have witnessed him in another place working, there is no one who works harder, there is no one who is more on top of what he does and if he says he has the time, I know he does and we have had the benefit since 1 July of seeing the time and effort he puts in and I can assure you he is very available to us. Are there any other questions on this issue? Stephen.

Stephen Mayne:

Just finally Chairman, firstly I think the speeches today have been probably the best I have ever heard. It's really good when directors don't just read notes at meeting and just go through what's there but actually provide a bit of relevant material. I think they have been very good. My only question for Peter is, I think he is the longest serving bank CFO in Australia, into his twelfth year, I would like to hear from him whether this is a career migration step, like you often see CEO's go onto a board in their last year or two as a CEO and then they go full time non-executive director. So I am interested to hear Peter, if that is his intention to become an executive director professionally and its probably unfair, I didn't ask Jillian in the end to take responsibility for the NAB scale back as

one of 12 directors it was probably unfair but I think in the case of Peter as the CFO, the man who decides how much capital a bank requires, this whole vexed issue of capital raisings. Peter you made the decision to take almost 7 times more capital from your retail investors than you previously told the ASX. At first you told the ASX you were going to dilute us all, you said we only want 350 and then you accept extra which was the most generous acception of over subscriptions we have ever seen in Australia. And then 3 weeks later NAB does the biggest ever scale back we have ever seen where they rejected 1.86 billion, so very unusual to see the two big Melbourne based banks take such divergent decisions in the way they have treated their retail investors. So I would just like to hear from Peter about the thinking inside the bank, now that he is an ASX director, in terms of looking after retail because retail has never been looked after better than with Peter and he's now spent capital, 1.9 billion on the ING deal this week so we gave you the extra money, you have spent it, retail have made 500 million out of it, so thankyou and just tell us about why you did it.

David Gonski:

Peter can I just ask you a question, where is the AGM of ANZ being held this year?

Peter Marriott, Director, ASX Ltd:

Hopefully in a location where Stephen isn't.

David Gonski:

Well I was just going to say Stephen I really think, I mean you are welcome if you have got time and I know you have got to go elsewhere, to talk to Peter outside of the meeting on that but I have got to be honest, that is really, I think it is a question for ANZ. It may be for NAB as well but it isn't for us. In terms of the first question in terms of his life and whatever you may want to comment to Peter. If you run your life like I do you probably don't know what you are going to do but let me ask you.

Peter Marriott:

Thanks and all I would say is to reaffirm my commitment to both organisations. I have no plans to change my career at ANZ and looking forward to a long association with ASX.

David Gonski

Are there any other questions on other matters that anybody has to raise?

ASX Shareholder

Mr Chairman one very quick question. I believe this building was recently sold for \$170 million. Did you or your board consider purchasing it?

David Gonski

I think the answer is obviously they were aware because it was advertised in every paper you looked at but we don't see ourselves as real estate owners in a major way. We are a securities exchange, we have great ambitions as you know and I don't see us as being owners of large property things and if Rob brought it to us I think he would be exposed to a lot of questions. Do you want to comment on that Rob?

Robert Elstone

No I will just give the gentleman the reassurance. We looked, we ran the numbers about 6 or 9 months ago and we couldn't see compelling logic, either that or I lacked the courage. David just wants to bring it to the board but we looked at it and passed over it at a managerial level. It will never get to the board I don't believe.