

2015 AGM QUESTIONS FROM SHAREHOLDERS

Below are responses to the questions most frequently raised by ASX shareholders ahead of the 2015 ASX Limited AGM. Questions have been consolidated and are not reproduced word-for-word as submitted. These responses should be read in conjunction with the Chairman’s and the Managing Director and CEO’s AGM addresses (available on the ASX website). Thank you to the shareholders who submitted questions.

Company Performance and Strategy	
Shareholder Question	ASX Response
What is ASX doing to remain competitive in the global environment?	<p>ASX operates in a highly competitive and regulated global environment.</p> <p>The Board and management are focused on building the strength of ASX’s business. FY15 was a positive year: ASX achieved record financial performance and made good progress on its key objectives. The objectives recognise the role ASX plays in Australia’s financial markets and help ensure ASX remains competitive in a changing global marketplace.</p> <p>ASX’s key objectives are to:</p> <ul style="list-style-type: none"> • Be the global leader in Australian and New Zealand dollar financial markets • Increase the options available to Australian investors • Provide world-class financial infrastructure that is connected to other financial centres • Deliver an outstanding customer experience 24-hours a day • Advocate regulatory settings that support end-investors and growth • Be an employer of choice in financial markets.

Company Performance and Strategy (continued)	
Shareholder Question	ASX Response
What are the Board's perspectives on global exchange consolidation and the opportunities for ASX?	<p>Currently, there is nothing to talk about involving ASX consolidating with another exchange.</p> <p>ASX's proposed merger with the Singapore Exchange was rejected on national interest grounds by the Australian Treasurer in April 2011. Since then, ASX has said that it continually evaluates opportunities in the exchange and adjacent sectors.</p> <p>ASX believes exchange consolidation will occur around the world. It is important to build the strength of ASX's business. This is what management and the Board focus on. This will put ASX in the best possible position to participate in any future opportunity.</p>
What is ASX doing to encourage greater depth and liquidity in the options market?	<p>The exchange-traded options market has been adversely affected by the collapse of the broker BBY, which had a strong market share.</p> <p>Rebuilding liquidity in this market was a focus for ASX over the last two years, with initiatives including a national education roadshow, changes to crossing rules, and improved market-maker liquidity arrangements.</p>
High-Frequency Trading	
Shareholder Question	ASX Response
Will ASX follow US moves to disclose incentives paid to HFT traders?	<p>Good regulation has meant that HFT and dark pools have not caused the same market problems in Australia as in the US. Australian regulators have prioritised the interests of end-investors. The aggressive strategies prevalent overseas are uneconomic in Australia</p> <p>ASX continues to advocate regulatory settings that support investors and long-term stability. The regulatory settings that have had a positive impact in Australia (and which are different from the US) include that maker-taker pricing is not permitted, meaning no customers are paid for order flow; and regulatory fees are applied to both orders and trades, putting an economic cost on high order-to-trade ratios, which is a typical characteristic of HFT.</p> <p>ASX does offer specific incentives to HFT traders.</p>

Director Elections	
Shareholder Question	ASX Response
<p>What are the skills and experience of the directors standing for election?</p>	<p>Each director standing for election will address the AGM. Shareholders will have the opportunity to ask questions of each director.</p> <p>The directors standing for election individually and as a group possess a range of skills and experience. These include in areas such as executive leadership, strategy, financial acumen, risk and compliance, public policy, information and technology, business development, people and change management, corporate governance, international exchanges, and financial services.</p> <p>The broad range of skills and experience reflects ASX's role as the provider of critical infrastructure to Australia's financial markets and its position in the Asia Pacific region.</p> <p>The Board regularly reviews its composition and succession plans. It uses a skills matrix (set out on page 18 of ASX's 2015 Annual Report) to guide its assessment of the skills and experience of current directors, and to identify any gaps in the collective skills of the Board.</p> <p>The Chairman holds discussions with individual directors when evaluating their performance. This includes consideration of their other commitments and capacity to contribute to the Board.</p>
Dividends	
Shareholder Question	ASX Response
<p>When will the dividend reinvestment plan be re-opened?</p> <p>Will ASX consider refunding unpaid dividend balances?</p>	<p>The dividend reinvestment plan (DRP) is used as a capital management tool. Application of the DRP is considered along with the declaration of dividends each six months. The Board will again consider whether or not to re-open the DRP in conjunction with ASX's 2016 half-year results in February 2016.</p> <p>Dividends to Australian and New Zealand shareholders are paid by direct debit. This is consistent with market practice. Shareholders who have not provided their bank details are sent periodic reminder letters requesting these details so their dividend can be paid. A number of shareholders have small outstanding balances under the DRP. The largest balance is less than \$30. These balances represent the residual amount after shares were allocated under the DRP. ASX's practice is that these balances are carried forward until the DRP is re-opened. If an investor with a DRP cash balance sells their ASX shares, the proceeds are donated to charity.</p>

Remuneration	
Shareholder Question	ASX Response
<p>A number of questions and comments were received about ASX's executive remuneration framework. The questions covered:</p> <ul style="list-style-type: none"> • ASX's bonus and long-term incentive plans • Executive alignment with shareholders • Remuneration mix • CEO remuneration • LTI peer group composition • Employee share program • Remuneration report 	<p>As foreshadowed at the 2014 AGM, the ASX Board and Remuneration Committee devoted significant time over the past year to reviewing ASX's executive remuneration framework. The Board sought to achieve a framework consistent with good governance considerations and shareholder interests, and ASX's commitment to maintaining sound and effective risk management and the integrity of its markets.</p> <p>The new framework described in the remuneration report recognises that the development and implementation of the strategy for a major exchange group requires a long-term horizon. Management incentives are aligned with ASX strategy by extending ASX's short-term incentive (STI) and long-term incentive (LTI) programs to four years, and making greater use of equity as an STI deferral mechanism.</p> <p>The FY16 increase to the CEO's remuneration is the first since he commenced with ASX in October 2011. There has been no increase to his base salary. The CEO's target remuneration has increased 9% from \$4.0 million to \$4.375 million in FY16. Sixty percent (60%) of the CEO's remuneration is 'at risk'. Over 70% of this at risk component is delivered in ASX equity.</p> <p>The CEO and all Group Executives will receive 60% of any STI payment in shares, providing greater alignment with shareholders. Subject to an executive's continued satisfactory performance, and the Board's right to 'claw-back' any grant it considers to be an inappropriate benefit, these shares will vest in two or four years. This will create similar outcomes to an executive shareholding policy.</p> <p>The CEO and Deputy CEO will also receive performance rights as part of an LTI plan. No performance rights will vest unless ASX performance over a four-year period exceeds challenging EPS hurdles or provides shareholders with total shareholder returns in the top half of its peer group of companies in the ASX 100 excluding property trusts.</p> <p>ASX operates in a competitive global environment and aims to build a team with the best available skills and experience. In recent years, ASX has sourced a number of senior executives from international organisations. All roles within ASX are benchmarked against comparable market data. The ASX market positioning for fixed remuneration is the median to upper quartile, depending on individual performance.</p> <p>The Board intends to offer a general share plan to ASX employees in 2016.</p> <p>There is no shareholder dilution under the LTI plan. In the event any performance rights vest, the ASX shares transferred to participants are shares which will have been bought on market.</p>

Remuneration (continued)	
Shareholder Question	ASX Response
What policies exist to align the interests of non-executive directors with shareholders?	<p>The Board adopted a non-executive director shareholder policy in September 2014. The purpose of the policy is to strengthen non-executive director alignment with shareholders. Directors should acquire 5,000 ASX shares (12,000 for the Chairman) within three years of joining the Board. All non-executive directors are on track to meet these guidelines. Details of their shareholdings as at the end of FY15 are set out on page 35 of ASX's 2015 Annual Report.</p> <p>There have been no increases to ASX Board, Committee or subsidiary fees for ASX non-executive directors in FY16.</p>
Other Matters	
Shareholder Question	ASX Response
Why does ASX spend shareholder money on political donations?	<p>The Board believes ASX has a responsibility to its shareholders, customers and staff to directly engage with political decision-makers at different levels and on each side of politics to help them understand the role ASX performs, the investments it is making, and the complex and evolving market structure in which it operates.</p> <p>The Board discloses all payments to political parties. Payments must be approved by the CEO and the General Counsel in line with the policy and limits approved by the Board.</p> <p>In FY15, ASX paid \$100,000 in membership fees to each of the Liberal Party Australian Business Network and the Federal Labor Business Forum. No other payments to political parties were made.</p>
<p>A number of questions related to shareholder communications and the AGM, including:</p> <ul style="list-style-type: none"> • Whether ASX should rotate its AGM between capital cities • On-line voting • Annual report. 	<p>Eighty-five (85) voting shareholders representing 0.8% of ASX's share register attended the 2014 AGM. ASX is fortunate that it can conduct its AGM on its own premises at a minimum cost. Given the considerable additional cost of holding its AGM in other cities, ASX considers that the best use of shareholder funds is to continue holding its AGM at ASX's head office in Sydney. For shareholders not able to attend the AGM in person, ASX provides a live webcast and archived copy of the AGM on its website.</p> <p>Shareholders can vote or ask questions online, on their mobile device, by submitting a hard copy Voting or Question Form, or by attending the AGM.</p> <p>ASX produces an annual report in landscape format for easier reading in electronic format.</p>

Other Matters (continued)	
Shareholder Question	ASX Response
What business continuity plans does ASX have and what steps does it take to address external risks?	<p>ASX maintains primary and backup technology and data centre sites. ASX has robust business continuity plans, which have been formulated with input from relevant Federal Government agencies and industry groups. These plans are tested regularly and updated annually. An external audit and benchmarking to selected peer financial institutions (including global exchanges) was undertaken in 2015 and identified that ASX has a mature business continuity framework that is aligned to leading global standards and actively managed with consideration to continuous improvement.</p> <p>ASX's business continuity plans are assessed annually by ASIC and RBA as part of their review of ASX's compliance with its licence conditions. The 2015 assessments by both regulators found that ASX is meeting its obligations.</p>
What has been the performance of ASX's collection of trade receivables over past years?	<p>There has been a significant improvement in the quality of ASX's trade receivables between FY10 and FY15. Although ASX's total trade receivables increased over this period (FY15: \$78.4m v FY10: \$50.9m), a higher proportion were classified as 'not past due' (FY15: \$74.1m or 94.5% vs FY10: \$35.3m or 69.3%).</p>