

2016 AGM QUESTIONS FROM SHAREHOLDERS

Below are responses to the questions most frequently raised by ASX shareholders ahead of the 2016 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 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 enhance its performance in the competitive environment?	<p>ASX operates in a highly competitive and regulated global environment. In FY16, it achieved activity growth in all major areas and reported statutory net profit after tax of \$426.2 million, up 7.1% on prior year.</p> <p>Under new CEO, Mr Dominic Stevens, ASX continues to make good progress on three medium-term objectives that support the core goal of ASX being the global leader in A\$ and NZ\$ markets:</p> <ul style="list-style-type: none"> • Create outstanding customer experiences • Invest in technology and world-class infrastructure • Give customers more product choices by expanding the investment supermarket.
What are the Board's perspectives on global exchange consolidation and the opportunities for ASX?	<p>ASX believes exchange consolidation will occur around the world. The proposed merger between London Stock Exchange and Deutsche Borse is an example.</p> <p>Currently, there is nothing to talk about involving ASX consolidating with another exchange.</p> <p>The Board and management focus on providing the best integrated service in A\$ and NZ\$ markets. This will put ASX in the best position to participate in any future opportunity.</p>
Dividends	
Shareholder Question	ASX Response
When will the dividend reinvestment plan be re-opened?	<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 2017.</p>

Listings Standards	
Shareholder Question	ASX Response
What consultation has ASX undertaken on the proposed changes to its listings standards?	<p>Maintaining the reputation of ASX as a quality market on which to list, raise capital and build long-term wealth is one of ASX's core objectives. In 2016, ASX proposed new listings admission requirements to provide the market with enhanced guidance about the standards expected of an ASX-listed company.</p> <p>ASX has undertaken a very constructive consultation process on these proposed changes, with large number of submissions received. There has been general agreement that a market of quality and integrity is valuable to all users. ASX is considering the feedback and liaising with ASIC. It expects to publish the new rules and ASX's response to the consultation in October. The new rules will commence on 19 December 2016 to enable a smooth transition.</p>
CEO Remuneration	
Shareholder Question	ASX Response
Why did ASX increase the fixed remuneration for its new CEO?	<p>The search for ASX's new CEO identified outstanding local and international candidates. The Board took the view that the remuneration for the role should be such that ASX could attract the best available person. Mr Stevens' remuneration reflects his strong leadership credentials and experience.</p> <p>The last increase to the fixed remuneration of ASX's CEO was when the previous CEO was appointed in October 2011. Prior to that, the CEO's fixed remuneration had been unchanged since July 2007.</p>
Why does ASX submit the CEO's grant of performance rights to the AGM if an equivalent benefit will be paid to the executive in cash if the resolution is not approved?	<p>The CEO has a contractual entitlement to receive a long-term incentive (LTI) of not less than \$1m. If shareholders did not support the grant of performance rights, this contractual entitlement remains in place and needs to be addressed through a cash payment.</p> <p>Shareholder approval of the LTI grant is not required because all of the shares will be bought on-market. ASX submits the grant of performance rights for shareholder approval to provide transparency of the performance criteria.</p>

Executive Remuneration	
Shareholder Question	ASX Response
How does the Remuneration Committee perform oversight over executive remuneration?	<p>The remuneration and performance goals for the CEO and Group Executives are approved by the ASX Board and the Remuneration Committee. Executives are not present when their remuneration is discussed.</p> <p>The Remuneration Committee comprises only non-executive directors. Executives may only attend on invitation.</p>
A number of questions were received about ASX's executive compensation framework.	<p>ASX's remuneration framework is designed to reward behaviours and results that contribute to the delivery of ASX's strategy. The changes for FY16 were flagged at the 2014 AGM, and received strong support at the 2015 AGM.</p> <p>The framework is based on the following principles:</p> <ul style="list-style-type: none"> • Link rewards to achievement of strategy and creation of shareholder value. 60% of the CEO's remuneration is 'at risk', and 70% of this at risk remuneration is delivered in ASX shares. The structure of Group Executive remuneration also contains strong alignment with shareholder interests • Apply rigorous performance measures to 'at risk' remuneration. The Board sets objectives for management each year. Payment of a short-term incentive is subject to the Board's assessment of management's performance against these objectives. For FY16, this assessment is disclosed on page 19 of the Annual Report • Use a mixture of financial and non-financial measures • Provide competitive remuneration to attract, motivate and retain talent • Promote sound and effective risk management and market integrity. <p>Dividends are paid on ASX shares received in respect of short-term incentives because these amounts have been earned for prior year performance. The Board can 'claw back' some or all of these shares before they have vested if it considers that allowing them to vest would be an inappropriate benefit.</p>
Director and Executive Alignment with Shareholders	
Shareholder Question	ASX Response
What shareholding guidelines are in place for ASX directors and executives?	<p>ASX's Board shareholding policy states that non-executive directors should accumulate 5,000 ASX shares within three years of joining the Board. The Chairman should accumulate 12,000 shares. All directors have either achieved or are on track to achieve this guideline. Non-executive directors do not receive any of their fees in shares.</p> <p>ASX policy is that the CEO and Group Executives receive 60% of their short-term incentive in ASX shares. Subject to ASX's continued strong performance, this should result in those executives accumulating significant holdings of ASX shares, equivalent or higher than their fixed remuneration within the next four years.</p>

Sustainability	
Shareholder Question	ASX Response
How does ASX address sustainability matters?	<p>ASX manages its environmental, social and corporate governance (ESG) risks as part of the Board's oversight of ASX's enterprise risk framework and its focus on the long-term sustainability of ASX's business.</p> <p>ASX's 2016 Annual Report describes on pages 14-16 how these matters are addressed, and provides transparency on ASX's commitment to a diverse workforce and management of its environmental footprint.</p>