

ASX Cost and Revenue Allocation Policy



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1. Purpose and Scope

This policy covers the principles to be applied for cost, revenue and net interest income allocation when preparing the financial profitability and financial metrics for a section of the ASX Group (ASX).

The principles within this policy are:

- Mandatory to all external reporting of profitability and financial metrics for a section of the ASX, with any deviations from this policy to be endorsed in writing by the CFO.
- Guidance for internal reporting of profitability and financial metrics for a section of the ASX.

A 'section of the ASX' as referred to in this policy, could be any relevant grouping that is required to be analysed, such as legal entity, line of business (LOB), a grouping of products, or a specific product or service.

The aggregate of the revenue, net interest income and cost to be allocated to sections of the ASX, must equal the audited ASX statutory financial statements.

Excluded from the scope of this policy is analysis done to satisfy a regulatory requirement which requires a specific allocation treatment or calculation methodology.

This policy covers the requirements outlined in Appendix 1 of Regulatory Expectations, Code of Practice and ASIC CS Services Rules 2025, for an appropriate cost and revenue allocation policy covering the 'Cash Equities Clearing & Settlement' sections of the ASX.

The allocation methodology will be reviewed periodically or on material change to the allocation methodology.

2. Cost Allocation

2.1 General Principles – Direct & indirect costs

The allocation of costs will be largely driven by the nature of the expense and alignment to the relevant section of the business. Where possible ASX will first determine the cause or driver of the cost and allocate to the sections of the business that are driving the costs.

Costs include direct, indirect and centrally held costs:

- 2.1.1 Direct costs** are costs that are directly attributable to a section of the business, based on the nature and relationship of the cost to the operations of that business. Direct costs can be allocated either in whole or in part to a section of the business, if allocated in part, then an appropriate & proportionate driver of the cost is to be used to allocate.
If the driver of the cost cannot be established without undue cost and effort, then the indirect allocation method in 2.1.2 will be followed.
- 2.1.2 Indirect costs** are costs which are not directly attributable to a section of the business but are incurred as part of the cost of the overall enterprise. Indirect costs are to be allocated based on the percentage of full-time equivalent (FTE) staff effort required to directly support each section of the business.
- 2.1.3 Centrally held costs** are those costs which are not incurred as part of ordinary course of the business and are not attributable to a section of the business. These costs will not be allocated out and will be held centrally in a head office unit.

2.2 Cost allocation by category

The below are guidance on application of the above principles.

2.2.1 Allocation of staff costs

Staff costs

Direct staff costs:

- Allocate based on the percentage of full-time equivalent (FTE) staff effort required to directly support each section of the business. The same percentage will be used as the basis of the Indirect cost allocation (defined in 2.1.2).

Indirect staff costs:

- Indirect staff costs are those incurred for roles supporting enterprise-wide activities. Once the Direct Staff costs have been allocated, the remaining balance is the Indirect Staff costs. Apply the indirect allocation method (defined in 2.1.2).

Other staff costs (CAPEX, recruitment, redundancy and incentives)

Direct other staff costs:

- For other staff costs that can be directly attributed to the operations of a section of the business, allocate the costs to that section of the business.
- If an item is directly related to the operations of multiple sections of the business, but is not enterprise wide, then allocation is to be driven by the proportionate utilisation of the item by the section of the business aligned to the nature of the underlying expense.

Indirect other staff costs:

- Indirect other staff costs are those incurred by areas of the business supporting enterprise-wide functions. These costs are to be allocated using the indirect allocation method (defined in 2.1.2).

Centrally held other staff costs:

- Centrally held other staff costs are those that are not attributable to the overall operation of the section of the business. These costs will be held centrally.

2.2.2 Allocation of occupancy costs

Direct occupancy costs:

- Each site's occupancy costs to be allocated to the section of the business that directly utilises the site in their business operations.
- If the site is shared but not enterprise wide, then allocation is to be driven by the proportionate utilisation of the site by the relevant sections of the business, by occupied floor space, proportionate FTE or another driver aligned to the nature of the underlying site.

Indirect occupancy costs:

- Occupancy costs incurred for a site utilised for enterprise-wide purposes, to be allocated on the indirect allocation method (defined in 2.1.2).

Centrally held Occupancy costs:

- Centrally held occupancy costs are those that are not attributable to the overall operation of the section of the business. These costs will be held centrally.

2.2.3 Allocation of equipment costs

Direct equipment costs:

- Assess the equipment vendors and determine where a direct relationship exists to the operations of a section of the business and allocate accordingly.
- If an item is directly related to the operations of multiple sections of the business, but is not enterprise wide, then allocation is to be driven by the proportionate utilisation of the item by the section of the business, such as the number of software licenses, usage statistics or another driver aligned to the nature of the underlying cost.

Indirect equipment costs:

- Equipment costs related to enterprise technology used by all Staff, are to be allocated on the indirect allocation method (defined in 2.1.2), or another driver determined to be aligned to the nature of the underlying expense.

Centrally held equipment costs:

- Centrally held equipment costs are those that are not attributable to the overall operation of the section of the business. These costs will be held centrally.

2.2.4 Allocation of administration costs

Direct administration costs:

- For administration costs that can be directly attributed to the operations of a section of the business, allocate the costs to that section of the business.
- If an item is directly related to the operations of multiple sections of the business, but is not enterprise wide, then allocation is to be driven by the proportionate utilisation of the item by the section of the business aligned to the nature of the underlying expense.

Indirect administration costs:

- Administration costs that are enterprise-wide in nature and attributable to the operations of the section of the business, are to be allocated based on the indirect allocation method (defined in 2.1.2), or another driver determined to be aligned to the nature of the underlying expense.

Centrally held administration costs:

- Centrally held administration costs are those that are not attributable to the overall operation of the section of the business. These costs will be held centrally.

2.2.5 Allocation of ASIC supervision levy

Direct ASIC supervision levy

- For ASIC supervision levies that can be directly attributed to the operations of a section of the business based on associated licenses, allocate the costs to that section of the business.
- If an ASIC supervision levy is directly related to the operations of multiple sections of the business, but is not enterprise wide, then allocation is to be driven by the proportionate utilisation of the item by the section of the business, aligned to the nature of the underlying expense.

Indirect ASIC supervision levy

- For ASIC supervision levies that are enterprise wide in nature, allocate based on the Direct ASIC supervision levy %, or another driver determined to be aligned to the nature of the underlying expense.

Centrally held ASIC supervision levy:

- Centrally held ASIC supervision levy costs are those that are not attributable to the overall operation of the section of the business. These costs will be held centrally.

2.2.6 Allocation of variable costs

Direct variable costs:

- Variable costs that can be directly attributed to the operations of a section of the business, allocate the costs to that section of the business.
- If an item is directly related to the operations of multiple sections of the business, but is not enterprise wide, then allocation is to be driven by the proportionate utilisation of the item by the section of the business aligned to the nature of the underlying expense.

Indirect variable costs:

- Variable costs that are enterprise-wide in nature, are to be allocated based on the indirect allocation method (defined in 2.1.2), or another driver determined to be aligned to the nature of the underlying expense.

Centrally held variable costs:

- Centrally held variable costs are those that are not attributable to the overall operation of the section of the business. These costs will be held centrally.

2.2.7 Allocation of depreciation & amortisation

Direct depreciation & amortisation:

- Assess the assets and determine if a direct relationship exists between the asset to the operations of a section of the business and allocate accordingly.
- If an asset is directly related to the operations of multiple sections of the business, but is not enterprise wide, then allocation is to be driven by the proportionate utilisation of the item by the section of the business.

Indirect depreciation & amortisation:

- For depreciation & amortisation that is related to enterprise technology used by all Staff allocate based on the indirect allocation method (defined in 2.1.2), or another driver determined to be aligned to the nature of the underlying expense.

Centrally held depreciation & amortisation:

- Centrally held depreciation & amortisation are those that are not attributable to the overall operation of the section of the business. These costs will be held centrally.

3. Revenue Allocation

Internal management reporting attributes the revenue to the sections of the business that have accountability for the product.

Where a specific allocation is required by regulatory obligations, then Revenue is allocated to the section of the business, based on the nature of the item and the relationship of this to the section of the business i.e. allocated on substance over legal form.

4. Net Interest Income Allocation

Net interest income includes direct, indirect and centrally held components:

Direct Net Interest Income:

- For Net Interest Income that can be directly attributed to the operations of a section of the business, allocate to that section of the business. If an item is directly related to the operations of multiple sections of the business, then allocation is to be driven by the proportionate utilisation of the item by the section of the business aligned to the nature of the underlying balances.
 - *Net interest income earned on funds held for specific areas of the business* (i.e. regulatory capital).
 - *Net interest income on investments* is attributed based on the relationship of the section of the business to the source of the invested funds. For example, Investment earnings on the collateral lodged by participants for product C, would relate to the section of the business that owns product C.
 - *Net Interest Expense on borrowing and committed Liquidity facilities* to be attributed to a section of the business based on the nature and purpose of the facilities.

Indirect Net Interest Income:

- Net Interest Income earned on funds that are attributable to the overall operations of the section of the business, however, are not directly related to a specific section of the business, are to be allocated based on the indirect allocation method (defined in 2.1.2), or another driver determined to be aligned to the nature of the underlying balance.

Centrally held Net Interest Income:

- Net Interest Income earned on funds that are not attributable to the overall operations of the section of the business, for example those held for capital and cash flow management purposes, which are uncommitted to the sections of the business to provide required capital management flexibility, are to be held centrally.

5. Accountabilities and Responsibilities

Accountable	Responsibilities
Finance & Business Teams undertaking Financial Analysis of a section of the ASX.	To adhere to the policy & ensure consistent application.
Policy Owner	<ul style="list-style-type: none">- Policy to be reviewed every 3 years or on an ad hoc basis when evidence suggests an edit is required.- Monitor external reporting to ensure adherence to the policy.- Arrange an independent review of this Policy to ensure compliance with regulatory obligations outlined in the ASIC CS Service Rules 2025.

6. Document Control

Version	Date	Author	Policy Approver	Summary of changes
Final	24-Jun-25	Finance	Board	

7. Appendix 1

- **Regulatory Expectations for Conduct in Operating Cash Equity Clearing and Settlement Services in Australia Sep-17**, (Regulatory Expectations), Section 2. Transparent, non-discriminatory, and fair and reasonable pricing of Clearing & Settlement services, subsection (e) (i) & (ii).
- **ASX Cash Equities Clearing and Settlement Code of Practice – Apr-24** (Code of Practice)
- **ASIC CS Services Rules 2025 Section 2.2.1, Subsection (2)(e) and Section 2.4.2.**