

Conflict Handling Policy

3 December 2018 | Version 2.0

Introduction

ASX is committed to maintaining a high standard of integrity, investor confidence and good corporate governance including having a leadership role in setting and articulating corporate governance standards in Australia.

Our Conflict Handling Policy (Policy) forms part of ASX's risk management framework, which includes ASX's Enterprise Risk Management Policy, ASX's Risk Appetite Statement and other associated risk and compliance policies. The Audit and Risk Committee is responsible for overseeing ASX's conflict handling arrangements.

A critical component of ASX's strategy is maintaining its reputation for delivering its services in a reliable and credible manner. This is reflected in the strategic pillar of "Enduring trust, integrity and resilience" and means that ASX must put its reputation at the centre of everything it does.

This Policy is also underpinned by the ASX values, to:

- Be Open
- Be Trustworthy
- Be Original
- Be The Example

What does this Policy do?

The purpose of this Policy is to set out the governance arrangements and controls that ASX has in place to address actual and perceived conflicts.

Under the Policy you must:

- comply with ASX's conflict handling arrangements;
- not seek to improperly interfere with, or improperly influence, any decision made under or for the purpose of these conflict handling arrangements;
- not misuse confidential or sensitive information which may give an advantage or disadvantage to an ASX entity, a competitor, a customer or other party not intended to have the information;
- generally not do anything that would cause ASX to breach its obligations in relation to the activities it performs; and
- disclose all material personal interests (see: **Staff Notification form** contained in the *Code of Conduct*) and not participate in decisions regarding those interests.

Who does this Policy apply to?

All ASX staff, including employees, contractors, consultants, secondees and directors.

What is a conflict of interest?

A **conflict of interest** is a situation in which the concerns or aims of two different parties are incompatible. A conflict of interest can exist even if no unethical or improper act results.

A conflict of interest may be:

Actual - where a conflict between competing interests already exists

Perceived - where a conflict between competing interests is, or might be, seen to exist

Potential - where competing interests have the capacity to develop into a conflict in the future

ASX's controls for managing conflicts of interest

ASX has controls in place to ensure that conflicts of interest, including any interests and connections, do not inappropriately influence decisions as a market operator, clearing and settlement facility, financial services licensee and benchmark administrator.

These controls include:

- segregation of reporting lines across ASX, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts
- the confidentiality of data (including quarantining where appropriate), information and other inputs submitted to, received by or produced by the listing venue, market operator, clearing and settlement facility, financial services licensee and administrator, subject to the disclosure obligations
- effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information may reasonably affect any listing venue, market operator, clearing and settlement facility decisions or any benchmark determinations
- supervision and sign-off by authorised or qualified employees prior to decision making and releasing benchmark determinations
- adequate remuneration policies that ensure staff making key decisions are not inappropriately incentivised or remunerated
- identification of entities that pose a possible conflict situation for ASX
- ongoing monitoring and reporting
- training
- disclosure of all material personal interests and non-participation in decisions regarding those interests

Further, ASX maintains a *Code of Conduct* which sets standards of behaviour required of its staff and contains the **Staff Notification form** for disclosing personal conflicts of interest. Underpinning the Code of Conduct are a number of policies and procedures including the *ASX's Dealing Rules*, *Whistleblower Protection Policy*, *Anti-Bribery and Corruption Policy* as well as other organisational and departmental policies and procedures.

These policies are regularly communicated to ASX staff. For key documents please refer to the corporate governance section under www.asx.com.au.

A breach of these policies or procedures may lead to disciplinary action, up to and including the termination of your employment or engagement with ASX.

Management of Actual and Perceived Conflicts

ASX has specific arrangements in place for ASX's self-listing, directors, regulatory obligations, customers and suppliers as well as ASX as a benchmark administrator.

ASX's Self Listing

The Australian Securities and Investments Commission (ASIC) is ASX's listing authority. ASIC monitors ASX Limited's performance of its obligations under the Listing Rules.

Directors

In accordance with the constitution of the relevant ASX entity and the Corporations Act, ASX Directors are required to disclose to the Board any material personal interests, such as being a director of another company which is listed on, or a participant of, ASX.

ASX has arrangements in place to ensure that any ASX Group director who is also a director of another entity listed on ASX or a participant of ASX is not involved in any way in any decision under the Listing Rules and the Operating Rules in relation to that entity.

ASX's Company Secretariat also has policies and procedures in place to manage these requirements.

For further information regarding this please refer to the ASX Corporate Governance statement, including the list of ASX Group directors and their ASX Group directorships, external directorships and memberships under www.asx.com.au.

Regulatory Obligations

Corporations Act

Under the Corporations Act, an entity that holds a licence to operate a market or clearing and settlement facility is obliged to have adequate arrangements for handling conflicts in relation to the commercial interests of the licensee. Further, in the case of a market licensee, that the market operates in a fair, orderly and transparent way, and in the case of a clearing and settlement licensee (CS licensee), that the facility's services are provided in a fair and effective way. ASX must make decisions without inappropriate intervention or interference. Examples of decisions where potential conflicts may arise include to:

- admit an entity to the official list and to admit a participant under the operating rules
- grant a waiver of the Listing Rules or Operating Rules
- grant a trading halt or to impose a suspension or to terminate
- issue a price query or aware letter
- conduct an investigation or to launch enforcement proceedings into a potential breach by a participant of the Operating Rules and the use of any fines arising from enforcement action
- refer a potential breach of the Listing Rules or the Operating Rules to ASIC

ASX staff monitor and enforce the compliance of listed entities and participants under its Operating Rules (including its Listing Rules).

There are specific controls regarding decisions made in relation to issuers and participants including:

- segregation of duties: only appropriately authorised staff may make monitoring and enforcement decisions and all other staff are prohibited from attempting to unduly influence any monitoring or enforcement decision made by those staff members. Fines received from enforcement action may only be used in accordance with the terms of the *Education and Research Program*
- confidentiality: including information barriers and physical barriers as necessary
- escalation: breaches of conduct must be escalated immediately

Financial Stability Standards

Financial Stability Standards (FSS) are determined by the Reserve Bank of Australia under section 827D of the Corporations Act. Under FSS 2.9 a CS licensee that is part of a group of companies should ensure that measures are in place such that decisions taken in accordance with its obligations as a CS licensee cannot be compromised by the group structure or by board members also being members of the board of other entities in the same group. In particular, such a CS licensee should consider specific procedures for preventing and managing conflicts of interest, including with respect to intra-group outsourcing arrangements.

The CS licensees have arrangements in place to provide:

- compliance and enforcement services
- approval and monitoring of conflict handling arrangements
- resourcing
- clearing arrangements
- settlement arrangements
- clearing and settlement arrangements to other listing venues and market operators licensed by ASIC

The ASX Board oversees the arrangements and processes that provide the ASX Group with sufficient financial and other resources and services to meet their obligations. All staff are under a duty to act in the best interests of the ASX Group licensee which is receiving a service. For more details regarding the Board Charters please see www.asx.com.au.

Australian Financial Services Licenses

ASX holds two limited purpose Australian Financial Services Licenses (AFSL) granted under the Corporations Act. Holders of AFSLs are required to have adequate conflict handling arrangements. ASX has controls in place to manage actual or perceived conflicts including:

- segregation of duties
- confidentiality: including information barriers and physical barriers as necessary
- escalation: breaches of conduct must be escalated immediately

Customers and Suppliers

The Code of Practice for Clearing and Settlement of Cash Equities in Australia is aligned with the “Regulatory Expectations for the Conduct of Cash Equity Clearing and Settlement Services in Australia” issued by the Council of Financial Regulators. This code sets out ASX’s commitments to its customers and other stakeholders in managing the cash equities clearing and settlement infrastructure and services for the Australian market. ASX has controls and procedures in the form of Information Handling Standards to manage commercially sensitive information provided to ASX Clear and ASX Settlement by other licensed listing and trading venues.

ASX has also implemented a *Customer Charter* and a *Code of Conduct for Suppliers*, which can be located on www.asx.com.au.

ASX as a Benchmark Administrator

ASX has controls and procedures to manage any potential conflict in relation to its role as a benchmark administrator including:

- segregation of duties: only appropriately authorised staff may make benchmarking decisions and all other staff are prohibited from attempting to unduly influence the decisions made by those staff members
- confidentiality: including information barriers and physical barriers as necessary
- escalation: breaches of conduct must be escalated immediately
- disclosure: material conflicts are disclosed to BBSW stakeholders

ASX maintains examples of actual or potential conflicts in respect of its role as a benchmark administrator on the website¹.

¹ <https://www.asx.com.au/services/benchmark.htm>

Assurance

ASX's Conflict Handling Arrangements form part of ASX's risk and compliance framework, which is underpinned by:

- comprehensive policies and procedures at an organisational and departmental level, including entities identified as Review Parties² and monitoring decisions made in relation to them
- regular review as part of ASX's continuous improvement program
- staff and director training
- an ongoing attestation process by senior management
- regular and ad hoc reviews of the conflict handling arrangements performed by ASX's Assurance functions
- regular reporting to ASX governance committees and boards in respect of ongoing compliance, breaches and remedial action
- regular reporting to ASIC

ASIC also performs reviews of ASX's regulatory conflict handling arrangements as part of its assessment program.

Disclosure of Conflicts of Interest

Staff should refer to Appendix 1 in the *Code of Conduct* for staff interest disclosure relating to conflicts of interest notifications.

Reporting Breaches of the Policy

Staff are required to immediately report breaches of this Policy to the General Manager Regulatory Assurance or to the Group General Counsel and Company Secretary.

The procedures for reporting these concerns other than to General Manager Regulatory Assurance or to the Group General Counsel and Company Secretary are set out in ASX's *Whistleblower Protection Policy* available to employees on the ASX intranet.

Document Control

Summary of Changes

Version	Date	Author	Summary of Change
1.0	23/05/2018	Regulatory Assurance	General review and minor updates
2.0	03/12/2018	Regulatory Assurance & HR	General review and minor updates

Approval and Review History

Version	Date	Approval and Review
1.0	23/05/2018	Management (GM Regulatory Assurance)
2.0	03/12/2018	Management (GM Regulatory Assurance & GM Human Resources) Risk Committee Audit and Risk Committee

² <https://www.asx.com.au/documents/regulation/review-parties.pdf>