Stockbrokers and Financial Advisers Conference 2019

Delivering new customer opportunities with digital, data and DLT

Dominic Stevens, CEO

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Open infrastructure solutions
- Create new products and services
- Improve operational efficiency
- Reduce risks and costs
History of delivering industry efficiency and innovation

Enhancing ASX’s core customer proposition through world-leading innovation

The evolution of trading and data services

- Chalkboards
- Electronic trading
- Co-location for low latency connections
- Data centre services
- Cross-connections across industry
- Global connectivity

The evolution of equities clearing and settlement

- Share certificates
- T+10 → T+5
- Electronic messaging
- T+3
- Expanded into new products
- T+2
- DLT-based CHESS

Chalkboards

Electronic trading

Co-location for low latency connections

Data centre services

Cross-connections across industry

Global connectivity

Share certificates

T+10 → T+5

Electronic messaging

T+3

Expanded into new products

T+2

DLT-based CHESS
Updated clearing and settlement system

New functions and optionality for the 2020s and beyond

**CHESS replacement**

Replace aged COBOL system
Open source software language
Global ISO standard
All existing functionality
Plus 35 new specifications – for the market by the market
Choice of connectivity
Access real-time, synchronised, source-of-truth data
Updated clearing and settlement system
New functions and optionality for the 2020s and beyond

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**Customer Development Environment**
Now open

- Design, build and test system changes
- Assess new functionality
- First of 7 software drops
- New functionality every ~8 weeks
- Compare access options
- Full functionality and industry-wide testing mid-2020
Updated clearing and settlement system
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**CHESS replacement**
- Will offer message-based connections
- Will replace current functionality and add more
- Will not change rules to require new information
- Will not increase cost of like-for-like services
Updated clearing and settlement system
New functions and optionality for the 2020s and beyond

**CHESS replacement**
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**Customer Development Environment**
- Now open

**On track for DLT-based go-live**
- March-April 2021

**CHESS replacement**
- Will offer message-based connections
- Will replace current functionality and add more
- Will not change rules to require new information
- Will not increase cost of like-for-like services

**Option**
- To access real-time, synchronised, permissioned, source-of-truth data
Delivering contemporary, open infrastructure
Provide more value-added products and services to customers

Contemporary technology
Stronger foundations
Improved infrastructure
AI efficiency
New opportunities
Open infrastructure solutions to benefit customers

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<th>Industry connectivity</th>
<th>Customer challenge</th>
<th>ASX solution</th>
<th>Customer benefits</th>
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<td>Data centre investment</td>
<td>Australian Liquidity Centre Tier-3 data centre</td>
<td>Competitive services</td>
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<td>Data management &amp; expense</td>
<td>ASX DataSphere Open ecosystem platform Technology, governance, datasets and analytical tools</td>
<td>Community connectivity</td>
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<td>Curate and standardise</td>
<td>DLT Solutions Enterprise-grade technology infrastructure Smart contract software</td>
<td>Improved data generating product development</td>
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<td>Big data science capability</td>
<td>Safe and secure delivery of real-time, synchronised source-of-truth data</td>
<td>Governed data platform without upfront investment costs</td>
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<td>Commercialise and distribute</td>
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<td>Data inaccuracies</td>
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<td>Bespoke solutions</td>
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New products and services
Opportunity to unlock value and reduce costs

DLT solution

~$50m
Cost of ASX fees to settle ALL of the equities traded in Australia

$22.4bn
Australia’s superannuation industry fee revenue*

Value unlocked by permissioned, synchronised, real-time, source-of-truth information?

*Rainmaker Consulting May 2017 report for the 2016 year
Improving the digital experience
Redesigning and modernising the ASX website

More ways to connect

New data analytics and insights

New pricing and issuer pages

[ASX website screenshot]
New products and services to capture opportunity
Meet increasing demand and changing investor appetites

Partnering with local and global fund managers

- Quality products and trusted advice
- Diversification across asset classes, sectors and geographies
- Liquidity and transparency
- Capital growth and income

Currently around $2.7tr growing to $9.4tr in 2035

Source: ABS, Deloitte Actuaries and Consultants
Strong growth in ASX investment products
mFund growth continues with 43% increase in FUM over past year

**LICs and LITs**

- **Market cap (FUM):** $43b
- **Funds:** 113

**Exchange traded products**

- **Market cap (FUM):** $48b
- **Funds:** 243

**mFund**

- **Market cap (FUM):** $899m
- **Funds:** 222

Source: ASX Investment Products Monthly Update – Apr 19
Choice through sectoral and geographic diversity

ASX’s international listings strategy

Total Foreign Listings 280+

Source: ASX Data, May 2019
Expanding and diversified listings franchise
Tech listings have provided attractive returns to investors

## Quality is key for market integrity

Continued evolution and strengthening of listings framework

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Changes</th>
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| 2012 | Good fame and character requirements  
Back door listings regulation |
| 2013 | Mining, oil and gas code  
Continuous disclosure improvements |
| 2014 | 3rd edition Corporate Governance Principles and Recommendation  
Tighten acceptable structure, minimum free float, and minimum spread for emerging market issuers |
| 2015 | 10% minimum free float applied  
More control over listings decisions  
New (foreign exempt) category for NZ entities |
| 2016 | New pre-vetting process for listings  
20% minimum free float  
New suspension policy for back doors introduced  
Major strengthening of admission rules  
Automatic removal of long-term suspended entities |
| 2017 | Tightened rules on reverse takeovers  
Tightened guidance on minimal working capital  
Introduced ‘show cause’ process to terminate delinquent listed entities  
Removed trading halts for block sales |
| 2018 | Tightened guidance on good fame and character requirements |
| 2019 | 4th edition Corporate Governance Principles and Recommendations  
Consulting on simplifying, clarifying and enhancing listing rules |
Thank you.