ASX Limited 2013 Annual General Meeting
Chaired by Rick Holliday-Smith
Edited Transcript of ASX 2013 AGM

Good morning everybody. I am now told the time is 10.00am, and we have a quorum present, and I declare the 2013 Annual General Meeting (AGM) of ASX Limited open.

Before we start, could I ask everyone to check that you have switched off your mobile phones to avoid interference with our audio and video equipment, if you could just double check that for me please.

On behalf of the Board, I would like to welcome all ASX shareholders, invited guests and other visitors present.

To begin, let me introduce myself and those with me here on the floor. My name is Rick Holliday-Smith, the Chairman of ASX, and from my far left we have Peter Warne, Heather Ridout, Peter Marriott, Elmer Funke Kupper (who is ASX's Managing Director and CEO), Amanda Harkness (who is ASX's Group General Counsel and Company Secretary), we then have Jillian Segal and Ken Henry.

As you would have observed these proceedings are being video webcast live and you can find copies of mine and the CEO's prepared speeches on our website. They have also been released to the market.

The Chairman's address and the Managing Director and CEO's address were substantially delivered as per the documents released to market.

Thank you, Elmer. We will now turn to the formal business of the meeting. There will be plenty of opportunity for people to ask questions as we go through that process so you don't have to be worried about that and I will tell you when we get to those appropriate points.

The minutes of the previous AGM were approved by the Board and signed by the Chairman of that meeting. Copies are available should any member wish to see them.

The Notice of this meeting dated 26 August 2013 was sent to shareholders and copies are available from the registration desk and I propose that the Notice of Meeting be taken as read.

I would like to thank those shareholders who took the trouble to send in questions prior to today's AGM. We have provided written responses and copies are available from the registration desk or the ASX website for those interested.

I would now like to summarise the voting procedures for this meeting.

Shareholders who were not able to attend the meeting had the option of casting a direct vote, or alternatively, appointing a proxy.

ASX shareholders have access to a direct voting facility. Direct voting enables shareholders to vote directly on the resolutions considered at the AGM without attending the meeting or appointing a proxy. A copy of the Direct Voting procedures is available from the registration desk or online from the ASX website.

As a significant number of our shareholders vote by proxy and direct voting, the Board considers it appropriate to recognise the votes both of those shareholders present today and those who have voted by proxy or direct vote. Accordingly, I will not call for a show of hands on each item. Instead, I will call a poll in relation to all motions put at this meeting. The poll will be conducted at the end of the meeting.

The results of the poll will be available after the close of the meeting. They will be released to the market on the Market Announcements Platform and the ASX website as soon as they are available.

If you need assistance with completing your polling card please ask one of the Link Market Services staff members in the auditorium when they collect your polling card.

Following discussion on each item, the results of direct votes received and votes by proxy will be displayed on the screen behind me.

A representative of Link Market Services will act as returning officer for the purposes of conducting and determining the results of the poll. We also have a representative from KPMG acting as scrutineer to oversee fair and proper procedures on the collection of shareholder votes.

Time will be set aside towards the end of the meeting for those holding yellow cards to complete their polling cards. However, you may cast your votes at any time from now until the close of the poll.

When it comes to asking questions, would speakers from the floor please make themselves known to the ushers in either aisle of the auditorium. Please note - only persons holding yellow or red voting cards are entitled to ask questions at this meeting. Visitors holding a blue card are not eligible to vote or speak, but are most welcome to listen.

We will now move onto the items of business for this meeting as set out in the Notice of Meeting.

ASX Financial Report

The first item of formal business is to receive the ASX financial report for the year ended 30 June 2013.

Let me introduce our auditor for the 2013 financial year, Mr Michael Codling from PricewaterhouseCoopers. Mr Codling is available to take questions relevant to the conduct of the audit and the preparation and content of the independent audit report. Please direct any questions that you have for our auditor through me.

There is a separate agenda item dealing with the remuneration report. If shareholders have questions in relation to the remuneration report could they please save those until we come to that item of business.

As you will notice from your polling cards, there will be no vote on this item. It is a discussion item only.

Some questions have already been put to the auditor in the lead up to the AGM, and Mr Codling will be happy to address those, if necessary.

Are there any questions at this point that anyone would like to raise on the financials or generally on other matters?

Carol Limmer, Australian Shareholders Association
Good morning Chairman, my name is Carol Limmer and I represent the Australian Shareholders Association holding 289 proxies representing 476,000 votes.

ASA is essentially the main voice for retail shareholders. I would like to firstly thank you and the CEO for your very comprehensive addresses this morning. They were very relevant in terms of the information provided. I agree with the CEO that ASX has had a solid result and it is good to see the diversification of products that's taking place to pick up emerging opportunities and focus on future growth. I would also like to commend ASX for the information they provide outside the auditorium for people attending the meeting. Not all companies do this and there is quite a lot of information in terms of your addresses, direct voting, the minutes of the last AGM etc and that is a very good model for others to look at and also how well presented the annual report is and the general format and things like the five year summary.

I appreciate that within all the constraints that you have with regulatory, legal requirements that you need to meet, it is very difficult to make it completely user-friendly but I appreciate that there is obviously a lot of effort goes into making it as user-friendly as possible given those constraints. And also I acknowledge the commendable position in global terms that ASX has amongst exchanges around the world and I think that is something that is good for Australia. And also, part of that is the education that ASX provides people within Australia so there is a fair bit of investor education particularly in the online area. Whilst I am on the compliments, also the timing of the AGM, after the results is sort of a bit first out of the blocks in terms of that timing.

Just one issue I would like to raise, and it is relation to the capital raising. I have no issues with the fact that you had a capital raising. Indeed, it was very proactive in terms of when you came in and did that and appreciating what the worldwide situation was. It is an issue in relation to the bookbuild on the shortfall, and in relation to retail investors as against institutional investors where the price in there ended up being a difference where the institutional was I think $3.70 and the retail investors $3.40 and I would just like to raise that issue. Thank you Mr Chairman.

Rick Holliday-Smith, Chairman, ASX Limited
Thank you for the positive words. I note your comment on the capital raising and the difference in the bookbuild. I don't want to go into it in great detail other than to say, I think we tried very hard to come up with an optimal process that would be acceptable to us in terms of the need to raise and, in a certain way, the amount of money we did while still being as fair as possible to the retail shareholders. Obviously, there is a difference in timing and other things in terms of those two groups.

I would comment that yes there was a difference in terms of the final numbers of what went through the two different bookbuilds. Equally, through the period if retail investors had wanted to trade their entitlements, there was a wide range of opportunity to do considerably more, to get considerably more than they might have got in the final bookbuild and that was obviously a decision that they had control over.

These things are never easy. I think we have actually, in my opinion, as I have said to you before, we set a very high bar. I think we have actually been recognised for doing that. It isn't perfect and we will continue to try to do better.

But we think we have actually tried to be fair and provide as fair an opportunity for retail investors, so I note your comments and I note the differences in the two processes and the different outcomes as well.

I also note that the institutional component was supported by some 95% plus of that investor group whereas the retail group was supported by I think some 75% so there was different interest in the two, and therefore different relative sizes in the final bookbuild at the completion of those various processes. But I think we did a good job. I think we have actually lifted the standard.

We will continue to see if we can make it better for retail investors. Thank you for the question.

Paul Fanning, shareholder
Thank you, Rick and Elmer for your reports. They are always comprehensive and up to the mark and we get an overview of the previous financial year and also we get an overview of the current trading up to the date of this AGM. I do recognise that ASX certainly operates at world quality standards and I think the ASX, with far more products in the future, will probably go further down that track.

I have a couple of questions in regard to the meeting. Referring to page 50 of the director's report within the annual report. A bit interesting there - the bookbuild that was done for the ASX equity raising. I would have liked to have seen a transcript of the institutional address which was done to the institutional investors for the accelerated part of the bookbuild.

I made requests to ASX management about this and it seems like there was no possibility of providing a transcript of Elmer's address to institutional clients. I would have thought with the nature of transparency which ASX sets a very high bar on, that would be an issue that could have been or should have been addressed. I would have thought the process could have been more transparent and maybe it might be a lesson for the future to improve upon.

The second one is ASX's participation in the 2 for 9 pro rata accelerated rights issue for IRESS Limited. Is it the normal custom that some large holders are given a slight discount or rebate on the uptake of the offering?

And moving outside of that, I would like to think that ASX will continue to maintain a very high bar on corporate governance, particularly in relation to the re-election of future directors.

It was very unfortunate the events that happened last week. I think I speak on behalf of many and would like to see that we don't have a conflict of interest again and if the SEC has any further investigations to conduct on possible conflicts of trading, that the Board has something in place to address the future events before they happen - that is perhaps there will be a revision done to ASX's governance to further strengthen election of directors to the Board. So I have three questions to throw to you but I would like to get some answers.

Rick Holliday-Smith, Chairman, ASX Limited
That's alright. I think the issue of the CEO address to institutional investors and transparency is a topic that is getting a fair degree of coverage. I would be highly confident that Elmer didn't say anything to the institutions that wasn't already in the public domain but equally there were perception issues there. We will address it. I note your comment which is reasonable. I would like to take that on notice and take it away.

IRESS, firstly I would say as it turned out we raised some capital and then IRESS needed to raise some capital. We were not aware of anything to do with the IRESS situation at the time that we proceeded with our offering. Obviously having capital in the bank was a valuable thing for us as it turned out but that was just fortuitous. IRESS, we have a stake. We have a stake which is quite an important stake that we have strategically decided that we want to keep it in and around the 20% level.

We don't want to take it above that, we don't want it to have it fall below that and it has been a good investment over time. We evaluate it as I have said before, on an annual basis, to make sure it makes sense for us and what are the pros and cons and the strategic reasons for having it. We made that decision and to maintain our position we participated in their capital raising.

The ability to participate in the capital raising and join it in terms of some certainty for them, which was joining them as an underwriter of our position, and getting some advantage from that was in our best commercial interests and we leveraged that. And that was the commerce of the

transaction. I think maybe if we hadn't had that larger stake, and they wanted certainty of our position, it might have been different but that was the case and we got a marginal advantage out of that. Is that the point you were trying to make there?

And we consciously looked at 'why wouldn't we do that?' If it was being underwritten and we are a significant part of the offer and there was a fee being arranged by the company, why wouldn't we make sure we participated if we were going to certainly participate, which we were. That was the commercial outcome that was in our best interests and we debated it and made that decision.

The last question is your questions about NEDs and the high bar and conflict of interest. I think they were the three, the high bar and conflict of interest.

I think we set a very high bar. Although you may suggest that you don't think we do, I would reconfirm to you we set a high bar.

We continue to set a high bar. At the same time there are people that have experiences that are very valuable to us and some of those people, by their very nature have to be close to markets and some of that close-to-market activity and knowledge is valuable to us.

In terms of conflict of interest, anybody in financial markets involving regulators, if that is the definition of conflict of interest, that means anyone involved in financial markets can't be involved with us and that doesn't actually make sense. It is about the quality of the people.

I think in terms of how you minimise that over time. If you look at what happened here, neither of these people were named in anything to do with what happened with the SEC. It wasn't the individuals, it was the firm. Obviously they are linked to the firm and obviously some of the linkage may have created some reputational perception issues.

They didn't create any governance issues and from my observation of their activity and their handling of the matter, they handled it at the highest level of integrity for us and put our position clearly to the fore in everything that they did. I have no hesitation in saying that.

In terms of some of the issues I raised which was about maybe having multiple directors from the same firm and those sort of things, there was an unusual situation there which I addressed. It wasn't at the time they joined the Board. It was something that occurred during their tenure on the Board. It was something that I was aware of. We all consciously made a decision to support Shane for another term.

With hindsight that was a difficult thing to do. At the time it seemed a very sensible thing to do, particularly with the market activity and change going on around the world, to have someone we knew and trusted and who was located in New York which is what he was, he brought a lot of expertise that was seen to be valuable.

In my counselling with other large shareholders of the pros and cons of that, my clear sense of their view was that he brought valuable things to us and they understood that was a positive thing for us to do.

We did take a risk. It was all very unfortunate. In the end they put us first and although we are two directors short and we will go and find them, they have absolutely done everything from the point of view of the best integrity and interests of ASX and I appreciate that for them.

I think the real point is we have to exercise good judgement, careful judgement, be aware of these issues, make conscious decisions and try to minimise the risk. With hindsight maybe we should have minimised the risk more than we did.

The judgement was that it wasn't a risk but it turned out to be wrong. I guess once bitten twice shy so we will learn from that. The bar will be kept high and we will be very careful.

Are you happy with that? OK.

Philip Galvin, shareholder
Good morning, Philip Galvin, individual shareholder. My question actually relates to the CEO's comments. I think he mentioned there was a cannibalisation of about three revenue streams that were undertaken on behalf of customers. My question is can you give an indication of the level of investment needed to recover that revenue stream and the likely timing?

Elmer Funke Kupper, ASX Managing Director and CEO
I assume you were talking about post trade investments, clearing and settlements? I am trying to understand the question specifically so I can give a specific answer that means something to you?

Philip Galvin, shareholder
I am sorry it was just a couple of things with regards to increasing rebates, collateral management that was effectively going to migrate from cash to Austraclear and couple of others. They seemed to be actually giving revenue back to customers which is all very good in this market but there needs to be some countervailing investment to be able to cover that.

Elmer Funke Kupper, ASX Managing Director and CEO
Thank you for that question. So there are two components to that. The investments we are making to provide new services to our new clients, as well as the rebate programs that we run.

In relation to the new investment, our capital expenditure in the last financial year was just below $40 million. We have indicated that this financial year it will be in the order of $40 million again.

That is an increase from what you might have seen in the past. The numbers are probably closer to the mid 20's. The difference is the investments in new services. What we are doing with those new services, over time, is to look to new revenue streams. In terms of making positive investments that give us future growth, over a three to five year horizon, I think that is all very positive. The demand from our clients for these kinds of services is real because the regulatory environment forces them down those paths. On the investment side we are comfortable, of course we need to prove it over the next few years. But we are comfortable that we are doing the right things there.

On the rebate schemes, the total rebates were that were paid last year were about $9.4 million.

$7.2 million of that $9.4 million of rebates that we paid back to our clients came from an existing rebate scheme in our derivatives business. This scheme has been around for many years. What it basically does is it shares the revenue growth over a certain hurdle with our clients each year.

So we set a hurdle. I will pick a number – 2 or 3% growth or 4% growth – anything above that we share the revenue growth with our clients. Of course the next year, the number gets reset so the bar goes higher and higher and higher. Last year we had very strong growth in our derivatives business in the second half and that drove a higher level of rebates to our clients in that year.

The bar is now higher to jump over for next year so it gets harder for our clients to jump that bar and get the rebates again. It is a very good way to motivate everybody to grow the market as best we can and set the bar higher and higher every year. So that is a scheme that has been in place for quite a few years and the numbers go up and down. The numbers have been higher and they have been lower, depending on how the market performs but it aligns ourselves with our clients.

Last financial year we extended this scheme to cash equities trading, clearing and settlement - where again we have said, if we grow collectively then we will share the upside of that in the year that it happens but then the bar gets reset every year. So from a shareholder value perspective we are not giving away that much because the bar gets reset every year and it is a useful way to align ourselves with our clients. That is a judgement that we have made, our clients value it and we think

the more competitive the marketplace the more important these kinds of arrangements are so we are comfortable with that. We look at it every year, but I suspect that for certainly the next 12 months those arrangements will be in place.

It is now a much higher bar to jump to get the same level of rebates and so some of that might draw back to the bottom line if the growth isn't there this year. That is just the way these schemes work.

Rick Holliday-Smith, Chairman, ASX Limited
I would comment on some of those initiatives as well. What a lot of them are directed towards is improving the quality of the revenue and the sustainability of the revenue. A lot of them are not targeted on short-term focus but on medium-term focus and that is quite important.

It is a very competitive environment out there. As you know, there are a lot of other people in other parts of the world who are trying to offer and provide services here. The more we can become, if you like, 'sticky' and of value to our customers - the better and the more we can be seen to be sharing in a sensible and commercial way with them, the better. In my opinion, all of those things improve the quality of our revenue. But it isn't about optimising the short-term aspects of the revenue - it is the long term quality of the revenue.

Shareholder
I am a shareholder. This lady is disabled. She has MS and she can't stand up. She came with a walking frame and nobody helped her. The security officer put her in the lift and it is going to level eight.

The security officer put her in the lift going up to level eight instead of going down. He has to go with her because there is no button in the lift. First of all, when she came here, she had to stand on her weak legs for the meeting. Why did nobody help her? You need some facilities for disabled people please.

Rick Holliday-Smith, Chairman, ASX Limited
I believe we had lift access. I am not totally across that and I believe that we can solve that. We will send someone to you right now and solve it because there must be a way of providing access for people with a disability. I apologise if there is any issue. There shouldn't be.

Dariusz Peczek, shareholder
Good morning, my name is Dariusz Peczek. I am a shareholder. Just looking at the big picture I was trying to compare the performance with ASX with other companies and looking at the last 12 years ASX in 2001 was at about $10. Now it is at around $35. Incidentally, when I looked back at BHP's share price, it is doing very a similar thing. In 2001 it was at around $10 and now it is around $35 as well. So the performance of both companies is quite similar but ASX was a better investment because the dividend has been higher.

But I also looked at the Singapore Stock Exchange. Going back to 2001, the Singapore Stock Exchange was at $1.20. Now, it is at $7.50 which is a good corporation and which obviously, in my assessment, was a better performer and a better investment.

So my question is, what are the lessons we could learn from the Singapore Stock Exchange to make a better investment for ASX?

Rick Holliday-Smith, Chairman, ASX Limited
It is a bit hard to answer. The two businesses are in many ways similar in that they are pretty much vertically integrated and have a similar structure of equity and derivatives. They obviously operate in totally different markets and obviously interact with their regulatory and political masters in a totally different way.

They have a considerably higher PE than ours and that may be just a function of their general market or it could be other considerations, I don't know.

It's very hard for me to make a judgement across multiple markets. We have to operate in this marketplace, in our environment, to the very best we can. I think they are a good exchange and I think we are a good exchange.

I think we have positives that are different to theirs and vice versa. It's very hard for me to comment any further than that. As an investor they are the choices that investors have to make in terms of which markets they want to be in and how they want to invest their money. I can't comment further than that.

Shareholder
I understand from the media that the issue involved in the two directors resigning, related to shorting by an underwriter that has a mandate to raise capital. What sort of supervision occurs in the Australian market for such an occurrence occurring?

Rick Holliday-Smith, Chairman, ASX Limited
The rules of manipulating markets, which is technically when you read what the SEC said, that seemed to relate to, are covered here. There are ASIC rules around that and it is not legal to manipulate a market in a public offering and I think that is pretty clear. So there are rules and it is under ASIC's purview and I am sure they are aware of all those things and so are we.

Shareholder
Well in the case of capital raisings, are they supervised regularly? I have a feeling that there are some instances where underwriters do short ahead of the capital raising.

Rick Holliday-Smith, Chairman, ASX Limited
Well I think to the extent that that is an issue, I would say ASIC is aware of it and ASIC has responsibility for oversight of that and I am sure they do that.

There is not much more I can say on that topic.

If there are further issues around this NED issue, I would ask that we actually talk about it now. I would like to think that when we got to the item dealing with director election, which is really the election of Ken, which I think is a positive, I would like to make sure that we are focused on the positives of Ken joining us as opposed to the other issues. So if anyone has got any queries around that, could we just make sure if we can we cover them off now.

Mary Curran, shareholder
Good morning, Mary Curran. I am a personal shareholder. It's just a quick question on the departed directors. When did we cease to remunerate these directors then, on their resignation date or did they get a month's pay or even more? Before we get to the remuneration report obviously?

Rick Holliday-Smith, Chairman, ASX Limited
It isn't a question I know the direct answer to. My assumed answer would be they are remunerated to the date that they resigned. Their resignation date is the date they cease to be a director of this company, so that is what I believe to be the case. So yes it was on the date they tendered their resignations.

Mary Curran, shareholder
I think we are all happy hearing that.

Rick Holliday-Smith, Chairman, ASX Limited
I would have been surprised if it was anything but that, for all the reasons you would understand. Bob, do you have a question?

Bob McGregor - shareholder
I wasn't here earlier. Did I miss some comments like who was going to be nominated in his place and also on Mr Aboud who also resigned?

Rick Holliday-Smith, Chairman, ASX Limited
You did miss some comments that I made on that front.

They are covered in the written materials. So if you go and have a look in my speech you will see them covered.

I was in a process anyway with a head-hunter that has been going on for the past 18 months with the appointment of Heather and Ken. I was still in the process of looking for further directors.

I have a large list of people that have been considered over the last 18 months. I have a skills matrix that is overlaid to the skills matrix of the Board today. The areas that we think could add value to the Board, and in the last week, I have had to refocus the skills matrix where things have now changed.

I am in the process of doing that and with that changed skills matrix, it brings out a whole lot of new candidates that otherwise may not have been seen to be the priority area of focus.

That list is being pulled to the fore now. I will be reviewing that with the head-hunters over the next two weeks to try to bring that into a discussable format for engagement with the Board over the next four weeks. I will then, in an orderly and sensible way, be going back over all those names, many of whom I have met, and working out what is the appropriate new direction in terms of the mix for the Board.

It would not be untrue to say that everyone is a little bit bruised in lots of different ways by this experience. And one of the questions will be around high standards and I think a high standard has always been agreed, but maybe the risk assessment will have a slightly lower tolerance but that process will happen in a very normal and sensible way.

I hope over the next three to four months to have some really good candidates from what I have seen. But it is a two way process engaging people; meeting them, making sure they align with all those things. But it is a process that is already in hand, in train and is part of a process that already exists. It is just refocussing it. People have asked me questions which I would put into the bucket of 'let's make this a sensational issue'.

This isn't a sensational issue. It's a very unfortunate issue. We will go about our business in a very orderly way. There is a very high quality group of people here. If you go down into the subsidiary boards, there is another very high quality group of people. We have a lot of high quality people and we want to add some more to it and we will find them and do that.

And that is really what I said so I am sorry you weren't here for that part of the meeting.

Any other questions, OK, thank you very much.

SEGC Financial Report
The next item is to receive the financial report and auditor's report for the National Guarantee Fund for the year ended 30 June 2013.

SEGC – the Securities Exchanges Guarantee Corporation - is the body responsible for administering the National Guarantee Fund. The Corporations Act requires SEGC to have a copy of the audited financial statements of the Fund laid before the AGM of each member of SEGC.

Accordingly, as ASX is the only member of the SEGC, the statements are tabled here today and included as an item of business.

There is no vote on this matter and I am not aware of any items that need discussion. Does anyone have any questions on the financial statements and auditor's report for the National Guarantee Fund? We then move on to the Election of Directors.

Election of Director

As announced by ASX on 19 September, Shane Finemore advised the Board of his resignation as director of ASX and, accordingly, that he would not be standing for re-election at this meeting. This means that the motion about his re-election, which is item 3(a) in the Notice of Meeting, will not be put and we have covered that in the meeting.

The next item of business is the director election.

Having an appropriate mix of skills and experience among our directors is critical and a matter we as a Board take seriously.

In 2012, I indicated that the Board had commenced a process to recruit new directors. You've seen the evidence of that at recent AGMs, including today's.

The replacement of the directors who resigned last week will now become part of that ongoing program.

Board renewal has always been important but has become particularly critical in recent times, given the competition and regulatory changes taking place within our industry, both at a domestic and global level, and their impact on ASX. I outlined many of these earlier. We are vigilant in ensuring that the ASX Board is of high standard and keeps pace with developments.

As part of that process, we have created a matrix that identifies the skills and experience of the current directors, and those considered necessary and desirable for the future.

This includes having the right key competencies in areas like technology, risk, clearing, public policy, customer engagement, and diversity. And, of course, in financial markets generally.

This framework has enabled ASX to establish a Board, and subsidiary boards too, that have broad, collective strength, and which are well equipped to keep management on its toes.

Dr Ken Henry is seeking election at this AGM. The other directors unanimously support his election.

Ken was welcomed to the ASX Board in February this year, and we were very pleased he accepted our invitation. The Board considers him to be a strong contributor to the Board, and believes that his experience provides valuable and timely insights to the company as we navigate through a complex operating and regulatory environment, both locally and around the world.

A summary of his relevant experience is set out on page 4 of the Notice of Meeting.

Election of Director – Dr Ken Henry AC

Ken spent a decade as Secretary of the Federal Treasury, appointed in 2001 by former Treasurer Peter Costello. He went on to work closely with different Treasurers, under different governments. He is now a director of National Australia Bank and Chairman of the Institute of Public Policy (Crawford School of Public Policy) at the Australian National University.

His first-class experience and high regard as an economist in Australia and overseas, and as a senior public servant who has worked with successive Australian governments at the highest

level, has brought fresh skills and perspectives to the ASX Board at precisely the right time – a time of significant regulatory change locally and around the world.

As mentioned, the directors of ASX unanimously support Ken's election.

I would now like to invite Ken to say a few words.

Dr Ken Henry:
Thank you very much Rick, and good morning ladies and gentlemen. It is a pleasure to be here.

I was delighted to accept the appointment as a director of ASX earlier this year and, with your support, am very keen to cement my commitment to this organisation for the next three years.

As Rick mentioned, I was Secretary to the Treasury for 10 years and having that background, I am acutely aware of the central position that this organisation occupies in Australia's financial marketplace. Having now been a director of the organisation for eight months, I can now see even more clearly how the organisation performs its role and how it is impacted by regulatory developments, both at home and abroad.

Australia should have financial markets that are regulated to the highest standards and which are globally competitive. As both Rick and Elmer have said already this morning, the local regulators have done a good job, they've made sensible decisions.

Nevertheless, the regulatory landscape will continue to evolve, there is a lot happening at an international level and in the areas ASX is seeking to expand, areas such as OTC derivatives clearing and collateral management. Getting the regulatory settings right is critical, both for Australia's role as an efficient and reliable centre for financial services and critical for the ASX.

Having worked with successive Australian governments and with regulators around the world over many years, I believe my skills and experience provide ASX with insights and judgement to help the company navigate through what is likely to be an intense period of regulatory and policy development.

With its profile, purpose and ambitions, there are few organisations that offer as rich a canvas as ASX for somebody with my interests and experience. I am enthusiastic about the task ahead and ask for your support to continue to act in your interests.

Thank you.

Rick Holliday-Smith, Chairman, ASX Limited
Would anyone like to discuss any aspects of Ken's election?

OK. On the screen behind me are displayed the total valid direct votes and proxies for this item.

The poll on this item will be taken once all items have been considered. However, you may wish to mark your polling card now as to how you will be voting.

Thank you Ken.

Grant of 2013 Performance Rights to Managing Director and CEO under the Long-Term Incentive Plan
Details regarding the 2013 proposed grants of performance rights to the Managing Director and CEO under the Long-Term Incentive Plan are set out on pages 4 to 5 of the Notice of Meeting.

As mentioned earlier, while there is no listing rule requirement to obtain shareholder approval in these circumstances, we believe it good practice from a transparency point of view.

Is there any discussion on this item?

Carol Limmer, Australian Shareholders Association
Thank you Chairman. The issue is not with quantum and indeed, I would mention that the valuation method is better than the way it is done by other companies, so that is good.

It is really in relation to the TSR hurdle which is three years and I acknowledge it has got a 30% weighting and the other is of course over a three year period.

Some well-known and quite well respected companies have moved to longer performance periods and the Australian Shareholders Association clearly has a preference for four years or longer on the performance period and in relation to the CEO's grant, the plan has a three year only performance period and 50% vests at just the 51st percentile and ASA also believes perhaps that could be a more rigorous hurdle.

So essentially, the issue that we have is with the performance period and the vesting scale.

I would just like to raise that. This is an issue that has been raised before by the ASA and is a matter of ongoing discussion and I do appreciate that you review your remuneration policies and practices over time and would certainly encourage you to continue to review that particular matter.

Thank you.

Rick Holliday-Smith, Chairman, ASX Limited
Thank you. This is a topic of consistent discussion and I note your points.

We do discuss it every year. As you are aware, we do look at LTI overall and the likely outcomes and the degrees of difficulty etc. We do look at three years versus other periods.

We do look at what everyone is doing and different people in some cases doing different things and again, on balance we have to exercise a judgement and in the last review we exercised a judgement to leave those items where they have been set for some time.

So while we note and appreciate your comments, we do review it every year and will continue to do it every year and we will exercise the best judgement we can in terms of getting the things we need to get accomplished for the company, which is basically trying to incentivise people with performance opportunities, that align with what we are trying to do. I would have to say in the current market some of those LTI settings are quite challenging, particularly the EPS growth one and we will be delighted if that occurs. Equally it is part of a continued review so thank you for your comment.

Shareholder
Just another question - again relating to TSR for the return on the performance criteria.

On page 5 of the Notice of Meeting, I notice a statement. Here you might like to give a comment: "The Board has the discretion under the plan rules to increase or decrease the number of shares provided to Mr Funke Kupper by up to 20% of the maximum number of shares that may vest". Is that normal or is this a discretionary thing?

Rick Holliday-Smith, Chairman, ASX Limited
We have a number of discretions. That discretion exists. It gives us, for example, if we thought a situation like a capital raising and the statutory calculation of earnings per share might have been different to a commercially expected outcome because of the nature of those two calculations - we have a discretion to make sure we get a fair outcome for shareholders and the individual. So we do have some discretions at the margin and we thought it was useful to make that comment.

It ties in with my other comment in my statement, which is to the extent that if there is any issue the Board has the discretion to come up with an outcome that it believes is fair and balanced for both sides - which is the shareholders' side and the executive side.

So the reason why this statement would have been included was that in conjunction with the fact that there may have been some issues around the capital raising and the calculations and the fact that the particular award, the EPS award anyway, is linked to the statutory number.

Any other questions? Alright.

On the screen behind me are the details of the total valid direct votes and proxies for this item.

The poll on this item will be taken once all items have been considered. However, you may wish to mark your polling card now as to how you will be voting.

Remuneration Report
We now move onto item 5, which is the remuneration report. The remuneration report to shareholders commences at page 51 of the 2013 Annual Report.

We review our remuneration policy every year. It is an evolving topic, one that we regularly discuss with shareholders. ASX seeks to strike a balance on remuneration between providing realistic and sensible financial incentives for valued executives, with longer term considerations around stability and commitment. The Board is comfortable with the current remuneration arrangements for the senior management team and believes it aligns with many of our peer companies.

This item gives you the opportunity to ask questions about, or make comment on, ASX's remuneration policies.

Is there any discussion on this item?

Carol Limmer, Australian Shareholders Association
Just in relation to the Remuneration Report, I acknowledge the ASX does regularly review their remuneration arrangements and you have in fact made changes in recent years.

And that overall, a lot of the remuneration policies and practices are quite reasonable. But there are two clear exceptions and one is the one I have previously mentioned in relation to the LTI plan and the other is in relation to the STI plan where whilst there is deferral for two years, it is into cash and not equity and ASA would prefer that that deferral be into equity and many companies amongst the ASX Top 100 companies, let's say, do actually have deferral into equity to further lock in a sense and long-term interest for the CEO. So that is what I wanted to mention thank you.

Rick Holliday-Smith, Chairman, ASX Limited
I think that is a reasonable question and a reasonable issue. Again, as is the three-years versus four years, it is something that we review every year.

A lot more companies are actually adopting a structure for below the very most senior people which is an STI program with a deferred element, as opposed to an STI program and a LTI program. So it is actually becoming quite common for lots of reasons including alignment and motivation of the staff and offering something that is actually seen to be more meaningful to them.

The issue of cash versus performance rights - I think is a very valid one. We set it up some time ago with cash and we are looking at that closely. That is one that I think the market is moving towards. A clearer direction will emerge on that topic over the next 18 months and we are watching it very closely and I am very happy for that to be brought to our attention. It is clearly in our vision already so thank you.

We made the judgement to do what we have done but it is a good question.

Mary Curran, shareholder
A quick question again about the TSR. I am not that familiar with your remuneration report but I just wondered, I note you use the relative TSR. If the actual TSR is negative, what happens then with the incentives? So if the total shareholder return is negative, not the relative, I am talking about the absolute?

Rick Holliday-Smith, Chairman, ASX Limited
So you are saying if all TSRs are negative and we came in the 51st percentile negative TSR, is that right?

Mary Curran, shareholder
Exactly right. I mean, at the end of the day it means shareholder return has gone backwards. So I am just saying if the shareholder return has gone backwards are you still getting the incentives?

Rick Holliday-Smith, Chairman, ASX Limited
Let's make it clear what we are saying.

TSR is an award that is made over a three year period. So it isn't made in any one year, so your question is - if over a three year period, we had a negative TSR and the whole market had an even more negative TSR, and our relative position to the total market put us in the top half of negative performance, that is what you are saying? Over three years cumulatively, what would we do?

I must admit, I haven't actually asked myself that question and there must be an answer. Firstly, I would say, if it is relative TSR and that is what is supposed to be driving it, it is our performance relative to the market peer group. So you start with, if we have outperformed better the rest of the market then that is actually, what it would be doing. But I would need to seek final judgement on that but I think it is pretty simple. It is a relative to the total market so if everyone had lost 70% of value and we had lost 10 and we were at the 80th percentile of performance, i.e. we had done better than everyone else, that would be reflected in that number.

I think it is a fairly extreme situation and I would have to go away and think about it. I have never seen it nor considered it to be honest.

Mary Curran, shareholder
I am just saying obviously if the TSR is negative that means that the shareholders have gone backwards and I am just trying to get alignment with us the shareholders that's all. I am just curious.

Rick Holliday-Smith, Chairman, ASX Limited
Well the TSR linked award is relative to your performance as part of a group of companies so it is in the total context of everybody, whether they go up or down. It is your relative performance to their performance over a three year period. So what you are saying is, shareholders may not be happy with ASX that their value went down as I guess ASX wouldn't be happy with ASX, but if for whatever reason, that happened this one is actually your relative position to the deemed peer group.

Carol Limmer, Australian Shareholders Association
Just in relation to that I guess it would be whether there was an overlay on the plan, where in terms of if that did occur and I acknowledge that may be indeed be an extreme case, that there is an overlay that if that were to occur that perhaps that proportion of the LTI may not vest in terms of looking at the alignment with the shareholders. And I acknowledge the situation with the ASX plan is somewhat diluted because of the fact that you have 30% of the allocation.

Rick Holliday-Smith, Chairman, ASX Limited

I think two things. There is a program there which is about relative performance to a peer group and that is what it does.

You have given us an extreme example over three years where that happened and we still did better relatively to everybody else. I still believe that is what the relative TSR would do.

I would comment that obviously there is an overriding discretion we have but at the same time this is an arrangement between us and the executive entered into in good faith and we would have to very carefully think that through. To be honest I have never actually confronted it and maybe I should.

It isn't on the things I had considered so I will take it away and see if I can come back with a more reasoned answer but I do believe what I am saying is true.

The point that has been passed to me is that of the LTI award it is only 30%. I understand the TSR is only 30% of a total award. The rest of it is EPS growth with a compound 8-10%.

We are not worried about the other 70% because if what you are talking about has happened it's got no value. We are just talking about that part. I think what I have said is probably true, where to the extent we had discretion we would look it at but let me come back with a more reasoned answer on that.

I hope you don't think that is a likely outcome.

Yes Phil?

Philip Galvin, shareholder
Just raising that particular point. Rather than going away and thinking about an absolute overlay that turns TSR into an absolute benchmark, I would just support the board in that it is a relative measure only.

Rick Holliday-Smith, Chairman, ASX Limited
It is a relative measure only. Thank you.

Any other questions, Alright.

On the screen behind me are the details of the total valid direct votes and proxies for this item.

As that was the last formal item of business set out in the Notice of Meeting, before we ask Link Market Service representatives to collect polling cards, please let me know if there is any other business to be brought before the meeting or if shareholders have any other questions to ask of directors.

Are there any further questions? As there are no further questions, please now complete your yellow poll voting card if you have not already done so by marking your vote in the "for", "against" or "abstain" box for each resolution. If you have any queries, please raise your hand and an attendant will assist you.

Representatives from Link Market Services will now collect your completed polling card.

I have observed that all polling cards have been returned. I now declare the poll closed.

Poll results will be released to the market via the Market Announcements Platform and available on the ASX website as soon as possible, which is expected to be this afternoon.

I now declare this meeting closed and invite you to join us for some light refreshments upstairs. Thank you for attending and for participating.