Below are responses to a range of subjects raised by ASX shareholders ahead of the 2009 ASX Limited Annual General Meeting.

Many shareholders asked the same or similar questions, so ASX has grouped its answers under common themes. These responses should be read in conjunction with the Chairman’s and Managing Director and CEO’s AGM addresses.

Thank you to those shareholders who submitted questions.

Government Supervisory Reform Announcement on 24 August 2009

The Australian Government announced reforms to the supervision of Australia’s financial markets, with some supervisory responsibilities to transfer from ASX to ASIC by the third quarter 2010.

ASX believes the timeframe is appropriate and is working constructively with Treasury and ASIC to implement an orderly transfer. ASX will update the market and shareholders as more information becomes available. This includes recognition of any fair value compensation for the transfer of intellectual and physical property rights currently accruing to ASX shareholders, as well as for the non-recurring costs incurred by ASX to give effect to such a transfer.

ASX is not in a position to speculate on the likely financial impact of the Government’s supervisory reforms, including the effects on dividends to shareholders, until there is greater certainty about which functions are to be transferred from ASX to ASIC. ASX will update the market and shareholders as information becomes available.

It is business as usual in the meantime. There will be no run-down in ASX Markets Supervision’s supervisory effectiveness.

ASX remains a supervisor – retaining responsibility, at least, for supervising entities listed on its market. ASX will continue to devote resources to ensuring that its services result in markets that are fair, orderly and transparent, and in clearing and settlement facilities that are fair and effective. The long-term sustainability of ASX as a market operator depends on this.

The Government has said that its decision was about “streamlining supervision and enforcement” and “moving to whole-of-market supervision” as the “first step in the
process towards considering competition between market operators.” It was not a reflection of dissatisfaction with ASX’s supervisory performance. The latest ASIC annual assessment of ASX concludes that ASX has complied with its statutory obligations.

**ASX Preparedness for Competition**

ASX has not made any forward-looking statements on the topic thus far because it’s a public policy decision before the Government. We do not wish to speculate on the likely impact.

However, ASX is focused on the issues and we have prepared competitive responses. These include a number of equity market improvements currently awaiting regulatory clearance from ASIC.

These are designed to keep ASX at the forefront of contemporary trade execution service offerings, such as trading capacity and latency upgrades, additional order type functionality, and a new large order trade facilitation service.

**Investment in IRESS Market Technology**

ASX has had a stake holding in IRESS Market Technology Limited (IRESS) since 2000. It’s a well-run business and has been a solid-performing investment. It’s also an adjacent business to what ASX does.

If ASX intends to increase its stake in IRESS it will announce such to the market.

Despite media and analyst speculation, ASX’s introduction of a Dividend Reinvestment Plan is not related to ASX’s interest in IRESS.

**Board Renewal – Trevor Rowe**

ASX has demonstrated a commitment to Board renewal irrespective of whatever the ‘issue of the day’ might be. Michael Shepherd retired as a director in 2007 after serving for 19 years; Maurice Newman retired in 2008 after 18 years; and Michael Sharpe retired this year after 14 years.

Trevor Rowe, as the next longest serving director on the ASX Board, will retire prior to the 2010 AGM, by which time he would be in his ninth year as an ASX director. This gives the Board the opportunity to continue the renewal process and propose to shareholders a successor to Trevor at next year’s AGM. Trevor’s decision followed talks with the ASX Chairman over many weeks and was announced to provide the market and shareholders with certainty.
Directors Fees

The maximum aggregate amount that may be paid to all ASX Limited non-executive directors each year is capped at $2.5m, which was approved by shareholders at the 2007 AGM.

During FY09 the total fees paid to ASX Limited non-executive directors was $1,985,238. The ASX Board has always maintained a fee buffer to give it the flexibility in planning its structure in advance of specific needs arising.

Effective 1 July 2009 ASX Limited non-executive directors received a $10,000 increase in their director fees, which was in line with the recommendations of an independent remuneration consultant.

Directors’ Commitment to ASX Given Their Other Non-ASX Roles

Focusing solely on the quantity of involvements a director has, other than his/her ASX role, overlooks the positive contribution the experience of these other positions can make to a director’s performance at ASX. Such experience can enrich a director’s ASX contribution.

ASX is satisfied that each of its directors is able to devote the necessary time and effort to their ASX duties. As high quality professionals, they are in the best position to manage their time commitments.

All directors bring a level of expertise, judgement, dedication and perspective to the performance of their responsibilities that is of great value to the ASX Board. During the course of the year, ASX directors have been accessible to ASX senior management for advice and consultation on issues outside scheduled board commitments.

Each year the ASX Board reviews its performance to ensure that individual non-executive directors and the Board as a whole work efficiently and effectively in achieving their functions under the ASX Board charter.