Chairman’s Address

It is my pleasure to be with you today for the fourth time as your Chairman.

2015 was a positive year for our company. ASX achieved record financial performance and made good progress towards achieving its strategic objectives.

As ever, change has been a constant feature of financial markets. Be it the way global regulations impact how we operate, or how a slowdown in China can test our market’s investor confidence.

We see change as an opportunity and in 2015 we continued to invest in our business. We added to our suite of products and services, strengthened our management capabilities, improved our customer engagement, and kicked-off a significant upgrade of our technology platforms.

ASX operates at the heart of Australia’s financial markets. This requires us to be proactive and positive – for our customers, shareholders, regulators, employees, and for Australia’s aspiration to be a leader in financial services.

We are grateful that you, our shareholders, continue to support us.
Positive financial performance in FY15

In 2015, ASX produced record revenues and earnings. Operating revenues were $700.7 million, up 6.4%, and underlying net profit was $403.2 million, up 5.2%.

Operating expenses increased 4.2% and our capital expenditure was $44.4 million. Both were in line with the guidance given at the beginning of the year.

The result was supported by strong activity levels. Our Listings business saw 120 IPOs in FY15, the most in four years, and volumes in our equities and derivatives businesses were stronger than the previous year.

The Board determined a final dividend of 95.1 cents per share fully franked. It was paid last week. This took full-year dividends to 187.4 cents per share, an increase of 5.2%, and we maintained our policy of paying out 90% of earnings as dividends.

ASX is the one of the most efficient fully integrated, multi-asset class exchange groups in the world. Our size and business mix enable us to make investments to meet the highest global standards and to provide Australia with world-class infrastructure. This supports market quality, investor confidence and shareholder returns.

<table>
<thead>
<tr>
<th>Income statement</th>
<th>FY15 $ million</th>
<th>Variance to FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>700.7</td>
<td>6.4%</td>
</tr>
<tr>
<td>Underlying expenses</td>
<td>(160.1)</td>
<td>4.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>540.6</td>
<td>7.1%</td>
</tr>
<tr>
<td>Underlying profit after tax</td>
<td>403.2</td>
<td>5.2%</td>
</tr>
<tr>
<td>Statutory profit after tax</td>
<td>397.8</td>
<td>3.8%</td>
</tr>
</tbody>
</table>
Key regulatory developments

Elmer will elaborate on ASX’s achievements against our key objectives shortly. I would like to touch on some of the regulatory developments that impact our long-term success.

There are few industries subject to as much regulatory oversight as financial markets. Given what’s at stake – stability, market integrity and the retirement savings of millions of Australians – the regulatory scrutiny is as it should be.

Regulatory settings supporting end-investors and growth

The last three years
- Regulations
- Systemic risk
- Global competitiveness

Equities clearing next 3–5 years
- Market structure
- Future benefits
- Technology

Most of the regulatory changes that flowed from the Global Financial Crisis were designed to de-risk the world’s financial markets. Since ASX has most of the leading international investment banks as customers, it is impacted significantly by regulations that originate in Europe and the US.

ASX decided three years ago to deal with the wave of regulatory requirements positively and proactively. With the support of our shareholders, we raised capital early and we worked with our domestic and international regulators to ensure that we meet the highest standards.

ASX has been rewarded for its proactive approach. We are well on our way to fully observing the updated Financial Stability Standards. Our target is to achieve this in the current financial year.

In August 2015, we were the first exchange in the world to obtain an exemption from the US regulator, the CFTC, to provide certain clearing services to US bank branches in Australia. We were also one of the first to be granted regulatory recognition by the European regulator, ESMA. These outcomes enable ASX to maintain its relevance and competitiveness.
The final piece in the regulatory puzzle is a decision on the market structure for clearing cash equities.

ASX is currently awaiting the Government’s decision on the review of the market structure for clearing of cash equities. We appreciate that the recently appointed Treasurer Scott Morrison and Assistant Treasurer Kelly O’Dwyer need time to consider the work that has been done to date.

We value the considered and positive engagement with the Government on this matter.

ASX has recommended a continuation of the current model for cash equities clearing for five years. This would provide the certainty we need to commit to a significant investment in our post-trade infrastructure, including the ‘once in a generation’ replacement of the CHESS platform.

In addition, we have committed to implement a new fee schedule that provides savings to all clearing participants. In the meantime, we continue to operate under existing arrangements until an announcement.

We acknowledge the significant cooperation from ASIC and the RBA to ensure the Australian regulatory regime is world-class and recognised as equivalent by overseas regulatory agencies.

ASX enjoys good engagement with its regulators. We share a common goal to have regulations that support end-investors, grow our financial markets and build Australia’s competitiveness.

**BBY**

The most significant market event in the last 12 months was the collapse of broker BBY. BBY was an ASX participant in the equities and equity options markets. The company also operated a number of businesses that were not connected to the exchange.

We recognise the impact the collapse has had on clients of BBY. ASX worked hard to support BBY clients as they attempted to transfer to other brokers. Many were able to transfer.

Unfortunately, the declaration of insolvency and the appointment of administrators curtailed ASX’s ability to influence an orderly outcome. Once administrators were appointed, ASX’s prime responsibility was to protect the rest of the market from the impact of BBY’s default. This necessitated the closing out of all options positions that had not been transferred.

By the 4th of August, ASX had released all unused non-cash collateral and returned all unused cash collateral it held from clients to BBY’s liquidators.

We continue to help clients with the transfer of their Holder Identification Numbers – or HINs – to other brokers.
In addition, ASX will assist ASIC and the Government on regulatory changes to further protect client funds and make the transfer process between brokers more efficient.

The leadership team

ASX continues to be well-served by Elmer and his team. On behalf of the Board, I thank all ASX employees for their hard work during the year.

You will note in Item 5 in today’s agenda that the Board is asking shareholders to consider and vote on a grant of performance rights to Elmer under ASX’s long-term incentive plan.

There is no listing rule requirement to obtain shareholder approval in these circumstances. However, we believe it is good practice from a transparency point of view.

We also thought it was a good opportunity to highlight the changes we have made to ASX’s remuneration structure from FY16.

At last year’s AGM I said I would engage with stakeholders as part of a review of ASX’s executive remuneration framework. The changes we have made reflect the outcomes from that review.

Executive remuneration changes for FY16

<table>
<thead>
<tr>
<th>STI Awards – applies to all Group Executives</th>
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</thead>
<tbody>
<tr>
<td>• 50% cash</td>
</tr>
<tr>
<td>50% deferred for two years</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>• Deferral in cash</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LTI Awards – applies to CEO and Deputy CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 3 year performance period</td>
</tr>
<tr>
<td>• Fair value of ASX shares</td>
</tr>
<tr>
<td>• 70% EPS, 30% TSR</td>
</tr>
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</tbody>
</table>

In summary, we have made changes to our short-term and long-term incentive programs.

In the short-term incentive program we have extended the deferral of incentives out to four years. From FY16, Group Executives will receive 40% in cash, with 30% deferred for two years and 30%
deferred for four years. In addition, the deferral will now be in equity to create greater alignment with shareholders.

We have also made changes to our long-term incentive program. The vesting period has been lengthened to four years, the face value of ASX shares is used to determine the allocation of performance rights, and we have made more relevant the TSR and EPS hurdles that apply to the scheme.

The changes are described in some detail in the Remuneration Report.

Elmer’s remuneration structure has been aligned with the rest of the executive team and will be affected by these changes. They are the first changes to Elmer’s remuneration since his appointment in October 2011. There is no change to the fixed salary component of his pay, which remains the same as it was when he joined the company.

I thank shareholders for the constructive input in helping shape our new remuneration structure, and for the positive feedback it has received thus far.

**Board renewal**

I thank my Board colleagues for their contribution to ASX over the last 12 months. Our Board functions well and provides effective oversight.

We have been working steadily on the renewal of our Board over the last three years. Last year, Dominic Stevens and Damian Roche were elected to the Board. This year, Yasmin Allen is asking for your support. Yasmin has brought strong business and risk management skills to the Board. She will address the meeting a little later. Heather Ridout, Peter Marriott and I are also standing for re-election.

I pay tribute to former director Jillian Segal, who retired from the ASX Board on 1 September this year after 12 years of service. Jillian helped guide the company through an exciting and at times challenging period. She made a significant contribution to the Board, including as Chair of the Remuneration Committee and a director of ASX Compliance. She leaves with our gratitude and congratulations.

The Board continues to consider the appropriate mix of skills and experience for its directors. In FY15 we met our target of one-third female Board representation. This continues to be our objective for the end of FY16.

Once more, I thank our shareholders for your support. ASX is in good shape. We have entered FY16 with confidence.

I now invite Elmer to address the meeting.
Managing Director and CEO’s Address

Thank you Rick and good morning fellow shareholders.

Like Rick, this is my fourth AGM.

I would like to summarise the progress ASX made in FY15 and touch on the areas that will advance the company over the next few years.

Positive revenue growth

<table>
<thead>
<tr>
<th>Operating revenues</th>
<th>FY15 $ million</th>
<th>Variance to FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listings and Issuer Services</td>
<td>176.6</td>
<td>-13.9%</td>
</tr>
<tr>
<td>Cash Market</td>
<td>125.2</td>
<td>6.7%</td>
</tr>
<tr>
<td>Derivatives and OTC Markets</td>
<td>206.2</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Information Services</td>
<td>73.7</td>
<td>7.0%</td>
</tr>
<tr>
<td>Technical Services</td>
<td>57.3</td>
<td>8.3%</td>
</tr>
<tr>
<td>Austraclear</td>
<td>45.3</td>
<td>-10.4%</td>
</tr>
</tbody>
</table>

ASX delivered positive performance in 2015. Higher activity levels generated revenue growth in all of our main business lines, except in Derivatives and OTC Markets. In this business, ASX implemented fee reductions that improve the alignment with our customers and create a more sustainable business. While fee changes create some short-term pain in our earnings, they help us strengthen our franchise in the long run.
Over the last four years, the regulatory standards that apply to exchanges and the level of competition, both locally and globally, have increased significantly. ASX has transitioned successfully to this new environment. We have made the necessary investments in our franchise and showed discipline in our capital expenditure programs. As a result, we have been able to meet the higher standards, strengthen our core business, grow our earnings and maintain an attractive dividend.
In FY15, we continued to make progress on each of our key objectives. The objectives recognise the role ASX plays in Australia’s financial markets and help ensure we remain competitive in a changing global marketplace. They will be familiar to you from last year’s AGM.

Our objectives are to:

- Be the global leader in Australian dollar and New Zealand dollar financial markets
- Increase the options available to Australian investors
- Provide world-class financial infrastructure that is connected to other financial centres
- Deliver an outstanding customer experience 24-hours a day
- Advocate regulatory settings that support end-investors and growth, and
- Be employer of choice in financial markets.
Be the global leader in A$ and NZ$ markets

ASX is the global leader in A$ and NZ$ financial markets. This is not a position we take for granted. We are investing to ensure we bring new services to the market that support our clients and give investors greater choice.

In FY15, we continued with our product innovations. In the equity market, we expanded our Centre Point execution service that helps investors navigate a fragmented market. You can see on the slide behind me that volumes in Centre Point continued to grow. Each colour above the dark blue in the columns represents a further innovation.
In our Derivatives business we saw positive growth in our new clearing service for over-the-counter (OTC) interest rate swaps. More than $1 trillion in value has now been cleared by the service. Two years ago it did not exist.
Increase options available to investors

Growing the listings franchise

Australia continues to have one the best markets for companies to list and raise capital. In FY15, companies raised almost $90 billion in capital, which was 35% up on the previous year.

In developing our listings franchise we are particularly targeting the technology sector, New Zealand companies and the managed funds sector. As you can see from the names on the slide, we have been successful in growing each of these segments.

In addition, ASX is expanding the options available to investors. We call this strategy the ‘investment supermarket’. Over time, our aim is to provide a full suite of products including domestic and international shares, government and corporate bonds, and listed and unlisted managed funds.

Provide world-class financial infrastructure

One of ASX’s key roles is to provide the infrastructure that makes our financial markets work, every day.

It is 25 years ago this week that ASX closed its trading floor and equities trading went fully electronic. The 28th September 1990 was the start of a technology revolution that would sweep through financial markets.

ASX has been at the forefront of this revolution and in 2012 opened its data centre, which we call the Australian Liquidity Centre or ALC.
Today, the ALC provides technical and co-location services to over 100 clients, representing a broad cross-section of market users. In addition, ASX operates a global data network that connects traders from the US, Europe and Asia to our markets. The ALC can rightfully claim to be the heart of Australia’s financial markets.
In February 2015, ASX announced that it would upgrade all of its main trading and post-trade technology platforms over the next three to four years.

Phase 1 of the program will replace ASX’s equities and derivatives trading systems by the end of 2016. This will improve the ability of the exchange to innovate and bring products to market quickly, make it easier for clients to connect to ASX and reduce their internal operating costs.

In Phase 2 we will transform our post-trade infrastructure. This is the phase where we will replace CHESS, which will give us a once-in-a-generation opportunity to rethink how our equity market operates end-to-end. This could remove substantial costs for companies and end-investors. We look forward to working with investors, our clients and regulators on this exciting project.
Over the last few years, ASX has taken a number of important steps to improve the customer experience.

A major step in FY15 was the opening of our new 24-hour Customer Support Centre. The Centre brings together ASX’s operations, technology and market surveillance teams to operate our markets and provide end-to-end customer support.

The Customer Support Centre is housed in the ALC and is part of the infrastructure we built for our local and global clients.

In addition to our investment in the physical environment, we created a dedicated Customer Experience team. The team is led by a member of our Executive Committee to ensure that customer delivery is visible at all levels in the company, every day.
Advocate regulatory settings that support end-investors and growth

Key objectives

Rick has provided an overview of the main regulatory developments, and ASX’s positive response to the challenges and opportunities these provide. Now that most of the requirements have been met, we can look forward and invest in our business with confidence.

Be employer of choice in financial markets

To be globally competitive ASX needs to invest in its skills and people. In 2015, we recruited a number of senior executives who bring strong international financial markets expertise. Several were sourced from our customers to help deepen our understanding of their needs.

Next to our skills base, we focus on staff engagement and diversity. We set targets for each and have implemented programs that support talent development. Diversity is further supported by market-leading policies around flexibility and parental leave. We believe strongly in making the most of 100% of the talent available to us, locally and globally.

The overview of our priorities shows that ASX is investing to build a stronger, more competitive exchange. At the same time, we maintain the expense and capital disciplines that have long been a hallmark of the company. The objectives of growth and performance are not mutually exclusive; over the economic cycle they complement each other.
**Early FY16 activity levels**

Let me now briefly comment on activity in the first quarter of this new financial year.

The month of August, in particular, saw an unusual period of very high volatility and market activity.

During the last week of August, ASX broke several activity records.

On Monday 24 August, ASX reviewed more than one thousand market surveillance alerts – when the normal daily average is around 350.

On Tuesday 25 August, ASX processed over 1.5 million equity transactions and 143 million order book changes. Both were records. Our technology, operations and market surveillance teams did an excellent job in managing the market during this time of high volatility.

![Performance of global indices over 15 months](chart.png)

To 25 September 2015; Index

It remains difficult to read what the increased volatility in China and the reluctance of the Federal Reserve to increase interest rates mean for the global economy. It is certainly true that the global economic recovery is slower than we would like and remains at risk. In relation to China, it is important to maintain some perspective. Since May this year, the Shanghai Composite Index has fallen by 27%. Despite this, over a 15-month period, the market is still up around 40%.
The increased level of volatility did stimulate volumes traded on ASX. This slide summarises activity for the period up to 25 September this year.

The only business that saw volumes decline was equity options. This is in part due to the collapse of BBY, which had a sizeable share of the options market.

All other businesses have seen growth.

In our Listings business, the amount of capital raised doubled to more than $26 billion.

Our Cash Market grew by 24% with more than $4 billion traded each day.

And in futures, almost half-a-million contracts were traded daily, up 7% on the same period last year.

**Conclusion**

In FY15, ASX finished the year in a better position than it started. We’re excited by the investments we are now making. They will put Australia’s financial markets, and ASX, in a stronger position.

I thank Rick and the Board for their guidance, and my ASX colleagues for their dedication throughout the year.

And thank you, our shareholders, for your commitment to ASX.