ASX

AUSTRALIAN SECURITIES EXCHANGE

2009

ASX Limited **Annual Report**

ASX Limited
ABN 98 008 624 691

ASX Limited (ASX) was created by the merger of the Australian Stock Exchange and SFE Corporation, holding company for the Sydney Futures Exchange, in July 2006.

ASX operates under the brand name Australian Securities Exchange and is one of the world's top-10 listed exchange groups measured by market capitalisation.

ASX is a multi-asset class, vertically integrated exchange group. Its activities span the primary market and capital formation process, secondary market trading and price discovery, central counterparty risk transfer, and securities settlement for both the equities and fixed income (including over-the-counter) markets.

ASX functions as a market operator, supervisor, clearing house and payments system facilitator. It promotes good corporate governance among Australia's listed companies and helps educate retail investors.

The diverse domestic and international customer base of ASX includes issuers (such as corporations and trusts) of a variety of listed securities, investment and trading banks, fund managers, hedge funds, commodity trading advisers, proprietary and retail traders, and retail investors.

Underpinning ASX's activities as a market operator is the quality of the supervision performed by its wholly-owned subsidiary, ASX Markets Supervision (ASXMS). The long-term sustainability of ASX as a market operator is inextricably linked to operating markets of maximum integrity. Quality supervision is critical to market confidence and the maintenance of fair, orderly and transparent markets. ASX's commitment to supervision is deeper than the fulfilment of a licence obligation.

Confidence in the integrity of ASX markets and its clearing and settlement facilities is reinforced by the regulatory oversight of the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA). ASIC also supervises ASX's own compliance as a public listed company with the ASX listing rules.

More information on ASX – the Australian Securities Exchange – can be found at: www.asx.com.au

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My fellow shareholders,

Commentators ran out of adjectives to describe the turbulence of the financial year ending 30 June 2009 (FY09) some time ago. Needless to say, it has been 12 months of immense challenge. I could not have picked a more interesting year to begin my chairmanship of ASX Limited!

When I became Chairman almost 12 months ago the first things I noticed were the skill, focus and hard work of ASX staff. I came to the role with a healthy respect for ASX employees but this has been surpassed by my observations over the past year. These efforts are seldom noted, so I wanted to start my first Chairman's Letter with that recognition and a statement of my, and the Board's, enormous appreciation for their work.

As each of our employees will attest, the pressures have been great, but I believe that there has been much with which to be satisfied. Interestingly, ASX's shareholder base has grown 7.7% to over 52,000 investors since our last Annual Report. It is gratifying to know that the number of those who recognise the value of our efforts is increasing. Thank you for your support.

FY09 has been one of robust performance for the ASX group, financially, operationally and by our supervisory subsidiary. We have continued to deliver solid returns to investors and functioned with exceptional systems reliability and certainty during a tumultuous period. As the Managing Director and CEO's Report demonstrates, FY09's result is a continuation of sustained performance over the three years since the ASX/SFE merger.

Much has been said about how well Australia has fared relative to most other developed economies during the financial crisis. This truth extends to the performance of the markets and services provided by ASX.

ASX remains one of the world's top-10 listed exchange groups by market capitalisation and it was the fourth most attractive market for total capital raised in FY09 (and the top ranked globally for raisings as a percentage of domestic market capitalisation). ASX's daily settlement performance continues to be at global best practice levels, while the Australian market is rated one of the most competitive in the world across a range of efficiency measures, including market impact costs.

The strong standing of Australia's capital markets has not happened by accident. The Australian Government and its regulatory agencies deserve commendation. ASX has played its part too, working harmoniously with Treasury, ASIC and the RBA to strengthen Australia's regulatory framework in areas like short selling, settlement efficiency and risk management. ASX does not take the critical role it plays in Australia's capital markets lightly.

The Board is delighted that Robert Elstone agreed to extend his term as Managing Director and CEO for another two years, to July 2011. At the 2008 Annual General Meeting (AGM) Maurice Newman AC retired after 18 years as a director, 14 of them as Chairman. His contribution to ASX was enormous and assisted in placing the group in the excellent position it is today. We are most grateful for all of his efforts.

I inherited a very strong and hard working Board that is committed to a process of Board renewal. To that end:

- Michael Sharpe AO, a director since 1995, retired on 1 July 2009. Michael had been the chair of the Audit and Risk Committee of the Board for many years, and we record our gratitude and best wishes to him. We have welcomed Peter Marriott as Michael's successor, who brings his own blend of skills to that important responsibility.

- Trevor Rowe AM, as the next longest serving director on the ASX Board, has indicated his intention to step down from the Board 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.

Under my chairmanship and the executive leadership of Robert Elstone, ASX will not be distracted by the consequences of the global financial crisis from the need to innovate, to invest in our people and platforms, and to grow our business. With our myriad stakeholders and multiple responsibilities, ASX must prove itself everyday. It's a good discipline to be subject to.

It has been a privilege to serve as your Chairman and I believe all our stakeholders can take comfort from ASX's resilience and professionalism. I'll leave the forecasting of global market confidence levels to the experts. What I will say, unequivocally, is that I have strong confidence in ASX – its people, performance and prospects. I trust you will find the confidence well-placed.

David M Gonski AC
Chairman

Robert Elstone *Managing Director and CEO* **David Gonski AC** *Chairman ASX Limited*

ASX recorded sound financial, operational and supervisory performance for the year ending 30 June 2009 (FY09), particularly having regard to the group's external challenges. Global financial markets experienced unprecedented volatility and uncertainty, several foreign banking systems were stressed (and, in some countries, partially nationalised), credit markets struggled to function efficiently and, consequently, growth declined and unemployment rose in all the developed economies of the world. While the Australian economy was not immune to these pressures, its financial system and critical financial infrastructure (including that operated by ASX and its supervision, clearing and settlement subsidiaries) performed robustly.

Against this backdrop ASX recorded a net profit after tax of $313.6 million, down 14.3% over the prior comparable period, based on a 12.4% fall in operating revenues, a modest 1.2% increase in cash costs, and a 4.3% increase in interest and dividend income. Dividends to shareholders fell as a consequence to 164.9 cents (fully franked) per share. While disappointing from a trend perspective, ASX's financial performance compares favourably to several of its global exchange peers. ASX's payout ratio for dividends has been maintained and no call on shareholders to raise equity was necessary during FY09.

Importantly, throughout FY09 ASX continued to invest in the capacity and functionality of its technology platforms. ASX also facilitated record levels of secondary capital raisings critical to the financial wellbeing of many of its major listed entities and, in turn, to the real economy.

ASX provided world-class levels of availability of its trade execution, clearing and settlement infrastructure to market users, and seamlessly facilitated 47 trillion dollars worth of wholesale market risk transfer and payments system certainty via its clearing and settlement subsidiaries. Given the volatility in global financial markets, ASX's risk management practices and clearing house and settlement system infrastructure, proved essential to the smooth functioning of the Australian financial markets during FY09. ASX also continued to service increasingly rigorous annual compliance assessments from its regulators, ASIC and the RBA.

It was a year of solid achievement despite extraordinary turmoil in global financial markets. That turmoil, unsurprisingly, generated some useful lessons for ASX in its pursuit of continuous improvement across its wide span of activities.

It is also important, though, to take a longer term view and put the last 12-month period into a broader context.

2006-2009

Notwithstanding that FY09 coincided with the most serious global financial crisis of the post-war period, three years on from the creation of the Australian Securities Exchange as a multi-asset class, vertically integrated group, revenues have risen a healthy 19.5%, while cash operating expenses are 18.1% lower.

	June 2009 $M	June 2006 $M
Operating Revenue	538.4	450.4
Operating Expenses	138.3	168.8
EBITDA	**400.1**	**281.6**
Depreciation and Amortisation	15.0	14.5
EBIT	**385.1**	**267.1**
Net Interest and Dividend Income	59.6	38.1
Normal Profit Before Tax	**444.7**	**305.2**
Tax	(131.1)	(90.2)
Normal Profit After Tax	**313.6**	**215.0**

Over the same three-year period risk margining practices and stress testing regimes have been enhanced, minimum 'core liquid capital' requirements for clearing participants have begun to be raised, and clearing guarantee fund (capital) resources for both the equity and futures markets have been bolstered. ASX's settlement and depository systems have continued to deliver operational reliability and improved reporting capacity to the equity and fixed income markets. This has included implementation of enhanced equity market short selling reporting and, later in 2009, the disclosure of stock borrowing/lending data.

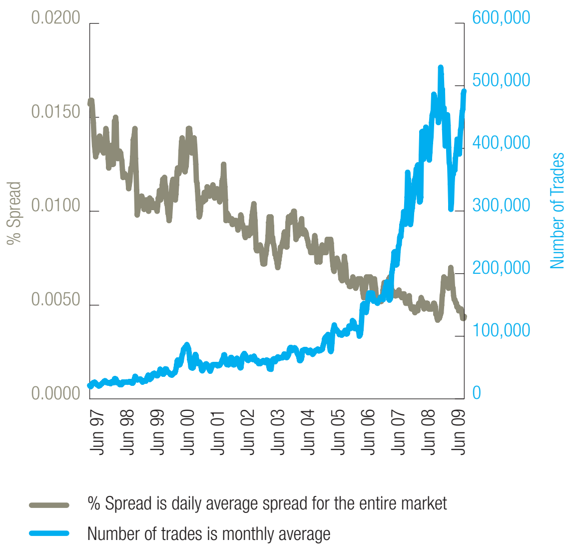
Markets supervision headcount resources have expanded over that period by 38% (from 80 to 110 staff and rising) to deal with volatile market conditions; and successive ASIC compliance assessments have been published affirming ASX's satisfactory conformance with its licence obligations.

The ASX Corporate Governance Council (chaired by ASX's Chief Supervision Officer, Eric Mayne) conducted a thorough review of its Principles and Recommendations in 2007, and former ASIC Chairman (Alan Cameron AM) was appointed in 2008 to chair ASX's markets supervision subsidiary (ASXMS), which exercises the group's supervisory functions at arm's length from the parent entity ASX Board. More detailed and transparent quarterly reporting of supervisory activity (including the pipeline of referrals to ASIC) was introduced in April 2009, bolstering already expansive monthly reporting of business and operational activity within the exchanges and their respective clearing and settlement subsidiaries.

Since 2006, ASX's value proposition to market users has been enhanced in the following ways:

- **Bid/offer spreads in the equity market** (prior to the introduction of short selling prohibitions in September 2008) have maintained their long-term downward trend, lowering the transactional cost component of the cost of capital for ASX's listed companies as well as for the investment community.

Bid/Offer Spreads v Number of Trades



- **Significant capacity upgrades** (implemented and planned) to both the equity and futures markets trading platforms, and to their respective distribution networks, have supported transaction volume growth and low latency execution. This has enabled end users to deploy algorithmic asset allocation and trade execution strategies. These technology upgrades have also enabled intermediaries to offer similar algorithmic services to end users and provide direct market access (DMA) to their customers. In the case of the equity market platform, daily trade capacity has been increased from a maximum of 600,000 trades per day to two million trades per day, which is essential to sustaining market confidence.

- **Implementation of co-location services** has allowed participants to locate their technology (and that of their customers) in close proximity to the equity market trading platform. This virtually eliminates network latency, thereby improving the service offering of intermediaries to their customers who utilise algorithmic trading models, and enabling end users to deploy new trading strategies.

- **New functional enhancements** to the equity market trading platform (such as improvement to the crossing mechanism, undisclosed orders, Centre Point orders and VolumeMatch) are awaiting regulatory clearance. These will provide market users with a wider range of execution alternatives, allowing large and small orders to be executed with lower market impact costs without impacting on market quality and integrity.

- **The AQUA structured product market** has provided issuers with a more flexible listing environment, in which previously unlisted products can be brought on exchange to improve distribution (through financial planners) and reduce costs by utilising the straight-through processing capabilities of ASX's equity settlement facility.

- The ongoing development and promotion of the **exchange-traded fund (ETF)** and **exchange-traded commodity (ETC) markets** offer investors a low cost alternative to gain exposure to domestic and international equity and commodity markets. Since July 2006, the funds under management in ASX-listed ETFs and ETCs have grown from $0.95 billion to $2.4 billion.

- **Enhancements to the ASX index offering**, by the development of the S&P/ASX index methodology, now allow foreign exempt companies listed on ASX to be included in the index. This enables a number of large listed companies to become available to a broader range of Australian fund manager mandates. The development of new indices for the resources and listed investment company sectors provides tailored index benchmarks for fund managers and the broader investment community.

- **New derivatives products**, such as contracts for difference (CFDs) and a number of new energy derivative contracts (coal and gas), have either been listed or are scheduled for listing in FY10 to support the Australian Government's proposed Carbon Pollution Reduction Scheme (CPRS) and the Renewable Energy Target (RET).

- **The significant improvement in liquidity in the benchmark ASX SPI 200 futures contract** (from an average of 42,500 contracts per day in June 2006 to an average of almost 57,000 contracts per day in June 2009) provides a range of enhanced hedging, risk transfer, arbitrage and other trading opportunities to fund managers, banks and proprietary traders. That liquidity played a particularly significant market support and risk management role during the short selling prohibition period that applied to all ASX-listed stocks between September and November 2008.

- **The introduction of contemporary fixed income depository technology** (in Austraclear), now in its fourth year of operation, has provided electronic lodgement functionality, greater interface connectivity to participant back office systems (promoting straight-through processing efficiencies), and enhanced messaging capability and reporting features via the SWIFT network supporting real-time gross settlement of wholesale payments.

It is important not to lose sight of these milestones or to become preoccupied with short-term trends in activity levels and market sentiment during what has been a tumultuous year. Both can change markedly over very short periods of time, as we observed in the fourth quarter of FY09.

No matter how tumultuous the external factors during FY09 were, ASX's objective has been to ensure that the significant investment in people, systems and processes that took place over the past three years continues to enhance ASX's operational and risk management capabilities, and ASXMS's supervisory effectiveness, despite the extraordinary demands periodically placed on them. Achieving that objective ensures ASX is well-placed with its business and financial risk profile to deal with future demands, and to meet its own expectations as well as those of its diverse stakeholder groups.

2009 In Review

Later in this Annual Report (pages 29 to 31) detailed explanation is provided of the longer term (financing stocks and flows) and shorter term (data events, corporate actions and volatility) drivers of ASX group activity levels. This is provided to illustrate both the comprehensiveness of those drivers and the number of them that were in play during FY09.

In my half-year report to shareholders published last February, I went to some lengths to describe the impact in the second quarter of FY09 of record equity and interest rate volatility, and of substantive policy intervention, on the markets and facilities operated by ASX. The second half of FY09 did not see a repeat on the same scale of either of those phenomena; although ASIC's short selling prohibition on financial stocks was not lifted until late May 2009, eight months after its introduction. Commonwealth guarantees of state government debt issuance became available in late March 2009, ending the hiatus in issuance of semi-government securities which had been 'crowded out' by the flight of capital into bank term deposits (that were given guarantee status several months earlier).

The second half of FY09 recorded a sizeable increase in Commonwealth borrowing activity, with the stock of Commonwealth Government Securities (CGS) on issue, including treasury notes, growing by 75% between the end of December 2008 and 30 June 2009. This reflected both the rapidity of the move from a surplus to a fiscal deficit, and a series of short and medium-term stimulus initiatives from the Federal Government. The public sector borrowing was accompanied by renewed interest in private sector wholesale and retail debt offerings from large corporates in the domestic market, which emerged in response to tight bank loan syndication conditions and the desire of issuers to diversify their funding sources. It was in this environment that ASX began developing plans to leverage its exchange market infrastructure to further support the CGS market. Although the development is still in its early stages, there has been widespread support from regulators, issuers and investors for the initiative.

The securitised mortgage market remained relatively inactive for the whole of FY09 as a consequence of contagion from equivalent markets in other developed economies. With corporate bond spreads appealing to investors with maturing bank term deposits, and state governments issuing a backlog of debt under Commonwealth guarantee arrangements, fixed income depository holdings in Austraclear grew by $79.5 billion to $1.06 trillion by the end of June 2009.

Trade execution volumes in futures markets were down 11.6% during the second half of FY09 compared to the first half. A number of bond futures market microstructure changes were introduced in the fourth quarter of FY09 to support primary issuance tenders and secondary market CGS trading. These included reduced block trade thresholds for overnight trading sessions, a modest easing of expiry concentration limits, and an increase to the 3 year bond futures contract minimum price increment (outside of expiry periods) to bolster liquidity.

Trade execution volumes in cash markets were down 10.4% during the second half, while values were down a more material 22.2% compared to the first half. Equity (CHESS) depository holdings fell from $1.3 trillion to $918 billion over FY09, broadly equivalent to the decline in the value of the All Ordinaries Index over the 12-month period to June 2009.

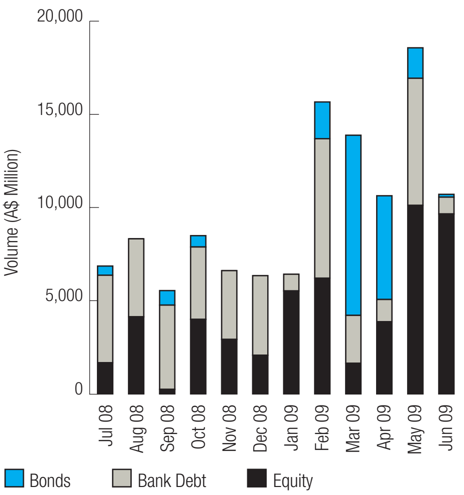
Clearing activity for the second half of FY09 reflected a generally reduced level of equity and interest rate market volatility. This resulted in lower than first half average cash collateral balances from both initial margins and concentration margins being held by ASX's central counterparty (CCP) subsidiaries. In June 2009 ASX moved to replace the insurance layer of its equities clearing guarantee fund with a drawn debt facility. This was in response to the financial crisis-induced ratings downgrade of Radian Asset Assurance Inc, a default insurance provider to a number of the world's major clearing houses, including ASX's CCP subsidiaries. This may be repeated with respect to ASX's futures clearing guarantee fund in the first half of FY10.

Equities settlement system transaction 'fail' rates (beyond T+3) were at record lows by the end of FY09, in part attributable to the new (T+5) automatic close-out requirements which took effect at the end of March 2009. Meanwhile, the capital efficiency to market participants of the multilateral netting process deployed in both equity and futures markets clearing systems was maintained throughout FY09. The fixed income settlement system (Austraclear) servicing of over-the-counter (OTC) markets operated within best practice availability benchmarks for the whole of FY09, processing an average of $50 billion in cash transfer and fixed income settlement instructions per day.

Listings activity was dominated by substantial secondary capital raisings mainly from large companies. IPO demand was very subdued (with only 45 new listings for FY09, compared to 236 in the previous year), consistent with generally low levels of business confidence. During FY09, 33 of the top-50 ASX-listed companies (including seven of the top-10) raised more than $50 billion of secondary equity capital via ASX. Expanding that statistic to the top-100, a total of 54 companies raised $64 billion.

During the second half of FY09 in particular, the equity market filled a financing gap for many of Australia's major corporations, as credit market conditions had an adverse impact on their debt refinancing risks.

Capital Raisings by Listed Australian Companies



Source: UBS
Excludes bank capital raisings; bonds include hybrids and retail bonds; underwritten equity proceeds only.

As a percentage of domestic market capitalisation ASX was the top ranking exchange in the world for capital formation in FY09 with a total of $90 billion raised, equivalent to around 8.5% of average domestic market capitalisation. This placed ASX ahead of other major exchanges such as the London Stock Exchange (7.5%), Hong Kong Exchanges (4.4%) and NYSE-Euronext (1.1%).

Ongoing sales and marketing initiatives continue to improve ASX's distribution reach and support the customer acquisition activities of participant brokers, both domestically and offshore. During FY09 these initiatives included an expanded range of domestic retail investor forums, a series of international (New York, London and Asia) events introducing Australian mid-cap companies to foreign investors, and the opening of a representative office in London, mirroring an existing presence in Chicago. Both those offices support distribution of the full suite of Australian cash market and derivative products to offshore investors.

ASX's project management and business analyst resources continue to deliver a large number of projects spanning markets supervision, business development, risk management and all facets of technology. During FY09 the US-based Center for Business Practices recognised ASX's Project Management Office (PMO) among a global list of finalists in 'PMO of the Year' awards, alongside companies such as Cisco, Alcatel-Lucent and Rockwell (the eventual winner). That acknowledgement shows that while ASX supported its customer base during a year of extraordinary market stresses, it also continued to advance a wide range of initiatives to meet the ongoing needs and requirements of all stakeholders.

On the regulatory framework front, US Treasury Secretary Timothy Geithner's testimony to the Congress in late March 2009 outlined the elements of a comprehensive regulatory reform program deemed necessary to avoid a recurrence of the US-originated global financial crisis. Australia's 'triple peaks' regulatory architecture (including the RBA's mandate for systemic risk oversight) has stood up well to rigorous testing over the past 12 to 24 months. Where regulatory action has been an effective tool for addressing gaps in Australia's financial markets framework exposed by the global market turmoil, the Government, its agencies and the ASX (where it has had a role) have acted to strengthen that framework.

The Government's policy attention has been properly focused on measures to sustain consumer and business confidence, and to keep key markets functioning; as well as on addressing the immediate regulatory challenges presented by the extraordinary financial market events of September and October 2008. Adding to market and regulatory complexity has not been a priority. The Government and its agencies have acted to review matters of transparency and disclosure in connection with short selling, along with stock borrowing and lending activity. ASX has assisted the Government's agencies by providing market data, information on practical operational matters, and regulatory policy input.

The challenges presented and the Government's policy interventions during the past year have demonstrated the complexities inherent in existing equity and fixed income market microstructure. This is before any consideration of the additional risks and complexities associated with multi-market operation in the equities space.

Fixed income market microstructure knowledge has also evolved (including that of a more complex transmission mechanism of monetary policy) in response to policy intervention in the guise of timely borrowing guarantee arrangements. This necessary intervention produced its own set of unintended consequences in domestic debt markets.

ASX has responded to the demand for increased processing capacity and lower latency from the growing use of algorithmic trading models, particularly in the equities market. It also recognises the importance of appropriately calibrated regulatory policy and supervisory process responses to potential market integrity risks associated with such models. Buy and sell side trade execution algorithms are used for a multitude of legitimate purposes. However, it bears noting that policy makers overseas are examining the possible negative impact on retail and institutional investors of the increase in algorithmic trading and order proliferation that has occurred with the evolution, and rise in number, of alternative platform operators.

ASX has been consistent in its position that the complexity of changes that would need to be made to Australia's financial markets regulatory framework to accommodate competition for market services requires careful consideration. Australia's corporate sector is a key stakeholder in the evolution of that framework. It is not solely the domain of financial services sector participants.

ASX maintains that any change to existing market structure needs to demonstrate risk-adjusted benefits for the universe of market users (issuers and investors), not just for specific classes of users or potential alternative platform operators, which are typically owned or sponsored by the same firms primarily responsible for the increases we have seen globally in algorithmic trading.

The UK's Turner Review (commissioned by the Chancellor of the Exchequer and published in March 2009) questioned the assumption that financial innovation should automatically be presumed beneficial, in making its own contribution to the debate between supporters of the 'efficient market hypothesis' and the 'new school' thinking of behavioural economists. The Committee of European Securities Regulators' annual review of the operation of MiFID (released in June 2009) gave a less than ringing endorsement of the functioning of equity secondary markets in a multi-platform environment; and the Securities Exchange Commission's challenge of overseeing a plethora of price formation platforms in the US is less than enviable.

With the benefit of hindsight of the last 12 months, these sentiments ought to have great resonance in public policy circles in Australia.

Outlook

Since balance date, economic circumstances in most of the world's developed economies have remained fragile as a consequence of the global financial crisis. Australia's economy has fared relatively well and Australian financial markets have seen an improvement in term spreads and firmer equity prices over recent months. Indeed, the early signs in FY10 are consistent with improving cash market and derivatives activity compared to the second half of FY09. Secondary capital raisings, too, have continued unabated.

The equity exchange operated by ASX has played, and will continue to play, an essential role in the recovery of the real economy. The exchange's facilitation of secondary capital raising activity during a period of substantially tighter access to credit markets has been critical to Australia's strong relative economic performance.

Similarly, the futures exchange operated by ASX has played, and will continue to play, an important role in the risk transfer mechanism within the financial economy. The efficiency of that mechanism is vital at a time when the Commonwealth's own financing needs have grown in significance (courtesy of the global financial crisis), and as energy price risk transfer and infrastructure development loom large on the public policy agenda.

ASX's clearing and settlement subsidiaries underpin the post-trade efficiency of both exchanges and, in conjunction with Austraclear's servicing of the OTC markets, play a pivotal role in the smooth operation of the wholesale payments system. They also provide optionality for OTC derivatives migration, consistent with the emerging policy thrusts in the US (and Europe) for a higher proportion of OTC trading activity to be conducted through regulated exchanges and centrally cleared.

While sentiment in financial markets remains cautious and activity remains somewhat subdued (by this decade's standards), ASX's diversified business model and ongoing investment in its core processes and platforms position it well for future organic growth. As for participation in sectoral trends towards regional or global exchange consolidation, I and my Board colleagues maintain an open mind and regular dialogue.

Finally, I should add my own acknowledgement to that provided by the Chairman, of the dedication and professionalism of ASX staff and the senior management group, during what was a truly remarkable year. ASX's results and its contribution to the Australian economy are a consequence of their day-to-day efforts and pride of ownership in delivering vitally important capital market services.

Robert G Elstone
Managing Director and CEO

Consolidated Pro-Forma Income Statement for the Year Ended 30 June 2009	FY09 $'000	FY08 $'000	FY07 $'000	FY06 $'000
REVENUE				
Listings	104,080	120,211	117,553	84,796
Cash Market	163,042	188,800	155,838	119,905
Derivatives	133,774	166,859	154,727	138,464
Information Services	71,025	68,003	61,399	44,820
Technology Infrastructure	28,625	27,663	23,496	21,175
Austraclear Services	24,678	21,870	20,489	18,132
Other Revenue	13,201	21,305	19,200	23,095
Operating Revenue	**538,425**	**614,711**	**552,702**	**450,387**
EXPENSES				
Staff	81,743	77,914	75,205	92,855
Occupancy	12,759	12,682	16,048	19,901
Equipment	22,696	23,292	25,546	26,367
Administration	16,043	17,250	17,387	25,803
Variable	5,017	5,547	4,585	3,824
Cash Operating Expenses	**138,258**	**136,685**	**138,771**	**168,750**
EBITDA	400,167	478,026	413,931	281,637
Depreciation and Amortisation	15,042	15,913	14,990	14,586
EBIT	385,125	462,113	398,941	267,051
Interest Income	19,707	27,707	22,907	24,760
Net Interest on Participant Balances	32,839	24,561	17,658	10,716
Dividend Revenue	7,027	4,852	3,150	2,700
Interest and Dividend Income	**59,573**	**57,120**	**43,715**	**38,176**
Normal Profit Before Income Tax	**444,698**	**519,233**	**442,656**	**305,227**
Income Tax Expense	(131,088)	(153,284)	(129,510)	(90,199)
Normal Profit After Income Tax	**313,610**	**365,949**	**313,146**	**215,028**
Less Significant Items After Tax	–	–	(22,846)	(5,200)
Add SFE Net Loss (1 to 11 July 2006)	–	–	2,592	–
Less SFE Net Profit (12 months to 30 June 2006)	–	–	–	(74,325)
Statutory Net Profit After Tax As Reported	**313,610**	**365,949**	**292,892**	**135,503**

The consolidated pro-forma income statement on page 12 sets out the results for the ASX group over the past four years. The 2006 and 2007 financial year results have been presented on the basis of a combined ASX and SFE for each year, noting that the merger of the two groups took effect from 11 July 2006. The pro-forma income statement is not audited, but is based upon underlying externally audited accounts. A reconciliation between normal profit after tax and audited statutory net profit after tax is provided.

The following commentary is based on the pro-forma income statement and, unless otherwise stated, analysis of the year ending 30 June 2009 (FY09) is based on a comparison to the prior comparable period (pcp), being the year ended 30 June 2008 (FY08).

There were no significant changes in the group's accounting policies during FY09.

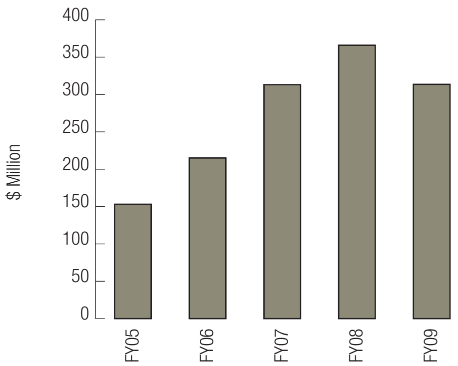
FY09 Results Highlights

A summary of the group's performance in FY09 compared to pcp follows:

- Net profit after tax (NPAT) of $313.6 million, down 14.3%;
- Earnings per share (EPS) of 183.2 cents per share (cps), down 14.4%;
- Operating revenue excluding interest and dividends of $538.4 million, down 12.4%;
- Cash operating expenses of $138.3 million, up 1.2%;
- Net interest and dividend income of $59.6 million, up 4.3%;
- Final dividend declared of 74.5 cps, down 20.7%, bringing total FY09 dividends to 164.9 cps, down 14.3%.

The following graph reflects the group's NPAT for the past five years on a pro-forma basis.

NPAT



Net Profit – Down 14.3%

NPAT for FY09 was $313.6 million ($365.9 million pcp).

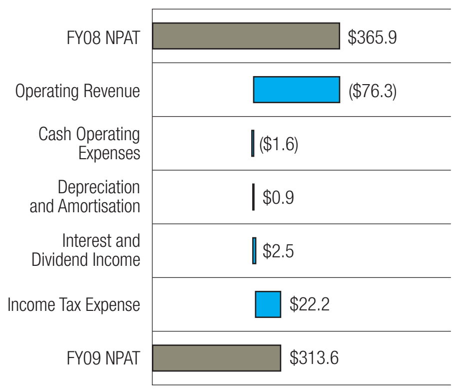
The 14.3% decrease in NPAT was predominantly due to a 12.4% decrease in operating revenue. Cash market value traded was 30.1% lower than pcp, reflective of the decline in the All Ordinaries Index of 26.0% during FY09. The same market forces, as well as regulatory interventions described in the Managing Director and CEO's Report, also resulted in derivative volume traded declining 26.1% (excluding CFDs). NPAT in the second half of FY09 (2H09) was $141.7 million, 17.6% lower than the $171.9 million achieved in the first half of FY09 (1H09). Activity levels in 2H09 were generally lower than the first half, with the exception of secondary capital raisings which were very strong and resulted in a record $88.1 billion of additional secondary capital being raised in FY09, up 73.9% on the $50.6 billion in the pcp.

ASX's financial performance was underpinned by a strong balance sheet with no impairment charges and adequate equity supporting the group's activities. The diversification of ASX's service offerings, combined with diligent expense management and the methodology of transaction fee rebate plans operated by ASX, all contributed to cushioning the financial result during a tumultuous year.

NPAT represented a 11.5% return on equity (13.3% pcp) based on average capital in FY09.

The following graph shows the movement in NPAT during FY09 by major category.

NPAT Highlights FY09 ($ Million)



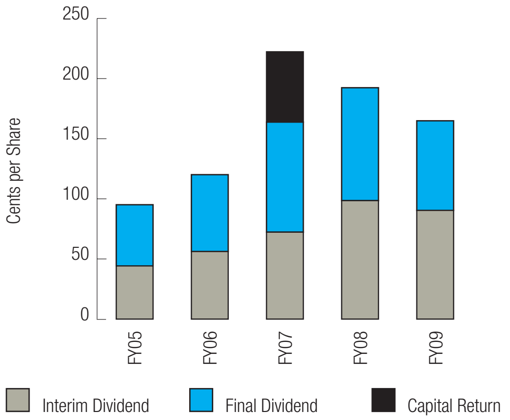
Earnings Per Share – Down 14.4%

EPS of 183.2 cps (214.0 cps pcp) was achieved in FY09 based on 171,171,757 weighted average ordinary shares on issue (170,998,984 pcp).

Final Dividend – Down 20.7%

A fully franked final dividend of 74.5 cps (93.9 cps pcp) has been declared, payable on 24 September 2009. This dividend represents payment of 90% of net profit after tax. Dividends in FY09 totalled 164.9 cps compared to 192.4 cps pcp. The average annual growth rate in dividends over the past five years is 14.7%. Cash returns to shareholders over the same five years are shown in the following graph.

Cash Returns to Shareholders

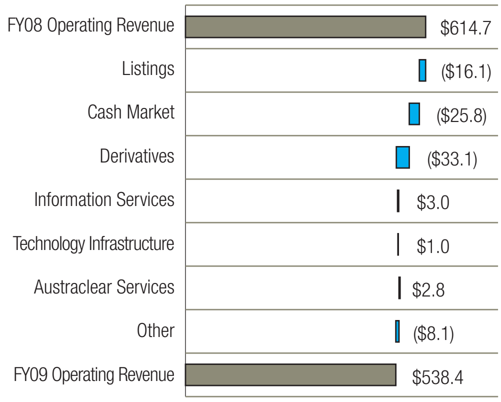


Operating Revenue – Down 12.4%

Total operating revenue (excluding interest and dividend revenue) in FY09 was $538.4 million ($614.7 million pcp). The slowdown in operating revenue in 1H09, noted in the half-year report, continued throughout 2H09 as financial markets remained lacklustre globally, and activity levels were affected across ASX markets. Accordingly, revenue declines were experienced in listings (despite increased secondary capital raising), cash market, derivatives and other revenue (mainly due to lower 'fail' fees attributable to an improved delayed settlements profile) compared to pcp. Austraclear services, information services and technology infrastructure revenues were slightly higher than pcp. Declines in cash and derivative market revenues were contained due to the operation of the major rebate schemes that resulted in savings to ASX on rebate payments, as eligible participants failed to meet qualifying transaction growth thresholds.

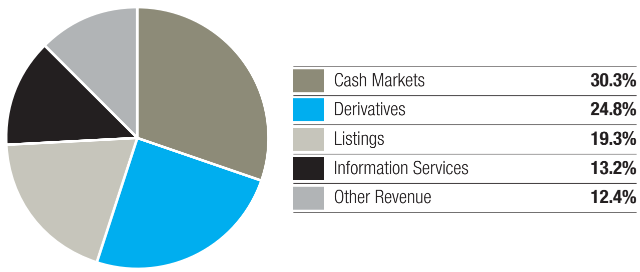
The following graph depicts the change in revenue by major type during FY09.

Revenue Highlights FY09 ($ Million)

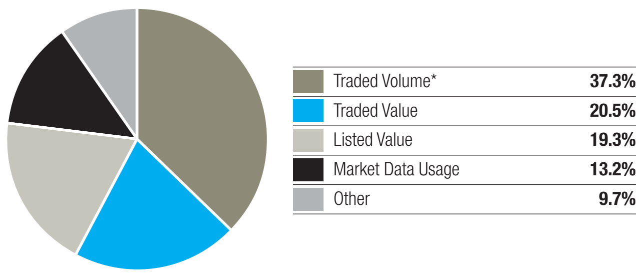


The following graphs provide a breakdown of operating revenue by category and key drivers for FY09. The breakdown is largely consistent with the pcp.

Operating Revenue by Category FY09



Operating Revenue by Business Driver FY09



* Traded volume from the cash market accounted for 12.5% and traded volume from derivatives accounted for 24.8% of the total.

Detailed transaction statistics and key business drivers data are available on pages 26 to 28.

Listings – Down 13.4%

Total revenue from listing services in FY09 was $104.1 million ($120.2 million pcp). Listings revenue was derived from annual listing fees, initial listings, secondary capital raisings (which increased compared to pcp) and warrant listings, which were substantially lower than pcp.

Listings Revenue by Type FY09

Annual Listing Fees	45.1%
Initial Listing Fees	2.3%
Secondary Listing Fees	46.1%
Warrants Fees	6.5%

Annual listing fees of $47.0 million were earned in FY09 ($49.3 million pcp). The total number of listed entities declined slightly from 2,226 at 30 June 2008 to 2,198 at 30 June 2009. There were 73 delistings in FY09 compared to 100 in FY08. During the year domestic market capitalisation decreased from $1.4 trillion to $1.1 trillion at 30 June 2009, with the All Ordinaries Index closing at 3947.8 compared to its financial year opening level of 5332.9. Annual listing fees were increased at the start of July 2009 for the first time since 2006. Subject to the number of delistings, this will result in FY10 annual listing fee revenue increasing by slightly less than the growth of CPI over the three-year period since 2006.

Initial listing fees of $2.4 million were earned in FY09 ($11.9 million pcp), representing 2.3% of total listings revenue. During FY09 there were 45 new listings (236 in FY08), with 11 of these listings in 2H09. Accordingly, the amount of capital raised from initial public offerings (IPOs) in FY09 was $1.9 billion, down 83.2% on the $11.2 billion raised in the pcp.

Secondary listing fees (which include various subsequent capital raisings and dividend reinvestment plan issues) were $48.0 million in FY09 ($46.1 million pcp). While secondary capital raised amounted to $88.1 billion in FY09, up 73.9% on the $50.6 billion raised in the pcp, the increase in revenue was 4.1%. ASX average fees for secondary capital raised reduce as the amount of capital raised increases. Consequently, the average listing fee per million dollars of capital raised reduced due to the greater incidence of jumbo capital raisings (large capital raisings over $1 billion) by major listed entities.

The following table shows the quantum of secondary capital raised by size of transaction in FY09 compared to FY08.

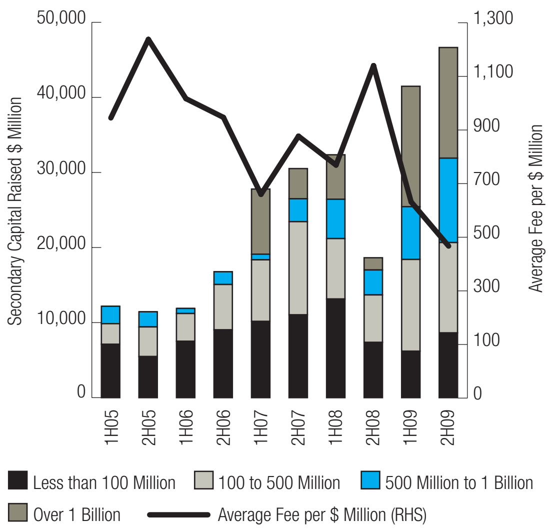
Value of Capital Raised	Secondary Capital Raised FY09 $M	Secondary Capital Raised FY08 $M
Less than $100 million	14,822	20,354
$100 million to $500 million	24,253	14,173
$500 million to $1 billion	18,277	8,564
Over $1 billion	30,727	7,551
Total	**88,079**	**50,642**

Of the secondary capital raised, 83% was due to subsequent issues (including rights, placements and employee issues) compared to 77% pcp, while 17% was due to dividend reinvestment plan issuance, 23% pcp. In addition to secondary capital raised, in FY09 $30,236 million of capital was issued by listed entities as consideration for acquisitions ($16,476 million pcp).

The average fee per million dollars of secondary capital raised decreased from $687 in FY08 to $406 in FY09. This average fee incorporates total reported capital raised plus capital issued as consideration for scrip-based acquisitions. Secondary listing fees were also increased at the start of July 2009.

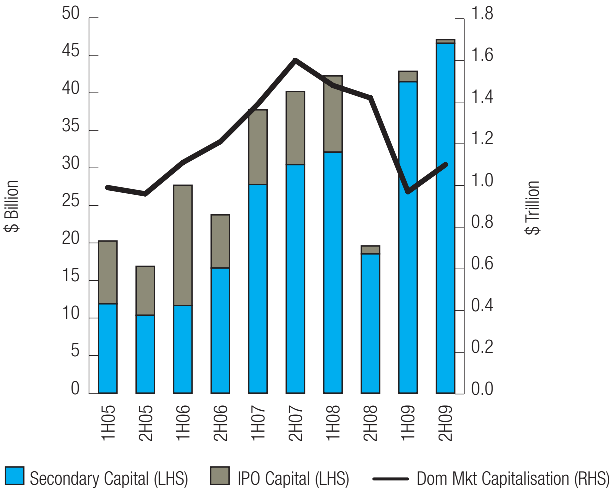
The graph below shows the value of secondary capital raised (excluding acquisition capital fees) and the average fee per million of secondary capital raised over the past five years.

Secondary Capital Raisings and Fees



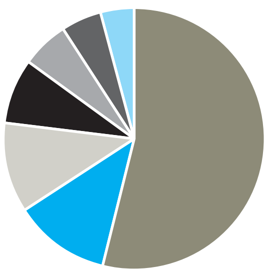
The following graph shows total capital raisings and domestic market capitalisation over the past five years.

Capital Raising and Domestic Market Capitalisation



The graph below shows the proportion, by value, of secondary capital raised by industry sector in FY09. Raisings were dominated by the financial sector, which accounted for 54%, compared to 40% in FY08, as institutions recapitalised their balance sheets in response to impairments arising from the global financial crisis, and raised capital to finance a number of acquisitions.

Secondary Capital Raised by Industry Sector FY09



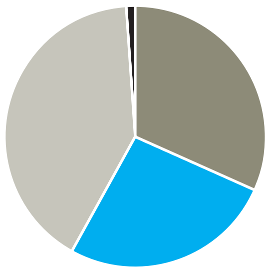
Financials	**54%**
Metals and Mining	**12%**
Consumer	**11%**
Energy and Utilities	**8%**
Industrials	**6%**
Materials	**5%**
Health Care and Other	**4%**

Fees earned on structured products, such as warrants, in FY09 were $6.7 million ($12.9 million pcp). During FY09, 3,194 new warrants were listed, down 55.5% on the 7,177 warrants listed in the pcp. Warrants turnover value was $5.3 billion in FY09, a decrease of 52.7% on the pcp, mirroring the structured products trend in OTC markets.

Cash Market – Down 13.6%

Total net cash market revenue for FY09 was $163.0 million ($188.8 million pcp). While gross cash market revenue fell 24.6%, largely due to the 26.0% fall in the value of the All Ordinaries Index, net cash market revenue fell only 13.6% due to the operation of the Large Participant Rebate (LPR) scheme. Net cash market revenue comprised gross trading revenue of 32.3%, gross clearing revenue of 26.8% and gross settlement revenue of 41.3%, while 0.4% of gross revenue was rebated to LPR qualifying participants.

Cash Markets Net Revenue FY09

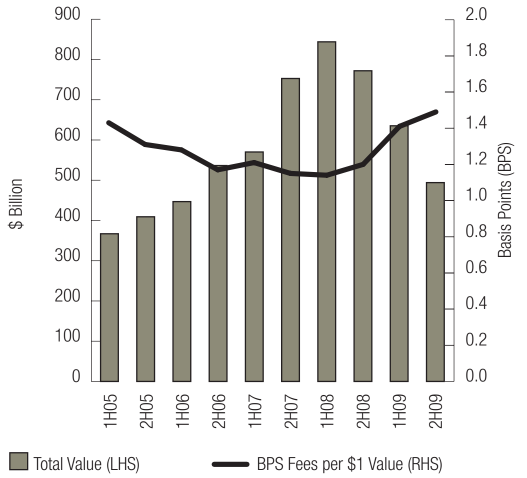


Trading	**32.3%**
Clearing	**26.8%**
Settlement	**41.3%**
LPR	**(0.4%)**

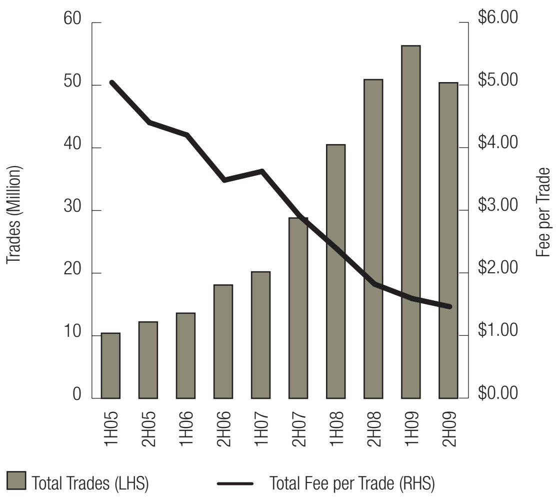
In FY09 the total value traded was $1.13 trillion, down 30.1% on the $1.62 trillion in the pcp. This represented a trading velocity of 106.5% (111.0% pcp) based upon FY09 average market capitalisation of $1.06 trillion. The daily average traded value was $4.4 billion, down 30.4% on the $6.4 billion in the pcp. The total number of trades in FY09 increased to 106.7 million, up 16.8% on the 91.3 million trades in the pcp, with daily average trade volume of 420,002, up 16.3% on the 360,988 in the pcp. The continued increase in traded volume resulted in the average value of each trade in FY09 declining to $10,587 compared to $17,692 in the pcp. The smaller average trade size is reflective both of the decline in the index and the trend towards the unbundling of trades by growing algorithmic trade execution. The percentage of value traded represented by crossings also declined from 27% to 26%, and gross trading revenue (pre-rebates) from crossed trades was $6.1 million in FY09 ($8.9 million in FY08).

The following graphs show cash market volume and value traded, and average fees (trading, clearing and settlement) over the past five years.

Cash Market Value



Cash Market Trades



The gross revenue for trading and clearing activities is directly related to the quantum of value traded and value of trades cleared, respectively. In FY09, 74% of traded value was novated and cleared through ASX's cash market central counterparty clearing (CCP) subsidiary (73% pcp). Gross revenue (pre-rebates) from trading was $52.7 million ($75.1 million pcp), while gross revenue from clearing was $43.7 million ($61.8 million pcp) in FY09.

Gross revenue from settlement was $67.2 million in FY09 ($80.1 million pcp). Settlement revenue comprised 64.0% from trade settlement transactions payable by participants and 36.0% of fees billed to listed entities relating to statements and other activity charges. The 16.8% growth in traded volume over the pcp did not translate into a similar growth in settlement revenue. This was because the ratio of both settlement message volume and depository holding statements to traded volume fell as retail trade volume declined, while algorithmic trade volume increased. The ratio of settlements to trades (defined as dominant settlement messages as a percentage of traded volume) reduced from 20.1% in FY08 to 15.2% in FY09, while the ratio of holding statements to traded volume fell from 18.0% to 13.0%.

Given the 24.6% decline in gross cash market revenues, LPR rebates of only $0.6 million were paid for FY09 compared to a record $28.2 million paid in FY08. The LPR parameters have been adjusted for FY10 so that rebates will begin to accrue at 50% of incremental revenue above equivalent gross cash market revenue ($163.7 million), and will increase to 75% (in favour of participants) above 15% gross cash market revenue growth. As these growth thresholds will continue to apply at an individual participant level, the exact amount of rebates paid will depend upon how individual eligible participants perform relative to the total market.

The average cost of trading, clearing and settlement on ASX's market was $1.53 per trade ($2.07 pcp) and the average fee per dollar of turnover was 1.44 basis points (bps) (1.17 bps pcp) – that is, for every $1,000 of value traded, the fee for each side was 7.2 cents (5.8 cents pcp).

Derivatives – Down 19.8%

Total derivatives revenue for FY09 was $133.8 million ($166.9 million pcp). Derivatives volumes declined in FY09 due to deleveraging, the virtual closure of the securitisation market, and lower proprietary trading activity as risk limits were reduced. The increased issuance of Commonwealth Government Securities should be a positive factor in interest rate derivatives activity levels returning to a growth trajectory over coming years.

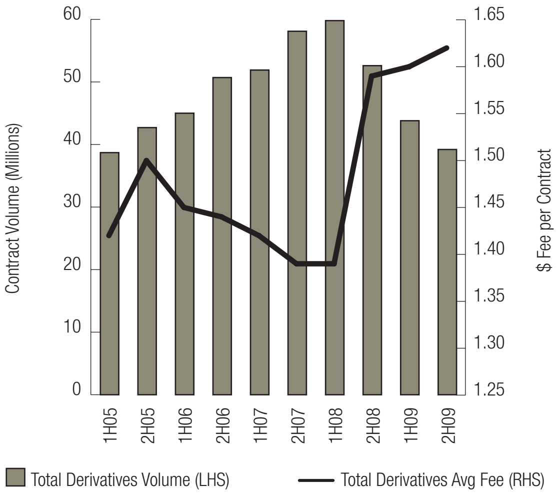
Equity derivatives revenue (consisting mainly of exchange-traded options but excluding ASX SPI 200 contracts) of $25.5 million was earned in FY09 ($34.1 million pcp). Total volumes traded were 19.0 million contracts in FY09, down 18.2% on the 23.2 million in the pcp. The average fee per trade in FY09 reduced to $1.34, from $1.47 pcp, as a result of changes in the mix of transactions between different categories of users.

Revenue from futures and options on futures trading (including ASX SPI 200 contracts) was $108.3 million in FY09 ($132.8 million pcp), as total volume traded reduced 28.1% from the record high of 89.1 million in the pcp to 64.1 million contracts in FY09. This 18.5% revenue decrease was cushioned by the operation of the Large Volume Rebate (LVR) scheme as no rebates were payable in FY09 compared to the $8.6 million paid in FY08. Rebates paid to the new category of Full Proprietary participants totalled $6.6 million in FY09. Consequently, the average fee per trade rose to $1.69 compared to $1.49 in the pcp.

Consistent with the parameters set for the LPR, the LVR hurdles for FY10 will result in a 50% gain-share rebate pool accruing when traded contract volume exceeds 64.1 million contracts (flat on FY09 actual), increasing to 75% in favour of participants when volumes exceed 73.7 million contracts (15% growth).

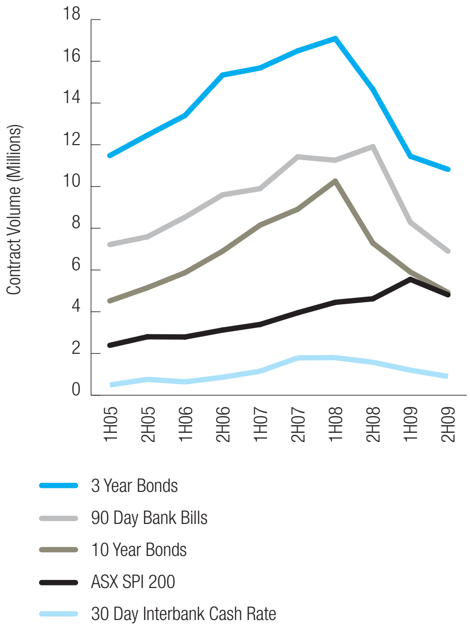
The graph below shows total volume and average exchange fees across all derivatives contracts over the past five years.

Derivatives Volume and Average Fee (Equity Derivatives and Futures and Options)



In FY09 traded futures volumes on all the major debt contracts reduced compared to the pcp while the ASX SPI 200 futures contract volume increased 14.2%. The 30 day interbank cash rate reduced 37.7%, the 90 day bank bill reduced 34.5%, the 3 year bond reduced 29.8%, and the 10 year bond reduced 38.4% compared to the pcp. Over the majority of the past five years, all of these contracts exhibited growth, as shown in the following graph.

Futures Volumes – Major Contracts

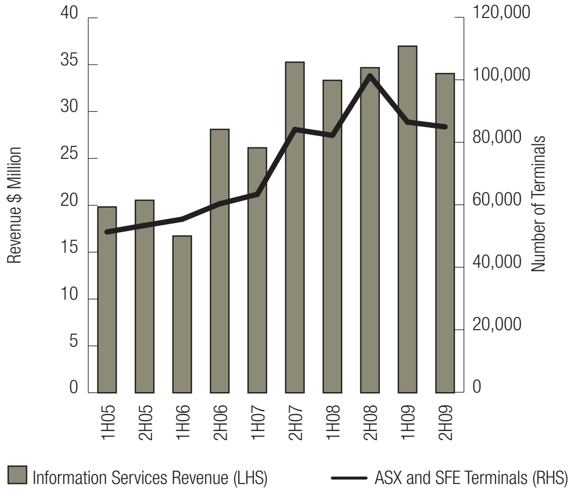


Information Services – Up 4.4%

Total revenue from information services in FY09 was $71.0 million ($68.0 million pcp). The main source of information services revenue was royalties from the sale of market data terminal subscriptions for both cash and derivatives markets. The 4.4% increase in full-year revenue was achieved despite a reduction in average terminal numbers in 2H09 which saw revenue in 2H09 fall to $34.0 million compared to $37.0 million in 1H09. The fall in subscriber numbers which occurred during FY09 has not been as significant as the reduction in trading values in cash markets or derivatives volumes. Subscriber numbers at 30 June 2009 were 84,928 compared to 101,224 at the end of June 2008.

The following graph shows total information services revenue and subscriber numbers over the past five years.

Information Services Revenue and Terminal Numbers



Technology Infrastructure – Up 3.5%

Technology infrastructure revenue for FY09 was $28.6 million ($27.7 million pcp). The total number of devices used in both the cash and derivatives market at 30 June 2009 was 1,159 compared to 1,498 at 30 June 2008. The average number of devices across both markets was 1,254 in FY09 (1,380 pcp). Revenue from the cash market co-location service offering commenced in January 2009.

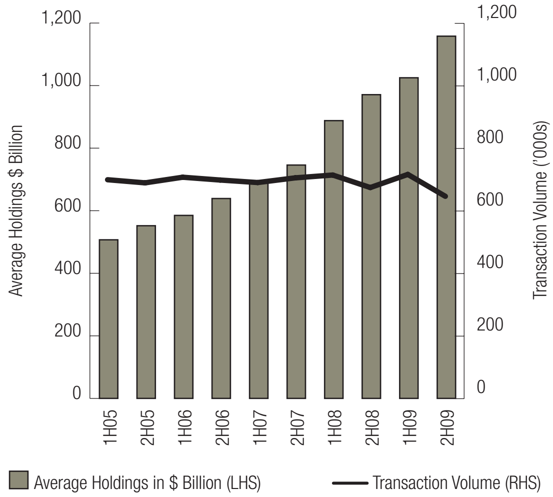
Austraclear Services – Up 12.8%

Total Austraclear services revenue for FY09 was $24.7 million ($21.9 million pcp). Austraclear services include Austraclear depository, settlement and registry activities. Annual Austraclear membership fees are recorded under 'other revenue'.

Average depository holdings over the period increased 12.1% to $1,042.0 billion ($929.5 billion pcp), and $1,063.4 billion of securities were held by Austraclear at 30 June 2009 ($983.9 billion at 30 June 2008). The volume of Austraclear transactions in FY09 was 1.36 million compared to 1.39 million in the pcp. Cash transfer volume increased 1.1% and fixed income transactions increased 7.5% compared to the pcp.

The Austraclear depository and settlement average fee (transaction and holding) for FY09 was $11.23 per transaction ($10.37 pcp) or 0.147 bps (0.155 bps pcp) per $1 holdings based upon average holdings. The graph below shows Austraclear depository holdings and transaction volumes over the past five years.

Austraclear Holdings and Transaction Levels



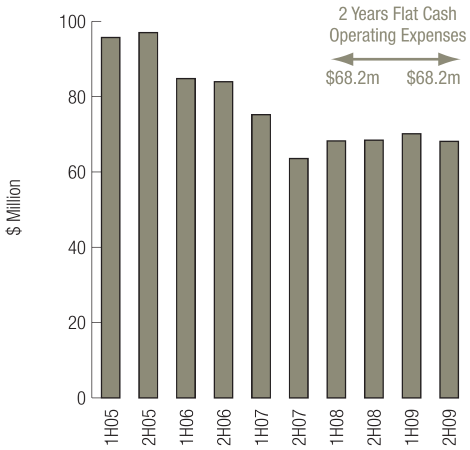
Other Revenue – Down 38.0%

Total other revenue for FY09 was $13.2 million ($21.3 million pcp). As discussed in the December half-year report, the incidence of delayed settlements – equity trades that fail to settle within three days (initial settlement delays) – continued to decline in 2H09 in response to ASX's initiatives. Accordingly, failed settlement fees were 61.5% lower in FY09 than in the pcp. Initial settlement delays in FY09 were below normal levels of 1% with an average of 0.16% for the year. Subsequent 'knock-on' delayed settlements (the proportion of initial settlement delays that caused rescheduled settlements) averaged 0.85% during the year.

Cash Operating Expenses – Up 1.2%

Total cash operating expenses for FY09 were $138.3 million ($136.7 million pcp). Over the past three years since the merger between ASX and SFE, total cash operating expenses have reduced 18.1%. Cash operating expenses supporting markets supervision increased 9.6% during FY09 compared to a 1.0% reduction for the balance of the group. As foreshadowed at the half-year, 2H09 total cash operating expenses of $68.2 million were below the $70.1 million incurred in 1H09.

Cash Operating Expenses



In FY09 equipment, administration and variable costs were lower than the pcp, while staff and occupancy costs were higher. The reductions reflect savings achieved from insourcing technology applications, tight management of discretionary costs and lower activity levels affecting variable cost items. The increases reflect annual remuneration increases which took effect at the start of FY09, along with some staff increases, mainly in markets supervision.

As discussed at the half-year, ASX does not expect to make significant changes to its predominantly fixed cost base. ASX is committed, however, to actively managing expense increases to within CPI in FY10. ASX will continue to invest in both technology and human resources, particularly supporting its markets supervision activities, to ensure it satisfies all regulatory obligations and continues to maintain service levels.

During FY09 no expenditure was classified into significant items.

Staff Expenses – Up 4.9%

Total staff expenses for FY09 were $81.7 million, up $3.8 million on the $77.9 million in the pcp. This 4.9% increase was due mainly to the fixed remuneration increases applicable from 1 July 2008, and additional staff in markets supervision, technology, operations and risk management. Lower short-term incentive payments and recruitment costs during a year of lower staff turnover limited the increase in staff costs.

During FY09 the full-time equivalent (FTE) headcount increased by 11 staff to 553 at the end of June 2009. This increase included an additional seven staff in markets supervision and two staff in technology in order to support technology applications that were insourced.

Full-Time Equivalent Headcount

	30 June 2009	30 June 2008	30 June 2007
ASX (ex-Markets Supervision)	443	439	436
ASX Markets Supervision	110	103	84
Total	**553**	**542**	**520**

ASX expects to operate within a headcount range of 550 to 560 during FY10. Staff costs are expected to grow by less than CPI in FY10. Staff levels in FY10 are expected to be consistent with the average of 554 experienced in FY09. There was no general remuneration increase awarded to staff at the end of FY09.

Occupancy Expenses – Up 0.6%

Total occupancy expenses for FY09 were $12.8 million compared to $12.7 million in the pcp. The 2H09 costs include increased rent in some interstate offices and higher energy costs. There were no other significant changes in occupancy costs. The refurbishment of Exchange Square (adjacent to Exchange Centre in Sydney) is expected to be undertaken in FY10 in order to complete the upgrade of the main Sydney premises.

Equipment Expenses – Down 2.6%

Total equipment expenses for FY09 were $22.7 million, down from $23.3 million in the pcp. As discussed at the half-year, FY09 reflects full-year savings generated from re-insourcing the SFE clearing and Austraclear system platforms at the end of FY08. The majority of equipment costs relate to maintenance on hardware and software applications, and communications charges.

Administrative Expenses – Down 7.0%

Total administration expenses for FY09 were $16.0 million, down from $17.3 million in the pcp. With lower revenues resulting from reduced activity levels, discretionary expenses such as travel, entertainment and consulting were reduced. Insurance costs increased slightly in 2H09 compared to 1H09 in line with market-wide increases. Insurance costs will be lower in FY10 following the replacement of the Australian Clearing House (ACH) default insurance with a subordinated loan in June 2009. ASX remains committed to actively managing administration expenses.

Variable Expenses – Down 9.6%

Total variable operating expenses for FY09 were $5.0 million, down 9.6% on the $5.5 million in the pcp. Variable costs comprising CHESS holding statement production were lower, reflecting reduced settlement activity levels.

Depreciation and Amortisation – Down 5.5%

Total depreciation and amortisation for FY09 was $15.0 million ($15.9 million pcp). Despite a higher level of capital expenditure during FY09, many projects were not completed until the latter part of the year and, accordingly, did not result in additional depreciation in FY09. Depreciation and amortisation will increase in FY10 following completion of several capital projects including capacity upgrades and new markets supervision technology projects going live.

Interest and Dividend Income – Up 4.3%

Total interest and dividend income for FY09 was $59.6 million ($57.1 million pcp) and comprised:

- Interest earned on ASX's cash reserves – $19.7 million ($27.7 million pcp);
- Net interest earned on funds deposited by participants with ASX – $32.8 million ($24.6 million pcp); and
- Dividends from ASX's investment in IRESS Market Technology – $7.0 million ($4.9 million pcp).

Interest income earned in 2H09 was lower than in 1H09 due to lower interest rates affecting earnings on ASX cash reserves, lower margin calls as volatility in equity and debt markets reduced, and from interest credit spreads narrowing from their highs in the December quarter of FY09.

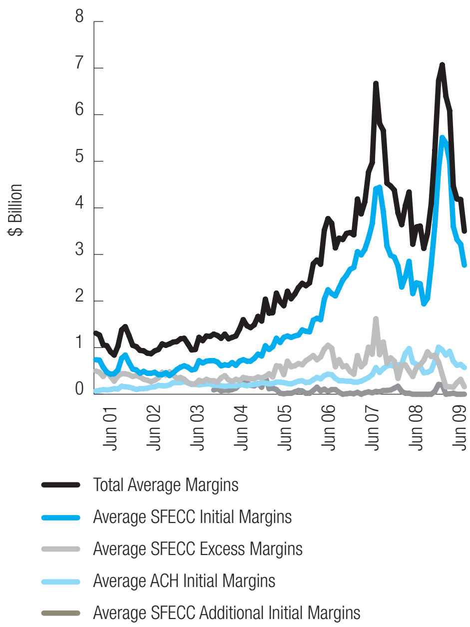
The RBA reduced the official cash rate by 425 basis points (bps) during FY09. Accordingly, the rate earned on ASX's own cash portfolio averaged 5.90% in FY09 compared to 7.12% throughout FY08. In addition, the average balance of ASX's cash reserves was $334.0 million in FY09 compared to $381.8 million in the pcp, reflecting lower earnings over the year, the payment of the final dividend applicable to FY08 and the additional investment in IRESS made in October 2008. At 30 June 2009, ASX's own cash reserves totalled $310.8 million, compared to $354.5 million at 30 June 2008. Of these cash reserves, $258.2 million ($258.2 million pcp) is committed to the licenced clearing and settlement subsidiaries as cash-backed capital. Net cash generated from operating activities during FY09 was $309.9 million ($349.1 million pcp).

Net interest income earned from balances deposited by participants increased 33.7% compared to the pcp due to higher average balances held. The spread earned above cash reduced in 2H09 to 20 bps compared to 39 bps in 1H09. During FY09 the spread earned averaged 30 bps and remained higher than the historical long-term average of 15 bps. At 30 June 2009 the spread earned was slightly above this long-term average following the contraction of rates at the short end of the yield curve.

ASX invested all balances with a weighted average maturity at 30 June 2009 of 46 days (41 days at 30 June 2008). Total collateral held on balance sheet at 30 June 2009 was $3.5 billion compared to $3.6 billion held at 30 June 2008. Average cash balances held covering derivatives positions during FY09 were $5.1 billion, compared to $4.4 billion average in the pcp. In 2H09, lower volatility in equity markets resulted in lower margin rates on related derivatives contracts and a reduction in additional margins called from participants. The daily volatility (based upon a 60-day moving average historical volatility) of the ASX SPI 200 index at 30 June 2009 was 1.1% compared to 2.0% at 31 December 2008.

The following graph shows average monthly cash margins held since 2001 by each clearing entity.

Average Monthly Cash Margin Balances



The breakdown of margins held at 30 June 2009 and 2008 is listed in the table below.

	Margins Held at 30 June 2009 $ Million	Margins Held at 30 June 2008 $ Million
Cash and Cash Equivalents		
ACH Initial Margins	379.0	520.8
SFECC Initial Margins – House	931.1	731.0
SFECC Initial Margins – Client	1,526.7	1,522.9
SFECC Additional Initial Margins	Nil	Nil
SFECC Excess Margins	690.4	801.9
Total Margins on Balance Sheet	**3,527.2**	**3,576.6**
Non-Cash Collateral Held		
ACH – Guarantees and Equity Collateral	3,497.3	3,739.9

Of the total $3.5 billion of margins recognised on balance sheet at 30 June 2009, $818.3 million ($774.6 million pcp) was lodged in the form of liquid securities while the remainder was lodged in cash. The cash collateral held was invested with high quality counterparties, with 97.1% of the portfolio held with S&P short-term rated A-1+ or higher Authorised Deposit-Taking Institutions (ADIs) at 30 June 2009, 71.0% at 30 June 2008.

Dividend income of $7.0 million was earned from the investment in IRESS, up from $4.9 million pcp, principally due to ASX's additional shareholding purchased in October 2008. At 30 June 2009 ASX held 19.2% of IRESS (17.3% at 30 June 2008).

Capital Expenditure

Capital expenditure for FY09 was $25.8 million, up 8.0% compared to the $23.9 million for the pcp. Expenditure in FY09 included ongoing upgrades to existing core technology, particularly the ITS equity trading platform and downstream applications, as well as the development of several new applications and business as usual expenditure.

In FY10 expenditure will continue to be incurred on several core projects including further capacity upgrades, the SYCOM platform generational upgrade, markets supervision technology, and ongoing technology refresh spending. A major upgrade to the Austraclear application is also expected to commence in FY10. Capital expenditure for FY10 is expected to be in the range of $25 million to $30 million.

Issued Capital

At 30 June 2009, ASX had 171,188,524 ordinary shares on issue, an increase of 40,000 shares on the 171,148,524 at 30 June 2008. The increase was due to the issuance of shares under the ASX Long-Term Incentive plan (LTI), whereby conditional entitlements granted in 2005 vested and converted in December 2008. A further 30,000 shares were issued on 20 August 2009 under the 2006 grant of the LTI to the Managing Director and CEO following vesting criteria being met.

Currently, ASX has 352,700 performance rights outstanding (2006, 2007 and 2008 grants) to executives. Vesting conditions for these grants include both an absolute earnings per share (EPS) hurdle and a comparative total shareholder return (TSR) hurdle as disclosed in the Remuneration Report on page 56.

Balance Sheet Summary

A summary of the group balance sheet at 30 June 2009 and 2008 is provided below.

	As at 30 June 2009 $ Million	As at 30 June 2008 $ Million
Assets		
Cash and Available-For-Sale Financial Assets	4,019.5	4,007.8
Goodwill	2,262.8	2,262.8
Other Assets	504.5	521.2
Total Assets	**6,786.8**	**6,791.8**
Liabilities		
Amounts Owing to Participants	3,608.6	3,653.3
Borrowings	100.0	–
Other Liabilities	304.8	384.3
Total Liabilities	**4,013.4**	**4,037.6**
Total Equity	**2,773.4**	**2,754.2**

The major movement in the group's balance sheet during the year was a significant increase in participant collateral balances lodged on open derivatives positions, as market volatility increased post the demise of Lehman Brothers in September 2008, followed by a corresponding decline in these balances as market volatility calmed during 2H09. Consequently, cash and available-for-sale financial assets were at similar levels at 30 June 2009 compared to 30 June 2008.

ASX has undertaken a value-in-use analysis of the carrying value of its goodwill, which arose on the merger with SFE in 2006. As detailed in note 16 of the Financial Report, no impairment in the carrying value arose from this review.

The $100 million of borrowings reflect the subordinated debt raised by ACH to replace default insurance within its clearing guarantee fund. The increase in total equity reflects 10% profit retention, after payment of dividends, and a positive movement in the asset revaluation reserve predominantly due to an increase in the value of ASX's investment in IRESS. Accordingly, net assets per share increased to $16.20 at 30 June 2009 compared to $16.09 at 30 June 2008.

Equity Capital

Total ASX group equity capital at 30 June 2009 was $2,773.4 million. Equity capital net of goodwill ($2,262.8 million) is $510.6 million.

The components of ASX's capital at 30 June 2009 are:

- $2,361.8 million of issued capital ($99.0 million excluding goodwill), unchanged from 30 June 2008;
- $272.6 million of retained earnings, down 0.7% from $274.4 million at 30 June 2008. $127.5 million is to be utilised for the final dividend payable in September 2009;
- $71.5 million of restricted capital reserves, unchanged from 30 June 2008;
- $61.9 million of asset revaluation reserves ($42.4 million at 30 June 2008) primarily reflecting the revaluation of ASX's investment in IRESS, net of tax; and
- $5.6 million of equity compensation reserve ($4.1 million pcp) arising from the LTI plan.

Capital Management

ASX seeks to manage its capital efficiently using a risk-based approach to measure capital requirements.

At 30 June 2009 ASX attributes a risk-based capital requirement of $360.3 million against net tangible equity of $510.6 million, giving rise to a measured capital excess of $150.3 million. The majority of this excess will be utilised with the payment of the final dividend in September 2009, although ASX also expects an increase in equity from earnings in near months.

ASX Group Equity

	30 June 2009 $ Million	30 June 2008 $ Million
Shareholders Equity	2,773.4	2,754.2
Less Goodwill	(2,262.8)	(2,262.8)
Net Tangible Equity	**510.6**	**491.4**
Risk-Based Capital Attribution:		
ACH Clearing Default	150.0	150.0
SFECC Clearing Default	100.0	100.0
Sub-Total Clearing Default	**250.0**	**250.0**
Investment Counterparty Risk	20.0	21.0
Operational Risk	40.0	40.0
Fixed Asset/Investment Risk	50.3	16.4
Total Risk-Based Capital Allocation	**360.3**	**327.4**
Actual Capital Excess at 30 June	**150.3**	**164.0**
Less Final Dividend Payable in September*	(127.5)	(160.7)
Capital Excess after Provision for Dividend	**22.8**	**3.3**

* Before dividend reinvestment plan capital retention.

ASX's risk-based capital position highlights the significant capital attributed to counterparty clearing default risk, due to the group's contribution towards each of ASX's central counterparty clearing (CCP) subsidiaries' clearing guarantee funds. These funds provide the financial resources available to ACH and SFE Clearing Corporation (SFECC) to absorb (over and above defaulter's margins) an event of clearing participant default. The full components of these funds are detailed in the tables on the following page.

While ASX has made preliminary soundings of investors in the US private placement market with a view to assessing the feasibility of refinancing the existing ASX Limited subordinated debt provision to its CCP subsidiaries with external debt, current market conditions (from both a cost and covenant perspective) are not deemed sufficiently attractive to proceed with such a transaction. Accordingly, this is one of the reasons why ASX has opted to introduce a dividend reinvestment plan (DRP), providing additional capital management flexibility with respect to both its CCPs and the balance of the group's activities. The introduction of the DRP for the final dividend for FY09 will increase net tangible equity and create a stronger capital position that ASX is comfortable to operate with, given the reality of much tighter credit market conditions.

CCP Financial Resources

	ACH as at 30 June 2009 $ Million	ACH as at 30 June 2008 $ Million
Restricted Capital Reserve	71.5	71.5
Capital Contributed by ASX Group	3.5	3.5
Subordinated Debt Provided by ASX Group	75.0	75.0
Sub-Total Clearing Default	**150.0**	**150.0**
Third Party Insurance	–	100.0
Subordinated Debt (External)	100.0	–
Clearing Participant Commitments – Uncalled	300.0	300.0
Total Clearing Guarantee Fund	**550.0**	**550.0**

	SFECC as at 30 June 2009 $ Million	SFECC as at 30 June 2008 $ Million
Capital Contributed by ASX Group	30.0	30.0
Subordinated Debt Provided by ASX Group	70.0	70.0
Sub-Total Clearing Default	**100.0**	**100.0**
Clearing Participant Commitments – Lodged	120.0	120.0
Third Party Insurance	150.0	150.0
Clearing Participant Commitments – Uncalled	30.0	30.0
Total Clearing Guarantee Fund	**400.0**	**400.0**

In June 2009 ACH replaced a third party insurance layer of financial resources with a fully drawn term loan from an Australian bank. The loan is subordinated to all other creditors of ACH and improves the quality of the financial resources, as the proceeds of the loan are invested in short-term negotiable securities. Should the credit rating of the external insurer deteriorate further, SFECC will consider replacing its default insurance with a subordinated loan on similar terms to ACH. The ACH borrowing is not guaranteed by any other entity in the ASX group as it is specific to ACH's financial resources and cannot be utilised for any other purpose.

Prior to any resources being utilised for a clearing participant default, the CCPs hold collateral by way of margins on open derivatives positions. Each CCP regularly reviews its level of fixed and variable resources held in the form of clearing guarantee fund resources and retained collateral. At 30 June 2009, ACH held total collateral of $3.9 billion including cash of $0.4 billion (total $4.3 billion at 30 June 2008), while SFECC held $3.1 billion including cash of $2.3 billion (total $3.1 billion at 30 June 2008). The CCPs regularly stress test each participant's exposure against the amount and liquidity of variable (margin) and fixed capital resources available in the event of a default to ensure their adequacy. The CCPs also regularly test and reset margin levels required to be lodged based on factors including the underlying volatility in contract exposures.

Summary

FY09 was a year of challenge for ASX and the wider financial system. The ramifications of the global slowdown were evident in markedly lower activity levels on most ASX service offerings. The All Ordinaries Index closed on 30 June 2009 26.0% lower than a year ago, while cash market daily average value traded reduced 30.4% and derivatives volumes reduced 26.1%. Offsetting these reductions, ASX saw a 73.9% increase in secondary capital raised by listed entities.

In light of these unprecedented conditions, ASX's net profit of $313.6 million, a decline of 14.3%, ensures that it can retain sufficient earnings, in conjunction with dividend reinvestment going forward, to maintain a prudent financial profile and accommodate a return to a growth trajectory.

ASX is committed to maintaining strong expense management. ASX will continue to diligently manage its business in order to provide excellent service to market users while earning an acceptable return for shareholders. The fact that ASX has not incurred any significant write-downs and not had the need to raise additional capital in FY09 is testament to the strength of its financial position throughout this period. The balance sheet position has remained strong and the introduction of a DRP will provide further flexibility to the group.

Notwithstanding the current market conditions, ASX is continuing to invest and innovate in different services and capabilities. This will allow it to benefit from the increased demand for its services that will flow from improved market conditions as the economy recovers.

Alan J Bardwell
Chief Financial Officer

	Notes	FY09	FY08	FY07	FY06
Basic earnings per share (including significant items)	1	183.2c	214.0c	175.6c	131.9c
Diluted earnings per share	1	183.1c	213.6c	175.0c	131.4c
Normal earnings per share	4, 5	183.2c	214.0c	187.7c	133.4c
Dividends per share – interim		90.4c	98.5c	72.3c	56.2c
Dividends per share – final		74.5c	93.9c	91.5c	63.9c
Return on equity	4, 6	11.5%	13.3%	12.7%	41.8%
EBITDA/operating revenue	3, 4	74.3%	77.8%	74.9%	62.5%
EBIT/operating revenue	3, 4	71.5%	75.2%	72.2%	59.3%
Total expenses/operating revenue	3, 4	28.5%	24.8%	27.8%	40.7%
Capital expenditure $'000		$25,787	$23,878	$16,068	$13,881
Net tangible asset backing per share	2	$2.66	$2.54	$2.60	$3.22
Net asset backing per share	2	$16.20	$16.09	$16.13	$3.46
Shareholders' equity as a % of total assets (excluding participants' balances)	2	87.3%	87.8%	83.5%	80.4%
Shareholders' equity as a % of total assets (including participants' balances)	2	40.9%	40.6%	29.0%	43.8%
Share price at end of period		$36.99	$31.40	$48.70	$32.03
Ordinary shares on issue at end of period		171,188,524	171,148,524	170,845,040	102,741,815
Weighted average number of ordinary shares		171,171,757	170,998,984	166,797,862	102,735,112
Market value of ordinary shares on issue ($m)		$6,332	$5,374	$8,320	$3,291
Full-time equivalent permanent staff:					
– Number at end of period	7	553	542	520	656
– Average during the period	7	554	534	551	657

Notes

1 Based on statutory numbers and weighted average number of shares.

2 Based on statutory numbers.

3 Operating revenue excludes interest and dividend revenue (pro-forma).

4 Excludes significant items.

5 Normal earnings per share is basic earnings per share excluding significant items and weighted average number of shares on a pro-forma basis.

6 FY09, FY08 and FY07 based on pro-forma normal profit after tax and average capital. FY06 based on ASX stand-alone normal profit after tax and average capital.

7 Includes Orient Capital staff until 31 August 2006 and SFE for entire periods.

	FY09	FY08	FY07	FY06
Cash Markets				
Trading days	254	253	252	253
Total cash market trades ('000)	106,680	91,330	48,938	31,634
Average daily cash market trades ('000)	420	361	194	125
Total cash market value traded (including crossings) ($bn)	$1,129.460	$1,615.847	$1,323.777	$984.170
Average daily cash market value (including crossings) ($bn)	$4.447	$6.387	$5.253	$3.890
Total billable value ($bn)	$1,093.226	$1,559.582	$1,186.111	$983.427
Percentage of turnover crossed	26.0%	26.6%	31.9%	31.6%
Percentage of turnover over $2.679m (where $75 cap applies)	3.2%	3.5%	N/A	N/A
Average cash market trading, clearing and settlement fee	$1.53	$2.07	$3.18	$3.79
Average fee per value traded (bps)	1.44	1.17	1.18	1.22
Listings and Capital Raisings				
Total domestic market capitalisation ($bn)	$1,098	$1,415	$1,598	$1,207
Total number of listed entities (includes all stapled entities)	2,198	2,226	2,090	1,930
Number of new listings	45	236	284	227
Average annual listing fee	$21,153	$22,561	$21,395	$18,194
Average initial listing fee	$54,234	$50,233	$69,817	$61,756
Average fee per $m of secondary capital	$406	$687	$571	$693
Initial capital raised ($m)	$1,885	$11,206	$19,694	$23,108
Secondary capital raised ($m)	$88,079	$50,642	$58,211	$28,327
Total capital raised ($m)	$89,964	$61,848	$77,905	$51,435
Other secondary capital raised including scrip-for-scrip ($m)	$30,236	$16,476	$20,737	$12,019
Number of new warrant series	3,194	7,177	5,873	4,678
Total warrant series	2,516	4,293	3,788	3,104

	FY09	FY08	FY07	FY06
Derivatives Markets				
Trading days (ASX)	254	253	252	253
Equity Derivatives (excluding ASX SPI 200)				
Total contracts ('000)	19,005	23,229	23,260	23,230
Average daily futures and options contracts ('000)	75	92	92	92
Average fee per futures and options contract	$1.34	$1.47	$1.48	$1.44
Trading days (SFE)	256	256	255	256
CFD Markets (commenced 5 November 2007)				
Total trades	85,883	50,772	N/A	N/A
Notional value traded ($m)	$1,974.0	$1,561.2	N/A	N/A
Total open interest value at 30 June ($m)	$64.7	$67.4	N/A	N/A
Total contracts traded ('000)	90,330	56,442	N/A	N/A
Futures and Options on Futures				
Total Contracts – Futures ('000)				
ASX SPI 200	10,360	9,075	7,345	5,917
90 Day Bank Bills	15,184	23,168	21,328	18,133
3 Year Bonds	22,275	31,751	32,178	28,735
10 Year Bonds	10,813	17,553	17,060	12,777
30 Day Interbank Cash Rate	2,105	3,377	2,942	1,494
Agricultural	17	23	24	17
Electricity	102	110	116	31
Other	2	7	25	51
NZD – 90 Day Bank Bills	1,406	1,468	1,800	1,473
Total Futures	62,264	86,532	82,818	68,628
Total Contracts – Options on Futures ('000)				
ASX SPI 200	398	491	544	703
90 Day Bank Bills	132	323	722	212
3 Year Bonds	203	492	571	784
Overnight 3 Year Bonds	789	909	1,374	1,464
Intra-Day 3 Year Bonds	252	334	588	498
10 Year Bonds	9	10	50	49
Overnight 10 Year Bonds	2	5	57	77
Intra-Day 10 Year Bonds	–	<1	1	1
Electricity	13	5	3	–
NZ Share Options	1	5	4	–
NZD – 90 Day Bank Bills	3	4	12	14
Total Options	1,802	2,578	3,926	3,802
Total Futures and Options Contracts Volume ('000)	**64,066**	**89,110**	**86,744**	**72,430**
Daily average contracts – futures and options ('000)	250	348	340	283
Average fee per contract – futures and options	$1.69	$1.49	$1.39	$1.45

	FY09	FY08	FY07	FY06
Austraclear Settlement and Depository				
Trading days	252	253	252	253
Transactions ('000)				
Cash transfers	667	660	636	618
Fixed interest securities	329	306	372	376
Discount securities	326	374	334	342
Foreign exchange	28	33	39	53
Interest rate swaps	6	9	10	11
Forward rate agreements	7	7	5	5
Audit certificates	1	1	1	<1
Total Transactions	**1,364**	**1,390**	**1,397**	**1,406**
Average daily settlement volume ('000)	5.41	5.49	5.55	5.57
Securities holdings (average $bn)	$1,042.0	$929.5	$718.4	$612.0
Average settlement and depository fee (including portfolio holdings)	$11.23	$10.37	$10.13	$9.53
Technology Infrastructure				
Number of ITS workstations	771	938	754	669
Number of SYCOM workstations	37	206	233	238
Number of SYCOM interfaces	351	354	219	162
Information Services				
ASX information services – terminals	67,715	77,905	61,938	41,922
SFE information services – terminals	17,213	23,319	22,141	18,393
System Uptime (Period Average)				
ITS	100.00%	100.00%	100.00%	100.00%
CHESS	100.00%	99.99%	100.00%	100.00%
SYCOM	99.89%	99.96%	99.98%	99.81%
OMX SECUR	100.00%	100.00%	100.00%	100.00%
EXIGO/FINTRACS	99.91%	99.94%	99.40%	99.94%

As a multi-asset class, vertically integrated exchange group, ASX's value proposition to market users spans primary market and capital formation processes, secondary market trading and price discovery, central counterparty risk transfer, and securities settlement services for both the equities and fixed income (including OTC) markets. Each of these activities involves a number of short and long-term drivers, and a variety of leading indicators.

To deepen the understanding of shareholders, a set of detailed (but not exhaustive) templates offering insight into some of those drivers and indicators is provided.

The critical role ASXMS supervision of ASX operating rules plays in delivering markets and services of quality and integrity, supported by ASIC regulation and RBA systemic risk oversight, must also be acknowledged.

In April 2009 ASXMS released its first set of quarterly metrics to supplement ASX's existing monthly publication of activity levels across the full range of group activities. Shareholders are encouraged to study those metrics to gain the broadest understanding of what drives the overall value of their investment in the ASX group of companies.

PRIMARY MARKET – CAPITAL FORMATION

Income Statement Activity	Activity Drivers	Leading Indicators
Annual Listings	• Changes in total market capitalisation • Number of listed companies	• Changes in GDP growth • Changes in earnings forecasts
Initial Listings	• Business conditions • Cost of debt to equity • Market risk premium • Private equity trends • Product development trends – Structured products – ETFs – Warrants	• Equity and debt returns, and risk free rates • Pipeline of IPOs – Demutualisations – Government asset sales – Private companies going public • Business and consumer confidence surveys
Secondary Capital Raisings	• Company growth and acquisitions • Balance sheet management • Ease of access to debt markets	• Number of DRPs • Changes to cost of equity • Movements in company debt to equity ratios • Credit market conditions • Individual sector performance

SECONDARY TRADING – PRICE DISCOVERY

Income Statement Activity	Activity Drivers	Leading Indicators
Cash Markets Trading **Equity Derivatives**	• Equity assets under management • Domestic and international sharemarket conditions • Micro drivers – Short selling – Disclosure events (results and earnings forecasts)	• Margin lending activity • Bank, superannuation and life insurance asset allocation to equities
Common to Cash Markets, and Equity and Debt Derivatives	• Micro drivers – Scale and frequency of arbitrage – Market maker efficiency – Number of orders and trades – Size of bid/offer spreads – Volatility • Macro drivers – Asset allocation trends – Trends in OTC versus exchange-traded activity – On-market versus off-market trading – Number of customers and participants	• New product development • Economic data releases • Asset class performance
Debt Derivatives	• Government debt issuance • Bank debt issuance • Levels of securitisation • Fixed income assets under management • Balance sheet and portfolio management • Interest rate expectations • Yield curve changes • Yield curve differentials relative to other developed markets • Expiry concentration limits	• Short, medium and long-term government and private debt outstanding • Residential mortgage securities • Treasury bond tenders • Changes to RBA overnight cash rate • Bank, superannuation and life insurance asset allocation to fixed income

CLEARING – RISK TRANSFER

Income Statement Activity	Activity Drivers	Leading Indicators
Cash Markets Clearing (Derived from Trading)	• Trading style – Direct market access efficiency – Large order execution – On-market versus off-market trading • New product development • ASX value traded	• New product development • ASX value traded
Interest Income on Participant Balances (Derived from Clearing)	• Spread of clearing activity across participants • Balance of initial margins and collateral held • Credit spreads • Yield curve shape and changes	• Number of participant clearers and their credit ratings • Margin rates and changes to margin rates • Level of open interest • 60-day moving average of implied volatility

CLEARING AND SETTLEMENT

Income Statement Activity	Activity Drivers	Leading Indicators
Cash Markets Settlement (Derived from Trading)	• Proportion of settlement activity that is institutional versus retail • Depository (CHESS): Safekeeping and maintenance of subregister for equities, warrants and fixed income	• ASX trading volumes • Initial and secondary capital raised • Corporate events – Merger and acquisition activity – DRPs – Rights issues – Placements • Number of holder identification numbers (HINs) and securityholder reference numbers (SRNs)
OTC Markets Settlement (Derived from OTC)	• Cash transfers, registered and unregistered securities – Corporate payments – Corporate and government debt raisings and asset securitisation – Secondary market debt trading • Depository (Austraclear) holding balances for short, medium and long-term government , semi-government and corporate securities	• Non-retail economic activity • Amount of debt on issue • Savings rates • New debt issues • Business cycle phase • Degree of counterparty risk

Eric Mayne *Chief Supervision Officer* **Alan Cameron AM** *Chairman ASX Markets Supervision*

FY09 marked the third full year of operation for ASX Markets Supervision (ASXMS), the separately managed and funded supervision subsidiary of the ASX group. ASXMS was established to enable ASX to perform its core supervisory functions separately from its commercial operation, and to provide greater accountability and transparency to the group's supervisory activities.

ASXMS has its own board of directors and a governance structure that continues to evolve. In August 2008 Alan Cameron AM, former chairman of ASIC, assumed the chairmanship of the ASXMS Board. With the resignation of Michael Sharpe AO and the appointment of Michael Shepherd to the ASXMS Board, also in August 2008, only one of ASXMS's five directors (Jillian Segal AM, with a relevant regulatory background) is also a director of ASX Limited.

The arm's length supervisory structure is enhanced by the fact that the Chief Supervision Officer (CSO), Eric Mayne, who has charge of all core ASX supervisory activities, reports directly to the ASXMS Board and not to the Managing Director and CEO of ASX Limited.

Notable Supervisory Activities

Against the backdrop of the most severe global financial and economic crisis in decades, ASXMS undertook a range of activities, detailed on the following pages, in areas identified as supervisory risk hot-spots.

This selection is not exhaustive and is in addition to the business-as-usual activity carried out by ASXMS, such as:

- Real-time surveillance of markets to detect market manipulation and insider trading;
- Monitoring of listed entities to ensure timely disclosures of material information;
- Monitoring of open positions at futures expiry dates so that roll-overs are conducted in an orderly manner; and
- Investigation and enforcement of potential breaches of the ASX group operating rules.

Oversight of Participants' Capital Requirements

Taken as a whole, ASX and ACH participants remained appropriately capitalised and the participant community maintained capital in excess of that required under ASX and ACH Rules. However, it was recognised that the combined impact of sharply declining portfolio values and the tightening of credit could place pressure on the ability of individual ASX and ACH participants to meet their on-market obligations to ACH as the central counterparty.

To meet this supervisory challenge, ASXMS:

- Sent written reminders to all participants of the minimum capital requirements during periods of significant market volatility. Email reminders were sent on five occasions in FY09, in July 2008, November 2008, February 2009, May 2009 and June 2009.
- Required specific participants to advise of their capital ratios after a 5% single session fall in the market. Requests were made in September 2008, November 2008 and February 2009.
- Required ASX and ACH participants subject to risk-based capital requirements to lodge ad hoc returns during periods of severe market volatility. Requests for ad hoc returns were made in October 2008 and January 2009.
- Required certain participants to report capital positions either daily or weekly.
- Required certain participants to provide periodic solvency statements.

Oversight of the Changes in the Short Selling Arrangements

In line with events overseas, Australia's markets regulator, ASIC, temporarily banned covered short selling in September 2008. In tandem with ASIC's actions, ASX amended its market rules to permanently prohibit naked short selling.

In the months that followed ASXMS (and ASX business operations) worked closely with ASIC to implement smoothly the regulatory changes to the short selling regime. These changes required ASXMS to monitor potential instances of dealing contrary to the amended rules as well as compliance with the new short selling reporting obligations.

A series of new risk-based compliance measures were introduced to review participants' compliance with the short selling reporting obligations. This resulted in a record 506 enquiries in the second quarter of FY09 about the accuracy of short selling activity reported to ASXMS by market participants. This compares to an average of around 200 enquiries per quarter across all of FY09 and 130 queries per quarter in FY08.

Reinforcing Disclosure and Improving Investor Confidence

Listed Entity Disclosure

Good disclosure practices by listed entities and directors are the bedrock of investor confidence. When it became clear that the economic downturn would test the requirement for companies to provide timely disclosure to the market about material changes to their financial prospects, ASXMS issued a Companies Update (in January 2009) offering companies guidance about meeting their Listing Rule 3.1 obligations to keep the market informed of expected material differences in financial results. This was reinforced by ASXMS vigilance in identifying material changes in the financial results reported by companies.

On the basis of information provided in periodic half-year and full-year financial reports lodged, companies with weak financial positions were required to report on their cash flows (Appendix 4C) on a quarterly basis. Companies already lodging an Appendix 4C but with extremely low cash positions as well as very weak financial positions were also required to lodge an Appendix 4C on a monthly basis. In some circumstances, companies were also asked to provide non-financial information – for example, an update on their strategies to improve their financial position.

ASXMS also released the results of its first public review of disclosure by listed mining entities of their compliance with the Joint Ore Reserves Committee (JORC) Code over a six-month period to 31 March 2009. The JORC Code is a set of practical and effective minimum reporting standards and guidelines for the mining industry. Approximately 800 companies listed on ASX are mining entities. Of the approximately 5,200 announcements reviewed for compliance, 312 (6%) were found to contain a total of 333 instances of material non-compliant reporting by 246 entities. The most common breach was a deficient or missing Competent Person Statement. ASXMS took immediate action to ensure that entities provided compliant or clarifying announcements to correct material breaches. Significant breaches were dealt with by 'please explain' letters, with company responses released to the market.

The annual analysis by ASXMS of corporate governance disclosures in annual reports for the year ended 30 June 2008, found that listed entities, both companies and trusts, continue to improve their corporate governance reporting. ASXMS reviewed the annual reports of 1,510 listed entities of all sizes and sectors, representing about 72% of all listed entities.

Overall reporting levels – being the aggregate of adoption of the 2003 ASX Corporate Governance Council Principles and Recommendations and of 'if not, why not' reporting against the Recommendations – rose to 96.3% in 2008, up from 90.5% in 2007. This is the highest level since ASX began the annual review in 2004. Australia's flexible, principles-based approach to corporate governance has led to investors being more informed than ever before about the corporate governance practices of listed entities.

For the first time, ASXMS extended its annual review of corporate governance disclosures to include listed entities with a 31 December financial year-end. This review provided the first full-year results of compliance with the revised *Corporate Governance Principles and Recommendations* which were released in August 2007. Here, a different methodology was adopted with emphasis on reviewing reporting in accordance with the substantive or practice-based Recommendations, as opposed to the information-based Recommendations at the end of each Principle. It is no longer sufficient for an entity to report that is has certain practices in place. Emphasis is now on the disclosure of *actual* practice. The overall reporting level against the practice-based Recommendations for 31 December 2008 year-end entities was 93.4%.

Director Disclosure

In FY09, ASXMS continued its program of reviewing the lodgement of Directors' Interest Notices and trading by directors during a blackout period. A blackout period is defined as being the period between the close of a listed entity's financial period and the announcement of its half-year or full-year results. While trading by directors in a blackout period is not prohibited by ASX rules or the

Corporations law, outside the general insider trading or market manipulation provisions, such trading can indicate poor corporate governance practice and create the perception of potential market misconduct, especially in the absence of a satisfactory explanation of the trading to the market.

An overall improvement in compliance across the year (third quarter FY09 compared to first quarter FY09) suggests that directors are more aware of their reporting obligations, the trading policies of the companies on whose boards they sit, and the expectations of other shareholders for directors to set the best example. Where directors had been identified as not having complied, ASXMS contacted or wrote to the listed entity concerned and released to the market responses to ASXMS enquiries. In FY09 ASXMS referred a total of 211 potential breaches of Section 205G of the Corporations Act (director notification requirements) to ASIC. Sixty-seven of these breaches related to active, that is, 'on-market' trades by directors.

The complete results for all the reviews conducted by ASXMS throughout FY09 are available on ASX's website: www.asx.com.au/media

Enforcement Outcomes

Disciplinary Fines

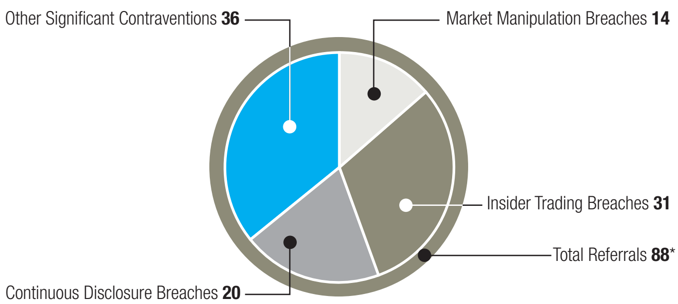
In FY09, fines totalling $948,750 (including a then-record $235,000 for a single participant) were imposed and 17 participants were disciplined, as a result of the 20 matters finalised by the independent Disciplinary Tribunal. Matters heard by the Disciplinary Tribunal included potential breaches of capital requirements; failure to maintain accurate order records; failure to ensure that automatic order processing systems did not interfere with market integrity or efficiency; breaches of short selling rules; unprofessional conduct; and market manipulation. A record $1.35 million fine was imposed on one participant for 10 contraventions of the ASX operating rules on 10 July 2009, after this reporting period.

An important message about the disciplinary process was delivered by the Appeal Tribunal in a matter relating to market manipulation in May 2009. The Appeal Tribunal noted that the high standards of commercial probity expected of licensed market participants underpin trust and confidence in the market. Therefore, contraventions involving dishonesty, lack of probity or unprofessional conduct should result in very substantial penalties. In determining what is substantial, the Appeal Tribunal noted that the 'penalty should constitute a real punishment proportionate to the deliberation or degree of recklessness with which the contravention occurred. A punishment, by definition, involves pain or loss.' The penalty should also have a deterrent effect capable of influencing the conduct of others.

Disciplinary Tribunal outcomes are available on the ASX website: www.asx.com.au/disciplinary_matters

Referrals to ASIC

ASX is well-placed to supervise the market because it is at the 'coalface' of market activity. However, it does not have the investigative and prosecutorial powers of a statutory regulator, and must therefore refer to ASIC any significant rule or law breaches it detects. In FY09, ASXMS referred 88 matters to ASIC, 4% down on FY08. These included 20 suspected continuous disclosure breaches, 14 suspected market manipulation breaches and 31 suspected insider trading breaches.



* A single referral may contain more than one suspected breach.

The critical role ASXMS plays in preserving market integrity in partnership with ASIC is shown by the fact that ASIC commenced proceedings or obtained outcomes in 17 matters that were referred to it by ASXMS in FY09. These matters resulted in a range of outcomes including fines, bannings from providing financial services, and prison sentences.

ASXMS Education and Research Program

Fines imposed by the Disciplinary Tribunal since 1 January 2007 have been directed to the funding of the ASXMS Education and Research Program. The Program conducts research, educational courses, seminars, conferences and other events to raise awareness of current supervisory issues and to promote compliance with ASX's operating rules. It supplements ASXMS's existing schedule of regular presentations, road shows and newsletters to listed entities and ASX group participants.

In FY09, $611,331 was spent on 65 educational events which included seminars on the JORC Code, continuous disclosure, corporate governance, and market surveillance; specific courses for directors of listed companies; and workshops on market manipulation and broker compliance for market participants. These events were conducted free-of-charge nationwide and were attended by more than 3,500 stakeholders from the listed company and broking communities. Where appropriate, the Program worked with industry organisations to develop education products that were of interest to common stakeholders.

Further details about the Education and Research Program are available on the ASX website: www.asx.com.au/education_research

Supervisory Resources

As at 30 June 2009, 110 full-time equivalent (FTE) employees were working within ASXMS, up 7% from the 103 in FY08. There will be a further injection of 3.6 FTE resources into supervision during FY10.

The ASXMS Board and management continued their systematic assessment of resourcing requirements based on workload drivers identified for each of the front-line supervision functions in FY09. These workload drivers took account of the change in market conditions (from bull to bear sentiment), and differentiated between the resources required for business-as-usual activities and those for special projects. Because the changes in market conditions had varying effects on the different front-line supervision areas (resulting, for example, in a decline in new listings admissions activity but an increase in participant compliance activity), additional staff were hired and workloads were rebalanced to direct resources to areas where they were most required.

The graduate recruitment program started in July 2007 to train high-quality graduates in all facets of markets supervision over a period of 20-months has been very successful, with the rolling completion of training taking place from the fourth quarter FY09 through to the first quarter FY10.

These various strategies to ensure adequate resourcing, together with ongoing staff training and development, have enabled ASXMS to successfully manage the spikes in activity arising from the extraordinary market events of FY09.

ASXMS has also successfully delivered three major technology projects in FY09. These projects were:

- Issuers Activity Solution: a system that enables ASXMS issuers advisers across all branches to record supervisory action (including note-taking) and other activities as they occur. This assists with tracking matters, information sharing, consistent decision-making, and the more accurate capturing of information for management decision-making.
- ASX Compliance Monitor: an industry-wide solution designed to automate the management of notifications and assessments from participants. The system went live on 17 March 2009.
- Surveillance system upgrade: the upgrade of the SMARTS real-time surveillance system offers greater transaction capacity – approximately 100 million order book changes per day – and more sophisticated alerting algorithms. This upgrade went live in May 2009.

In addition, significant progress was made on a new financial returns solution used in Capital Monitoring, as well as on a non-trading surveillance system which will enhance the research capabilities of the Surveillance team.

From a market supervisor's perspective, FY09 was a challenging and satisfying year. When investor confidence is fragile, market integrity, underpinned by skilled and well-resourced supervision, becomes a critical factor in the market's recovery. In this regard, it is pleasing to note that the results of the 11th Australian Share Ownership Study conducted in late 2008 and published in June 2009 found that 78% of Australian retail investors trust ASX to run a well-supervised market. This is the highest level recorded in the Study's history.

Eric Mayne
Chief Supervision Officer

ASX and its subsidiaries operate as the Australian Securities Exchange. ASX's trading, and clearing and settlement businesses are licensed under the Corporations Act and conducted through the following entities and wholly-owned subsidiaries:

ASX LIMITED
- Publicly-listed parent entity
- Licensed operator of cash and derivatives markets
- Regulated by ASIC

SYDNEY FUTURES EXCHANGE LIMITED
- Licensed operator of derivatives markets
- Regulated by ASIC

AUSTRALIAN CLEARING HOUSE PTY LIMITED and SFE CLEARING CORPORATION PTY LIMITED
- Licensed clearing and settlement facilities
- Central counterparty clearing
- Regulated by ASIC (with respect to licence obligations)
- Regulated by RBA (with respect to compliance with Financial Stability Standards)

The immediate holding company of the two central counterparty clearing subsidiaries is ASX Clearing Corporation Limited (ASXCC) which is a wholly-owned subsidiary of ASX Limited.

ASX SETTLEMENT AND TRANSFER CORPORATION PTY LIMITED and AUSTRACLEAR LIMITED
- Licensed clearing and settlement facilities
- Securities settlement
- Regulated by ASIC (with respect to licence obligations)
- Regulated by RBA (with respect to compliance with Financial Stability Standards)

The subsidiary companies shown above are directed by boards that comprise:

- The Managing Director and CEO of ASX;
- Other members of the ASX Board with relevant experience;
- And in the case of the clearing and settlement boards – a number of external, non-executive directors appointed for their industry expertise, and representatives of ASX executive management.

Clearing and Settlement Facilities

The licensed clearing and settlement facility boards have the same directors, comprising as at the date of the Report:

Directors from the ASX Board	Robert Elstone (Managing Director and CEO)
	Roderic (Rick) Holliday-Smith
	Peter Warne
External directors	Phillip Gray
	Ian McGaw
ASX executive management	Alan Bardwell (Chief Financial Officer)
	Peter Hiom (Group Executive Business Development)
	Colin Scully (Group Executive Operations)

Directors of the ASX Board that are not members of the clearing and settlement facility boards are entitled to (and do periodically) attend these subsidiary board meetings.

ASX Markets Supervision

Each licensed entity has appointed another (unlicensed) subsidiary, ASX Markets Supervision Pty Limited (ASXMS), as their agent to fulfil their supervisory licence obligations. ASXMS supervises markets and facilities operated by the licensees, and monitors the conduct of listed entities and participants of those markets and facilities. ASXMS is a wholly-owned subsidiary of ASX.

The ASXMS constitution provides for ASX Limited to appoint directors to the ASXMS Board. The ASXMS constitution also imposes certain restrictions on the individual occupying the role of ASXMS chair. The constitution states that the chair of ASXMS may not sit on the board of, or have a material commercial association with, a participant in ASX's licensed market or clearing and settlement facilities, or a company listed on ASX, and may not sit on the ASX Limited Board. This structure is a tangible demonstration of the fact that the ASXMS Board exercises its functions at arm's length from the ASX Board.

The directors of ASXMS as at the date of the Report were:

ASXMS directors who are not ASX directors	Alan Cameron AM (Chairman)
	Peter Jollie AM
	Dr Thomas Parry AM
	Michael Shepherd
ASXMS director who is also an ASX director	Jillian Segal AM

ASX appointed Alan Cameron AM as Chairman and Michael Shepherd as a director of ASXMS on 1 August 2008. Mr Cameron is a former Chairman of ASIC and its predecessor, the Australian Securities Commission. Mr Cameron succeeded Maurice Newman AC who stepped down from the board of ASXMS on 31 July 2008. Michael Shepherd, a former director of ASX, replaced Michael Sharpe AO, who also stepped down at the end of July 2008.

The ASXMS directors are appointed for periods of up to three years. During FY09 and prior to the expiry of their terms, Jillian Segal's and Peter Jollie's continuation as directors of ASXMS was considered and approved by the ASX Board. The number of non-ASX Board directors on the ASXMS Board remains at four. Ms Segal remains the sole director common to both boards.

Approach to Corporate Governance

ASX works to maintain a high standard of corporate governance. Each year the ASX Board reviews its corporate governance codes, policies and charters to ensure practices are in place to oversee the growth of shareholder value, while making certain that ASX's market activities are properly managed and supervised.

The principal features of ASX's corporate governance regime are set out in this section. Further details on corporate governance matters are available on ASX's website – www.asx.com.au/governance – and in the notes to the Financial Statements.

ASX has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (2nd Edition). ASX believes that throughout the reporting period its governance arrangements have been consistent with the Principles.

Board of Directors

The Board is accountable to shareholders for the performance of ASX. Board members also have a responsibility to ensure that the affairs of the group are conducted consistent with licence obligations, as well as with the overarching public policy objective of financial market and payments system integrity.

Role and Functions of the Board and Senior Management

(Corporate Governance Principles and Recommendations: 1.1, 2.3)

The roles of Chairman, and Managing Director and CEO are not exercised by the same individual. Furthermore, the ASX Board charter provides that the Managing Director and CEO may not become Chairman.

The Managing Director and CEO is prohibited from sitting on the board of, or having a material commercial association with, an entity listed on ASX or a participant in ASX's markets.

The Managing Director and CEO's responsibilities include the overall operational, business management and financial performance of ASX, while also managing the organisation in accordance with the strategy, plans and policies approved by the Board to achieve agreed financial and reputational goals.

The Board has adopted a charter that sets out the functions and responsibilities of the Board within the governance structure of ASX and its wholly-owned subsidiaries. The conduct of the Board is also governed by the constitution of ASX.

The primary responsibilities of the Board are to:

- Review and approve corporate strategies, the annual budget and financial plans;
- Oversee and monitor organisational performance and the achievement of the group's strategic goals and objectives;
- Monitor financial performance and liaise with the group's external auditor;
- Appoint and assess the performance of the Managing Director and CEO, and oversee succession plans for the senior executive team;
- Oversee the effectiveness of the management processes in place, and approve major corporate initiatives;
- Enhance and protect the reputation of the ASX group;
- Oversee the processes for identifying the significant risks facing the group, and that appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- Report to, and communicate with, shareholders.

Senior executives reporting to the Managing Director and CEO have their roles and responsibilities defined in specific position descriptions.

Relevant corporate governance information, including the ASX Board charter and constitution are available on ASX's website: www.asx.com.au/governance

Board Composition and Size

(Corporate Governance Principles and Recommendations: 2.1, 2.2, 2.6)

The ASX Board comprised the following directors at the date of this Report:

Name	Position	Appointed
David Gonski AC	Chairman, Independent Non-Executive Director	2007
Robert Elstone	Managing Director and CEO, Executive Director	2006
Russell Aboud	Independent Non-Executive Director	2005
Shane Finemore	Independent Non-Executive Director	2007
Roderic (Rick) Holliday-Smith	Independent Non-Executive Director	2006
Peter Marriott	Independent Non-Executive Director	2009
Trevor Rowe AM	Independent Non-Executive Director	2002
Jillian Segal AM	Independent Non-Executive Director	2003
Peter Warne	Independent Non-Executive Director	2006

The directors determine the size of the Board, with reference to the constitution and ASX Board charter, which provides there will be a minimum of seven directors and maximum of 15 directors. The number of directors on the ASX Board is currently fixed at nine.

The Board considers that individually and collectively the directors bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities effectively. All directors have an understanding of financial markets. The extensive financial markets experience among the Board members spans involvement in a diverse range of trading, asset management, financing, corporate advisory and public policy activities.

Board Renewal and Succession Planning

David Gonski AC was appointed Chairman on 24 September 2008 following the retirement of Maurice Newman AC. Peter Marriott succeeded Michael Sharpe AO as director and as Chairman of the ASX Board's Audit and Risk Committee on 1 July 2009. Mr Sharpe retired from the ASX Board on 1 July 2009.

Board succession planning is an important part of the governance process. The Board continually evaluates and reviews its succession planning process. The Board has adopted a succession plan to ensure the progressive and orderly renewal of its Board membership.

The Board considers that longstanding directors bring a level of expertise, judgement, dedication and breadth of perspective to the performance of their responsibilities that is of great value to the Board, management and shareholders. The appointment of directors is governed by the ASX constitution and the ASX Board and Nomination and Remuneration Committee charters. An election of directors is held each year. Any director who has been appointed during the year must stand for election at the next AGM. Directors are generally appointed for a term of three years. Retiring directors are not automatically re-appointed.

The ASX constitution, Board charter, and the Nomination and Remuneration Committee charter are available on ASX's website: www.asx.com.au/governance

For information on the skills, experience and expertise of the directors, please refer to pages 45 to 46 of the Report. Details of the number of Board meetings and the attendance of the directors can be found on page 47 of the Report.

The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretaries can be found in the Directors' Report on page 53.

Director Independence

(Corporate Governance Principles and Recommendations: 2.1)

All ASX non-executive directors are considered independent.

ASX values the experience and perspective brought to the Board by directors who are involved with stakeholders of ASX, including listed companies and participants on its markets. Such involvement is not perceived to diminish a director's ability to act as an independent director of ASX.

In giving effect to its policy that the majority of directors must be independent, the Board has set a guideline of relationships which may affect their independent status. The Board conducts an annual formal assessment of their independence, as well as tabling individual director interests at every ASX Board meeting. As part of the FY09 annual formal assessment, the Board considered its non-executive directors' previous and current relationships with ASX customers, suppliers, consultants and professional advisers. It determined that none of these relationships could reasonably be perceived to materially interfere with or compromise their independent judgement.

In forming this view, the Board employed accounting standard AASB 1031 – Materiality to determine levels of materiality. Accordingly, a relationship is presumed immaterial when it generates less than 5% and presumed material when it generates more than 10% of group revenue during a 12-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence, the Board takes into account the strategic value and other aspects, including non-quantitative aspects, of the relationship in question. For the purpose of assessing the materiality of relationships between a non-executive director and ASX (other than as a director), the threshold is set according to the significance of that relationship to the director in the context of their activities as a whole. No director has a relationship significant enough to compromise their independence on the Board.

The Board has not set any tests as to the number of terms or years on the Board that would be regarded as undermining independent judgement.

On the basis of the Board's assessment, the Board confirms that all the currently serving non-executive directors are independent. Prior to Peter Marriott's appointment to the ASX Board on 1 July 2009, the Board considered his declared personal interests and considered him to be independent. The only director not considered independent is Robert Elstone. Mr Elstone is not considered independent by virtue of his executive office as Managing Director and CEO.

Access to Information

(Corporate Governance Principles and Recommendations: 2.6)

Directors are encouraged to access members of senior management at any time to request relevant information in their role as an ASX director.

Directors are also entitled, with the approval of the Chairman, to seek independent professional advice at the company's expense on matters relating to their role as an ASX director.

Remuneration and Performance

Board Remuneration and Performance Review

(Corporate Governance Principles and Recommendations: 2.5, 2.6, 8.2, 8.3)

The Board reviews its performance annually to ensure that individual directors and the Board as a whole work efficiently and effectively in fulfilling their functions set out in the charter. During FY09 the Board undertook an evaluation, review and succession planning process with the assistance of an independent professional consultant. In addition to this, the Chairman meets annually and separately with each non-executive director to discuss individual performance and ideas for improvement.

The Board receives the minutes and an update from the Committee Chairman of each of the Board's Committees on an ongoing basis, setting out the Committee's achievements based on their duties. The Board reviews and approves the charters of each of the Committees.

The maximum aggregate amount of fees that may be paid to all ASX non-executive directors each year is capped at $2.5 million, which was approved by shareholders at the 2007 AGM. The ASX Board has always maintained a fee buffer to give it sufficient flexibility to plan its structure in advance of specific needs arising. The total fees paid to non-executive directors during the reporting period was $1,985,238 (excluding accrued retirement benefits and fees paid to non-executive directors of ASX in their capacity as directors of the Securities Exchanges Guarantee Corporation Limited).

The Board decided on 26 August 2003 to terminate the directors' retirement scheme. The accrued entitlements, which were calculated based on years of service as a director, have been frozen at that date and will be paid to entitled non-executive directors at the time of their retirement. Following Michael Sharpe's retirement from the ASX Board on 1 July 2009, there will be no further entitlements to directors under the directors' retirement scheme. Further details on ASX directors' remuneration are disclosed in the Remuneration Report on pages 56 to 69.

Executive Remuneration and Performance Review

(Corporate Governance Principles and Recommendations: 1.2, 1.3, 8.2)

The Board undertakes annually to assess the performance of senior executives against group and individual performance targets, with the assistance of the Managing Director and CEO, and the Nomination and Remuneration Committee. The Managing Director and CEO was not present at the Board or Nomination and Remuneration Committee meetings when his own remuneration and performance were being considered.

The performance of each Group Executive and member of the Group Executive Committee is assessed against group and individual performance targets. For FY09, factors that were considered in assessing overall performance were performance of the group, the performance of the Group Executive's division or function, and the individual performance of the relevant executive.

Further details on the assessment criteria for the Managing Director and CEO, and senior executive remuneration (including equity-based share plans) are disclosed in the Remuneration Report on pages 56 to 69.

Securities Trading Policy

(Corporate Governance Principles and Recommendations: 3.2, 8.3)

ASX's Dealing Rules govern when ASX employees, directors, contractors, consultants and secondees may deal in ASX securities and the securities of other listed entities, and the procedures that must be followed for such dealings.

Trading in ASX securities is permitted only during trading windows, which are open for a period of up to five weeks commencing the day after the announcement of the half-year financial results, full-year financial results and the AGM, unless advised to the contrary by the Chairman or Managing Director and CEO. The rules also specifically prohibit certain employees from trading in non-ASX securities who may be aware of price sensitive information that is not publicly available. Employees in ASXMS are prohibited from dealing in ASX shares, except in limited circumstances.

ASX prohibits employees and directors from using derivatives or entering into transactions that operate, or are intended to operate, to limit the economic risk of security holdings over unvested ASX shares.

All staff are required to seek approval before trading in ASX securities during the trading windows. ASXMS staff are required to seek approval before trading in non-ASX securities. The Managing Director and CEO must not hold, deal or have any interest in the securities of any listed entity other than ASX. The Chief Supervision Officer (CSO) must not hold, deal or have any interest in the securities of any listed entity, including ASX. Both the Managing Director and CEO, and the CSO are prohibited from holding these interests, except where they arise by reason of the securities being a component of an investment in a listed investment company, managed fund or index product.

ASX publicly discloses all derivatives and hedging positions over vested ASX shares taken out by directors and Key Management Personnel of ASX.

A summary of ASX's Dealing Rules is available on ASX's website: www.asx.com.au/governance

Board Committees

The Board is supported by a Nomination and Remuneration Committee and an Audit and Risk Committee.

Committee	Nomination and Remuneration Committee	Audit and Risk Committee
Chair	David Gonski AC	Peter Marriott
Members	Roderic (Rick) Holliday-Smith	Roderic (Rick) Holliday-Smith
	Trevor Rowe AM	Jillian Segal AM
	Jillian Segal AM	Peter Warne
	Peter Warne	

Nomination and Remuneration Committee

(Corporate Governance Principles and Recommendations: 2.4, 2.6, 8.1, 8.3)

The Nomination and Remuneration Committee consists of five members, all of whom are independent non-executive directors, and is chaired by the Chairman of the ASX Board. Other directors who are not members of the Committee are invited to attend meetings.

The Nomination and Remuneration Committee's charter sets out its role and responsibilities, and the composition and structure of the Committee. The Committee has the delegated responsibility from the ASX Board to conduct detailed examination of certain matters. The Committee will also review other relevant matters which may be identified from time to time, or which are requested by the ASX Board.

The Nomination and Remuneration Committee is responsible for reviewing the following nomination matters:

- Nomination and selection of non-executive directors to the ASX Board;
- Succession plans for the ASX group non-executive directors;
- Induction programs for non-executive directors;
- Assessing the requirements of non-executive directors and setting a transparent process to review whether they are meeting those requirements; and
- Establishing and evaluating the necessary and desirable competencies of the ASX Board and ASX Board Committees.

The Committee is responsible for reviewing the following remuneration matters:

- Remuneration and incentive framework for all staff, including the Managing Director and CEO; and
- Remuneration for ASX group non-executive directors.

The Nomination and Remuneration Committee charter is available on ASX's website: www.asx.com.au/governance

For information on the skills, experience and expertise of the Nomination and Remuneration Committee members, please refer to pages 45 to 46 of this Report. Details of the number of meetings and the attendance of members at the Nomination and Remuneration Committee meetings can be found on page 47 of this Report.

Audit and Risk Committee

(Corporate Governance Principles and Recommendations: 4.1, 4.2, 4.3, 4.4)

The Audit and Risk Committee consists of four members, all of whom are independent non-executive directors, and is chaired by an independent non-executive director. Other directors that are not members of the Committee, the external auditor and other senior executives attend meetings by invitation.

The Audit and Risk Committee's charter sets out its role and responsibilities, composition and structure.

The primary function of the Audit and Risk Committee is to assist the Board to carry out the following:

- Financial reporting – to review and monitor the financial integrity of the ASX group's financial reports and statements;
- Corporate control – to review the adequacy and integrity of the ASX group's enterprise risk management framework and system of internal control, and the monitoring of the control process through internal auditing;
- Compliance – to review the ASX group compliance framework for identifying, monitoring and managing compliance with relevant laws, regulations and licence obligations;
- Review and approve the internal and external audit work plans; and
- Review significant accounting/reporting issues and financial statements.

Consistent with its charter, the Audit and Risk Committee reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The Audit and Risk Committee meets with the external auditor without management in attendance as necessary and at least annually. It satisfies itself that the level of any non-audit work carried out by the external auditor is compatible with maintaining audit independence, taking into account the guidelines which it has set. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years. PricewaterhouseCoopers (PwC) was appointed as external auditor by shareholders at the 2008 AGM and has conducted the audit in an effective and competent manner.

The Audit and Risk Committee charter is available on ASX's website: www.asx.com.au/governance

For information on the skills, experience and expertise of the Audit and Risk Committee members, please refer to pages 45 to 46 of this Report. Details of the number of meetings and the attendance of members at the Audit and Risk Committee meetings can be found on page 47 of this Report.

Other Board committees may be appointed from time-to-time to deal with issues associated with the conduct of ASX's various activities.

Recognise and Manage Risk

(Corporate Governance Principles and Recommendations: 7.1, 7.2, 7.3, 7.4)

ASX views effective risk management as key to achieving and maintaining its operational and strategic objectives.

The ASX Board is responsible for approving and reviewing the ASX group risk management strategy and policy. The active identification of risks and implementation of mitigation measures are the responsibilities of management.

ASX's Enterprise Risk Management framework is based on the Australian/New Zealand Standard (AS/NZS 4360:2004) for risk management. Management has established an Enterprise Risk Management Committee and other dedicated risk forums to approve risk policies, monitor framework execution and coordinate general risk matters.

Within the framework, and in addition to the daily management of business activities, each business unit is required to formally profile its risk environment every six months. This includes the identification of key risks, an assessment of control design and operation, and an evaluation of key risk indicators. The outcomes of each risk profile are aggregated for reporting to the executive Enterprise Risk Management Committee and the Audit and Risk Committee.

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and CEO, and the Chief Financial Officer (CFO), that ASX's financial reports give a true and fair view, in all material respects, of the company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that ASX's financial reports are founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks.

In a separate written statement the Managing Director and CEO, and the Chief Risk Officer (CRO) also confirm to the Board that ASX's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

These internal control systems and procedures are reviewed by an Internal Auditor, who reports administratively to the CRO and on functional audit matters to the Audit and Risk Committee, and to the Managing Director and CEO. The Audit and Risk Committee monitors management's response to these reviews.

The internal audit function is independent of the external audit, has full and free access to the Audit and Risk Committee, and also has full and free access to ASX employees and ASX records.

A summary of ASX's risk management policies on risk oversight and management of material business risks is available on ASX's website: www.asx.com.au/governance

Continuous Disclosure

(Corporate Governance Principles and Recommendations: 5.1, 5.2)

ASX's Listing Rule 3.1 Compliance Policy and Rules deals with the key obligations for all levels of staff in relation to continuous disclosure. The Policy sets out ASX's obligations under the listing rules and the Corporations Act, and the type of information that requires disclosure. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements and for monitoring compliance. The Managing Director and CEO in conjunction with the General Counsel and Company Secretary determine the matters that must be announced to the market.

In addition, the Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers at its meetings. Individual directors are required to make such a consideration when they become aware of information in the course of their duties as a director of ASX, or of any company in the ASX group.

A copy of ASX Listing Rule 3.1 Compliance Policy and Rules is available on ASX's website: www.asx.com.au/governance

Communication with Shareholders

(Corporate Governance Principles and Recommendations: 6.1, 6.2)
ASX aims to communicate clearly and transparently with shareholders and prospective shareholders. At the core of the Board's approach to reporting to shareholders is a commitment to disclosing as much relevant information as possible, particularly in the Annual Report, monthly market activity announcements and daily trading volume data.

The ASX shareholder communication framework includes the following elements designed to ensure provision of equal access to material information:

- All discussions with analysts are to be conducted by (or with the prior sanction of) the Managing Director and CEO, or the CFO, and are to be limited to explanation of previously published material and general discussion of non-price sensitive information;
- Where information likely to be price sensitive is to be released for the first time on the day that an analyst briefing is scheduled, a market announcement must be made before the start of the briefing;
- Where it is not anticipated that the material to be distributed is price sensitive, a market announcement should be made of any material distributed (at formal presentations to analysts, for example) by the end of the day on which the presentation is conducted; and
- As a general rule, meetings with analysts will not be held within a four-week blackout period in advance of the annual or half-year results announcements.

Extensive information is set out in the Annual Report, including in the Directors' Report and Financial Report, enabling shareholders to understand the costs and benefits of various company policies, such as the linkage in remuneration policies between reward and performance. ASX's Shareholder Communications Statement is available on ASX's website: www.asx.com.au/governance

ASX's website is a valuable source of information for ASX's shareholders and prospective shareholders. ASX provides audio webcasts of its AGMs and analyst briefings. ASX places all company announcements (including analyst briefing material and media releases) on the website immediately following confirmation of their release to the market. ASX also displays Annual Reports to shareholders, speeches and presentations given by the Chairman, Managing Director and CEO, and senior management, and a range of other information considered to be of interest to investors. Of particular note is the posting of monthly activity reports that provide investors with, among other things, a useful guide to current period performance and revenue, along with the quarterly ASXMS activity reports that detail the range and outcomes of ASXMS's supervisory activities. Exchange-traded activity is also published daily in major Australian newspapers and via electronic information vendors.

ASX's Annual General Meeting

Shareholders are encouraged to attend the AGM at which the external auditor will be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the Independent Audit Report. The meeting is available via an audio webcast or shareholders can attend in person or send a proxy as their representative. Unless indisposed, all ASX directors and key executives attend the meeting, along with the external auditor.

ASX's 2009 AGM will be held on 30 September 2009 at Exchange Square, 18 Bridge Street, Sydney, New South Wales at 10.30am (AEST). Full details of the AGM are in the Notice of Annual General Meeting, which will be available in late August 2009. Information will also be available on ASX's website.

Code of Conduct

(Corporate Governance Principles and Recommendations: 3.1)
ASX's Code of Conduct promotes ethical and responsible decision-making by directors and employees. The Code requires high standards of honesty, integrity, fairness and equity in all aspects of employment with ASX.

Ethical and responsible decision-making at ASX is also promoted by the Whistleblowing Policy which is designed to support and protect employees who report non-compliant, suspicious or unethical conduct by other employees.
The Policy formalises ASX's commitment to protect the confidentiality and position of employees wishing to raise serious matters that affect the integrity of ASX. A summary of ASX's Code of Conduct is available on ASX's website: www.asx.com.au/governance

Political Donations

ASX did not make any political donations during FY09.

Details of Directors as at 20 August 2009*

DAVID M GONSKI AC, B.Comm LLB (UNSW), FAICD, FCPA

Chairman, independent non-executive director

Mr Gonski was appointed a director in June 2007 and Chairman of ASX in September 2008. He is also Chairman of the Nomination and Remuneration Committee.

Mr Gonski is Chairman of Coca-Cola Amatil Limited, Investec Bank Australia Limited and National E-Health Transition Authority (NEHTA), and is a director of Westfield Holdings Limited and Singapore Airlines Limited. He is Chancellor of the University of New South Wales and a Senior Adviser to Morgan Stanley. Previously, Mr Gonski was a director of the Australia and New Zealand Banking Group Limited (ANZ), ING Australia Limited and John Fairfax Holdings Limited.

RUSSELL A ABOUD, MBBS (Syd)

Independent non-executive director

Mr Aboud was appointed a director of ASX in July 2005.

Mr Aboud is Chairman of Manikay Partners LLC and Ord Minnett Limited, and a consultant to JP Morgan Securities Australia Limited. He has extensive knowledge and experience in the international financial services and securities industries gained over 20 years. Past roles have included Global Head of European Equities and Head of Australasian Equities for the UBS group.

Mr Aboud was until 1 September 2008 a director of Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, ASX Clearing Corporation Limited, Austraclear Limited, and ASX Settlement and Transfer Corporation Pty Limited.

ROBERT G ELSTONE, BA (Hons), MA (Econ), MCom

Managing Director and CEO, executive director

Mr Elstone was appointed Managing Director and CEO of ASX in July 2006. Mr Elstone was appointed for an initial three-year term from 2006 to 2009 and during FY09 ASX announced the extension of his term for a further two years to July 2011.

Prior to his role at ASX he was Managing Director and CEO of SFE Corporation Limited from May 2000 until the merger with ASX in July 2006. He is a director of Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, ASX Clearing Corporation Limited, Austraclear Limited, and ASX Settlement and Transfer Corporation Pty Limited.

Mr Elstone had previously held senior executive positions as Chief Financial Officer of two major Australasian companies – Pioneer International Limited and prior to that Air New Zealand Limited. Mr Elstone was also a non-executive director of the National Australia Bank Limited and an inaugural member of the Board of Guardians of the Future Fund of Australia until his appointment as Managing Director and CEO of ASX.

Mr Elstone is an Adjunct Professor in the Faculty of Economics and Business at the University of Sydney. Between 2007-2009 he chaired the Financial Sector Advisory Council to the Treasurer of the Commonwealth of Australia.

SHANE D FINEMORE, B.Comm (UNSW)

Independent non-executive director

Mr Finemore was appointed a director of ASX in June 2007.

Mr Finemore is currently Managing Partner of Manikay Partners LLC and a director of Finemore Transport Pty Limited. He was formerly Managing Director at UBS Investment Bank and Head of the UBS US Fundamental Investment Group, and a member of the UBS Investment Bank Board, the US Equities Operating Committee and co-chair of the US Equities Trading Committee. Mr Finemore is an internationally recognised authority on securities exchanges.

RODERIC (RICK) HOLLIDAY-SMITH, BA (Hons), FAICD

Independent non-executive director

Mr Holliday-Smith was appointed a director of ASX in July 2006. Prior to the merger of ASX and SFE in July 2006 he was Chairman of SFE Corporation Limited from 1998. He is currently Chairman of ASX Clearing Corporation Limited, Austraclear Limited and SFE Clearing Corporation Pty Limited, and a director of Australian Clearing House Pty Limited and ASX Settlement and Transfer Corporation Pty Limited. He is also a member of the Audit and Risk Committee and the Nomination and Remuneration Committee.

Mr Holliday-Smith is a specialist in capital markets, derivatives and venture capital activities. He is Chairman of Snowy Hydro Limited and a director of Servcorp Limited and Cochlear Limited. Prior to 1998 Mr Holliday-Smith spent 11 years in Chicago, first as CEO of Chicago Research and Trading (CRT), and then as President of NationsBanc-CRT. During the 1980s he was an executive director with Wardley Australia Limited and Managing Director of Hong Kong Bank Limited, London.

PETER R MARRIOTT, BEc (Hons), MAICD

Independent non-executive director

Mr Marriott was appointed a director of ASX on 1 July 2009. He is Chairman of the Audit and Risk Committee.

Mr Marriott is the Chief Financial Officer of Australia and New Zealand Banking Group Limited (ANZ), a position he has held since 1997. He has been involved in the finance industry for almost 30 years. He joined ANZ in 1993 as General Manager, Group Accounting and was then appointed Group General Manager, Credit/Risk Management in 1995. Prior to his career at ANZ, Mr Marriott was a Partner in the Melbourne office of the then KPMG Peat Marwick. He is a fellow of The Institute of Chartered Accountants in Australia and a member of the Australian Institute of Company Directors.

TREVOR C ROWE AM, FCIS, FAICD, ACPA

Independent non-executive director

Mr Rowe was appointed a director of ASX in 2002. He is a member of the Nomination and Remuneration Committee.

Mr Rowe is executive Chairman of Rothschild Australia Limited and Chairman of Queensland Investment Corporation Limited, Gotalk Limited, Queensland BioCapital Fund, United Group Limited, Enhance Management Pty Limited, BrisConnections Management Company Limited, Bond Foundation Limited and RSPCA Building Fund (Queensland). He is Chairman of the Trustee Members Group at Bond University, a member of the Foreign Affairs Council and Board of Guardians of the Future Fund of Australia, and founding member of the Friends of the Royal Flying Doctor Service (South Eastern Section).

JILLIAN S SEGAL AM, BA LLB (UNSW), LLM (Harv), FAICD

Independent non-executive director

Ms Segal was appointed a director of ASX in 2003. She is a director of ASX Markets Supervision Pty Limited and a member of the Audit and Risk Committee and the Nomination and Remuneration Committee.

Ms Segal is a director of National Australia Bank Limited. She is President of the Administrative Review Council, a member of the Council of the University of New South Wales and a director of the Sir John Monash Foundation. Previously, she was a Commissioner and Deputy Chair of the Australian Securities and Investments Commission (ASIC) and Chair of the Banking and Financial Services Ombudsman. Prior to joining ASIC, Ms Segal was a corporate lawyer specialising in corporate and environmental law, having been a partner at Allen Allen and Hemsley (now Allens Arthur Robinson).

PETER H WARNE, BA, MAICD

Independent non-executive director

Mr Warne was appointed a director of ASX in July 2006. Prior to the merger of ASX and SFE in July 2006, he was a director of SFE Corporation Limited from 2000. He is a director of Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, ASX Clearing Corporation Limited, Austraclear Limited, and ASX Settlement and Transfer Corporation Pty Limited. He is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee.

Mr Warne is Chairman of Australian Leisure and Entertainment Property Management Limited, Deputy Chairman of Capital Markets CRC Limited and director of Next Financial Limited, Securities Exchanges Guarantee Corporation Limited, WHK Group Limited, Securities Industry Research Centre of Asia Pacific (SIRCA), Macquarie Group Limited and Macquarie Bank Limited. He is also a member of the advisory board of the Australian Office of Financial Management.

Previously, Mr Warne was a director of Macquarie Capital Alliance group and a former Executive Vice-President of Bankers Trust Australia Limited.

* Additional information on ASX directors is available on ASX's website: www.asx.com.au/shareholder

BOARD AND COMMITTEE MEETINGS ATTENDED BY ASX LIMITED DIRECTORS UP TO 30 JUNE 2009*

	ASX Limited Board		Audit and Risk Committee		Nomination and Remuneration Committee		ASX Markets Supervision Pty Limited	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
DM Gonski AC	6	6			2	2		
RG Elstone	6	6						
RA Aboud	6	6						
SD Finemore	6	5						
R Holliday-Smith	6	6	4	4	2	2		
TC Rowe AM	6	6			2	2		
JS Segal AM	6	6	4	4	2	2	9	9
MJ Sharpe AO	6	6	4	4				
PH Warne	6	6	4	4	2	2		
ML Newman AC**	1	1						

	Australian Clearing House Pty Limited		SFE Clearing Corporation Pty Limited		ASX Settlement and Transfer Corporation Pty Limited		Austraclear Limited	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
RG Elstone	8	8	8	8	8	8	8	8
RA Aboud***	1	0	1	0	1	0	1	0
R Holliday-Smith	8	8	8	8	8	8	8	8
PH Warne	8	8	8	8	8	8	8	8

* Meetings attended while a director or committee member.

** Mr Newman retired on 24 September 2008.

*** Mr Aboud resigned on 1 September 2008 as a director of Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, ASX Settlement and Transfer Corporation Pty Limited, and Austraclear Limited.

ASX strives to operate as an ethical and responsible corporate leader. It invests its name, time, expertise and often funds in community, charitable and other non-commercial activities for the benefit of a broad range of stakeholders. ASX benefits too. It encourages and assists its employees to become active supporters of worthwhile causes and to participate in programs outside the workplace.

As an operator of financial markets, ASX believes it is ideally placed to help build the knowledge and confidence of retail investors, and to promote the practice of good corporate governance among Australia's listed companies.

ASX is also mindful of the impact its activities might have on the environment and seeks to consider the interests of the communities in which it operates.

Investor Education

ASX is a strong supporter of the drive for financial literacy in the community. It provides this support through a range of information and education services. Given the challenging market conditions over the last year, many investors have realised that if they are to be successful over the long-term they need to continue to improve their financial education.

Understanding the sharemarket and the risks and rewards of investing are critical for many Australians. The latest Australian Share Ownership Study, completed during November and December 2008, found that approximately 6.7 million people or 41% of the adult Australian population own shares, either directly (via listed investments) or indirectly (via unlisted managed funds). Only the US, with 45% of share ownership among households, ranks higher.

Much of ASX's education content is delivered via its website: www.asx.com.au/edu. The site continues to be one of Australia's most popular financial news and information websites according to Nielsen/NetRatings Market Intelligence. On average, over one million unique browsers visited ASX's website each month in FY09. The site provides a vast array of information for investors, including share prices, dividends, the latest company announcements and market statistics.

ASX also conducts monthly investor education seminars for members of the public in mainland state capitals. These seminars are held in conjuction with the Australian Shareholders' Association and an industry representative body, the Securities and Derivatives Industry Association, and feature a range of authoritative and insightful speakers who volunteer their services free-of-charge.

In FY09, 55 lunchtime Investor Hour seminars were held with an average attendance of almost 1,000 people per month. The reach of these seminars has been extended by making them available on the internet as podcasts for those unable to attend in person, a format that has proved very popular.

Investor Hour Attendances	FY09	FY08
Total number of attendees	11,488	12,777

The popularity of ASX's online courses has continued to grow with the introduction of new and redesigned courses. People wanting to learn more about the sharemarket can access free of charge online education courses through: www.asx.com.au/edu. New courses in a less text-heavy format, more suited to the internet and more appealing to younger investors were introduced in FY08. This format was used again in FY09 for a new course on instalment warrants. Instalments are the most popular warrant type traded on ASX and are one of the few forms of gearing available to superannuation funds. The new course is targeted at investors and their financial advisers. A new course on exchange-traded options is due to be launched early in the next financial year.

Online Courses	FY09	FY08
Downloads of all equities courses	181,088	108,747

ASX sharemarket games have been a cornerstone of ASX investor education for more than 25 years. ASX offers two sharemarket games each year for the general public and two for secondary school students across Australia. They allow participants to become familiar with the mechanics of share trading and to develop an appreciation of the risks and benefits associated with investing in the sharemarket.

Players are given a hypothetical amount of money and have access to educational tools such as newsletters, company announcements and watch-lists to assist them in making informed decisions about stock selection. The fortunes of the game participants vary dramatically. Players of the public and schools games in the second half of 2008, for example, were confronted with high market volatility and falling prices. In contrast, players in the first games of 2009 participated in one of the strongest rallies for the relevant period in 18 years. The winner of the public game in early 2009 was a place-getter in the schools game the previous year, demonstrating the benefits of sustained learning.

Corporate Governance

ASX has chaired the ASX Corporate Governance Council since its inception in August 2002. The Council brings together 21 business, investment and shareholder groups, and has developed a principles-based framework for corporate governance that provides a practical guide for listed companies, their investors and the wider Australian community. The revised *Corporate Governance Principles and Recommendations* took effect in January 2008, replacing an earlier set of Principles devised in March 2003. ASX requires listed entities to provide a statement in their annual report disclosing the extent to which they have followed – or the reasons for not following – the recommendations during the relevant reporting period.

Overall corporate governance reporting levels – the aggregate of adoption of recommended practices and of 'if not, why not' reporting – have risen in each of the five years that ASX has reviewed the governance disclosure of listed entities.

This is good news for investors. The more transparent listed companies are about their corporate governance practices, the better placed investors will be to make informed investment decisions. ASX recognises that corporate governance is evolving and it will endeavour to ensure that the Principles remain relevant to Australia's business and investment communities.

More details about the ASX Corporate Governance Council is available on ASX's website:
www.asx.com.au/corporate_governance

ASX in the Community

ASX's community programs allow employees to support causes and charities of their choice from a broad list selected by the staff Community Committee. The Committee has 12 members representing the major functions within ASX and each of ASX's state offices.

In FY09 ASX and its employees donated a total of $272,834 to various charities and community partners, including charities associated with ASX's Workplace Giving program: the Australian Marine Mammal Research Centre at Taronga Zoo; the Life Changing Experiences Foundation; the Good Start Breakfast Club; and the Victorian Bushfire Appeal.

Workplace Giving

ASX employees support 36 charities through its Workplace Giving program. ASX matches employee donations via the program on a dollar-for-dollar basis. In FY09 total Workplace Giving amounted to $182,461 with 14% of ASX's eligible workforce participating.

Victorian Bushfire Appeal

The devastating bushfires in Victoria in February 2009 prompted an unprecedented level of personal giving from ASX staff, resulting in ASX donating $56,000 to the Australian Red Cross for its Bushfire Appeal.

Volunteering

ASX's volunteering policy provides one-day's paid leave per year for all employees to volunteer their services and skills to charities. In FY09, 100 employees, or around 20% of staff, volunteered.

ASX employees continued to be regular blood donors to the Australian Red Cross Blood Bank, and helped to host the ASX Thomson Reuters Charity Foundation Golf Tournament in February 2009, assisting the Foundation to raise $1.05 million. ASX also sponsors and volunteers at the Good Start Breakfast Club at Alexandria Public School, a school with a 50% indigenous student population.

ASX's Risk and Assurance team continued to work with the Inspire Youth Foundation in FY09 on improving Inspire's risk management framework. Assistance was also provided to help formalise Inspire's assessment of its compliance with its various regulatory obligations. Inspire uses internet-based technology to help prevent youth suicide and depression through empowerment techniques.

ASX Thomson Reuters Charity Foundation

ASX and Reuters Australia joined forces in 1999 to form a Charity Foundation to support Australian-based children's and medical research charities by organising fundraising events within the financial markets industry. The key fundraising events are an annual Charity Golf Tournament and Gala Dinner. More recently the Foundation has also organised an annual Charity Sailing Regatta. The Charity Golf Tournament in February 2009 raised $1.05 million which was distributed to 27 charities. The Foundation's six-person board includes three ASX executives, one of whom also serves as the board's chairman. In addition, ASX provides the company secretariat and finance functions for the Foundation, and each year many ASX employees volunteer to assist with the fund raising activities. For more information: www.asxreuterscharity.com.au

ShareGift

ASX has been a supporter of ShareGift Australia since it began operations in 2007.

ShareGift Australia is a not-for-profit organisation that allows shareholders to sell parcels of shares free of brokerage costs and donate the proceeds to charity. ASX reimburses to brokers all exchange fees on ShareGift Australia transactions.

ASX gives its own shareholders the chance to support ShareGift Australia by enclosing a ShareGift Share Sale Donation Form with the final dividend letter from the Managing Director and CEO to ASX shareholders.

At the end of FY09, ShareGift Australia had donated more than $72,500 to Australian charities thanks to the generosity of shareholders. For more information: www.sharegiftaustralia.org.au

Donation of Stock Exchange Records

While Australia's national stock exchange was formed in 1987, the country's stock exchange history stretches back to the nineteenth century. ASX has ensured that the rich history will be preserved by donating to the Noel Butlin Archives Centre of the Australian National University the records of the state exchanges in Sydney, Melbourne, Adelaide, Brisbane, Perth and Hobart, dating from the 1870s up to when the state exchanges merged to become the Australian Stock Exchange in 1987. The donation also includes the records of the antecedent organisation, the Australian Associated Stock Exchanges, and master sets of ASX publications up to 2000.

The donation was made under the Australian Government's Cultural Gifts Program which was established in 1978 to encourage donations of cultural significance from private collections to public art galleries, museums, libraries and archives. By making this donation ASX has helped to preserve Australia's business and economic cultural heritage for the benefit of present and future generations. The donation amounted to 19 pallets or over 300 metres of records.

The Noel Butlin Archives Centre specialises in the collection and management of private business archives and is one of only two such centres in Australia. For more information: www.archives.anu.edu.au

Environment

In FY09 ASX established an Environment Committee to monitor the environmental impact of the group's activities against ASX's Environmental Risk Policy and Framework. This Framework established principles and parameters to ensure that ASX is able to appropriately manage its environmental risks.

ASX has a small carbon footprint as a provider of trading, clearing and settlement services for the financial markets. Nevertheless, it recognises the importance of minimising its environmental impact and communicating its environmental policy to stakeholders.

Aligned with this, in FY09 ASX participated for the second time in the Carbon Disclosure Project. ASX also continues to feature in two leading sustainability indices: the FTSE4Good Index and the Dow Jones Sustainability Investment Index.

FTSE4Good Index Series

ASX is included in the international FTSE4 Index Series. The FTSE4Good Index Series was launched in 2001 by the UK-headquartered FTSE Group and is a series of benchmark and tradable indices for socially responsible investors. FTSE4Good inclusion criteria are developed using an extensive market consultation process and are approved by an independent committee of experts.

As a constituent within the FTSE4Good Index Series, ASX is demonstrating that it is working towards environmental sustainability, developing positive relationships with stakeholders, and upholding and supporting universal human rights.

For more information: www.ftse.com/ftse4good

Dow Jones Sustainability Indexes

The Dow Jones Sustainability Index (DJSI) tracks the financial performance of the world's leading companies according to corporate sustainability performance. The DJSI assessment aims to create value for companies by providing a benchmarking tool to measure progress against sustainability best practice. The securities of DJSI members are potential investment targets for sustainability-driven portfolios. The DJSI family currently comprises a set of global benchmarks that include the 'best-in-class' companies internationally. ASX was first admitted to the DJSI in 2007.

In FY09 ASX was also admitted to the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), which tracks sustainability leaders on a global as well as a regional scale. The DJSI Asia Pacific, a new addition to the index series, includes the top 20% of the largest 600 companies from among the developed Asia Pacific markets.

For more information: www.sustainability-indexes.com

People and Development

Diversity

ASX values the diversity of its workforce and the unique skills, backgrounds and experiences of its staff. In order to attract and retain a diverse workforce, ASX strives to create an environment where all employees are treated with fairness and respect, and have equal access to development opportunities.

To ensure ASX employees are aware of their obligations and the benefits diversity creates, all staff complete Diversity and Equal Employment Opportunity training.

For the second year running, ASX has been recognised as an 'Employer of Choice for Women' by the Australian Government's Equal Opportunity for Women in the Workplace Agency (EOWA). It acknowledges the policies and practices in place that support women across the ASX group.

Almost half (47%) of ASX's workforce are women, and a significant number hold senior management positions, including three of the nine-member Group Executive team. Four emerging female leaders participate in the Chief Executive Women (CEW) Talent Development Program each year, of which ASX is a sponsor, and 20 female executives attend the Serious Women's Business Conference annually, of which ASX is a Foundation Partner. Of all the staff due to return from maternity leave during FY09, over 82% returned to resume their career at ASX.

Leadership Development

Developing leadership capabilities and key talent, attracting quality recruits, and retaining the staff it has are high priorities across the ASX group.

A combination of Leadership and Management programs have provided training, competency and career development opportunities for ASX General Managers, new Managers and emerging leaders across the business throughout FY09.

Occupational Health and Safety (OHS)

ASX works to ensure the health and safety of all employees, contractors and visitors while they're at work, and requires all Managers to complete OHS training. In acknowledgement of its efforts, ASX was awarded a 'National Workplace Safety Program Certificate' during FY09, demonstrating compliance to OHS regulations and commitment to safe workplace practices.

FINANCIAL REPORT – ASX Limited and its Controlled Entities
ABN 98 008 624 691

The directors present their Report together with the Financial Report of ASX Limited (ASXL or the Company) and of the Group (ASX), being the Company and its controlled entities, for the year ended 30 June 2009 (FY09), and the Auditor's Report thereon. The Financial Report has been reviewed and approved by the directors on the recommendation of the ASX Board Audit and Risk Committee.

The consolidated net profit after tax for the year attributable to the members of ASXL was $313,610,139 (2008: $365,949,448).

1 Directors

The directors of ASXL in office during the entire financial year and until the date of this Report were as follows:

Mr DM Gonski AC (Chairman since 24 September 2008)
Director since 2007
Mr RG Elstone (Managing Director and CEO)
Director since 2006
Mr RA Aboud
Director since 2005
Mr SD Finemore
Director since 2007
Mr R Holliday-Smith
Director since 2006
Mr TC Rowe AM
Director since 2002
Ms JS Segal AM
Director since 2003
Mr PH Warne
Director since 2006

Mr ML Newman AC was the previous Chairman up until his retirement on 24 September 2008. He had been a director since 1990. Mr MJ Sharpe AO was a director for the entire financial year and retired on 1 July 2009. He had been a director since 1995. Mr PR Marriott was appointed a director on 1 July 2009 and remains in office at the date of this Report.

Prior to the ASX/SFE merger in July 2006, Mr R Holliday-Smith was Chairman of SFE Corporation Ltd from 1998 to 2006 and Mr PH Warne was a director of SFE Corporation Ltd from 2000 to 2006.

Directors' meetings and directors' attendance at those meetings for FY09 (including meetings of committees of directors) are disclosed in the Corporate Governance statement on page 47 of the Annual Report.

2 Company Secretaries

Amanda J Harkness, Group General Counsel and Company Secretary, BEc LLB (Hons) (ANU), MA (Macquarie), FCIS, FAIM, GAICD
Ms Harkness was appointed General Counsel and Company Secretary in September 2007. She is responsible for the provision of legal counsel to the ASXL Board, subsidiary company boards and senior management, and for oversight of the legal services across the Group. In addition, Ms Harkness is responsible for company secretarial services and corporate governance support across the Group. She is a member of the Group's executive management committee.

Ms Harkness held senior adviser roles as a corporate partner in the Sydney office of the Australian law firm Freehills and at the consulting firm McKinsey & Co. Ms Harkness has held executive management roles in Telstra and a start-up joint venture funded by British Telecom. She has worked in businesses in Australia, New Zealand, Malaysia, Korea, Hong Kong and Japan. Previously she has served on a range of Federal Government advisory boards focused on innovation and technology development. Ms Harkness has a first-class honours degree in Law, is a Fellow of the Chartered Secretaries Australia and of the Australian Institute of Management.

Kristy Chambers, Deputy Company Secretary, MBA, GradDip Corp Gov, GradDip HRM, ACIS
Ms Chambers joined ASX as Deputy Company Secretary in 2006. She has experience working as a corporate governance professional in financial institutions and listed companies in Australia and the United Kingdom. She has a Masters of Business Administration, Graduate Diploma in Applied Corporate Governance, Graduate Diploma in Human Resources Management and is an Associate of the Chartered Secretaries Australia.

3 Report on the Business

3.1 Principal Activities

During the year the principal continuing activities of the Group consisted of the provision of:

- Securities exchange and ancillary services;
- Derivatives exchange and ancillary services;
- Central counterparty clearing services; and
- Registry, settlement and delivery versus payment clearing of financial products.

3.2 Review of Operations

In accordance with ASIC Class Order 98/2395, this information is contained in the Managing Director and CEO's Report (page 5) and the Chief Financial Officer's Report (page 12).

3.3 Dividends

The following table includes information relating to dividends in respect of the prior and current financial years, including dividends paid or declared by the Company since the end of the previous financial year:

Type	Cents Per Share	Total Amount ($'000)	Date of Payment	Tax Rate for Franking Credit
In respect of the current financial year				
Interim	90.4	154,754	27 Mar 2009	30%
Final	74.5	127,558	24 Sep 2009	30%
Total	**164.9**	**282,312**		
In respect of the prior financial year				
Interim	98.5	168,581	20 Mar 2008	30%
Final	93.9	160,696	17 Sep 2008	30%
Total	**192.4**	**329,277**		

All dividends in respect of the current and prior financial year, including dividends paid or declared by the Company since the end of the previous financial year, were 100% franked.

3.4 Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year.

3.5 Events Subsequent to Balance Date

Since the end of the reporting period, the Board resolved to pay a final dividend of 74.5 cents per share fully franked.

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect the:
(a) Group's operations in future financial years; or
(b) Results of those operations in future financial years; or
(c) Group's state of affairs in future financial years.

3.6 Likely Developments

Further information about likely developments in the operations of the Group and the expected results from those operations in future financial years have not been included, because disclosures of the information would likely result in unreasonable prejudice to the Group.

4 Environmental Regulation

The operations of the Group are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

5 Indemnification and Insurance of Officers and Auditors

The Group has paid insurance premiums in respect of directors' and officers' liability for current and former directors and officers of the Company, its controlled entities and a related body corporate.

The officers of ASXL covered by the insurance include the current directors, executives, the company secretaries and former directors. The insurance policies prohibit disclosure of the nature of the liability insured against and the amount of the premiums.

The constitution of ASXL provides that the officers of ASXL, as detailed above, are indemnified out of the property of ASXL against any liability incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted, or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act 2001.

The officers are also indemnified out of the property of ASXL against any liability incurred in that capacity after 15 April 1994 (other than to ASXL, a related entity or a related body corporate) provided that liability does not arise out of conduct involving a lack of good faith.

6 Share Information

Performance Rights to Ordinary Shares

At the date of this report, ASXL has on issue 119,200 performance rights to unissued ordinary shares following issue of 30,000 shares to the Managing Director and CEO on 20 August 2009. A further 233,500 performance rights over issued shares are outstanding with the ordinary shares held in trust. For further details on the performance rights, refer to the Remuneration Report (page 56).

Shares Issued as a Result of the Exercise of Performance Rights
During the year, 40,000 ordinary shares were issued from the conversion of performance rights granted in 2005. On 20 August 2009, a further 30,000 shares were issued to the Managing Director and CEO on conversion of performance rights relating to a 2006 Long-Term Incentive grant to him.

7 Proceedings on Behalf of the Company

No application under s237 of the Corporations Act 2001 has been made in respect of the Group and there are no proceedings that a person has brought or intervened in on behalf of the Group under that section.

8 Corporate Governance

ASXL's corporate governance matters are discussed on pages 37 to 47.

9 Non-Audit Services

During the year, PricewaterhouseCoopers, the Company's auditor, has performed certain 'non-audit services' in addition to its statutory duties. Details of the amounts paid to PricewaterhouseCoopers and its related practices for audit and non-audit services provided during the year are set out in the table below.

	Consolidated 2009 $	Consolidated 2008 $
Audit Services		
Audit and review of the financial reports and other audit work under Corporations Act 2001	440,000	627,500
Audit of information technology platforms	135,000	–
Non-Audit Services		
Tax compliance services	110,882	99,460
Other non-audit related services	176,130	–
Total Auditor's Remuneration	**862,012**	726,960

In 2008 KPMG was the Group's auditor. In addition to the above, total audit fees of $20,000 and tax compliance fees of $71,097 (2008: $25,100 for audit fees) were received by the auditor in relation to the Securities Exchanges Guarantee Corporation Limited (SEGC), National Guarantee Fund, ASX Division 3 Compensation Fund and the Sydney Futures Exchange Limited Fidelity Fund, which are not consolidated as part of the Group.

10 Directors' Declaration of Satisfaction with Independence of Auditor

The Board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee; and

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work; acting in a management or decision-making capacity for the Company; acting as an advocate for the Company; or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 72.

11 Remuneration Report – Audited

11.1 Introduction

This Report outlines the overall remuneration strategy which ASX had in place for FY09 and provides detailed information on the remuneration arrangements in this period for the directors of ASXL, including the Managing Director and CEO, Key Management Personnel and other employees of ASX.

The Report has been prepared in accordance with the requirements of s300A of the Corporations Act 2001. ASX's remuneration policy permits amendments to be made from time to time. The policy is reviewed at least once a year to ensure it remains consistent with market practice, evolving community expectations, and that is aligned with Group strategy and objectives.

In reviewing the remuneration policy to apply for FY10, ASX has taken account of the need to:

- Provide a reward structure, particularly for Key Management Personnel, that adequately compensates for exacting performance requirements and personal exposures;
- Meet (and not retrospectively alter) existing contractual commitments to Key Management Personnel and other employees; and
- If necessary, finetune the policy once the recommendations of the Productivity Commission inquiry into remuneration policy in Australia become public, following the presentation of a final report to Government in December 2009.

11.2 ASX's Remuneration Policy

The objective of the Group's performance and reward framework is to ensure that it:

- Is in alignment with the Group's financial, operational, risk management and supervisory objectives and performance, having regard to the nature, scale, complexity and criticality of ASX's service provision to the financial and real economies of Australia;
- Is competitive in the labour market, particularly having regard to the value of ASX-experienced staff to a very large ASX participant community;
- Recognises and rewards the specialised skills and experience required to ensure the adequacy of resources to meet ASX's licence obligations, which are subject to a rigorous annual compliance assessment by the Australian Securities and Investments Commission (ASIC); and
- Is reasonable and acceptable to staff and shareholders.

With governments, regulators and other stakeholder groups providing informal guidance on remuneration in the financial services sector as a consequence of the current global economic environment, ASX has been continually reviewing its remuneration policy to benchmark with any relevant guidelines that become available.

Much of the guidance to date (from, for example, the Financial Services Authority (FSA) in the UK and the Australian Prudential Regulation Authority (APRA)) has provided criteria to enable companies to analyse their remuneration policies to ensure they are consistent with sound risk management systems and controls, are within stated risk appetites and avoid inadvertent reward for inappropriate risk behaviour. As a market operator and clearing and settlement facility service provider to its participants, ASX's risk profile is quite different to that of most financial services sector participants. Hence it is not prudentially regulated by APRA.

The Group's risk appetite, risk management practices and enterprise-wide risk attestation processes are regularly reviewed by subsidiary clearing and settlement boards and the Audit and Risk Committee of the ASXL Board. They are also subject to annual compliance assessment by the regulators, ASIC and the Reserve Bank of Australia (RBA), to ensure conformance with licence obligations and Financial Stability Standards. Those assessments are published annually by each regulator after Ministerial consideration.

ASX has undertaken an analysis of its existing remuneration policy against the guidance provided and is satisfied that ASX practice is consistent (where relevant) with the underlying principles of such guidance. Nevertheless, ASX will review policy and procedures in detail once the Productivity Commission inquiry and APRA's guidance is finalised.

ASX measures staff performance based on six main areas of assessment. The assessment criteria for individual employees is derived from corporate objectives. This enables a consistent approach across all levels of staff within the Group, and provides a link for staff in understanding how they contribute to each of the areas of the assessment, and therefore to ASX's overall strategy and goals.

As part of the objective-setting process, at the commencement of the performance review period staff objectives are set in each of the following six areas:

1 Supervision and reputation focus – integrity of markets and services provided by ASX.
2 Business focus – shareholder return and value.
3 Customer focus (internal and external) – customer satisfaction.
4 People and teamwork focus – people engagement.
5 Systems and process focus – innovation and improved systems and processes.
6 Corporate responsibility focus – the corporate and broader investor community.

The corporate scorecard which flows down to individual scorecards forms a key part of the reward strategy when considering fixed remuneration levels, determining Short-Term Incentive (STI) awards and performance measures adopted for Long-Term Incentive (LTI) plans. Conformance with the Group's enterprise-wide risk assessment and attestation process is an integral part of the assessment of the scorecard.

This Report provides detail on how ASX applied the reward strategy for the Managing Director and CEO, Key Management Personnel and all other employees during the period.

The overall level of remuneration takes into account the financial, operational and supervisory performance of the Group over a number of years, as well as broader company values such as compliance culture and ethics. The table following shows the reported financial performance of the Group for the past five years, noting that the merger between the former Australian Stock Exchange and SFE Corporation to form ASX Limited (branded as the Australian Securities Exchange) was effected on 11 July 2006.

	Australian Securities Exchange			Australian Stock Exchange	
	FY09	FY08	FY07	FY06	FY05
Net profit after tax ($'000)	313,610	365,949	292,892	135,503	165,469
Dividend paid (cents per share)	164.9	192.4	163.8	120.1	95.1
Earnings per share (cents)	183.2	214.0	175.6	131.9	161.1

Net profit after tax is considered one of the financial performance targets in setting the STI and LTI. The LTI performance hurdles include earnings per share growth, as well as total shareholder return versus a comparator group.

11.3 Governance of the ASX Reward Policy

Role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (the Committee) is made up of only non-executive directors of the ASXL Board.

The Committee endeavours to ensure that ASX remuneration outcomes strike an appropriate balance between the interests of ASXL shareholders and rewarding, retaining and motivating employees.

The Committee's charter sets out its role, responsibilities and membership requirements. A copy of the Committee's charter is available on ASX's website: www.asx.com.au/governance

On remuneration matters the Committee operates independently of ASX senior management in its recommendations to the Board.

Membership and Meetings

During FY09, the Committee consisted of five ASX independent non-executive directors:

- DM Gonski AC (current Chairman) appointed 24 September 2008;
- R Holliday-Smith;
- TC Rowe AM;
- JS Segal AM appointed 13 November 2008; and
- PH Warne.

- ML Newman AC (previous Chairman) retired 24 September 2008.

For information on the skills, experience and expertise of the Nomination and Remuneration Committee members, please refer to the Corporate Governance statement on pages 45 to 46. The number of meetings held by the Committee and the members' attendance are set out on page 47.

11.4 Delivering Corporate Strategy through Performance and Reward

The ASX performance and reward framework uses the corporate scorecard to directly link ASX's overall corporate strategy and wider objectives to reward. Both fixed remuneration and the STI are linked to the achievement of objectives set by the Group using the assessment approach.

Additionally, the reward framework links the remuneration of the Managing Director and CEO, Group Executives, General Managers and other key staff (other than in ASX Markets Supervision, ASXMS) to ASX's longer term performance through the award of performance rights under the LTI plan. A total of 50% of the performance rights have a comparative total shareholder return (TSR) as a performance measure. This measure ensures that the performance rights vest on achievement of at least median growth in TSR relative to a peer group. The remaining 50% of the performance rights have absolute earnings per share (EPS) as a performance measure. This measure ensures that key staff who are invited to participate in the plan are also aligned with the Group's long-term earnings growth. The structure of the current LTI plan is under review and may be subject to change during FY10 for any subsequent grants.

11.5 Determining Total Reward at ASX – Managing Director and CEO, Senior Executives and other Employees

At ASX there are two key elements of total reward: a fixed remuneration component and a variable or 'at risk' component.

Fixed Remuneration

Fixed remuneration for all employees comprises cash salary and compulsory superannuation. Employees can also include 'salary sacrifice' benefits such as motor vehicles and superannuation as part of their remuneration package.

A key part of the ASX reward strategy is to ensure alignment to the market. For all employees within ASX, the markets against which total remuneration comparisons are made vary by position but are typically the finance, legal, technology and other sectors relevant to ASX's functions, or the broader general market. The Managing Director and CEO's fixed remuneration is reviewed annually by the Board, in accordance with his contract.

Increases to employee fixed remuneration are not automatic and a review is usually undertaken on an annual basis. However, fixed remuneration is also reviewed when there are promotions or changes in employee roles and responsibilities, to ensure an appropriate level of remuneration for any new role.

Fixed remuneration decisions are based on the market-positioning of the individual employee, acceptable performance against objectives using the balanced scorecard approach, and Group performance. Employees are expected to exhibit the appropriate behaviours consistent with ASX's cultural values and required leadership competencies. For FY09 fixed remuneration was targeted towards the 75th percentile of the relevant market for high-performing employees. For FY10 no general fixed remuneration increases in line with CPI have been granted to employees.

Variable or 'At Risk' Component

The variable or 'at risk' component of remuneration is subject to performance of the Group and the individual employee, and contains a cash-based maximum STI opportunity and an LTI. The LTI for eligible selected high-performing key employees consists of awards of performance rights over ASXL ordinary shares. For staff in ASXMS the LTI is a cash-based plan.

The total reward approach provides an appropriate mix of fixed remuneration and variable remuneration (short and long-term incentive opportunities). The relative weighting of fixed and variable remuneration for target performance varies with the level of the role, complexity of the role and relevant market practice. Consistent with market practice, Group Executives and General Managers have a greater proportion of their total reward 'at risk' – that is, their variable component is a larger portion of the overall reward compared to other employees.

Short-Term Incentive Arrangements

MANAGING DIRECTOR AND CEO

The STI arrangements for the Managing Director and CEO are detailed separately in Section 11.6 on page 63.

EMPLOYEES

All employees are eligible to participate in the STI. From year-to-year the actual number of employees receiving an STI varies.

The STI outcomes for FY09 were as follows:

- The aggregate level of STI payments for FY09 was 18% lower than for FY08;
- The STI payments to the Managing Director and CEO, and Key Management Personnel were 24% lower than for FY08; and
- The participation rate for STI qualification (at 75%) was lower than for FY08 (95%).

The performance of each Group Executive and member of the Group Executive Committee is assessed against Group and individual performance targets. For FY09, factors that were considered in assessing overall performance were performance of the Group, the performance of the Group Executive's division or function, and the individual performance of the relevant executive.

Performance in each case is defined in terms of the objectives set out in Section 11.2, including compliance with risk management practices and alignment with the Group's cultural values.

For all ASX employees the STI policy outlines both maximum and minimum incentive payments at various levels of performance. Actual STI payments determined for individual employees vary within those policy guidelines. The table below outlines the maximum STI incentive for all employees at the maximum level of performance award, and the actual average percentage paid in FY09. The average STI payment across the Group for FY09 was $13,087.

	Participation Number	Policy Performance Range Min	Policy Performance Range Max	Actual % Paid FY09
Group Executives	8	0%	50%	21%
General Managers	31	0%	40%	22%
Senior Managers	58	0%	25%	12%
Other ASX Staff	326	0%	25%	7%

One salient feature of the FSA guidelines referred to earlier is deferred STI compensation. The Australian Shareholders Association (ASA) recently raised the concern of the potential for staff to focus on achieving short-term goals to the detriment of the longer term interests of shareholders. ASX has reviewed its reward policy in light of this concern. It has determined that a deferral mechanism has not been appropriate to date, given the size of the STI payments paid by ASX relative to fixed remuneration; the level of regulatory scrutiny applied to ASX's day-to-day operational, risk management and supervisory performance; and the fact that achievement of outstanding performance against those short-term goals is a vital business and regulatory requirement.

Long-Term Incentive Arrangements (non-ASX Markets Supervision staff)

There were four LTI plan offers in operation for eligible employees during FY09 (excluding ASXMS which had a separate cash-based plan – as detailed later in this Report):

- December 2005 grants;
- December 2006 grants;
- December 2007 grants; and
- December 2008 grants.

ASX has a policy that prohibits employees from entering into transactions that operate or are intended to operate to limit the economic risk, or are designed or intended to hedge exposure, to unvested ASXL shares. This policy prohibits dealings in financial products over unvested ASXL shares including performance rights. This policy is enforced by requiring all staff to acknowledge their understanding of the dealing rules. Periodic audits are also performed for adherence to the rules.

The December 2005, 2006, 2007 and 2008 offers were made under the ASX LTI plan. The rules which govern this plan were approved by shareholders at the 2005 Annual General Meeting (AGM). Under these offers, eligible participants received an award of performance rights subject to the satisfaction of performance criteria generally over a three-year vesting period.

The performance rights were issued as follows:

- 1 December 2005 to 27 employees (excluding the Managing Director and CEO) with an average award per employee of 3,063 performance rights;
- 1 December 2006 to 78 employees (excluding the Managing Director and CEO) with six levels of awards ranging from 1,000 to 3,900 performance rights with an average of 1,855 performance rights;
- 1 December 2007 to 93 employees (excluding the Managing Director and CEO) with three levels of awards ranging from 1,000 to 1,500 performance rights with an average of 1,197 performance rights; and
- 1 December 2008 to 76 employees with two levels of awards of 1,000 and 2,000 performance rights with an average of 1,329 performance rights. For the 2008 offer, Key Management Personnel and other executives reporting directly to the Managing Director and CEO did not participate.

For the December 2005 and December 2006 grants the performance rights do not entitle the holders to dividends during their terms. For the December 2007 and December 2008 grants the performance rights entitle the holders to dividends during their term. The shares relating to the December 2007 and December 2008 grants were purchased on-market at the time of grant and are held in a special purpose trust until the relevant vesting date.

PERFORMANCE CRITERIA

The performance period for these offers is three years each, commencing on 1 December and ending 30 November of the relevant years. The practical effect of annual awards with three-year performance periods is to effectively lengthen the period of incentive alignment via a cumulative 'portfolio' effect.

For all grants the award of 50% of the performance rights is subject to an absolute EPS performance condition hurdle and the award of the other 50% is subject to a relative TSR performance condition hurdle. The TSR performance condition is recognised as an indicator of shareholder value performance and is complemented by the EPS condition that ensures a focus on improved earnings.

Under the LTI plan the Board has discretion to increase or decrease the amount of vested shares by up to 20%, taking into account the individual performance of the employee. This discretion was not exercised for the 2005 offer which vested during the current financial year.

EPS AWARD

For the purposes of the LTI plans, EPS is calculated by dividing the net profit after tax attributable to members of ASX for the relevant reporting period (adjusted for the after-tax effect of any significant items) by the weighted average number of ordinary shares of the Company.

EPS performance is measured over a three-year period using the most recent financial year-end prior to award as the base year, and the final financial year in the three-year performance period as the end year.

ASX's EPS growth is measured relative to a target of 8% per annum compound growth.

The proportion of the EPS award that vests is determined as follows:

ASX's Compound EPS Growth	Proportion of EPS Award Vesting
8% pa or less	0%
Between 8.1% and 9.9% pa	5% of the EPS award for each 0.1% of compound EPS growth above 8% pa
10% or more pa	100%

In line with the Nomination and Remuneration Committee's charter, at the end of the performance period, the Committee is provided with the EPS growth data and will review and recommend to the ASXL Board to what extent the EPS performance condition has been met.

TSR AWARD

The comparator group against which ASXL is measured for the TSR hurdle in the December 2005 and the December 2006 grants was the S&P/ASX 50 to 150 companies, excluding property trusts and minerals companies, and including selected international exchanges, as at the date of offer. For the 2007 and 2008 grants the comparator group was the S&P/ASX 100, excluding property trusts and mineral companies, and including selected international exchanges. Under all offers the international exchanges have been Hong Kong Exchanges and Clearing Limited, Singapore Exchange Limited and Deutsche Borse (each of which have similar business models to ASX).

See Appendix A (pages 70 to 71) for companies included in the comparator group for each LTI offer.

The proportion of the TSR award that vests is determined based on ASX's ranking as follows:

TSR Rank	Proportion of TSR Award Vesting
Less than 50th percentile	0%
50th percentile	50%
Between 50th percentile and 75th percentile	50% plus 2% for each percentile above 50th percentile
At or above 75th percentile	100%

TSR measurement for the purposes of calculating vesting is performed by a third-party, Standard & Poor's. These results are confirmed by the Board.

VALUATION OF GRANTS

2005 PLAN, 2006 PLAN, 2007 PLAN AND 2008 PLAN

For accounting purposes, the fair value of the performance rights for the EPS awards was calculated using the share price at market close on the grant date, less the present value of the expected dividends over the three-year performance period.

The fair value of performance rights for the TSR awards for the 2005, 2006, 2007 and 2008 plans was calculated at grant date by an independent valuer. Grant dates are respectively 1 December 2005, 1 December 2006, 30 November 2007 (as 1 December was not a trading day) and 1 December 2008.

Accordingly, for each plan the fair value of the performance rights for the EPS awards and the fair value of performance rights for the TSR awards were calculated as follows:

- For the 2005 plan the fair value of the performance rights for the EPS award resulted in a fair value of $26.48. The fair value of the performance rights for the TSR award was calculated by an independent valuer at $18.14. Accordingly, the weighted average AASB 2 *Share-based Payments* fair value was $22.31 for all performance rights granted under the 2005 LTI plan.

The Monte Carlo simulation technique has been used based on the following assumptions:

Share price at grant date	$30.49
Exercise price	Nil
Volatility	18.5% pa
Discount rate (risk-free rate)	5.3% pa
Dividend yield	4.7% pa

- For the 2006 plan the fair value of the performance rights for the EPS award resulted in a fair value of $32.04. The fair value of the performance rights for the TSR award was calculated by an independent valuer at $19.25. Accordingly, the weighted average AASB 2 *Share-based Payments* fair value was $25.65 for all performance rights granted under the 2006 LTI plan.

The Monte Carlo simulation technique has been used based on the following assumptions:

Share price at grant date	$36.13
Exercise price	Nil
Volatility	21.0% pa
Discount rate (risk-free rate)	5.8% pa
Dividend yield	4.0% pa

- For the 2007 plan the fair value of the performance rights for the EPS award resulted in a fair value of $56.40. The fair value of the performance rights for the TSR award was calculated by an independent valuer at $41.13. Accordingly, the weighted average AASB 2 *Share-based Payments* fair value was $48.77 for all performance rights granted under the 2007 LTI plan.

The Monte Carlo simulation technique has been used based on the following assumptions:

Share price at grant date	$56.40
Exercise price	Nil
Volatility	25% pa
Discount rate (risk-free rate)	6.46% pa
Dividend yield	4.0% pa

- For the 2008 plan the fair value of the performance rights for the EPS award resulted in a fair value of $30.39. The fair value of the performance rights for the TSR award was calculated by an independent valuer at $23.61. Accordingly, the weighted average AASB 2 *Share-based Payments* fair value was $27.00 for all performance rights granted under the 2008 LTI plan.

The Monte Carlo simulation technique has been used based on the following assumptions:

Share price at grant date	$30.39
Exercise price	Nil
Volatility	36% pa
Discount rate (risk-free rate)	3.49% pa
Dividend yield	4.4% pa

The Monte Carlo simulation technique is an extension of the binomial method and the Black-Scholes Merton formula. The Monte Carlo model incorporates features such as forfeiture and performance hurdles that other models do not use; but does not include any allowance for executive turnover.

Long-Term Incentive Arrangements – ASXMS

ASX has implemented a separate LTI plan for ASXMS. The Nomination and Remuneration Committee is responsible for all ASX staff remuneration policies, including ASXMS staff. However, they consult with the ASXMS Board and the Chief Supervision Officer (CSO) in so far as these policies relate to ASXMS staff.

Eligible employees in ASXMS do not have their LTI linked to ASX's share price and earnings per share. The ASXMS LTI plan delivers awards in cash only and is in no way linked to ASX's own financial performance or share price.

In line with eligible employees being made an offer under the ASX LTI, an offer was made to eligible employees under the ASXMS LTI in December 2005, December 2006, December 2007 and December 2008. The only Key Management Personnel in the ASXMS LTI plan for the December 2005, December 2006 and December 2007 offers is the CSO, Eric Mayne.

At the end of each performance period for each LTI plan, the ASXMS Board and CSO will recommend to the Nomination and Remuneration Committee for approval whether and, if so, the extent to which the performance criteria applicable to that performance period have been met and the amount of cash payment, if any, to be paid to a participant.

The amount of cash payment that an eligible participant may receive at the end of the performance period is determined as follows:

- If cumulative threshold performance is achieved, a participant will be entitled to 55% of the maximum cash opportunity;
- For every year in the performance period that the yearly targets are met a participant will be entitled to an additional 15% of the maximum cash opportunity. Thus, if cumulative threshold performance is achieved and the yearly targets are met in each of the three years, a participant will be entitled to receive 100% of the maximum cash opportunity;
- If performance is above threshold but below target, a participant will be entitled to receive a percentage of the maximum cash opportunity as determined by the Managing Director and CEO in consultation with the Nomination and Remuneration Committee; and
- If performance is below threshold, a participant is not entitled to receive any cash payment.

PERFORMANCE CRITERIA (ASXMS)

2005 PLAN, 2006 PLAN, 2007 PLAN AND 2008 PLAN

For non-Key Management Personnel the performance period for these offers is three years each commencing on 1 December and ending 30 November of the relevant years.

For the 2006, 2007 and 2008 plans the offers made to Key Management Personnel in ASXMS differs to the offers made to non-Key Management Personnel. For Key Management Personnel the performance period for the 2006 offer commenced on 1 December 2006 and ended on 30 November 2008. For Key Management Personnel in ASXMS, there are two performance periods for the 2007 offer that commenced on 1 December 2007. The first offer ends on 30 November 2009 and the second offer ends on 30 November 2010.

For all offers the performance of the eligible participant is assessed on two main criteria:

- ASIC assessment of ASXMS; and
- ASXMS Board assessment criteria.

During FY09 the ASXMS Board broadened the performance criteria to enable the use of other appropriate reports for the performance assessment criteria, which may include (but not be limited to) reports provided by ASX Licence Compliance and Internal Audit.

Each of the performance criteria apply to one-half of the maximum cash opportunity being offered to the participant. Fifty percent of the maximum cash opportunity will vest subject to ASIC assessment criteria and 50% will vest subject to ASXMS Board assessment criteria.

Remuneration Details for Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Key Management Personnel in FY09 and FY08 were:

- Mr RG Elstone (Managing Director and CEO);
- Mr AJ Bardwell (Chief Financial Officer);
- Mr PD Hiom (Group Executive Business Development);
- Mr ES Mayne (Chief Supervision Officer);
- Mr JJ Olsson (Group Executive Technology); and
- Mr CR Scully (Group Executive Operations).

11.6 Managing Director and CEO

Robert Elstone was appointed Managing Director and CEO on 25 July 2006 for an initial three-year term, expiring 25 July 2009. The structure of the Managing Director and CEO's remuneration is in accordance with his service contract which was extended for a further two years during FY09 (announced on 4 March 2009).

There are three components to the Managing Director and CEO's remuneration:

Fixed Remuneration

The fixed remuneration component applicable to FY09 was $1,500,000 per annum (the same level of fixed remuneration as for FY08). This amount is inclusive of superannuation contributions. The Board has determined that the fixed remuneration component to apply in FY10 will remain at $1,500,000 per annum in light of current economic conditions, despite a high level of satisfaction with Mr Elstone's performance.

Short-Term Incentive Payments

The Managing Director and CEO was entitled to an annual STI payment of up to 75% of fixed remuneration for FY09. The actual STI awarded was determined at the discretion of the Board after assessing the performance of the Group, the performance of Mr Elstone, and relevant market information against agreed performance targets and priorities for FY09, which were entirely consistent with the Group's long-term goals.

Long-Term Incentive

The Managing Director and CEO participates in ASX's LTI plan, following shareholder approval obtained at the 2006 AGM held on 9 October 2006 and, as revised, at the 2007 AGM held on 30 October 2007. Participation in the LTI plan is in accordance with the principles of the LTI plan.

Mr Elstone has participated in the LTI over two stages:

- Stage 1 – December 2006 offer; and
- Stage 2 – December 2007 offer.

The performance period for Stage 1 commenced on 1 December 2006 and ended on 30 June 2009. For Stage 2 the performance period commenced on 1 December 2007 and ends on 30 November 2010.

On 1 December 2006 Mr Elstone was awarded 30,000 performance rights under the LTI plan. Having met the performance criteria on 30 June 2009, these rights vested and the equivalent number of ordinary shares have been issued to Mr Elstone at today's reporting date. On 1 December 2007 Mr Elstone was awarded 26,600 performance rights under the LTI plan with a vesting date of 30 November 2010.

PERFORMANCE CRITERIA

For both Stage 1 and Stage 2, the award of 50% of the performance rights was subject to an EPS performance condition and the award of the other 50% was subject to a performance condition related to ASX's TSR. These performance conditions are consistent with those applicable to other LTI plan participants as disclosed in section 11.5 of this Report.

Service Contract Term

The appointment of the Managing Director and CEO, Robert Elstone, was for an initial term of three years and has been extended for a further two years by mutual agreement between Mr Elstone and the Board. Under the termination provisions of the contract, ASX may terminate Mr Elstone's contract by giving written notice.

For termination taking place after 30 June 2009, notice of six months is required. If termination takes place in the final six months of the term, the balance of the period until expiry of the term is sufficient notice. In the event of termination, any STI payment is at the discretion of the Board, other than termination for cause where no STI is payable.

11.7 Executive Service Contracts

A controlled entity, ASX Operations Pty Limited, has ongoing service contracts with each of the Key Management Personnel as listed on page 63 (except Mr Elstone who is contracted with ASX Limited), identified for the purposes of satisfying the Corporations Act 2001. The agreements are effective 1 October 2006, except for Mr Bardwell and Mr Hiom, whose contracts are effective 4 December 2006 and 10 October 2006 respectively, and Mr Mayne whose contract is effective 1 July 2007. The details of benefits and notice periods covered by these contracts are indicated in the following table:

		Treatment of	Treatment of Long-Term Incentives	
Type of Termination	Notice Period	Short-Term Incentives	Vested (Unexercised Awards)	Unvested Awards
Termination by notice	12 months	Discretion of the MD and CEO	Released to the Executive	Board discretion
Termination for poor performance	6 months*	Not specified in Employment Agreement	Released to the Executive	Board discretion
Termination for cause	Immediately	Not specified in Employment Agreement	Shares subject to any restrictions forfeited	Awards will lapse
Termination for illness	Not specified in Employment Agreement	Discretion of the MD and CEO	Released to the Executive	Awards vest pro-rated for the amount of the performance period served, based on performance criteria being met
Termination upon death	Not specified in Employment Agreement	Not specified in Employment Agreement	Released to the Executive	Awards vest pro-rated for the amount of the performance period served, based on performance criteria being met
Termination by the Executive	6 months	Discretion of the MD and CEO	Released to the Executive	Awards will lapse
Termination by redundancy	12 months or redundancy benefit calculated in accordance with ASX policy, whichever is greater	Not specified in Employment Agreement	Released to the Executive	Awards vest pro-rated for the amount of the performance period served, based on performance criteria being met

* The service contracts for Mr Bardwell and Mr Hiom differ in that the notice period in case of termination for poor performance is three months notice with an initial written notice of one month.

Mr Mayne's revised service contract commenced on 1 July 2007 and differs in the following aspects:

- Termination by ASX may only take place with the prior approval of the ASXMS Board; and
- In the case of termination, consideration will be given to what, if any, STI should be paid.

Any LTI payable will be determined in accordance with the terms of the LTI rules applicable to ASXMS staff.

11.8 Remuneration Tables for Executives

11.8.1 Breakdown of Remuneration for Key Management Personnel

Details of the remuneration are set out in the table below for Key Management Personnel who are also the five officers receiving the highest remuneration other than the Managing Director and CEO (whose remuneration is shown on page 68):

$		SHORT-TERM Salary	SHORT-TERM Short-Term Incentive	SHORT-TERM Non-Monetary	SHORT-TERM Other	POST-EMPLOYMENT Superannuation	LONG-TERM Long-Term Incentive	OTHER LONG-TERM	SHARE-BASED PAYMENT Equity-Settled*	**Total**	% Performance-Based	% Share-Based
AJ Bardwell Chief Financial Officer	09	571,255	75,000	–	–	13,745	–	–	57,724	717,724	18.5	8.0
	08	561,871	150,000	–	–	13,129	–	–	47,502	772,502	25.6	6.1
PD Hiom Group Executive Business Development	09	533,619	125,000	2,636	–	13,745	–	–	57,724	732,724	24.9	7.9
	08	511,871	150,000	–	–	13,129	–	9,137	47,502	731,639	27.0	6.5
ES Mayne Chief Supervision Officer	09	746,512	200,000	–	14,743	13,745	194,261	–	–	1,169,261	33.7	–
	08	711,871	250,000	–	3,048	13,129	259,840	–	–	1,237,888	41.2	–
JJ Olsson Group Executive Technology	09	424,692	125,000	12,239	–	13,745	–	7,237	72,686	655,599	30.2	11.1
	08	400,590	150,000	12,683	–	13,129	–	6,865	103,667	686,934	36.9	15.1
CR Scully Group Executive Operations	09	599,692	100,000	12,812	–	13,745	–	10,141	71,681	808,071	21.2	8.9
	08	595,943	150,000	18,488	–	13,129	–	10,198	167,306	955,064	33.2	17.5
Total	09	2,875,770	625,000	27,687	14,743	68,725	194,261	17,378	259,815	4,083,379	26.4	6.4
Total	08	2,782,146	850,000	31,171	3,048	65,645	259,840	26,200	365,977	4,384,027	33.7	8.3

* Reflects annual amortisation of AASB2 *Share-based Payments* expense (based on fair value of performance rights at grant date).

Amounts disclosed for remuneration of directors and executives exclude insurance premiums paid by the consolidated entity in respect of directors' and officers' liability insurance contracts. This is not allocated to the individuals covered by the insurance policy as, based on all available information, the directors believe that no reasonable basis for such allocation exists.

11.8.2 Holdings of Performance Rights

The following table shows the movement during the reporting period in the fair value of performance-related rights over ordinary shares in ASXL held directly, indirectly or beneficially, by the Managing Director and CEO, and Key Management Personnel, including their personally-related entities:

	No. of Shares	Granted in Year $	Exercised in Year $	Lapsed in Year $	Total Value $
RG Elstone	–	–	–	–	–
AJ Bardwell	–	–	–	–	–
PD Hiom	–	–	–	–	–
ES Mayne	–	–	–	–	–
JJ Olsson	–	–	107,088	–	107,088
CR Scully	–	–	274,413	–	274,413

The following table shows the minimum and maximum values of performance rights:

Grant Date	1 Dec 2005		1 Dec 2006		1 Dec 2007	
Vesting Date	30 Nov 2008		30 Nov 2009		30 Nov 2010	
	Min $	Max $	Min $	Max $	Min $	Max $
RG Elstone*	–	–	–	769,350	–	1,297,149
AJ Bardwell	–	–	–	100,016	–	73,148
PD Hiom	–	–	–	100,016	–	73,148
ES Mayne	–	–	–	–	–	–
JJ Olsson	–	107,088	–	100,016	–	73,148
CR Scully	–	274,413	–	100,016	–	–

* The vesting date for the December 2006 LTI allocation to Mr Elstone was 30 June 2009, in accordance with the terms of his service contract and shareholder approval obtained in October 2006.

Since the performance rights are issued at zero exercise price, their minimum value is nil.

11.9 Remuneration for Non-Executive Directors

11.9.1 Remuneration Policy

Non-executive directors' individual fees are determined by the ASXL Board within the aggregate amount approved by shareholders. The current maximum aggregate amount which may be paid to all non-executive directors is $2,500,000 per annum as approved by shareholders at the AGM on 30 October 2007. In FY09 the total amount paid to non-executive directors was $1,985,238 excluding retirement benefits paid. This amount includes superannuation and fees paid to non-executive directors of ASXL in their capacity as members of the ASXL Board, its committees, and as directors of subsidiary company boards. It does not include the fees paid to two ASXL non-executive directors in their capacity as members of the SEGC.

The Board reviews its fees to ensure ASXL non-executive directors are remunerated fairly for their services, recognising the level of skill and experience required to conduct the role; and to have in place a fee scale which enables ASXL to attract and retain talented non-executive directors. In conducting a review the Board takes advice from an external independent remuneration consultant. The process involves benchmarking against a group of peer companies. Non-executive directors' fees are broadly aligned to the top-quartile of the marketplace. The last fee review was conducted at the end of 2007.

11.9.2 Remuneration Structure

ASXL non-executive directors receive a cash fee for service and have no entitlement to any performance-based remuneration or to participation in any share-based incentive schemes. This policy reflects the differences in the role of the non-executive directors, which is to provide oversight and guide strategy, and of management, which is to operate the Group's activities and execute the Company's strategy. ASXL non-executive directors are not subject to a minimum shareholding requirement. However, they may hold shares in ASXL subject to the ASXL Dealing Rules for Employees and Directors.

11.9.3 Retirement Benefits

The Board decided on 26 August 2003 to terminate the retirement benefits scheme which had been approved by shareholders in 1998. The accrued entitlements have been frozen at that date and will be paid to entitled non-executive directors at the time of their retirement. Non-executive directors who joined the Board in the three years before 26 August 2003 have no accrued entitlement to a retirement benefit, as the minimum service period under the scheme to qualify for a benefit was three years. The remuneration table at 11.9.6 (page 68) records the accrued retirement benefits to date.

A retirement benefit payment of $312,571 was made in FY09 to Maurice Newman following his retirement from the ASXL Board on 24 September 2008. Following Michael Sharpe's retirement from the ASXL Board on 1 July 2009 and payment of his retirement benefit of $113,662, there will be no further entitlements to directors under the directors' retirement scheme.

11.9.4 Holdings of Ordinary Shares

The table below summarises the movements in holdings of ordinary shares in ASXL held directly, indirectly or beneficially, by each ASXL non-executive director and their personally-related entities.

	Holding at 1 Jul 08	Holding at 30 Jun 09	Holding at 20 Aug 09
Non-Executive Director DM Gonski	15,806	15,806	15,806
RA Aboud	225,000	100,000	100,000
SD Finemore	–	–	–
R Holliday-Smith	3,825	3,825	3,825
PR Marriott (appointed 1 July 2009)	Not required	Not required	–
TC Rowe	4,300	4,300	4,300
JS Segal	2,000	2,000	2,000
MJ Sharpe (retired 1 July 2009)	2,000	2,000	Not required
PH Warne	5,610	5,610	5,610
ML Newman (retired 24 September 2008)	50,000	Not required	Not required

11.9.5 Performance Rights Granted

No performance rights have been granted to ASXL non-executive directors.

11.9.6 Remuneration Tables for Directors (including the Managing Director and CEO)

$		SHORT-TERM Salary and Fees	SHORT-TERM Short-Term Incentives	SHORT-TERM Non-Monetary	POST-EMPLOYMENT Superannuation	POST-EMPLOYMENT Other	OTHER LONG-TERM	SHARE-BASED PAYMENT Equity-Settled*	**Total**	Accrued Retirement Benefits
RG Elstone	09	1,486,255	800,000	11,563	13,745	–	20,456	688,877	3,020,896	–
MD and CEO	08	1,486,871	1,020,000	11,281	13,129	–	20,465	507,613	3,059,359	–
NON-EXECUTIVE										
ML Newman										
Previous Chairman	09	93,342	–	5,782	–	312,571	–	–	411,695	–
Retired 24 Sep 08	08	467,001	–	11,281	9,846	–	–	–	488,128	312,571
DM Gonski										
Current Chairman	09	325,575	–	–	13,745	–	–	–	339,320	–
From 24 Sep 08	08	148,818	–	–	12,746	–	–	–	161,564	–
RA Aboud	09	161,900	–	–	13,561	–	–	–	175,461	–
	08	210,000	–	–	13,129	–	–	–	223,129	–
SD Finemore	09	150,000	–	–	13,500	–	–	–	163,500	–
	08	139,895	–	–	12,500	–	–	–	152,395	–
R Holliday-Smith	09	270,000	–	–	13,745	–	–	–	283,745	–
	08	260,000	–	–	13,129	–	–	–	273,129	–
TC Rowe	09	160,000	–	–	13,745	–	–	–	173,745	–
	08	150,000	–	–	12,839	–	–	–	162,839	–
JS Segal	09	251,304	–	–	6,872	–	–	–	258,176	–
	08	235,000	–	–	–	–		–	235,000	–
MJ Sharpe	09	205,525	–	–	12,321	–	–	–	217,846	113,662
Retired 1 July 09	08	265,606	–	–	2,999	–	–	–	268,605	113,662
PH Warne	09	262,000	–	–	12,321	–	–	–	274,321	–
	08	282,500	–	–	12,062	–	–	–	294,562	–
Total	09	3,365,901	800,000	17,345	113,555	312,571	20,456	688,877	5,318,705	113,662
MH Shepherd										
Retired 30 Oct 07	08	80,315	–	–	6,045	136,395	–	–	222,755	–
Total	08	3,726,006	1,020,000	22,562	108,424	136,395	20,465	507,613	5,541,465	426,233

* Reflects annual amortisation of AASB2 *Share-based Payments* expense (based on fair value of performance rights at grant date).

The percentage of remuneration that was share-based for Mr Elstone was 22.8% in FY09 and 16.6% in FY08. The percentage of remuneration that was performance-based for Mr Elstone was 49.3% in FY09 and 49.9% in FY08.

The directors were in office for the entire period, unless otherwise stated. Mr Sharpe retired on 1 July 2009.

Amounts disclosed for remuneration of directors and executives exclude insurance premiums paid by the consolidated entity in respect of directors' and officers' liability insurance contracts. This is not allocated to the individuals covered by the insurance policy as, based on all available information, the directors believe that no reasonable basis for such allocation exists.

Directors' fees paid for SEGC directorships are not included in the above figures, since SEGC is not a controlled entity. During the financial year, $52,848 was paid to the directors of ASXL who were also directors of SEGC.

12 Rounding of Amounts to Nearest Thousand Dollars

ASXL is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998, as varied by Class Order 05/641 dated 28 July 2005 and Class Order 06/51 dated 31 January 2006. In accordance with those Class Orders, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors:

David M Gonski AC
Chairman

Robert G Elstone
Managing Director and CEO

Sydney, 20 August 2009

Appendix A – Long-Term Incentive Plan Comparator Groups

December 2005 LTI Comparator Group
Adelaide Brighton Limited; Alesco Corporation Limited; Ansell Limited; APN News & Media Limited; Australand Property Group; Australian Infrastructure Fund; AWB Limited; Babcock & Brown Infrastructure Group; Babcock & Brown Limited; Bank Of Queensland Limited; Bendigo Bank Limited; Billabong International Limited; Challenger Financial Services Group Limited; Coca-Cola Amatil Limited; Cochlear Limited; Computershare Limited; ConnectEast Group; Corporate Express Australia Limited; Crane Group Limited; CSR Limited; David Jones Limited; Deutche Borse; Diversified Utility and Energy Trusts; Downer Edi Limited; Envestra Limited; Fairfax Media Limited; FKP Property Group; Futuris Corporation Limited; Great Southern Plantations Limited; Gunns Limited; Harvey Norman Holdings Limited; Healthscope Limited; Henderson Group PLC; Hills Industries Limited; Hong Kong Exchanges and Clearing; James Hardie Industries NV; Leighton Holdings Limited; Lion Nathan Limited; Macquarie Communications Infrastructure Group; Metcash Limited; Nufarm Limited; Pacific Brands Limited; Paperlinx Limited; Perpetual Limited; Ramsay Health Care Limited; Seven Network Limited; Sigma Pharmaceuticals Limited; Singapore Exchange Limited; Spotless Group Limited; Ten Network Holdings Limited; Timbercorp Limited; Toll Holdings Limited; Tower Limited; Transfield Services; United Group Limited; West Australian Newspapers Holdings Limited.

December 2006 LTI Comparator Group
ABC Learning Centres Limited; Adelaide Brighton Limited; Allco Finance Group Limited; Ansell Limited; APN News & Media Limited; Australian Infrastructure Fund; AWB Limited; Babcock & Brown Infrastructure Group; Babcock & Brown Limited; Bank Of Queensland Limited; Bendigo Bank Limited; Billabong International Limited; Boral Limited; Challenger Financial Services Group Limited; Coca-Cola Amatil Limited; Cochlear Limited; Computershare Limited; ConnectEast Group; Crane Group Limited; CSR Limited; David Jones Limited; Deutche Borse; Diversified Utility and Energy Trusts; Downer Edi Limited; Eircom Holdings Limited; Elders Limited; Flight Centre Limited; Goodman Fielder Limited; Gunns Limited; Harvey Norman Holdings Limited; Healthscope Limited; Henderson Group PLC; Hong Kong Exchanges and Clearing; Incitec Pivot Limited; James Hardie Industries NV; Leighton Holdings Limited; Lion Nathan Limited; Macquarie Communications Infrastructure Group; Metcash Limited; Nufarm Limited; Pacific Brands Limited; Paperlinx Limited; Perpetual Limited; Ramsay Health Care Limited; ResMed Inc; Seek Limited; Seven Network Limited; Sigma Pharmaceuticals Limited; Singapore Exchange Limited; Sonic Healthcare Limited; Sp Ausnet; Spark Infrastructure Group; Telecom Corporation of New Zealand Limited; Ten Network Holdings Limited; Transfield Services Limited; Transpacific Industries Group Limited; United Group Limited; West Australian Newspapers Holdings Limited.

December 2007 LTI Comparator Group
ABC Learning Centres Limited; AGL Energy Limited; Allco Finance Group Limited; Amcor Limited; AMP Limited; Aristocrat Leisure Limited; Asciano Group; Australia and New Zealand Banking Group Limited; AXA Asia Pacific Holdings Limited; Babcock & Brown Infrastructure Group; Babcock & Brown Limited; Bendigo Bank Limited; Billabong International Limited; Boart Longyear Limited; Boral Limited; Brambles Limited; Challenger Financial Services Group Limited; Coca-Cola Amatil Limited; Cochlear Limited; Commonwealth Bank of Australia; Computershare Limited; ConnectEast Group; Consolidated Media Holdings Limited; Crown Limited; CSL Limited; CSR Limited; David Jones Limited; Deutche Borse; Downer EDI Limited; Elders Limited; Fairfax Media Limited; Foster's Group Limited; Goodman Fielder Limited; Harvey Norman Holdings Limited; Hong Kong Exchanges and Clearing; Incitec Pivot Limited; Insurance Australia Group Limited; James Hardie Industries NV; Leighton Holdings Limited; Lend Lease Corporation Limited; Lion Nathan Limited; Macquarie Airports; Macquarie Communications Infrastructure Group; Macquarie Group Limited; Macquarie Infrastructure Group; Metcash Limited; National Australia Bank Limited; News Corporation Inc; Orica Limited; PaperlinX Limited; Perpetual Limited; Qantas Airways Limited; QBE Insurance Group Limited; Sigma Pharmaceuticals Limited; Singapore Exchange Limited; Sonic Healthcare Limited; Suncorp-Metway Limited; Tabcorp Holdings Limited; Tatts Group Limited; Telecom Corporation of New Zealand Limited; Telstra Corporation Limited; Toll Holdings Limited; Transurban Group; United Group Limited; Wesfarmers Limited; West Australian Newspapers Holdings Limited; Westpac Banking Corporation; Woolworths Limited.

December 2008 LTI Comparator Group

AGL Energy Limited; Amcor Limited; AMP Limited; Aristocrat Leisure Limited; Asciano Group; Australia and New Zealand Banking Group Limited; AXA Asia Pacific Holdings Limited; Babcock & Brown Infrastructure Group; Babcock & Brown Limited; Bank Of Queensland Limited; Bendigo and Adelaide Bank Limited; Billabong International Limited; Boart Longyear Limited; Boral Limited; Brambles Limited; Coca-Cola Amatil Limited; Cochlear Limited; Commonwealth Bank Of Australia; Computershare Limited; ConnectEast Group; Consolidated Media Holdings Limited; Crown Limited; CSL Limited; CSR Limited; David Jones Limited; Deutche Borse; Downer Edi Limited; Elders Limited; Fairfax Media Limited; Foster's Group Limited; Goodman Fielder Limited; Harvey Norman Holdings Limited; Hong Kong Exchanges and Clearing; Incitec Pivot Limited; Insurance Australia Group Limited; James Hardie Industries NV; Leighton Holdings Limited; Lend Lease Corporation Limited; Lion Nathan Limited; Macquarie Airports; Macquarie Communications Infrastructure Group; Macquarie Group Limited; Macquarie Infrastructure Group; Metcash Limited; National Australia Bank Limited; News Corporation Inc; Nufarm Limited; Orica Limited; Perpetual Limited; Primary Health Care Limited; Qantas Airways Limited; QBE Insurance Group Limited; Singapore Exchange Limited; Sonic Healthcare Limited; Suncorp-Metway Limited; Tabcorp Holdings Limited; Tatts Group Limited; Telecom Corporation of New Zealand Limited; Telstra Corporation Limited; Toll Holdings Limited; Transfield Services Limited; Transurban Group; United Group Limited; Wesfarmers Limited; West Australian Newspapers Holdings Limited; Westpac Banking Corporation; Woolworths Limited.

The 2005 comparator group was current at the vesting date. The 2006, 2007 and 2008 comparator groups are current as at 30 June 2009.

The LTI offer document provides for the following in relation to changes in the comparator group:

- Companies in the comparator group that have been delisted at the end of the performance period for reasons other than for financial failure, such as mergers and acquisitions, will be removed from the comparator group;
- Where a company in the comparator group becomes suspended or delisted because of financial failure, the company will remain included in the comparator group with a TSR of -100%; and
- Where a company in the comparator group merges with another company within the comparator group, the resultant company remains in the comparator group and the acquired company is removed.

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Auditor's Independence Declaration

As lead auditor for the audit of ASX Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ASX Limited and the entities it controlled during the period.

Pricewaterhouse Coopers

PricewaterhouseCoopers

MJ Codling
Partner

Sydney, 20 August 2009

ASX Limited and its Controlled Entities

For the year ended 30 June 2009	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Revenues					
Listings		**104,080**	120,211	**–**	–
Cash market		**163,042**	188,800	**–**	–
Derivatives		**138,090**	171,681	**–**	–
Information services		**71,025**	68,003	**–**	–
Technology infrastructure		**28,625**	27,663	**–**	–
Austraclear services		**24,678**	21,870	**–**	–
Dividends		**7,027**	4,852	**310,027**	348,852
Interest		**284,594**	298,385	**244**	957
Other		**14,220**	21,305	**–**	–
	5	**835,381**	922,770	**310,271**	349,809
Expenses					
Staff		**81,743**	79,160	**–**	–
Occupancy		**12,759**	7,458	**–**	–
Equipment		**24,191**	25,086	**–**	–
Administration		**24,900**	26,800	**4**	29
Depreciation and amortisation		**15,042**	18,916	**–**	–
Interest		**232,048**	246,117	**–**	–
	6	**390,683**	403,537	**4**	29
Profit Before Income Tax Expense		**444,698**	519,233	**310,267**	349,780
Income tax expense	7	**(131,088)**	(153,284)	**(72)**	(279)
Net Profit for the Period Attributable to Equity Holders of the Parent		**313,610**	365,949	**310,195**	349,501
Basic earnings per share (cents per share)	9	**183.2**	214.0		
Diluted earnings per share (cents per share)	9	**183.1**	213.6		

The Income Statements should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

For the year ended 30 June 2009	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current Assets					
Cash	10(a)	**1,433,424**	414,412	**29**	302
Available-for-sale financial assets	10(b)	**2,586,036**	3,593,413	**–**	–
Receivables	11	**239,898**	307,771	**158,572**	89,283
Other assets	12	**7,721**	8,174	**–**	–
Total Current Assets		**4,267,079**	4,323,770	**158,601**	89,585
Non-Current Assets					
Investments	13	**172,189**	131,148	**2,629,289**	2,588,248
Receivables	11	**184**	314	**184**	75,314
Property, plant and equipment	14	**28,544**	17,797	**–**	–
Intangible assets – software	15	**56,092**	56,097	**–**	–
Intangible assets – goodwill	16	**2,262,759**	2,262,759	**–**	–
Total Non-Current Assets		**2,519,768**	2,468,115	**2,629,473**	2,663,562
Total Assets		**6,786,847**	6,791,885	**2,788,074**	2,753,147
Current Liabilities					
Payables	17	**205,434**	300,601	**–**	–
Amounts owing to participants	18	**3,527,246**	3,576,635	**–**	–
Current tax liabilities	7	**40,106**	28,817	**40,527**	29,921
Provisions	20	**13,264**	11,874	**–**	–
Other current liabilities	21	**8,521**	11,832	**–**	–
Total Current Liabilities		**3,794,571**	3,929,759	**40,527**	29,921
Non-Current Liabilities					
Amounts owing to participants	18	**81,400**	76,720	**–**	–
Borrowings	19	**100,000**	–	**–**	–
Net deferred tax liabilities	7	**20,333**	12,753	**25,971**	17,680
Provisions	20	**12,605**	14,589	**–**	–
Other non-current liabilities	21	**4,500**	3,818	**–**	–
Total Non-Current Liabilities		**218,838**	107,880	**25,971**	17,680
Total Liabilities		**4,013,409**	4,037,639	**66,498**	47,601
Net Assets		**2,773,438**	2,754,246	**2,721,576**	2,705,546
Equity					
Issued capital	23	**2,361,820**	2,361,820	**2,361,820**	2,361,820
Retained earnings		**272,554**	274,394	**292,335**	297,603
Restricted capital reserve	24	**71,489**	71,489	**–**	–
Asset revaluation reserve	24	**61,912**	42,456	**61,724**	42,002
Equity compensation reserve	24	**5,663**	4,087	**5,697**	4,121
Total Equity		**2,773,438**	2,754,246	**2,721,576**	2,705,546

The Balance Sheets should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

For the year ended 30 June 2009	Issued Capital $'000	Retained Earnings $'000	Restricted Capital Reserve $'000	Asset Revaluation Reserve $'000	Equity Compensation Reserve $'000	Total Equity $'000
Opening balance at 1 July 2008	**2,361,820**	**274,394**	**71,489**	**42,456**	**4,087**	**2,754,246**
Net profit for the period	**–**	**313,610**	**–**	**–**	**–**	**313,610**
Share-based payments	**–**	**–**	**–**	**–**	**4,167**	**4,167**
Purchase of treasury shares (net of tax)	**–**	**–**	**–**	**–**	**(2,591)**	**(2,591)**
Changes in the fair value of cash flow hedge (net of tax)	**–**	**–**	**–**	**(568)**	**–**	**(568)**
Change in fair value of investments and available-for-sale financial assets (net of tax)	**–**	**–**	**–**	**20,024**	**–**	**20,024**
Dividends paid (not previously provided)	**–**	**(315,450)**	**–**	**–**	**–**	**(315,450)**
Closing balance at 30 June 2009	**2,361,820**	**272,554**	**71,489**	**61,912**	**5,663**	**2,773,438**
Income and expense recognised directly in equity	**–**	**–**	**–**	**19,456**	**4,167**	**23,623**
Total recognised income and expense for the period	**–**	**313,610**	**–**	**19,456**	**4,167**	**337,233**

For the year ended 30 June 2008	Issued Capital $'000	Retained Earnings $'000	Restricted Capital Reserve $'000	Asset Revaluation Reserve $'000	Equity Compensation Reserve $'000	Total Equity $'000
Opening balance at 1 July 2007	2,361,820	233,349	71,489	81,045	8,681	2,756,384
Net profit for the period	–	365,949	–	–	–	365,949
Share-based payments	–	–	–	–	2,952	2,952
Purchase of treasury shares (net of tax)	–	–	–	–	(7,546)	(7,546)
Change in fair value of investments and available-for-sale financial assets (net of tax)	–	–	–	(38,589)	–	(38,589)
Dividends paid (not previously provided)	–	(324,904)	–	–	–	(324,904)
Closing balance at 30 June 2008	2,361,820	274,394	71,489	42,456	4,087	2,754,246
Income and expense recognised directly in equity	–	–	–	(38,589)	2,952	(35,637)
Total recognised income and expense for the period	–	365,949	–	(38,589)	2,952	330,312

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

For the year ended 30 June 2009	Issued Capital $'000	Retained Earnings $'000	Asset Revaluation Reserve $'000	Equity Compensation Reserve $'000	Total Equity $'000
Opening balance at 1 July 2008	**2,361,820**	**297,603**	**42,002**	**4,121**	**2,705,546**
Net profit for the period	**–**	**310,195**	**–**	**–**	**310,195**
Shared-based payments	**–**	**–**	**–**	**4,167**	**4,167**
Purchase of treasury shares (net of tax)	**–**	**–**	**–**	**(2,591)**	**(2,591)**
Change in fair value of investments (net of tax)	**–**	**–**	**19,722**	**–**	**19,722**
Dividends paid (not previously provided)	**–**	**(315,463)**	**–**	**–**	**(315,463)**
Closing balance at 30 June 2009	**2,361,820**	**292,335**	**61,724**	**5,697**	**2,721,576**
Income and expense recognised directly in equity	**–**	**–**	**19,722**	**4,167**	**23,889**
Total recognised income and expense for the period	**–**	**310,195**	**19,722**	**4,167**	**334,084**
For the year ended 30 June 2008					
Opening balance at 1 July 2007	2,361,820	273,006	80,955	8,715	2,724,496
Net profit for the period	–	349,501	–	–	349,501
Shared-based payments	–	–	–	2,952	2,952
Purchase of treasury shares (net of tax)	–	–	–	(7,546)	(7,546)
Change in fair value of investments (net of tax)	–	–	(38,953)	–	(38,953)
Dividends paid (not previously provided)	–	(324,904)	–	–	(324,904)
Closing balance at 30 June 2008	2,361,820	297,603	42,002	4,121	2,705,546
Income and expense recognised directly in equity	–	–	(38,953)	2,952	(36,001)
Total recognised income and expense for the period	–	349,501	(38,953)	2,952	313,500

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

For the year ended 30 June 2009	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Cash flows from operating activities					
Cash receipts from the course of operations		**599,365**	683,458	**–**	–
Cash payments in the course of operations		**(215,837)**	(236,979)	**(4)**	(29)
Cash generated from operations		**383,528**	446,479	**(4)**	(29)
Interest received		**283,624**	298,385	**244**	957
Interest paid		**(244,044)**	(246,117)	**–**	–
Dividends received		**7,027**	4,852	**310,027**	348,852
Income taxes paid		**(120,267)**	(154,490)	**(120,378)**	(153,856)
Net cash inflow from operating activities	26	**309,868**	349,109	**189,889**	195,924
Cash flows from investing activities					
Decrease in participants' margins and commitments		**(44,709)**	(2,563,163)	**–**	–
Receipts from subsidiary entities		**–**	–	**140,790**	175,188
Proceeds on sale of plant and equipment		**–**	7	**–**	–
Purchase of investments		**(12,866)**	(48,195)	**(12,866)**	(48,195)
Payments for other non-current assets		**(22,887)**	(20,551)	**–**	–
Net cash (outflow)/inflow from investing activities		**(80,462)**	(2,631,902)	**127,924**	126,993
Cash flows from financing activities					
Proceeds from borrowings		**100,000**	–	**–**	–
Dividends paid		**(315,450)**	(324,904)	**(315,463)**	(324,904)
Purchase of treasury shares		**(2,753)**	(7,866)	**(2,753)**	(7,866)
Receipts from employee share plan loans		**130**	243	**130**	243
Net cash (outflow) from financing activities		**(218,073)**	(332,527)	**(318,086)**	(332,527)
Net increase/(decrease) in cash and cash equivalents		**11,333**	(2,615,320)	**(273)**	(9,610)
Fair value increase of available-for-sale financial assets classified as cash and cash equivalents		**302**	364	**–**	–
Cash and cash equivalents at the beginning of the financial period		**4,007,825**	6,622,781	**302**	9,912
Cash and cash equivalents at the end of the financial period	10(c)	**4,019,460**	4,007,825	**29**	302
Cash and cash equivalents consist of:					
ASX own funds	10(c)	**339,325**	282,981	**29**	302
Restricted capital reserve	24(b)	**71,489**	71,489	**–**	–
Participants' margins and commitments	18	**3,608,646**	3,653,355	**–**	–
Total cash and cash equivalents*		**4,019,460**	4,007,825	**29**	302

* Total cash and cash equivalents includes cash and available-for-sale financial assets.

The Cash Flow Statements should be read in conjunction with the Notes to the Financial Statements.

1 Summary of Significant Accounting Policies

ASX Limited (the 'Company' or 'ASXL') is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the 'Group').

The consolidated financial report was authorised for issuance by the Board of Directors on 20 August 2009.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis except for available-for-sale financial assets and investments which have been recognised at fair value. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The accounting policies have been applied to all periods presented in these financial statements and have been applied consistently by all Group entities.

The following standards, amendments to standards and interpretations applicable to the Group were available for early adoption but have not been applied by the Group and the Company in these financial statements:

- Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. This will be applicable to 30 June 2010 financial statements, however, this would not have affected the Group if this standard was adopted in the current financial year;
- AASB 8 *Operating Segments* replaces the presentation requirements of segment reporting in AASB 114 *Segment Reporting* and will apply to the Group's 30 June 2010 financial statements. Also, AASB 2007-3 *Amendments to Australian Accounting Standards* arising from AASB 8 must be adopted in conjunction with AASB 8. Both AASB 8 and AASB 2007-3 are applicable to the Group's 30 June 2010 financial statements and are not expected to have a significant effect on the financial report;
- Revised AASB 101 *Presentation of Financial Statements* introduces a 'statement of comprehensive income'. It is applicable to the Group's 30 June 2010 financial statements and is expected to impact disclosures within the financial report;
- Revised AASB 123 *Borrowing Costs* becomes applicable for 30 June 2010 financial statements. This would not have affected the Group if this standard was adopted in the current financial year;
- Revised AASB 127 *Consolidated and Separate Financial Statements* will be mandatory for 30 June 2010 financial statements. This would not have affected the Group if this standard was adopted in the current financial year. AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial statements and is not expected to have a significant effect on the financial report;
- AASB 2008-8 *Amendments to accounting for eligible hedged items* will apply to the Group's 30 June 2010 financial statements and would not have affected the Group if this standard was adopted in the current year.
- AASB 2008-6 and 2008-5 *Amendments arising from the first annual improvements project* will apply to the Group's 30 June 2010 financial statements and is not expected to have a significant impact on the financial report; and
- AASB 2009-2 *Improving Disclosures about Financial Instruments: Disclosures* requires the disclosure of valuation techniques used to determine the carrying values of financial instruments held at fair value in the Balance Sheet, with additional disclosures required for valuations with significant unobservable inputs. It is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to materially impact the Company or the Group. There are no valuations in the Company or the Group with unobservable inputs.

(b) Basis of consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

(d) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Listings revenue

Listings revenue includes revenue from annual listing fees, initial listing fees and secondary capital raisings. Initial and secondary listing fees are recognised when the listing or subsequent event has taken place. Annual listing fees are recognised evenly over the year.

Cash market

Cash market revenue includes revenue from trading, clearing and settlement of equities, warrants and interest rate markets. The Group has elected under AASB 139 *Financial Instruments: Recognition and Measurement* to account for revenue from cash market trading, clearing and settlement at settlement date. The normal market convention is that this occurs three days after initial trade date.

Derivatives

Derivatives revenue includes revenue from trading, clearing and settlement of futures, options and contracts for difference. Derivatives' fees are recognised at trade date.

Information services

Revenue from provision of information services is recognised over the period the service is performed.

Technology infrastructure

Revenue from technology infrastructure is recognised over the period the service is supplied.

Austraclear services

Revenue from Austraclear depository and settlement fees is recognised in the period of service. Revenue from Austraclear registry fees is recognised in the period earned and spread over the period of service in relation to registry activities.

(e) Leases

Operating leases

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Where operating leases have fixed increases the payments are recognised over the term of the lease on a straight-line basis.

Lease incentives

Lease incentives are included in several of the operating leases negotiated by the Group, and include rent-free periods and free fit-out of leased areas. The estimated value of the lease incentives has been apportioned over the life of the lease. The net lease costs are recognised in the Income Statement over the lease. Where the original lease term has been extended, these incentives will continue to be recognised over the original lease term.

(f) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Income Statement.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet; and
- Income and expenses for each Income Statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions).

(g) Interest

Interest income comprises interest earned on the Group's own funds and restricted capital reserves, plus interest earned on participant funds. Interest income on available-for-sale financial assets is recognised over the asset's term to maturity. Interest paid to participants is recognised in the period incurred. Interest paid on borrowings is recognised on an amortised cost basis.

(h) Dividends

A liability is recognised for the amount of any dividend declared on or before the end of the financial year but not distributed at Balance Sheet date. Typically, the final dividend in respect of a financial year is declared after year-end, and is therefore not provided for until declared.

(i) Income tax

Income tax expense that is recognised in the Income Statement for the periods presented comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for certain temporary differences; for example, the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

ASXL elected to form a tax consolidated group for income tax. ASXL is the head entity for the purposes of the tax consolidation legislation and is therefore liable for the income tax liabilities of the ASXL tax consolidated group.

In accordance with UIG 1052 *Tax Consolidation Accounting,* the consolidated current and deferred tax amounts arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using 'separate taxpayer within Group' approach.

Tax funding agreement

ASXL has entered into a tax funding agreement with all Australian owned subsidiaries. The agreement has the objective of achieving an appropriate allocation of the Group's income tax expense to the main operating subsidiaries within the Group. The tax funding agreement also has the objective of allocating the deferred tax asset relating to tax losses only, and current tax liability of the main operating subsidiaries to ASXL. The subsidiaries will reimburse ASXL for their portion of the Group's current tax liability and will recognise this payment as an inter-entity payable/receivable in their financial statements for that financial year. ASXL will reimburse the subsidiaries for the deferred tax asset from any unused tax losses/credits and ASXL will compensate the subsidiaries by making a payment equal to the carrying value of the deferred tax asset (that arose from the unused tax losses /credits).

(j) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance rights granted to employees.

(k) Goods and Services Tax (GST)

Revenues, expense and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(l) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1(r)).

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(m) Impairment of assets

Intangible assets that have an indefinite life, such as goodwill, that are not subject to amortisation are tested semi-annually or more frequently for impairment. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units (CGU)) and goodwill is allocated to each of the Group's CGUs. An impairment loss for goodwill is recognised if the recoverable amount of the CGU is less than the carrying amount of the CGU.

Assets that are subject to amortisation (including other intangibles) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. After initial recognition, available-for-sale financial assets are measured at their fair values. When the asset is considered to be impaired, any gain or loss that had been recognised directly in equity is removed from equity and recognised in profit and loss.

(n) Cash and cash equivalents

Cash and cash equivalents as presented on the Cash Flow Statements comprise cash balances and available-for-sale investments which include short-term money market instruments that are readily convertible to cash.

(o) Receivables

Trade receivables

Trade receivables, which generally have terms of 30 days, are initially recognised at fair value and subsequently measured at amortised cost. The collectability of debts is assessed at each reporting date and an impairment loss is recognised for any doubtful debts. Doubtful debts are written off when it is clear that the receivable is not able to be collected.

Margins receivable

Margins receivable from participants, which are due for settlement on the next business day (refer notes 11 – Receivables), include the fair value of derivatives positions and are recognised on trade date, the date on which the derivatives contracts are registered.

Receivables from related parties

Inter-company receivables and payables balances are initially recognised at fair value and subsequently measured at amortised cost.

(p) Investments and other financial assets

All investments are initially recognised at fair value, being the fair value of the consideration given less the costs of acquiring the investment.

Available-for-sale financial assets

Available-for-sale financial assets comprise money market investments readily convertible to cash.

After initial recognition, available-for-sale financial assets are measured at fair value. Apart from impairment losses, gains or losses on available-for-sale financial assets are recognised directly in an asset revaluation reserve in equity until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in the profit or loss. When the asset is considered to be impaired, any gain or loss that had been recognised directly in equity is removed from equity and recognised in the profit or loss.

Investments

Investments classified as available-for-sale include shares held in listed entities. For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

Unlisted shares in subsidiaries

Unlisted shares in subsidiaries are held at cost.

(q) Property, plant and equipment

All classes of property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(m)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Depreciation and amortisation

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Depreciation is provided on a straight-line basis on all plant and equipment, over their estimated useful lives.

The depreciation periods for each class of asset, for the current and previous years, are as follows:

Leasehold improvements	The lease term
Plant and equipment	3 to 7 years
Computer equipment	3 to 5 years

The cost of improvements to leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(r) Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised, but it is reviewed for impairment semi-annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense.

Computer software

Computer system development projects, which are expected to provide future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful life. Capitalised project costs are amortised from the time the project assets are in use. Certain staff costs are capitalised when they can be specifically attributed to major software development projects. Computer software is reviewed for impairment semi-annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense.

The estimated useful lives for the Group's computer software, for the current and previous years, are as follows:

ASX market trading system	7 years
SFE market trading system	Minimum term of vendor support
ASX market clearing system	7 years
SFE market clearing system	10 years
SFE settlement and depository system	10 years

(s) Hedging activities

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and also on an ongoing basis, of whether the instruments that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

For cash flow hedges, the effective portion of changes in the fair value of the instruments that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within other income or other expense.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(u) Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts, which are stated at amortised cost, are unsecured and are usually paid within 30 days of recognition.

(v) Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable the obligation will be settled. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Surplus lease space
A provision is required to be made for surplus space in leased premises when it is determined that no substantive future benefit will be obtained by the Group from its occupancy. This arises where premises are currently leased under non-cancellable operating leases and the Group either:

- Currently does not occupy the premises and does not expect to occupy it in the future;
- Sub-lets the premises for lower rentals than it is presently obliged to pay under the original lease; or
- Currently occupies the premises, but the premises have been assessed to be of no substantive benefit beyond a known future date and there is a committed plan to vacate.

Make good provision
The Group has operating leases for office space that require the premises to be returned to the lessor in their original condition. The operating lease payments do not include the 'make good' payment at the end of the lease term. A provision is recognised when an obligation to make good exists, which can be reliably estimated.

(w) Employee benefits

Wages, salaries, annual leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries and annual leave and non-monetary benefits represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts if current liabilities and discounted amounts if non-current, based on remuneration wage and salary rates that the Group expects to pay as at reporting date, including related on-costs such as workers' compensation and payroll tax.

Long service leave
The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' cumulative services provided to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history, and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms to maturity of the related liabilities.

Retirement benefit obligations
Obligations for contributions to defined contribution plans are recognised as an expense in the Income Statement as incurred.

Share-based payment transactions
The Group provides performance rights to ordinary shares of the Company to executives and certain staff members as part of the Long-Term Incentive plan. The fair value of the performance rights granted is recognised over the vesting period as an expense with a corresponding increase in equity compensation reserve. The fair value is determined by an external valuer using the Monte-Carlo simulation method, taking into account the terms and conditions upon which the performance rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of performance rights expected to vest, with a corresponding adjustment to the equity compensation reserve. However, where the performance rights did not subsequently vest due to a market condition, such as 'Total Shareholder Return' not being attained, the expense is not reversed.

The Group also has share plans where staff may be granted shares with a fair value of $1,000. These shares are expensed on the date they are issued to staff based on the ASXL share price on the date of issue, with a corresponding increase in equity.

Bonus plans
The Group recognises a liability and an expense for bonuses taking into consideration the performance of the Group and staff. A provision is recognised where there is contractual obligation or where there is past practice that gives clear evidence of the amount of the obligation.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

(x) Issued capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Novation of trades

The Group fully owns two subsidiaries providing central counterparty clearing:

- Australian Clearing House Pty Limited (ACH), which provides novation of cash market securities and derivatives; and
- SFE Clearing Corporation Pty Limited (SFECC), which provides novation of derivatives.

Novation

Transactions between two participant organisations are replaced by novation. The novation replaces the original contract between the two participant organisations with a contract between the selling participant organisation and ACH or SFECC, and a contract between ACH or SFECC and the buying participant organisation. Through the novation process, positions held by ACH and SFECC are matched.

Cash market securities (comprises equities and managed investments)

Cash market securities are recognised at settlement date which means that trades occurring in the last three trading days before balance date are not recognised as a financial asset or liability. As a consequence, revenue on cash market securities in the last three trading days before balance date is not recognised in the period the trade occurs.

Derivatives (comprises exchange-traded options, futures and warrants)

Derivatives are recognised at fair value at trade date, which is zero. Participants are required to lodge an amount (initial margins) which varies from contract to contract and is based on risk parameters attached to the underlying product at trade date. Movements in the fair value of derivatives after trade date are paid or received on a daily basis via cash settlement (variation margins).

Initial margins which are settled by cash and debt securities which are held by ACH and SFECC, are recognised on balance sheet at fair value. Initial margins which are settled by bank guarantees and equity securities in ACH are not recognised on balance sheet in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, as ACH is not party to the contractual provisions of the instruments. Initial margins recognised on balance sheet are classified in 'cash', 'available-for-sale financial assets' and 'amounts owing to participants'.

Variation margins are cash settled on a daily basis. Variation margins receivable or payable are recognised on balance sheet at fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement.*

(z) Treasury shares

Treasury shares are shares in ASXL held in a special purpose trust, until vesting up to a maximum of 10 years, for the benefit of employees under the ASX Long-Term Incentive plan as described in the Remuneration Report in the Directors' Report (from page 56). Treasury shares, net of any tax effect, are included in the equity compensation reserve and are deducted from equity (refer to the Remuneration Report).

2 Critical Accounting Estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated recoverable amount of goodwill

The Group tests at least semi-annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(m). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions.

Estimated useful life of intangibles (excluding goodwill)
The Group tests at least semi-annually whether intangibles (software assets) have suffered any impairment based on value-in-use calculation, in accordance with the accounting policy stated in note 1(m). Determining whether the intangibles are impaired requires an estimation of their useful lives, residual values and depreciation method. The effect of any changes will be recognised on a prospective basis.

3 Financial Risk Management

Overview

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by a central risk department and a Group treasury function under policies approved by the Board of Directors. The central risk department manages clearing default credit risk with counterparties and the Group treasury function manages investment credit, market liquidity and cash flow interest rate risks within limits approved by the Board of Directors and monitored by the central risk department.

(a) Market risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, interest rates and other market prices.

For the Group, market risk on contracts traded on the Australian Stock Exchange, and the Sydney Futures Exchange, is negligible as the novation process ensures that the Group is not exposed to any price movements on the contracts (refer to note 1(y)).

(i) Interest rate risk
The Group has significant interest bearing assets and liabilities. Interest rate risk on the assets is managed by policies that enable the Group to pay a variable rate on its interest bearing liabilities.

The Group's market risk on investment of its cash resources (participant monies and own funds) are subject to the risk of losses arising from the movement in interest rate. The interest rate risk is minimised as the Group's objective is to hold investments until maturity noting that they are available-for-sale for liquidity purposes, and they are invested with maturities no longer than 12 months. The Board has set limits with respect to weighted average maturity in order to limit this risk.

(ii) Foreign currency risk
Foreign exchange risk is the risk that the value of an asset, liability or highly probable forecast transaction denominated in foreign currency will fluctuate because of changes in foreign exchange rate. The Group has no significant exposure to foreign currency risk apart from cash, net interest and exchange fees receivable denominated in non-AUD currencies. Such exposure is not considered significant. Where the Group enters into commitments in non-AUD currencies, its policy is to hedge the foreign currency risk wherever possible.

(iii) Equity price risk
The Group only has one equity instrument that has a market value of $172,188,507 as at 30 June 2009 (2008: $131,148,010). Management of this risk is by ongoing monitoring of the value with respect to any impairment and appropriate risk based capital allocation.

(b) Credit risk

The Group is exposed to credit risk, which represents the potential loss that may arise from the failure of a counterparty to meet its obligation or commitment to the Group. Due to the novation process, all trades on the Group's markets are matched so the Group is not exposed to direct price movements in the underlying equities or derivatives. However, equity or derivative price movements may impact the counterparties' ability to meet their obligations to the Group. Failure to meet these obligations exposes the Group to potential losses on settlement. These are managed by four layers of risk control:

- Clearing participant membership requirements and admission standards;
- Participant surveillance;
- Daily counterparty credit risk control, including margining and collateral management; and
- Financial resource adequacy, including fixed capital and stress testing.

Both of the Group's central counterparty clearing entities continually stress-test clearing participant exposures against the amount and liquidity of variable and fixed (clearing guarantee fund) capital resources available in the event of default to ensure their adequacy. The Group's ongoing monitoring of participants' market positions and exposures, coupled with daily margining and collateral management, enables it to efficiently manage its central counterparty credit risk and meet its regulatory obligations.

The credit risk is further managed as described in notes 4 and 25. With respect to the financial assets of the Group, the Board has implemented policies that limit the amount of credit exposure to any one financial institution.

Trade and other receivables mainly consist of various fees outstanding from market participants, listed corporations, users of market data and other customers. These receivable amounts are aged by various periods outstanding for credit monitoring purposes.

Intercompany receivables consist of balances owing to the parent entity from wholly owned subsidiaries. The parent considers the credit risk on this item to be low.

(c) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due and it results from amounts and maturity mismatches of assets and liabilities. Prudent liquidity risk management implies maintaining sufficient cash reserves and marketable securities. The Board has implemented policies that specify maximum average maturity limits in order to manage the liquidity risk which is managed by the Group treasury function and monitored by the central risk department. The Group also maintains various credit facilities which are available to meet liquidity requirements (refer to note 26(b) for details of the credit facilities in place at the end of the financial year).

(d) Capital management

The Board's policy is to maintain an appropriate level of capital with the objectives of:

- Maintaining the Group's financial viability in order to continue to facilitate growth of its exchange-traded markets and provide appropriate risk-adjusted returns to shareholders;
- Supporting the Group's prudential stability and meeting its compliance obligations with respect to the Financial Stability Standards as required by the various licences held; and
- Providing capital for the purpose of strengthening the Group's wider business, legal and operational risk management practices ensuring compliance with its overall licence obligations.

The Board's objective is to maintain a positive net tangible equity at a Group level, cognisant of the fact that a significant allocation of capital supports the activities of the central counterparty clearing subsidiaries as discussed in note 25(a). Where appropriate, debt is used to support the capital requirements of the clearing subsidiaries.

The Group's target is to achieve a return on average shareholder's equity of between 10% and 15%.
During the year ended 30 June 2009 the return was 11.5% (2008: 13.3%).

In accordance with the Group's objectives and policies, its capital is invested at an appropriate liquidity profile, taking into consideration the risk-based claims on that equity that may arise from the Group's activities, predominantly the central counterparty clearing. The amount of the Group's capital that is committed to the Group's central counterparty clearing activities is disclosed in note 25.

The Board's current policy is to pay a dividend based on 90% of normalised net profit after tax. This policy is unchanged from the prior comparable period. As part of its broader capital management activities, the Group has announced the commencement of a dividend reinvestment plan.

The licenced clearing and settlement facility subsidiaries are required to maintain sufficient resources to meet their licence obligations. In managing the capital base of these subsidiaries, the Board, in accordance with the Group's objectives and policies, ensures that each entity meets its obligations by ensuring the subsidiaries have sufficient capital reserves based on a risk-based capital adequacy calculation.

There were no other changes to the Group's approach to capital management during the year.

4 Financial Instruments

Financial risks in the form of credit risk and market risks (primarily interest rate risk) are quantified using the 'value-at-risk' (VaR) concept. VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VaR is calculated daily. At reporting date the one week VaR was $92,951 (2008: $1,033,572) on the total value of $4,019 million cash and available-for-sale financial assets.

Determination of fair values:

Fair values of the following financial assets have been determined on the following basis:

Financial Assets	Fair Value (FV) Determination
Cash	FV of cash equates to the book value. For foreign currency cash, fair value is measured based on market spot rates at reporting date
Available-for-sale (AFS) financial assets	FV of AFS financial assets is based on quoted bid price at reporting date
Receivables	FV of trade and other receivables is the expected realisable value, net of any provision for non-recoverable amounts
Investments in listed shares	FV of investments in listed shares is based on the quoted final trading price at reporting date
Loans to employees	FV of loans to employees is equal to the expected realisable value
Intercompany receivables	FV of intercompany receivables is based on the expected realisable value

Financial Liabilities	
Amounts repayable to participants	FV of amounts repayable to participants is equal to the expected realisable value
Payables	FV of payables is equal to the expected realisable value

(i) Interest rate risk

At reporting date, the interest rate profile, fair values and carrying amounts of the Group's and the Company's financial assets and liabilities are set out in the following tables:

Consolidated		Carrying Amount				Fair Value
		Floating Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Total
2009	Note	2009 $'000	2009 $'000	2009 $'000	2009 $'000	2009 $'000
Financial Assets						
Cash	10(a)	1,433,424	–	–	1,433,424	1,433,424
Available-for-sale financial assets	10(b)	611,869	1,974,167	–	2,586,036	2,586,036
Receivables	11	–	–	239,898	239,898	239,898
Investments in listed shares	13	–	–	172,189	172,189	172,189
Loans to employees	11	–	–	184	184	184
Total Financial Assets		**2,045,293**	**1,974,167**	**412,271**	**4,431,731**	**4,431,731**
Weighted average interest rate		3.11%	3.22%			
Financial Liabilities						
Payables	17	–	–	205,434	205,434	205,434
Amounts owing to participants	18	3,608,646	–	–	3,608,646	3,608,646
Borrowings	19	100,000	–	–	100,000	100,000
Other liabilities	21	–	–	4,662	4,662	4,662
Total Financial Liabilities		**3,708,646**	**–**	**210,096**	**3,918,742**	**3,918,742**
Weighted average interest rate		2.71%				
Net Financial Assets/(Liabilities)		**(1,663,353)**	**1,974,167**	**202,175**	**512,989**	**512,989**
2008		2008 $'000	2008 $'000	2008 $'000	2008 $'000	2008 $'000
Financial Assets						
Cash	10(a)	414,412	–	–	414,412	414,412
Available-for-sale financial assets	10(b)	450,073	3,143,340	–	3,593,413	3,593,413
Receivables	11	–	–	307,771	307,771	307,771
Investments in listed shares	13	–	–	131,148	131,148	131,148
Loans to employees	11	–	–	314	314	314
Total Financial Assets		**864,485**	**3,143,340**	**439,233**	**4,447,058**	**4,447,058**
Weighted average interest rate		7.68%	7.89%			
Financial Liabilities						
Payables	17	–	–	300,601	300,601	300,601
Amounts owing to participants	18	3,653,355	–	–	3,653,355	3,653,355
Other liabilities	21	–	–	4,779	4,779	4,779
Total Financial Liabilities		**3,653,355**	**–**	**305,380**	**3,958,735**	**3,958,735**
Weighted average interest rate		6.46%				
Net Financial Assets/(Liabilities)		**(2,788,870)**	**3,143,340**	**133,853**	**488,323**	**488,323**

Company		Carrying Amount				Fair Value
		Floating Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Total
2009	Note	2009 $'000	2009 $'000	2009 $'000	2009 $'000	2009 $'000
Financial Assets						
Cash	10(a)	29	–	–	29	29
Intercompany receivables	11	–	–	158,572	158,572	158,572
Investments in listed shares	13	–	–	172,189	172,189	172,189
Investment in subsidiaries	13	–	–	2,457,100	2,457,100	2,457,100
Loans to employees	11	–	–	184	184	184
Total Financial Assets		**29**		**2,788,045**	**2,788,074**	**2,788,074**
Weighted average interest rate		2.50%				
Net Financial Assets		**29**	**–**	**2,788,045**	**2,788,074**	**2,788,074**
2008	Note	2008 $'000	2008 $'000	2008 $'000	2008 $'000	2008 $'000
Financial Assets						
Cash	10(a)	302	–	–	302	302
Intercompany receivables	11	–	–	164,283	164,283	164,283
Investments in listed shares	13	–	–	131,148	131,148	131,148
Investments in subsidiaries	13	–	–	2,457,100	2,457,100	2,457,100
Loans to employees	11	–	–	314	314	314
Total Financial Assets		302		2,752,845	2,753,147	2,753,147
Weighted average interest rate		6.46%				
Net Financial Assets		**302**	**–**	**2,752,845**	**2,753,147**	**2,753,147**

The Company had no financial liabilities in either 2009 or 2008.

With respect to the prior tables:

- Floating interest rate refers to financial instruments where the interest rate is subject to change prior to maturity or repayment, predominantly bank deposits and floating rate notes.
- Fixed interest rate refers to financial instruments where the interest rate is fixed up to maturity, predominantly bank accepted bills and negotiable certificates of deposit.

The Group does not account for any fixed or floating rate financial assets and liabilities at fair value through profit or loss. A change in interest rate at the reporting date would only affect profit or loss if a subsequent disposal is made prior to maturity.

Fair value sensitivity analysis for fixed rate instruments:
An increase/decrease of 25 basis points in interest rate would have decreased/increased the Group's equity by $135,365 (2008: $691,051) and the Company's equity by $nil (2008:$nil).

Fair value sensitivity analysis for floating rate instruments:
An increase/decrease of 25 basis points in interest rate would have decreased/increased the Group's equity by $131,394 (2008: $41,764) and the Company's equity by $nil (2008:$nil).

Cash flow sensitivity analysis for floating rate instruments:

An increase/decrease of 25 basis points in interest rates at the reporting date would have increased/decreased annual profit or loss by $638,210 (2008:$61,638). The analysis is performed on the same basis for 2008.

(ii) Foreign currency risk

Details of the financial assets and financial liabilities denominated in foreign currencies and the net open position of the foreign currency risks in AUD 000's:

	Consolidated									
	30 June 2009					30 June 2008				
	NZD	USD	EUR	GBP	JPY	NZD	USD	EUR	GBP	JPY
Financial Assets										
Cash	77,621	11,209	429	130	109,768	30,243	1,386	252	107	123
Available-for-sale financial assets	–	124,171	–	–	–	74,658	–	–	–	
Trade receivable	449	–	–	–	–	412	–	–	–	–
Financial Liabilities										
Trade creditors	183	–	–	–	–	541	–	–	–	–
Amounts owing to participants	76,395	130,815	429	130	109,675	104,839	1,279	252	107	123
Net Exposure	**1,492**	**4,565**	**–**	**–**	**93**	(67)	107	–	–	–
Exchange rate for conversion	1.2426	0.8133	0.5752	0.4864	77.87	1.2655	0.9590	0.6093	0.4825	102.04

The Company had no foreign currency financial assets or liabilities in either 2009 or 2008.

Foreign exchange sensitivity analysis:

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Consolidated Profit or Loss	
	2009 $'000	2008 $'000
NZD	**(95)**	4
USD	**(16)**	(7)
JPY	**(6)**	–

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

In addition, a 10 percent strengthening of the Australian dollar against the US dollar would have decreased equity by $274,000 (2008: $nil) as a result of a cash flow hedge.

(iii) Equity price risk

Equity price risk sensitivity analysis:

A 10 percent change in the price of the single equity investment (refer note 13) held by the Group at balance date would have increased/(decreased) equity by $12,053,000 (2008: $9,180,000).

(iv) Credit risk

Exposure to credit risk:

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's and the Company's maximum exposure to credit risk as at 30 June was:

		Carrying Amount			
		Consolidated		Company	
	Note	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Cash	10(a)	**1,433,424**	414,412	**29**	302
Available-for-sale financial assets	10(b)	**2,586,036**	3,593,413	**–**	–
Account receivables	11	**53,517**	67,696	**–**	–
Intercompany receivables	11	**–**	–	**158,572**	164,283
Margin receivable from clearing participants	11	**171,458**	231,218	**–**	–
Investments	13	**172,189**	131,148	**172,189**	131,148
Loans to employees	11	**184**	314	**184**	314
Accrued revenues	11	**11,270**	5,709	**–**	–
Accrued interest receivables	11	**2,763**	1,792	**–**	–
Other debtors	11	**890**	1,356	**–**	–

With respect to cash and available-for-sale financial assets, the Group's single most significant exposure at the reporting date was $871,304,195 (2008: $773,505,025) to an Australian Licenced bank with a Standard & Poor's (S&P) short-term credit rating of A1+. The Group has policies limiting exposure and concentration of these investments with different counterparties.

2009 Consolidated	Counterparty Risk Rating				
	AAA $'000	A1+ $'000	A1 $'000	A2 $'000	Total $'000
Cash	**510**	**1,432,914**	**–**	**–**	**1,433,424**
Bank bills	–	491,808	–	–	491,808
Negotiable certificates of deposit	–	574,216	89,873	–	664,089
Floating rate notes	–	611,869	–	–	611,869
Government bonds and treasury bills	818,270	–	–	–	818,270
Total Available-for-Sale Financial Assets	**818,270**	**1,677,893**	**89,873**	**–**	**2,586,036**

The counterparty risk ratings are S&P short-term credit ratings.

With respect to the Company, all cash was invested with counterparties rated short-term A1+ by S&P.

2008 Consolidated	Counterparty Risk Rating				
	AAA $'000	A1+ $'000	A1 $'000	A2 $'000	Total $'000
Cash	**1,243**	**413,169**	**–**	**–**	**414,412**
Bank bills		363,308	72,667	–	435,975
Negotiable certificates of deposit	–	1,075,355	475,989	381,379	1,932,723
Floating rate notes	–	450,073	–	–	450,073
Government bonds and treasury bills	774,642	–	–	–	774,642
Total Available-for-Sale Financial Assets	**774,642**	**1,888,736**	**548,656**	**381,379**	**3,593,413**

With respect to the Company, all cash was invested with counterparties rated short-term A1+ by S&P.

The Group's activities result in relationships with a large part of the financial sector as well as all listed companies, and a variety of institutional entities and trusts. As such there is no concentration of receivables to any one customer.

Financial assets that were past due but not impaired:

As at 30 June, the age analysis of the trade receivables of the Group that were past due but not determined to be impaired according to the period past due was as follows:

	Consolidated	
	2009 $'000	2008 $'000
Not past due	**41,418**	57,063
Past due 0-30 days	**7,782**	5,775
Past due 31-60 days	**1,806**	1,271
Past due 61-90 days	**568**	1,243
Past due 91 days and over	**1,943**	2,344
Total trade receivables not impaired	**53,517**	67,696
Trade receivables impaired	**1,072**	297
Total Trade Receivables	**54,589**	67,993

For clearing and settlement related risks, refer to note 25(a) novation.

(v) Liquidity risk

The table on the following page details the expected contractual cash flows by maturity of financial assets and liabilities held at 30 June:

Consolidated	30 June 2009					
	Up to 1 Mth $'000	>1 Mth to 3 Mths $'000	>3 Mths to 1 Year $'000	>1 Year $'000	No Specific Maturity $'000	Total $'000
Current Assets						
Cash	1,373,424	60,000	–	–	–	1,433,424
Available-for-sale financial assets	1,282,000	79,000	443,720	970,353	–	2,775,073
Receivables	235,531	2,374	1,943	–	50	239,898
Non-Current Assets						
Investment in listed shares	–	–	–	–	172,189	172,189
Receivables (loans to employees)	–	–	–	184	–	184
Total Assets	**2,890,955**	**141,374**	**445,663**	**970,537**	**172,239**	**4,620,768**
Current Liabilities						
Payables	201,467	6,220	3,380	–	–	211,067
Amounts owing to participants	3,527,246	–	–	–	–	3,527,246
Other current liabilities	–	–	162	–	–	162
Non-Current Liabilities						
Payables	–	–	-	3,380	–	3,380
Amounts owing to participants	–	–	–	81,400	–	81,400
Borrowings	–	–	–	100,000	–	100,000
Other non-current liabilities	–	–	–	4,500	–	4,500
Total Liabilities	**3,728,713**	**6,220**	**3,542**	**189,280**	**–**	**3,927,755**
Commitments						
Capital and operating commitments	729	1,485	7,037	37,654	–	46,905
Lease rental commitments	993	2,010	9,160	65,501	–	77,664
Total Commitments	**1,722**	**3,495**	**16,197**	**103,155**	**–**	**124,569**

Consolidated	30 June 2008					
Current Assets						
Cash	414,412			–	–	414,412
Available-for-sale financial assets	1,171,814	853,902	859,523	1,058,464	–	3,943,703
Receivables	302,566	2,514	2,641	–	50	307,771
Non-Current Assets						
Investment in listed shares	–	–	–	–	131,148	131,148
Receivables (loans to employees)	–	–	–	314	–	314
Total Assets	**1,888,792**	**856,416**	**862,164**	**1,058,778**	**131,198**	**4,797,348**
Current liabilities						
Payables	270,910	29,691	–	–	–	300,601
Amounts owing to participants	3,576,635	–	–	–	–	3,576,635
Other current liabilities	–	–	961	–	–	961
Non-Current Liabilities						
Amounts owing to participants	–	–	–	76,720	–	76,720
Other non-current liabilities	–	–	–	3,818	–	3,818
Total Liabilities	**3,847,545**	**29,691**	**961**	**80,538**	**–**	**3,958,735**
Commitments						
Capital and operating commitments	559	1,118	5,029	30,526	–	37,232
Lease rental commitments	962	1,924	8,657	76,489	–	88,032
Total Commitments	**1,521**	**3,042**	**13,686**	**107,015**	**–**	**125,264**

With respect to amounts owing to participants, with a maturity period determined as up to 1 month, the actual maturity will depend on a number of factors including new contracts opened and contracts closed by participants.

Company	30 June 2009		
	>1 Year $'000	No Specific Maturity $'000	Total $'000
Current Assets			
Intercompany receivables	–	158,572	158,572
Non-Current Assets			
Investments	–	2,629,289	2,629,289
Receivables	184	–	184
Total Assets	**184**	**2,787,861**	**2,788,045**

Company	30 June 2008		
Current Assets			
Intercompany receivables	–	89,283	89,283
Non-Current Assets			
Investments	–	2,588,248	2,588,248
Receivables	314	–	314
Subordinated loan	–	75,000	75,000
Total Assets	**314**	**2,752,531**	**2,752,845**

The Company had no financial liabilities in either 2009 or 2008.

5 Segment Reporting

Business segments

The Group accounts internally for the following business segments:

Exchange-traded activities

These activities comprise the derivation of revenue from the operation of the licensed securities and derivatives exchanges (Australian Stock Exchange and Sydney Futures Exchange), and the licensed clearing and settlement operations conducted by Australian Clearing House Pty Limited, ASX Settlement & Transfer Corporation Pty Limited and SFE Clearing Corporation Pty Limited. This includes fees for trading, clearing and settlement of equity and derivatives contracts, together with revenues from market data services, technology infrastructure, and net interest on participant margin balances held.

Non-exchange traded activities

These include settlement, depository and registry services for debt securities, conducted by the licensed clearing entity, Austraclear Limited. This includes fees for transactions and holdings of debt securities, as well as registry and issuer and paying agency fees.

Unallocated revenue and unallocated expenses

Unallocated revenue includes interest earned on Group cash reserves. Where applicable, costs that are directly attributable to specific business segments have been charged to those segments, and those costs remaining are unallocated expenses.

Business Segment Financial Statements

For the year ended 30 June 2009	Exchange-Traded $'000	Non-Exchange Traded $'000	Unallocated $'000	Consolidated $'000
Revenues				
Listings	104,080	–	–	104,080
Cash market	163,042	–	–	163,042
Derivatives	138,090	–	–	138,090
Information services	71,025	–	–	71,025
Technology infrastructure	26,983	1,642	–	28,625
Austraclear services	–	24,678	–	24,678
Dividends	–	–	7,027	7,027
Interest	279,854	796	3,944	284,594
Other revenue	8,632	2,621	2,967	14,220
	791,706	**29,737**	**13,938**	**835,381**
Expenses				
Operating	(135,173)	(8,420)	–	(143,593)
Depreciation and Amortisation	(8,253)	(1,908)	(4,881)	(15,042)
Interest	(232,048)	–	–	(232,048)
	(375,474)	**(10,328)**	**(4,881)**	**(390,683)**
Profit Before Income Tax Expense	416,232	19,409	9,057	444,698
Income Tax Expense				(131,088)
Net Profit				**313,610**

Segment assets	4,140,690	15,473	2,630,684	6,786,847
Segment liabilities	3,893,555	6,091	113,763	4,013,409
Acquisitions of plant and equipment and intangibles	16,931	456	8,400	25,787

For the year ended 30 June 2008	Exchange-Traded $'000	Non-Exchange Traded $'000	Unallocated $'000	Consolidated $'000
Revenues				
Listings	120,211	–	–	120,211
Cash market	188,800	–	–	188,800
Derivatives	171,681	–	–	171,681
Information services	68,003	–	–	68,003
Technology infrastructure	26,244	1,419	–	27,663
Austraclear services	–	21,870	–	21,870
Dividends	–	–	4,852	4,852
Interest	288,478	888	9,019	298,385
Other revenue	14,702	2,622	3,981	21,305
	878,119	**26,799**	**17,852**	**922,770**
Expenses				
Operating	(129,537)	(8,967)	–	(138,504)
Depreciation and Amortisation	(10,476)	(1,912)	(6,528)	(18,916)
Interest	(246,117)	–	–	(246,117)
	(386,130)	**(10,879)**	**(6,528)**	**(403,537)**
Profit Before Income Tax Expense	491,989	15,920	11,324	519,233
Income Tax Expense				(153,284)
Net Profit				**365,949**

Segment assets	4,368,348	21,456	2,402,081	6,791,885
Segment liabilities	3,953,586	12,307	71,746	4,037,639
Acquisitions of plant and equipment and intangibles	14,958	427	8,493	23,878

Geographical Segments

The Group operates predominantly in one geographic segment, Australia.

6 Expenses

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Included in expenses are the following items:				
Net doubtful debts	**925**	43	**–**	–
Net loss on sale and write-downs of plant and equipment[1]	**3**	4,303	**–**	–
Operating lease rental expense	**11,101**	11,227	**–**	–
Employer contributions to superannuation plans	**6,349**	5,852	**–**	–
Expense relating to share-based payments	**4,395**	3,341	**–**	–
Occupancy expense provisions reversed[2]	**(534)**	(5,224)	**–**	–

[1] The net loss on sale and write-downs of plant and equipment in 2008 includes a $3,003,281 write-down in premises following refurbishment of the Sydney premises.

[2] The occupancy expense in 2008 includes a reversal of provisions amounting to $5,224,177 following the renegotiation of the Sydney premises lease in September 2007.

7 Taxation

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Income Tax (Expense)				
Profit before income tax expense	**444,698**	519,233	**310,267**	349,780
Prima facie income tax (expense) calculated at 30% (2008: 30%) on the profit before tax	**(133,409)**	(155,770)	**(93,080)**	(104,934)
Movement in income tax (expense) due to:				
– Non-deductible employee equity schemes	**(440)**	(476)	**–**	–
– Other non-tax deductible items	**(89)**	(80)	**–**	–
– Dividends from wholly owned subsidiaries	**–**	–	**90,900**	103,200
– Net franking credit offset	**2,108**	1,455	**2,108**	1,455
– Non-assessable income	**690**	540	**–**	–
Over provision in prior year	**52**	1,047	**–**	–
Total Income Tax (Expense)	**(131,088)**	(153,284)	**(72)**	(279)
(b) Major Components of Income Tax Expense				
Current tax expense	**(131,886)**	(144,606)	**(72)**	(279)
Movement in deferred tax liability	**2,685**	(4,614)	**–**	–
Movement in deferred tax asset	**(1,939)**	(5,111)	**–**	–
Over provision in prior year	**52**	1,047	**–**	–
Total Income Tax (Expense)	**(131,088)**	(153,284)	**(72)**	(279)
(c) Deferred Tax Recognised Directly in Equity				
Relating to revaluation of available-for-sale financial assets	**(8,581)**	(16,897)	**(8,452)**	(16,694)
Relating to purchase of treasury shares	**162**	321	**482**	321
Total	**(8,419)**	(16,576)	**(7,970)**	(16,373)
(d) Deferred Tax Asset/(Liability)				
Deferred tax assets comprises the estimated future benefit at an income tax rate of 30% (2008: 30%) of the following items:				
Provisions for:				
– Doubtful debts	**321**	73	**–**	–
– Employee entitlements	**5,805**	6,860	**–**	–
– Leased premises	**5,807**	5,569	**–**	–
Accrued expenses	**3,155**	1,613	**–**	–
Revenue received in advance	**412**	653	**–**	–
Deferred Tax Asset	**15,500**	14,768	**–**	–
Deferred tax liability comprises the estimated expense at an income tax rate of 30% (2008: 30%) of the following items:				
Accrued interest	**(1,842)**	(5,228)	**–**	–
Fixed assets	**(5,851)**	(2,913)	**–**	–
Prepayments	**(77)**	(71)	**–**	–
Revaluation of investments and available-for-sale financial assets	**(26,542)**	(18,001)	**(25,971)**	(17,680)
Long-term incentive plan	**(1,521)**	(1,308)	**–**	–
Deferred Tax Liability	**(35,833)**	(27,521)	**(25,971)**	(17,680)
Net Deferred Tax Liability	**(20,333)**	(12,753)	**(25,971)**	(17,680)

8 Dividends

Dividends recognised and paid in the current year by the Company are:

	Cents per Share	Total Amount $'000	Date of Payment	Franked Tax Rate	Percentage Franked
Final – 2008	93.9	160,696	17 September 2008	30%	100%
Interim – 2009	90.4	154,754	27 March 2009	30%	100%
Total Amount	**184.3**	**315,450**			

Dividends recognised and paid in the prior year by the Company are:

	Cents per Share	Total Amount $'000	Date of Payment	Franked Tax Rate	Percentage Franked
Final – 2007	91.5	156,323	18 September 2007	30%	100%
Interim – 2008	98.5	168,581	20 March 2008	30%	100%
Total Amount	**190.0**	**324,904**			

Subsequent events

Since the end of the financial year, the directors declared the following dividend:

	Cents per Share	Total Amount $'000	Date of Payment	Franked Tax Rate	Percentage Franked
Final – 2009	74.5	127,558	24 September 2009	30%	100%
Total Amount	**74.5**	**127,558**			

The final dividend has not been recognised in the financial statements for the year ended 30 June 2009, but will be recognised in subsequent financial reports.

Dividend franking account

	Company	
	2009 $'000	2008 $'000
30% franking credits available to shareholders of ASXL for subsequent financial years	**83,879**	84,403

The above available amounts are based on the balance of the dividend franking account at year end adjusted for franking credits that will arise from the payment of the current income tax payable.

Following the payment of the final 2009 dividend declared, the franking balance would be $29,220,806 (2008: $15,528,309). The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. Fully franked dividends to the amount of $195,717,332 could potentially be paid to shareholders.

9 Earnings per Share

	Consolidated	
	2009	2008
Basic earnings per share (cents)	**183.2**	214.0
Diluted earnings per share (cents)	**183.1**	213.6

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Weighted average number of ordinary shares used in calculating basic earnings per share	**171,171,757**	170,998,984
Number of contingently issuable shares	**150,157**	348,967
Weighted average number of ordinary shares used in calculating diluted earnings per share	**171,321,914**	171,347,951

Diluted earnings per share includes the potential effect of unexercised performance rights over ordinary shares, issued as part of the ASX Long-Term Incentive plans.

The basic and diluted earnings per share amounts have been calculated on the basis of net profit after tax of $313,610,139 (2008: $365,949,448).

10 Cash and Available-for-Sale Financial Assets

(a) Cash

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Cash and funds on deposit	**1,433,424**	414,412	**29**	302

(b) Available-for-sale financial assets

Short term money market instruments – at amortised cost	**2,584,929**	3,592,736	**–**	–
Revaluation surplus transferred to equity	**1,107**	677	**–**	–
Short term money market instruments – at fair value	**2,586,036**	3,593,413	**–**	–

Unlisted securities

Unlisted securities, including bank bills, certificates of deposit, fixed and floating rate notes are traded in active markets. Refer to note 1(p) for the accounting policy on available-for-sale financial assets.

(c) Cash and cash equivalents

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Cash and funds on deposit	**1,433,424**	414,412	**29**	302
Short term money market instruments held at fair value	**2,586,036**	3,593,413	**–**	–
Total Cash and Available-for-Sale Financial Assets	**4,019,460**	4,007,825	**29**	302
Less: Participant balances (refer note 18)	**(3,608,646)**	(3,653,355)	**–**	–
Less: Restricted cash (refer note 24)	**(71,489)**	(71,489)	**–**	–
ASX Own Funds as per Cash Flow Statement	**339,325**	282,981	**29**	302

Clearing participants are required to deposit cash or eligible securities to satisfy margin requirements on outstanding positions with the Australian Stock Exchange and the Sydney Futures Exchange. Margins deposited are adjusted daily, ensuring the minimum requirements are maintained. In the event of default by a clearing participant on its obligations under contracts, ACH and SFECC have the authority to retain any margin deposited by the defaulting clearing participant to satisfy its obligations.

11 Receivables

		Consolidated		Company	
	Note	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Current					
Trade debtors		**54,589**	67,993	**–**	–
Less provision for impairment		**(1,072)**	(297)	**–**	–
		53,517	67,696	**–**	–
Margins receivable		**171,458**	231,218	**–**	–
Loans to controlled entities	29	**–**	–	**158,572**	89,283
Accrued revenues		**11,270**	5,709	**–**	–
Accrued interest receivables		**2,763**	1,792		
Other debtors		**890**	1,356		
Total		**239,898**	307,771	**158,572**	89,283
Non-Current					
Loans to employees		**184**	314	**184**	314
Subordinated loan – controlled entity		**–**	–	**–**	75,000
Total		**184**	314	**184**	75,314

12 Other Assets

Prepayments		**7,721**	8,174	**–**	–

13 Investments

Non-Current					
Controlled entities					
Unlisted shares at cost					
– Investment in subsidiaries	30	**–**	–	**2,457,100**	2,457,100
Other corporations					
– Listed shares at fair value		**172,189**	131,148	**172,189**	131,148
Total		**172,189**	131,148	**2,629,289**	2,588,248

Listed shares at fair value
ASXL owns 19.2% (2008: 17.3%) of the share capital in IRESS Market Technology Limited, whose principal activity is the provision of equity and related market services to professional market participants. The original cost of the investment was $84,010,818.

The investment in IRESS is classified as an available-for-sale financial asset. Its fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date. The Group does not have significant influence on the operations of IRESS as the Group has no representation on IRESS's board of directors and does not direct financial or operational decisions.

14 Property, Plant and Equipment

The movements in the consolidated property, plant and equipment balances are as follows:

2009	Leasehold Improvements $'000	Plant and Equipment $'000	Computer Equipment $'000	Total $'000
Cost				
Balance at 1 July 2008	16,888	21,887	49,856	88,631
Additions	2,334	1,954	11,421	15,709
Disposals and write-downs	–	–	(292)	(292)
Balance at 30 June 2009	**19,222**	**23,841**	**60,985**	**104,048**
Accumulated Depreciation				
Balance at 1 July 2008	12,739	19,710	38,385	70,834
Depreciation expense	1,031	518	3,410	4,959
Disposals and write-downs	–	–	(289)	(289)
Balance at 30 June 2009	**13,770**	**20,228**	**41,506**	**75,504**
Net Book Value at 30 June 2009	**5,452**	**3,613**	**19,479**	**28,544**

2008	Leasehold Improvements $'000	Plant and Equipment $'000	Computer Equipment $'000	Total $'000
Cost				
Balance at 1 July 2007	26,654	22,853	45,784	95,291
Additions	1,318	778	6,516	8,612
Disposals and write-downs	(11,084)	(1,744)	(2,444)	(15,272)
Balance at 30 June 2008	**16,888**	**21,887**	**49,856**	**88,631**
Accumulated Depreciation				
Balance at 1 July 2007	19,778	20,347	36,141	76,266
Depreciation expense	4,045	1,107	4,415	9,567
Disposals and write-downs	(11,084)	(1,744)	(2,171)	(14,999)
Balance at 30 June 2008	**12,739**	**19,710**	**38,385**	**70,834**
Net Book Value at 30 June 2008	**4,149**	**2,177**	**11,471**	**17,797**

The Company had $nil property, plant and equipment at 30 June 2009 (2008: $nil) and $nil movement occurred during the year (2008: $nil).

15 Intangible Assets – Software

The movements in the consolidated intangible asset balances are as follows:

2009	Computer Software $'000
Cost	
Balance at 1 July 2008	124,312
Additions	10,078
Disposals	(22)
Balance at 30 June 2009	**134,368**
Accumulated Amortisation	
Balance at 1 July 2008	68,215
Amortisation expense	10,083
Disposals	(22)
Balance at 30 June 2009	**78,276**
Net Book Value at 30 June 2009	**56,092**

2008	Computer Software $'000
Cost	
Balance at 1 July 2007	109,046
Additions	15,266
Balance at 30 June 2008	**124,312**
Accumulated Amortisation	
Balance at 1 July 2007	58,866
Amortisation expense	9,349
Balance at 30 June 2008	**68,215**
Net Book Value at 30 June 2008	**56,097**

The Company had $nil intangible assets - software at 30 June 2009 (2008: $nil) and $nil movement occurred during the year (2008: $nil).

16 Intangible Assets – Goodwill

	Consolidated	
	2009	2008
	$'000	$'000
Opening balance at 1 July 2008	**2,262,759**	2,262,759
Movements during the year	**–**	–
Closing balance at 30 June 2009	**2,262,759**	2,262,759

(a) Impairment test for goodwill and intangibles

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to business segment. Management determined the Group to consist of two CGUs, namely exchange-traded and non-exchange traded.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The goodwill attributable to each CGU is as follows:

- Exchange-traded: $2,187,379,000; and
- Non-exchange traded: $75,380,000.

No impairment charge arose in the current year (2008: nil).

(b) Key assumptions used for value-in-use calculations

Management determined budgeted gross margin based on past performance and the fees applicable from 1 July 2009, and its expectations for the future. The growth rates, used for revenue and expense projections are consistent with or lower than historical trends for the business segment.

The pre-tax discount rates used are 11.79% (2008: 12.75%) for both CGU's and reflect risk estimates for the business segment. The growth rate used to extrapolate cash flow projections beyond five years is 5.80% (2008: 8.00%) per annum for the exchange-traded CGU and 2.00% (2008: 2.00%) per annum for the non-exchange-traded CGU.

17 Payables

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade creditors	**2,609**	6,449	**–**	–
Margins payable	**171,458**	231,218	**–**	–
Interest payable	**8,865**	20,851	**–**	–
Rebates payable	**1,358**	23,242	**–**	–
Transaction taxes payable	**4,701**	4,101	**–**	–
Employee related payables	**8,120**	9,365	**–**	–
Expense accruals	**5,626**	3,402	**–**	–
Other payables	**2,697**	1,973	**–**	–
Total	**205,434**	300,601	**–**	–

18 Amounts Owing to Participants

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current	**3,527,246**	3,576,635	**–**	–
Non-current	**81,400**	76,720	**–**	–
Total	**3,608,646**	3,653,355	**–**	–

The current amounts owing to participants represent balances deposited by participants to cover margins on equity and derivative contracts, and are repayable to clearing participants on settlement or closure of contracts (refer note 25(a)). Balances lodged in cash are interest bearing and are carried at the amounts deposited which represent fair value. Amounts lodged in the form of debt securities are carried at fair value. Non-current amounts owing to participants represent balances deposited by participants as commitments to clearing guarantee funds and have no repayment date.

19 Borrowings

Non-current	**100,000**	–		

Non-current borrowings are an unsecured bank loan supporting the financial resources of Australian Clearing House Pty Limited (ACH), refer note 25(a). The loan is for a term of two years and is subordinated to all other non-group creditors of ACH.

20 Provisions

Current				
Employee entitlements	**10,572**	8,914	**–**	–
Premises provisions	**2,692**	2,960	**–**	–
Total	**13,264**	11,874	**–**	–
Non-Current				
Employee entitlements	**2,517**	3,166	**–**	–
Premises provisions	**10,088**	11,423	**–**	–
Total	**12,605**	14,589	**–**	–

The movement in the premises provision during the year consists of:

2009 **Consolidated**	Premises $'000
Opening balance at 1 July 2008	14,383
Provisions used during the period	(1,069)
Provisions reversed during the period	(534)
Closing Balance at 30 June 2009	**12,780**
Current	2,692
Non-current	10,088

2008 **Consolidated**	Premises $'000
Opening balance at 1 July 2007	21,937
Provisions used during the period	(2,330)
Provisions reversed during the period	(5,224)
Closing Balance at 30 June 2008	**14,383**
Current	2,960
Non-current	11,423

Premises provision comprises lease straight-lining adjustments, make good provisions, surplus lease space provisions and lease incentives. The provision for employee benefits relates mainly to annual and long service leave.

21 Other Liabilities

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current				
Revenue received in advance	**8,359**	10,871	**–**	–
Other current liabilities	**162**	961	**–**	–
Total	**8,521**	11,832	**–**	–
Non-Current				
Other non-current liabilities	**4,500**	3,818	**–**	–
Total	**4,500**	3,818	**–**	–
Total Other Liabilities	**13,021**	15,650	**–**	–

22 Commitments

(a) Capital and operating commitments

Commitments contracted for but not yet incurred as at balance date are as follows:

Due				
Not later than one year	**9,251**	6,706	**–**	–
Later than one year but not later than five years	**29,203**	24,850	**–**	–
Later than five years	**8,451**	5,676	**–**	–
Total	**46,905**	37,232	**–**	–

(b) Non-cancellable operating lease rental commitments

Future operating lease rental of premises not provided for in the financial statements:

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Due				
Not later than one year	**12,163**	11,543	**–**	–
Later than one year but not later than five years	**36,872**	40,764	**–**	–
Later than five years	**28,629**	35,725	**–**	–
Total	**77,664**	88,032	**–**	–

The Group's major leases are in respect of the premises from which it operates. These leases are all generally long-term with unexpired periods ranging from two to eight years with options to extend for further periods. Future rentals are subject to indexation and periodical rent reviews. The above amounts represent committed gross payments and the Group has contracted to receive sub-lease income of $3,584,083 (2008: $5,606,592).

23 Issued Capital

Opening balance at 1 July 2008	**2,361,820**	2,361,820	**2,361,820**	2,361,820
Movements during the year	**–**	–	**–**	–
Closing balance at 30 June 2009	**2,361,820**	2,361,820	**2,361,820**	2,361,820

Movements in ordinary shares during the year:	**2009 No. of Shares**	2008 No. of Shares
Opening balance at 1 July 2008	**171,148,524**	170,845,040
Issued as deferred consideration as a consequence of the merger with SFE	**–**	134,000
Shares issued under Long-Term Incentive plans	**40,000**	169,484
Closing balance at 30 June 2009	**171,188,524**	171,148,524

Fully paid ordinary shares carry the right to participate in dividends. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At 30 June 2009, all ordinary shares issued were fully paid. On a show of hands every holder of ordinary shares present in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

24 Reserves

(a) Movements in reserves

Refer to the Statement of Changes in Equity (pages 75 and 76) for movements in reserve balances.

(b) Nature and purpose of reserves

Restricted capital reserve

The restricted capital reserve was created when 'ring-fenced' funds were transferred from the National Guarantee Fund to Australian Clearing House Pty Limited (ACH). Under the terms of the transfer ACH must not, without first obtaining the consent in writing of the Minister for Superannuation and Corporate Law (the Minister), take action to use these funds for a purpose other than clearing and settlement support.

Asset revaluation reserve

Changes in the fair value of financial assets (including investments) classified as available-for-sale are taken to the asset revaluation reserve as described in note 1(p). Amounts are recognised in the Income Statement when the associated assets are sold or impaired.

Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of performance rights issued under the ASX Long-Term Incentive plans. Treasury shares held on trust under Long-Term Incentive plans are included in the equity compensation reserve net of tax.

25 Contingent Liabilities

(a) Novation

The Group fully owns two subsidiaries, Australian Clearing House Pty Limited (ACH) and SFE Clearing Corporation Pty Limited (SFECC), which provide novation of certain financial assets and liabilities, referred to as central counterparty clearing. The effect of novation is to make the ASX-owned subsidiaries (ACH and SFECC) contractually responsible to participants for the obligations in the transactions undertaken on ASX markets.

Australian Clearing House Pty Limited (ACH)

ACH, a controlled entity of ASX Clearing Corporation Limited, which is a controlled entity of ASXL, is the counterparty to transactions conducted on the Australian Stock Exchange which includes: derivatives, comprising exchange-traded options, futures, and warrants; and cash market securities, comprising equities and managed investments. Transactions between two participating organisations are replaced by novation which simultaneously offset the contract between ACH and the buying party with the contract between ACH and the selling party. From ACH's perspective, all positions are matched.

As at 30 June 2009 ACH had a right to receive from participants payments of $990 million (2008: $1,922.0 million) and a corresponding obligation to make payments of $990 million (2008: $1,922.0 million) relating to cash market securities. Furthermore, total collateral required by ACH to cover participants' derivatives exposures was $1,160.3 million (2008: $1,483.1 million). This was made up of cash and receivables of $379.0 million (2008: $520.8 million), bank guarantees of $151.3 million (2008: $152.0 million) and the remainder of $630.0 million (2008: $810.3 million) in equity securities. As at that date, participants had lodged non-cash collateral with ACH in the form of equity securities and bank guarantees with a market value of $3,497.3 million (2008: $3,739.9 million).

At the date of this financial report, all net delivery and net payment obligations relating to cash market securities owing to or by participants at 30 June 2009 were settled.

ACH has the following financial resources available to it to support its central counterparty clearing activities (over and above collateral deposited by participants):

	30 Jun 2009 $'000	30 Jun 2008 $'000
Restricted equity	**71,489**	71,489
Equity and subordinated debt	**78,511**	78,511
External insurance	**–**	100,000
External subordinated debt borrowing	**100,000**	–
Emergency assessments	**300,000**	300,000
	550,000	550,000

In the event of a clearing default, the financial resources at 30 June 2009 available to ACH, to be applied in the following order, are:

1 Collateral or other margin or contributions lodged by the defaulting participant with ACH under the ACH Clearing Rules.

2 Restricted capital reserve of $71.5 million (the ex-National Guarantee Fund monies). In accordance with the terms of ACH's Australian Clearing and Settlement Facility Licence, unless the Minister agrees otherwise, these funds can only be used by ACH for clearing and settlement support.

3 ASX Clearing Corporation Limited (ASXCC), a controlled entity of ASXL, provided equity capital of $3.5 million and subordinated debt of $75 million. Currently, ACH has determined the Reserve Requirement (RBA Stability Standard for Central Counterparties) to be $150 million. Accordingly, ACH has met the Reserve Requirement through the combination of restricted capital, equity and subordinated debt. As the Reserve Requirement may vary from time to time, ACH has the obligation to provide financial resources to cover any shortfall in the Reserve Requirement. ACH may utilise a number of alternatives to provide these financial resources including equity, debt, commitments and insurance. While ASXCC does not have a legal obligation to contribute capital to recapitalise ACH in the event of a clearing loss, it may choose, however, to provide capital. ACH may also consider other sources of financial resources if required.

4 External subordinated debt of $100 million which is set aside specifically for meeting clearing default losses. This replaced the previous $100 million external default insurance cover for the same purpose.

5 Contributions obtained from non-defaulting participants under the ACH clearing rules. (Nil for years ending 30 June 2009 and 2008.)

6 Emergency Assessments of $300 million may be levied on participants under the ACH clearing rules. (Nil has been levied for years ending 30 June 2009 and 2008.)

The order in which these resources may be applied is set out in detail in the ACH clearing rules 5.8.3 Application of Clearing Assets.

SFE Clearing Corporation Pty Limited (SFECC)

SFECC, a controlled entity of ASX Clearing Corporation Limited, which is a controlled entity of ASXL, is the counterparty to all transactions conducted on the Sydney Futures Exchange which includes: derivatives, comprising futures, options and contracts for difference (CFD). Transactions between two participating organisations are replaced by novation which simultaneously offset the contract between SFECC and the buying organisation with the contract between SFECC and the selling organisation. From SFECC's perspective, all positions are matched.

SFECC is liable for the settlement of all futures and options contracts traded on the Sydney Futures Exchange between clearing participants, and is supported by margins received from participants and by specific financial commitments totalling $400 million referred to as the 'Clearing Guarantee Fund'.

In the event of participant default, once available margins of the defaulting participant have been used, the Clearing Guarantee Fund would normally be applied to meet a participant default in the following priority:

	30 Jun 2009 $'000	30 Jun 2008 $'000
SFECC equity and subordinated debt	**100,000**	100,000
Participant financial backing	**120,000**	120,000
External insurance	**150,000**	150,000
Emergency assessments	**30,000**	30,000
	400,000	400,000

SFECC equity and subordinated debt is provided by ASXCC.

While ASXCC does not have a legal obligation to contribute capital to recapitalise SFECC in the event of a clearing loss, it may choose, however, to provide capital. SFECC may also consider other sources of financial resources if required.

Participant financial backing comprises cash of $81.4 million (2008: $76.7million) and non-cash commitments (letters of credit drawn on major Australian licensed banks $38.6 million (2008: $43.3 million)).

Total collateral (excluding commitments) lodged by clearing participants at 30 June 2009 was $3,148.2 million (30 June 2008: $3,055.8 million). This was made up of cash of $2,329.9 million (30 June 2008: $2,281.2 million) and debt securities of $818.3 million (30 June 2008: $774.6 million).

(b) Securities Exchanges Guarantee Corporation (SEGC) – Levy

The National Guarantee Fund (NGF), which is administered by SEGC, is maintained to provide compensation for certain types of claims arising from dealings with market participants. The net assets of the NGF at 30 June 2009 were $105.0 million (2008: $101.5 million). If the net assets of the NGF fall below the minimum amount determined by the Minister in accordance with the Corporations Act 2001 (currently $76 million), SEGC may determine that ASXL must pay a levy to SEGC. Where a levy becomes payable, ASXL may determine that market participants must pay a levy, provided that the total amounts payable under this levy do not exceed the amount payable by ASXL to SEGC. However, the amount in the NGF has not fallen below the applicable minimum amount since the NGF was formed and SEGC has not imposed any levies. Failure by either ASXL or a market participant to pay a levy may give rise to a civil action, but does not constitute an offence under the Act. Neither SEGC or NGF are consolidated by ASXL.

(c) Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit, and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the participating subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed, dated 1 June 1992 and amended 6 June 2008, is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed at the end of the reporting period and at the end of the previous reporting period are:

- ASX Operations Pty Limited (ABN: 42 004 523 782);
- SFE Corporation Limited (ABN: 74 000 299 392);
- Sydney Futures Exchange Limited (ABN: 83 000 943 377); and
- Australian Clearing Corporation Limited (ACN: 068 624 813).

The above entities represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the 'Extended Closed Group'.

The Consolidated Income Statement and Balance Sheet, comprising the Company and the subsidiaries that are party to the Deed, after eliminating all transactions between parties to the Deed, at 30 June 2009, are shown below:

Summarised Income Statement, Balance Sheet and Retained Earnings for parties to the Deed of Cross Guarantee	Consolidated 2009 $'000	Consolidated 2008 $'000
Income Statement		
Profit before related income tax expense	**432,570**	508,074
Income tax (expense)	**(117,521)**	(140,726)
Profit after related income tax expense	**315,049**	367,348
Retained earnings at beginning of year	**266,648**	224,204
Dividends recognised during year	**(315,463)**	(324,904)
Retained Earnings at End of Year	**266,234**	266,648
Balance Sheet		
Current assets		
Cash	**32,435**	53,821
Available-for-sale financial assets	**–**	14,958
Receivables	**45,274**	136,073
Other assets	**7,086**	5,386
Total Current Assets	**84,795**	210,238
Non-current assets		
Investments	**245,523**	274,481
Property, plant and equipment	**28,617**	13,665
Intangible assets	**52,178**	54,028
Receivables	**142,274**	75,314
Goodwill	**2,262,759**	2,262,759
Total Non-Current Assets	**2,731,351**	2,680,247
Total Assets	**2,816,146**	2,890,485
Current liabilities		
Payables	**23,100**	38,452
Current tax liabilities	**40,532**	29,925
Provisions	**13,264**	20,028
Other current liabilities	**8,521**	6,177
Total Current Liabilities	**85,417**	94,582
Non-current liabilities		
Deferred tax liabilities	**17,410**	3,425
Provisions	**12,605**	14,591
Loans – related parties	**–**	98,169
Other non-current liabilities	**4,500**	3,818
Total Non-Current Liabilities	**34,515**	120,003
Total Liabilities	**119,932**	214,585
Net Assets	**2,696,214**	2,675,900
Equity		
Issued capital	**2,361,820**	2,361,820
Asset revaluation reserve	**61,156**	42,004
Equity compensation reserve	**7,004**	5,428
Retained earnings	**266,234**	266,648
Total Equity	**2,696,214**	2,675,900

(d) Litigation

The Group is a defendant from time to time on legal proceedings. Where appropriate, the Group takes legal advice. The Group does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position.

(e) Employee share plans

In prior years employees were provided with non-recourse loans to acquire ordinary shares under an ASX employee share purchase plan. Under this plan, employees may elect not to repay the loan thereby forgoing ownership in the shares. Where this occurs, the shares are sold on-market with the net proceeds utilised to offset the outstanding loan balance. A contingent liability arises where the proceeds from sale are insufficient to meet any outstanding loan balance net of dividends.

The outstanding loan balance as at 30 June 2009 is $184,374 (2008: $313,814).

At 30 June 2009, there was no liability relating to the employee share schemes as the value of the shares was significantly greater than the loan balance (2008: $nil).

(f) ASX Long-Term Incentive plan

The number of contingently issuable shares of ASX Limited under the December 2006 offer of the ASX Long-Term Incentive plan as at 30 June 2009 is 149,200 (2008: 149,200). Of these, 30,000 were issued on 20 August 2009 to the Managing Director and CEO, following vesting of his 2006 grant.

26 Notes to the Cash Flow Statements

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Reconciliation of the operating profit after income tax to the net cash flows from operating activities				
Net profit after tax	**313,610**	365,949	**310,195**	349,501
Add non-cash items:				
Depreciation and amortisation	**15,042**	18,916	**–**	–
Share-based payment expense	**4,167**	2,952	**–**	–
Changes in assets and liabilities:				
Increase/(decrease) in tax balances	**10,820**	(1,093)	**(120,306)**	(153,577)
Decrease/(increase) in current receivables	**8,113**	(230)	**–**	–
(Increase) in other current assets	**(358)**	(1,737)	**–**	–
(Decrease) in payables	**(38,303)**	(24,660)	**–**	–
(Decrease)/increase in other liabilities	**(2,629)**	2,896	**–**	–
Increase/(decrease) in current provisions	**1,390**	(8,215)	**–**	–
(Decrease) in non-current provisions	**(1,984)**	(5,669)	**–**	–
Net Cash Provided by Operating Activities	**309,868**	349,109	**189,889**	195,924
(b) Financing facilities available				
At balance date, the following financing facilities had been negotiated and were available:				
Bank overdraft	**–**	50,000	**–**	–
Standby line of credit	**50,000**	150,000	**–**	–
Subordinated debt borrowing	**100,000**	–	**–**	–

At balance date the standby line of credit facility was not drawn.

27 Share-Based Payments

The Group has long-term incentive plans in place entitling Key Management Personnel and other employees to performance rights. Grants have been made in December 2006, December 2007 and December 2008. All performance rights are to be settled by physical delivery of ordinary shares in ASX Limited subject to vesting hurdles being attained. The terms and conditions of these grants are as follows:

Grants outstanding at the reporting date:

Grant Date/Employees Entitled	Number of Instruments	Vesting Conditions	Contractual Life of the Award
Performance rights granted to Key Management Personnel on 1 December 2006	45,600*	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Performance rights granted to other employees on 1 December 2006	103,600	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Performance rights granted to Key Management Personnel on 1 December 2007	31,100	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Performance rights granted to other employees on 1 December 2007	101,400	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Performance rights granted to other employees on 1 December 2008	101,000	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Total	**382,700**		

* Includes 30,000 issued on 20 August 2009 to the Managing Director and CEO.

There were no grants to Key Management Personnel in the current year.

Grants fully vested during the current reporting period:

Grant Date/Employees Entitled	Number of Instruments	Vesting Conditions	Contractual Life of the Award
Performance rights granted to Key Management Personnel on 1 December 2005	17,100	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Performance rights granted to other employees on 1 December 2005	22,900	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Total	**40,000**		

The fair value of shares granted to Key Management Personnel in 2008 (1 December 2007 grant) was measured using the Monte Carlo simulation technique with the following inputs:

Fair Value of Shares and Assumptions	Key Management Personnel 2008
Fair value at grant date	$48.77
Share price	$56.40
Expected dividends	4.0%

Key Management Personnel did not participate in the 2009 grant (1 December 2008 grant).

Compensation for all Key Management Personnel is incurred through ASX Operations Pty Limited, therefore Company disclosures are nil balances.

Employee expenses	Consolidated 2009 $'000	2008 $'000
Conditional entitlements granted in 2003	**–**	234,886
Performance rights granted in 2005	**40,557**	332,614
Performance rights granted in 2006	**1,495,440**	1,418,148
Performance rights granted in 2007	**2,292,670**	1,355,407
Performance rights granted in 2008	**566,130**	–
Total Expense Recognised as Employee Costs	**4,394,797**	3,341,055

28 Key Management Personnel Disclosures

The following should be read in conjunction with the Remuneration Report contained in the Directors' Report.

(a) Key Management Personnel compensation

The Key Management Personnel compensation is as follows:

Short-term employee benefits	**7,726,446**	8,434,933
Post-employment benefits	**494,851**	310,464
Long-term benefits	**232,095**	306,505
Share-based payments	**948,692**	873,590
Total	**9,402,084**	9,925,492

Compensation for all Key Management Personnel is incurred through ASX Operations Pty Limited, therefore Company disclosures are nil balances.

(b) Loans to Key Management Personnel

No Key Management Personnel has entered into any loans with any company in the Group except to participate in ASX employee share purchase plans.

In prior years, interest-free loans were offered to all staff within the Group, excluding the Managing Director and CEO, as part of employee share purchase plans. These plans are no longer in use by the Group and the balances relate to issues made in prior years. Executives were eligible to participate in employee share purchase plans, and consequently took out interest-free loans. ASX directors, including the Managing Director and CEO, were not eligible to participate in the share purchase plans and therefore have no loan balances.

Details regarding the aggregate of loans made by any entity of the Group to Key Management Personnel, and the number of individuals who held a loan during the year, are as follows:

	Opening Balance $	Repayments $	Interest Charged $	Closing Balance $	Interest Not Charged* $	Number in the Group
2009	31,062	(10,522)	–	20,540	1,926	2
2008	46,921	(15,859)	–	31,062	3,961	2

* Interest not charged represents a notional interest amount which would be payable if interest was charged on an arm's length basis.
The assumed arm's length interest rate used was 7.49% (2008: 10.35%).

The disclosures above are in aggregate as no individual loan balance exceeded $100,000 at any time during the financial year.

(c) Performance rights granted as compensation

The following shows the movement during the reporting period in the number of performance rights over ordinary shares in ASXL held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties:

	Held at 1 July 2008	Granted as Compensation	Vested and Exercised During the Year*	Held at 30 June 2009
Directors				
RG Elstone	56,600	–	–	56,600
Executives				
AJ Bardwell	5,400	–	–	5,400
PD Hiom	5,400	–	–	5,400
ES Mayne	–	–	–	–
JJ Olsson	10,200	–	4,800	5,400
CR Scully	16,200	–	12,300	3,900

* RG Elstone's 30,000 performance rights, granted in 2006, met the vesting criteria on 30 June 2009, and ordinary shares were issued on 20 August 2009.

(d) Holdings of ordinary shares

The following table shows the movement during the reporting period in the number of ordinary shares in ASXL held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties:

	Held at 1 July 2008	Received During the Year as Remuneration	Other Changes	Held at 30 June 2009
Directors				
RG Elstone	134,000	–	–	134,000
ML Newman	50,000	–	Not required	Not required
RA Aboud	225,000	–	(125,000)	100,000
SD Finemore	–	–	–	–
DM Gonski	15,806	–	–	15,806
R Holliday-Smith	3,825	–	–	3,825
TC Rowe	4,300	–	–	4,300
JS Segal	2,000	–	–	2,000
MJ Sharpe	2,000	–	–	2,000
PH Warne	5,610	–	–	5,610
Executives				
AJ Bardwell	21	–	–	21
PD Hiom	126,600	–	(42,500)	84,100
ES Mayne	–	–	–	–
JJ Olsson	66,373	4,800	–	71,173
CR Scully	51,197	12,300	–	63,497

	Held at 1 July 2007	Received During the Year as Remuneration	Other Changes*	Held at 30 June 2008
Directors				
RG Elstone	–	–	134,000	134,000
ML Newman	60,000	–	(10,000)	50,000
RA Aboud	322,382	–	(97,382)	225,000
SD Finemore	–	–	–	–
DM Gonski	15,806	–	–	15,806
R Holliday-Smith	3,825	–	–	3,825
TC Rowe	4,300	–	–	4,300
JS Segal	2,000	–	–	2,000
MJ Sharpe	2,000	–	–	2,000
MH Shepherd	20,000	–	Not required	Not required
PH Warne	5,610		–	5,610
Executives				
AJ Bardwell	21	–	–	21
PD Hiom	209,100	–	(82,500)	126,600
ES Mayne	–	–	–	–
JJ Olsson	46,673	19,700	–	66,373
CR Scully	10,297	40,900	–	51,197

* RG Elstone received 134,000 shares on 25 January 2008, in respect of SFE options held prior to the merger.

29 Related Parties

(a) Parent entity
The ultimate parent entity within the Group is ASX Limited.

(b) Subsidiaries
Interests in subsidiaries are set out in note 30.

ASX Operations Pty Limited (ASXO) acts as the operating entity for most of the transactions of the Group. Expenses paid, revenues collected and purchase of capital items on behalf of other entities within the Group are booked into inter-entity trading accounts. Interest is not charged on any inter-entity trading account.

		Company	
Balances with entities within the wholly-owned group	Note	**2009 $'000**	2008 $'000
The aggregate amount payable/receivable to wholly-owned controlled entities by the Company at balance date is as follows:			
Current			
Loans to controlled entities	11	**158,572**	89,283
Non-Current			
Subordinated loan to controlled entities	11	**–**	75,000

Interest is not paid on any inter-company loans.

Dividends		
Dividends received or due and receivable by the company from wholly-owned controlled entities	**303,000**	344,000

ASXL had a subordinated loan agreement with ACH for $75,000,000 in the previous year. In 2009 the ownership of the loan was transferred to ASX Clearing Corporation (ASXCC), a controlled entity of ASXL. Repayment obligations are subordinated, in the event of default, to all other creditors of ACH under an associated trust deed. No interest is currently charged on the loan. This loan has no fixed repayment date. This loan is held in cash and liquid securities by ACH to provide capital backing for ASX's clearing business and to meet the Reserve Bank of Australia's Financial Stability Standards for central counterparties.

(c) Transactions with directors and director-related entities
The Company, on a daily basis, enters into transactions on an arm's length basis and under normal commercial terms and conditions with corporations that some of the directors are either related to or employed by.

The Group maintains two fidelity funds for claims relating to the defalcation of monies in relation to equities, futures and options trading. ASX Limited acts as trustee for ASX Division 3 Compensation Fund and Sydney Futures Exchange Limited acts as trustee to the Sydney Futures Exchange Limited Fidelity Fund. Neither ASX Division 3 Compensation Fund or Sydney Futures Exchange Limited Fidelity Fund are consolidated by ASXL.

ASX Limited is the sole member of SEGC, which is responsible for administering the National Guarantee Fund, a compensation fund available to meet certain types of claims arising from dealings with participants of ASXL and, in limited circumstances, participants of ACH.

30 Controlled Entities

Name of entity	Parent Entity's Investment[1] 2009 %	2008 %
Parent entity: ASX Limited		
Controlled Entities of ASX Limited:		
ASX Operations Pty Limited[2]	**100**	100
ASX Markets Supervision Pty Limited	**100**	100
CHESS Depositary Nominees Pty Limited	**100**	100
SFE Corporation Limited[2]	**100**	100
Australian Stock Exchange Pty Limited	**100**	100
ASX Futures Exchange Pty Limited	**100**	100
ASX Clearing Corporation Limited (previously ASX 234 Pty Limited)[4]	**100**	100
ASX Long-Term Incentive Plan Trust[3]	**100**	100
Controlled Entities of ASX Operations Pty Limited:		
ASX Settlement and Transfer Corporation Pty Limited	**100**	100
ASX 345 Pty Limited	**100**	100
Options Clearing House Pty Limited	**100**	100
SECH Nominees Pty Limited	**100**	100
Equityclear Pty Limited[7]	**100**	100
Australian Clearing Corporation Limited[2,7]	**100**	100
Controlled Entities of ASX Settlement and Transfer Corporation Pty Limited:		
TNS Clearing Pty Limited	**100**	100
Controlled Entities of SFE Corporation Limited:		
Sydney Futures Exchange Limited[2]	**100**	100
Austraclear Limited	**100**	100
New Zealand Futures and Options Exchange Limited	**100**	100
Controlled Entities of Sydney Futures Exchange Limited:		
Australian Securities Exchange (US) Inc	**100**	100
Controlled Entities of Austraclear Limited:		
Austraclear Services Limited	**100**	100
Controlled Entities of ASX Clearing Corporation Limited (previously ASX 234 Pty Limited)[4]		
Australian Clearing House Pty Limited[5]	**100**	100
SFE Clearing Corporation Pty Limited[6]	**100**	100

ASX Limited and Sydney Futures Exchange Limited are licensed to operate financial markets while Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, Austraclear Limited and ASX Settlement and Transfer Corporation Pty Limited are licensed to operate the clearing and settlement for these entities.

1 Parent entity refers to the immediate controlling entity of the entity in which the investment is shown.

2 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Class Order 98/1418. Refer note 25(c) for details of the Deed of Cross Guarantee.

3 ASX Long-Term Incentive Plan Trust was set up on 7 November 2007 with ASX Operations Pty Limited as trustee.

4 ASX Clearing Corporation Limited was transferred from ASX Operations Pty Limited to ASX Limited on 18 April 2008.

5 Australian Clearing House Pty Limited was transferred from ASX Operations Pty Limited to ASX Clearing Corporation Limited on 18 April 2008.

6 SFE Clearing Corporation Pty Limited was transferred from SFE Corporation Limited to ASX Clearing Corporation Limited on 18 April 2008.

7 Equityclear Pty Limited and Australian Clearing Corporation Limited were transferred from Austraclear Limited to ASX Operations Pty Limited on 2 June 2008.

Although ASXL owns 100% of Securities Exchanges Guarantee Corporation Limited (SEGC), SEGC has not been consolidated into the Group financial statements. SEGC is governed by the Corporations Act 2001 and ASXL is not able to control the entity so as to pursue ASX Group objectives nor is it entitled to the entity's assets.

All controlled entities were incorporated in Australia except for Australian Securities Exchange US Inc (incorporated in the US) and New Zealand Futures and Options Exchange Limited (incorporated in New Zealand).

31 Auditor's Remuneration

Audit fees paid by the Group for and on behalf of all Group entities were:

	Consolidated	
	2009 $'000	2008 $'000
Audit Services		
Audit and review of the financial reports and other audit work under Corporations Act 2001	**440,000**	627,500
Audit of information technology platforms	**135,000**	–
Non-Audit Services		
Tax compliance services	**110,882**	99,460
Other related services	**176,130**	–
Total Auditor's Remuneration	**862,012**	726,960

In 2008 KPMG was the Group's auditor. In addition to the above, total audit fees of $20,000 and tax compliance fees of $71,097 (2008: $25,100 for audit fees) were received by the auditor in relation to SEGC, NGF, ASX Division 3 Compensation Fund, and the Sydney Futures Exchange Limited Fidelity Fund, which are not consolidated as part of the Group.

32 Subsequent Events

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected the operations of the Group, the results of those operations or the state of affairs of the Group.

In the opinion of the directors of ASX Limited (the Company):

(a) The financial statements and notes that are contained in pages 73 to 120 and the Remuneration Report, set out on pages 56 to 71 in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(ii) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) At the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 25(c) will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 25(c).

The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the directors:

David M Gonski AC
Chairman

Robert G Elstone
Managing Director and CEO

Sydney, 20 August 2009

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Independent Auditor's Report to the Members of ASX Limited

Report on the financial report

We have audited the accompanying financial report of ASX Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both ASX Limited and the ASX Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) The financial report of ASX Limited is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) The financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 56 to 71 of the Directors' Report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of ASX Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

PricewaterhouseCoopers

MJ Codling

Partner

Sydney, 20 August 2009

The following additional information is provided in accordance with the listing rules.

Ordinary Shares

Voting power

ASX has ordinary shares on issue. At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held unless that share is a 'default share'. The constitution classifies default shares as any shares held above the 15% voting power limit by one party and its associates as set by Parliament.

Distribution of Shareholdings at 31 July 2009

Number of Shares Held	Number of Holders	Number of Shares	% of Issued Capital
1 to 1,000	39,797	17,113,237	10.00
1,001 to 5,000	10,740	22,604,045	13.20
5,001 to 10,000	886	6,441,551	3.76
10,001 to 100,000	754	24,360,940	14.23
100,001 and over	153	100,668,751	58.81
Total	**52,330**	**171,188,524**	**100.00**

The number of security investors holding less than a marketable parcel of 14 securities (based upon a share price of $37.58 on 31 July 2009) was 203 and they held 1,295 securities.

Substantial Shareholders

There were no substantial shareholder notices disclosed to ASX at 31 July 2009.

Largest 20 Shareholders

The largest 20 shareholders in the company at 31 July 2009 were:

		Number of Shares	% of Issued Capital
1	HSBC Custody Nominees (Australia) Limited	23,415,747	13.68
2	J P Morgan Nominees Australia Limited	18,720,781	10.94
3	National Nominees Limited	18,555,219	10.84
4	Citicorp Nominees Pty Limited	7,376,966	4.31
5	ANZ Nominees Limited	3,498,981	2.04
6	Cogent Nominees Pty Limited	2,852,575	1.67
7	Bond Street Custodians Limited	2,346,898	1.37
8	UBS Nominees Pty Limited	2,104,948	1.23
9	Queensland Investment Corporation	1,447,404	0.85
10	RBC Dexia Investor Services Australia Nominees Pty Limited	1,391,092	0.81
11	UBS Wealth Management Australia Nominees Pty Limited	1,304,779	0.76
12	AMP Life Limited	1,006,732	0.59
13	UBS Nominees Pty Limited	711,013	0.42
14	Invia Custodian Pty Limited	615,047	0.36
15	Perpetual Trustee Company Limited	436,757	0.26
16	Speedy Target Limited	323,288	0.19
17	Law Venture Pty Limited	283,270	0.17
18	BT Portfolio Services Limited	275,515	0.16
19	Brispot Nominees Pty Limited	262,903	0.15
20	Belike Nominees Pty Limited	252,467	0.15
	Total	**87,182,382**	**50.95**

On-Market Buy-Back

There is no current on-market buy-back.

Shareholders' Calendar

FY09

Full-year financial results announcement	20 August 2009
Full-year final dividend	
Ex-dividend date	27 August 2009
Record date for dividend entitlements	2 September 2009
Payment date	24 September 2009
Annual General Meeting 2009	**30 September 2009**

FY10*

Half-year financial results announcement	18 February 2010
Half-year interim dividend	
Ex-dividend date	1 March 2010
Record date for dividend entitlements	5 March 2010
Payment date	29 March 2010
Full-year financial results announcement	19 August 2010
Full-year final dividend	
Ex-dividend date	30 August 2010
Record date for dividend entitlements	3 September 2010
Payment date	27 September 2010
Annual General Meeting 2010	**29 September 2010**

* Dates are subject to final ASX Limited Board approval and Listing Rule 3.1 disclosure.

Annual General Meeting 2009

The ASX Limited Annual General Meeting will be held at the ASX Auditorium, lower ground floor, Exchange Square, 18 Bridge Street, Sydney, New South Wales at 10.30am (AEST) on Wednesday 30 September 2009.

The AGM will be audio webcast live on the internet at: www.asx.com.au/shareholder. An archive version of the webcast will be placed on the website to enable the AGM proceedings to be viewed at a later time.

Sources of Information for Shareholders

ASX encourages shareholders to help the environment and reduce ASX costs by providing their email address and receiving all available shareholder communications electronically. ASX will send shareholders a hard copy of the Annual Report (free of charge) only if a shareholder elects to receive it.

ASX directly reports to shareholders via the Annual Report and twice a year in a letter from the Managing Director and CEO that accompanies the dividend statements.

Shareholders can elect to receive the following communications electronically:

- Annual Report;
- Dividend statements when paid by direct credit;
- Notice of meetings and proxy forms; and
- Major company announcements.

Shareholders who wish to register their email addresses for electronic communication can do so by contacting ASX's share registrar Link Market Services and completing the Shareholder Communication Election Form (contact details on page 126).

Australian Securities Exchange Listing
ASX Limited ordinary shares are listed on the Australian Securities Exchange under ASX code: ASX. Details of trading activity are published daily in most major Australian newspapers and by electronic information vendors, and broadcast on television and radio.

Shareholder Enquires
Enquires and correspondence regarding shareholdings in ASX Limited should be directed to ASX's share registry:

Link Market Services
Level 12, 680 George Street
Sydney NSW 2008
Telephone: 1300 724 911 (toll free) or (+61 2) 8280 7470
Facsimile: (+61 2) 9287 0303
Email: asx@linkmarketservices.com.au
www.linkmarketservices.com.au

Questions from ASX shareholders to the Chairman, Managing Director and CEO, or auditor may be sent via email to company.secretariat@asx.com.au or lodged with the registered office.

Registered Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Telephone: (+61 2) 9227 0000
Facsimile: (+61 2) 9227 0885

Investor Relations and Media Enquiries
Investor Relations
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000
Telephone: (+61 2) 9227 0027
Email: investor.relations@asx.com.au

Corporate Relations (media enquiries)
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000
Telephone: (+61 2) 9227 0410
Email: media@asx.com.au

ASX Around Australia

Sydney
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Telephone: (+61 2) 9227 0000
Facsimile: (+61 2) 9227 0885

Adelaide
Level 25, 91 King William Street
Adelaide SA 5000
Telephone: (+61 8) 8216 5000
Facsimile: (+61 8) 8216 5098

Brisbane
Riverside Centre
Level 5, 123 Eagle Street
Brisbane QLD 4000
Telephone: (+61 7) 3835 4000
Facsimile: (+61 7) 3832 4114

Melbourne
Level 45, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000
Telephone: (+61 3) 9617 8611
Facsimile: (+61 3) 9614 0303

Perth
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000
Telephone: (+61 8) 9224 0000
Facsimile: (+61 8) 9221 2020

Share Registry
Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
Telephone: 1300 724 911 or (+61 2) 8280 7470
Facsimile: (+61 2) 9287 0303
Email: asx@linkmarketservices.com.au
www.linkmarketservices.com.au

Auditor
PricewaterhouseCoopers

ASX on the Internet
www.asx.com.au
Email: info@asx.com.au

ASX by Telephone
Customer Service
131 279 (for the cost of a local call from anywhere in Australia)
(+61 2) 9338 0000 (from overseas)

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