

A complex network graph composed of numerous blue lines connecting small white dots, set against a dark blue background.

ASX Limited

Annual Report 2017



Who we are

ASX operates at the heart of Australia's financial markets.

Our integrated listings, trading, clearing and settlement businesses provide customers with efficient access to and exchange of capital, management of risk, and provision of data and other solutions. ASX operates across multiple asset classes including equities, fixed income, commodities and energy.

ASX is the global leader in A\$ and NZ\$ financial markets, one of the top 10 securities exchanges in the world and the largest interest rate derivatives market in Asia. We have trading and information hubs in many of the world's major financial centres, attract company listings from all around the globe and are based in Australia, which has one of the five largest investable assets pools in the world.

ASX operates and invests in the infrastructure that promotes the stability and development of Australia's financial markets. We advocate for regulations that support investors and issuers, promote market integrity and strengthen Australia's global competitiveness.

Our vision is to be [the world's most respected financial marketplace](#).

More information about ASX can be found at www.asx.com.au



Left: Listing ceremony for Audinate Group Limited, June 2017. Right: ASX's Australian Liquidity Centre.

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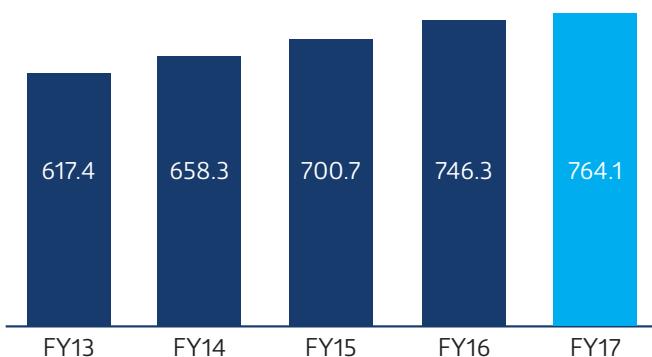
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ASX's AGM will be held on Tuesday 26 September 2017 at 10am Sydney time, in the ASX Auditorium, lower ground floor, Exchange Square, 18 Bridge Street, Sydney.

Financial highlights

Operating revenue \$million

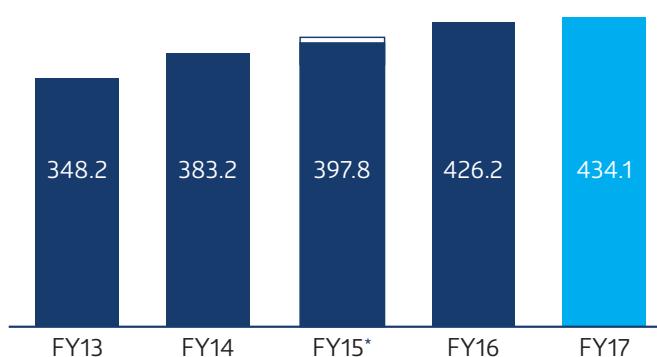
- Operating revenue \$764.1 million, up 2.4%



Operating revenue as per ASX's segment reporting

Profit after tax \$million

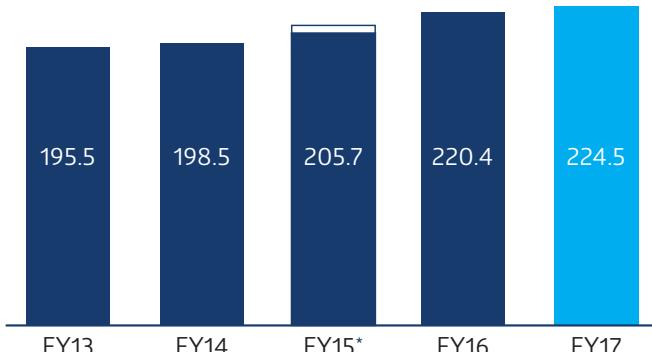
- Profit after tax \$434.1 million, up 1.9%



*Underlying profit in FY15 \$403.2 million

Earnings per share Cents

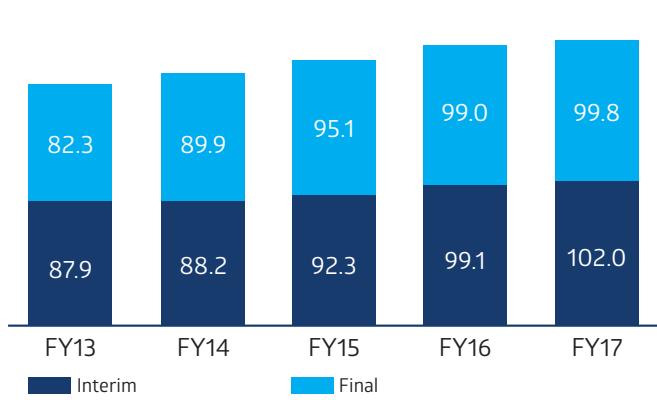
- EPS 224.5 cents per share, up 1.9%



*Underlying EPS in FY15 208.4 cents

Dividends per share Cents

- Final dividend 99.8 cents per share fully franked, up 0.8%
- Total FY17 dividends 201.8 cents per share, up 1.9%
- Payout ratio 90% of underlying profit after tax maintained



Letter from the Chairman and the CEO



Rick Holliday-Smith
Chairman

Dominic Stevens
Managing Director and CEO

Dear fellow shareholder,

On behalf of the Board of ASX Limited (ASX), we are pleased to present our 2017 Annual Report.

The last 12 months was another period of significant achievement for ASX in which a number of important milestones were reached. We upgraded the trading platform for our largest business, raised the profile of ASX's listings and clearing franchise internationally, and marked the 30th anniversary of ASX's formation, when Australia's six state-based stock exchanges merged to establish one national market.

The benefits of the 1987 amalgamation still resonate, with ASX's global scale, connectivity and reputation attracting increasing numbers of companies, traders and investors from home and abroad. It paved the way for ASX's demutualisation and listing in 1998, and the merger with the Sydney Futures Exchange in 2006, which brought equities and futures together to create one of the world's first multi-asset class, integrated exchange groups. The innovation we demonstrated three decades ago continues today as we seek better ways to service our customers and strengthen the resilience and competitiveness of Australia's financial markets.

Financial performance

ASX continued its solid financial performance in financial year 2017 (FY17), with revenue growth in most major areas of the business. The exception was the Listings and Issuer Services business, which was flat compared to FY16 and characterised by less capital raised but a greater number of new listings, the most in six years. ASX's performance was driven by pockets of volatility in futures and equity markets, and strong progress on key initiatives such as Centre Point and OTC Clearing.

Total Group revenue (as per ASX's segment reporting) grew by 2.4% to \$764.1 million, an increase of \$17.8 million, and profit after tax rose 1.9% or \$7.9 million to \$434.1 million.



The last 12 months was another period of significant achievement for ASX in which a number of important milestones were reached.



ASX continues to invest in the infrastructure that positions Australia's financial markets for the future. Expenses rose 6.0% to \$180.9 million and capital expenditure was \$50.3 million, both in line with market guidance. The spending relates to continued infrastructure upgrades as well as ASX initiatives such as the new futures trading system, development of the Bank Bill Swap (BBSW) platform and progress with distributed ledger technology (DLT) as a potential solution to replace CHESS.

Total dividends announced for FY17 were 201.8 cents per share, up 1.9%. ASX continues to pay out 90% of our underlying profit in dividends.

More detail on ASX's financial performance can be found in the Operating and Financial Review on pages 28 to 36.

Strategic initiatives

ASX's vision is to be the world's most respected financial marketplace. Our strategies to achieve this goal include:

- building a diverse ecosystem of products, services and stakeholder partnerships
- providing innovative solutions and technology for our customers
- maintaining trust, integrity and resilience in our relationships, systems and brand
- strengthening the collaborative culture among our people
- being customer centric in everything we do.

ASX is privileged to operate in an environment underpinned by Australia's strong macro-economic drivers. These include one of the world's largest savings pools, highly regarded regulatory framework and more than 25 years of uninterrupted economic growth. Alongside this, Australia continues to have one of the world's highest rates of share ownership, with the latest ASX Australian Investor Study (published in May 2017) showing that 37% of Australian adults, or 6.9 million people, hold investments that are available through a financial exchange.

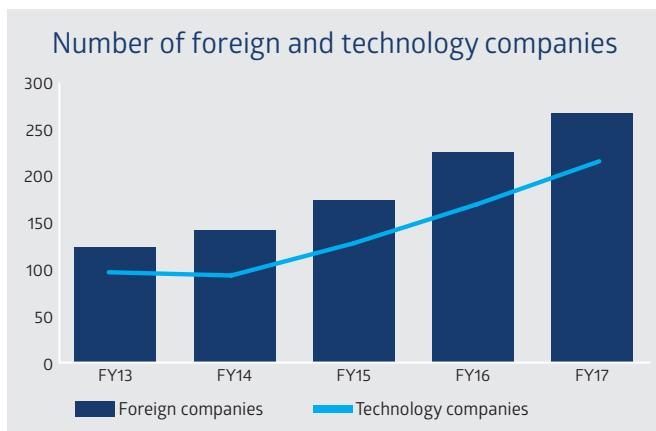
Letter from the Chairman and the CEO continued

While ASX benefits from these macro tailwinds, we also develop our own initiatives to leverage opportunities for our company's growth.

We made good progress pursuing these initiatives in FY17.

Listings and Issuer Services

In FY17, we had success attracting foreign and technology companies to list on ASX. This has positive flow-on effects throughout the financial community and gives local investors exposure to international opportunities. ASX welcomed 39 offshore companies from countries such as Israel, New Zealand, Singapore and the US, bringing the total number of ASX foreign listings to 266. This number has doubled in the last four years. Technology listings rose by 40, with the sector now the third largest on ASX with over 200 listings in total.



ASX has developed a 'sweet spot' for listing companies in the \$50-500 million market capitalisation range. The depth of our market's liquidity, our contemporary rules and guidance, and the quality of our corporate governance standards are among ASX's advantages. The new admission criteria that ASX introduced in December 2016 have lifted the bar for entry to the ASX market, while maintaining a pathway for companies to list and access capital across their lifecycle.

The expansion of ASX's listings franchise in FY17 included growth in exchange-traded products (ETPs) such as ETFs – especially those offering international exposure, which now represent 42% of total ETP funds under management. ETPs have grown over the last five years from 84 products valued at \$5.2 billion to more than 213 products valued at over \$29.5 billion today.

In FY17, ASX received regulatory approval to expand the range of investment products retail clients can apply for and redeem through the mFund Settlement Service. The mFund service provides faster and more convenient access to unlisted managed funds. The ability to offer a wider range of funds makes the service more attractive to brokers, advisers and their clients, including those in the growing SMSF sector. The level of funds under management within mFund doubled over the course of the year to more than \$370 million.

Derivatives and OTC Markets

In March 2017, ASX successfully implemented a new futures trading system, replacing the platform that had been in place, with periodic updates, since the late 1990s.

The new system is contemporary and uses global standard protocols. It provides customers with richer functionality, improved performance and reduced development and maintenance costs. It also offers a new way of working with our customers, with functionality allowing ASX to diagnose and discuss issues proactively with customers. The smooth go-live was helped by the extensive development and industry-wide testing program undertaken by ASX in close collaboration with customers.

ASX also expanded the operating hours of our OTC Clearing business to clear interest rate swaps 24 hours a day. Value cleared in this service was up 88% in FY17 with a record \$1,542 billion notional value cleared in the June quarter. We expect this to grow further when we roll out the service to clients of dealers (in addition to the existing dealer-to-dealer service) towards the end of 2017.

Over the past five years, activity on ASX from offshore futures investors and traders has grown steadily. Global access to ASX markets has expanded in recent years via connections to financial hubs in Chicago, London, Singapore and Hong Kong. ASX's overnight futures trading session, open from 5pm to 7am AEST, now accounts for 31% of all futures trading activity, up from 22% in FY12.

Trading Services

The strategic investments ASX is making in the Trading Services business continue to deliver benefits. The value traded in Centre Point, which gives equity market investors greater choice and control over their orders, rose 36% in FY17 and now represents 10% of ASX on-market value traded.

The Australian Liquidity Centre (ALC), ASX's purpose-built, state-of-the-art data centre, which provides customers with a range of communication, execution and information services, also saw an increase in activity. The number of hosted customer cabinets rose from 231 to 285, and multilateral cross-connections between customers within the ALC increased from 819 to 871. The ALC is Australia's most diverse and vibrant financial markets ecosystem.

ASX commenced as the administrator of the systemically important BBSW benchmark on 1 January 2017, and began calculating and publishing the rate in July 2017. ASX is the natural home for the administration of this benchmark and already administers the bond futures settlement price, which is also a systemically important benchmark. We understand the importance of BBSW to the health and integrity of our markets, and have the experience, technical capability and customer relationships to maintain BBSW as a robust and reliable benchmark.

Equity Post-Trade Services

A major focus for ASX in FY17 was on options to replace CHESS. CHESS is the system that underpins the post-trade processes of Australia's share market. Its functionality has been world-leading. It digitised the ownership of securities in Australia, resulting in the elimination of paper-based share certificates and the recording of legal title to securities in a 'name on register' system.

Letter from the Chairman and the CEO continued

CHESS has been a highly robust and reliable platform for over 20 years. Its replacement offers a once in a generation opportunity to significantly improve operating efficiencies for the whole industry.

We are obtaining input from those who connect to CHESS or rely on its integrity. This will help ASX build a detailed understanding of what our stakeholders want from the new system, and ensure that it meets the highest security, resilience and performance standards. We have created a dedicated public website for information and transparency about the CHESS replacement project: www.asx.com.au/services/chess-replacement.htm

ASX's post-trade processes, and the regulatory settings within which they operate, play a critical role in ensuring certainty of legal title to securities and settlement finality. This supports systemic stability and the confidence that investors have in Australia's financial markets.

ASX has been exploring DLT (commonly known as blockchain) as a possible replacement for CHESS. DLT has the potential to create a 'single source of truth' for all transactions that cannot be altered and which can be distributed to those who are permissioned to access it. We are developing an enterprise-grade DLT system with our partner Digital Asset Holdings. This will enable us to determine its suitability as a replacement for CHESS. We are on track to make an assessment on its suitability towards the end of this calendar year. ASX believes there is a real opportunity to simplify how our marketplace works and unlock a new era of efficiency and innovation. By working with our customers, we can develop the solution that best positions Australia's market for the future.

ASX operational resilience and cyber health check

ASX operates a number of complex technology platforms that are critical to the functioning and integrity of Australia's financial markets. We manage the operational risks associated with this infrastructure by investing in the maintenance of our systems, forming relationships with specialist technology providers, and regularly implementing improvements. During the year we continued to invest in our infrastructure and will accelerate these upgrades in 2018. We recognise that the confidence of the many users who rely on ASX's infrastructure depends upon the resilience of our technical and operating systems.

ASX also appreciates the role we can play to raise awareness of cyber risk management with Australian business. This includes managing our own cyber resilience as a provider of critical financial market infrastructure.

ASX considers cyber security in terms of the ecosystem in which we operate – from our business partners and customers, through to our vendors and professional service providers. We liaise regularly with cyber security bodies and benchmark our arrangements against global best practice standards. Our cyber resilience is assessed by Australian regulators.

In April 2017, ASX launched the ASX 100 Cyber Health Check Report in collaboration with government, ASIC and audit firms. The Health Check was the first attempt to gauge how the boards of Australia's largest listed companies view and manage their exposure to cyber risk. Responses were received from 76 of the top 100 listed companies, who were invited to participate on a voluntary basis.

The report found a high level of risk awareness at the top end of corporate Australia and a commitment to take further action. The report provides a framework for businesses of all sizes to better evaluate their effectiveness in addressing cyber risk and identify opportunities to improve their cyber resilience. This is of great importance to the millions of investors who hold shares in Australian companies. The ASX 100 Cyber Health Check Report can be found here: www.asx.com.au/ASX100-Cyber

Board renewal

On 17 May 2017, ASX welcomed Robert Priestley as a non-executive director to the Board.

Robert has over 30 years' experience in the financial services industry, including as a former Chief Executive Officer of J.P. Morgan Australia & New Zealand and a member of the bank's Asia Pacific Management Committee. He has strong leadership, strategy and governance skills, and is already offering valuable insights into the needs and priorities of some of ASX's largest customers.

We look forward to introducing Robert to shareholders when he stands for election at ASX's Annual General Meeting on 26 September 2017.

On behalf of the Board, we are grateful to all ASX employees for their high standards and hard work throughout the year.

ASX is in a solid position and well-placed for a prosperous future.

Thank you for your ongoing support.



Rick Holliday-Smith
Chairman



Dominic Stevens
Managing Director and Chief Executive Officer

ASX Limited Board

Rick Holliday-Smith

Independent Chairman

BA (Hons), FAICD



Mr Rick Holliday-Smith has served as Chairman of ASX since March 2012 and as a director since July 2006. He was previously Chairman of SFE Corporation Limited from 1998 until 2006.

Mr Holliday-Smith is Chairman of ASX Compliance, the Nomination Committee and the intermediate holding companies of the ASX clearing and settlement licensees. He is also a member of the Audit and Risk, and Remuneration Committees.

Mr Holliday-Smith has global executive and leadership experience in capital markets and derivatives, and a background in venture capital activities.

His previous roles include CEO of futures and options trading firm Chicago Research and Trading (CRT), President responsible for global trading and sales at Nations Bank-CRT (a predecessor of Bank of America), both based in Chicago, and Managing Director of Hong Kong Bank Limited (a wholly owned merchant banking subsidiary of HSBC Bank), based in London.

Mr Holliday-Smith was appointed Chairman of Cochlear Limited in July 2010, having joined the board in March 2005. He has been a director of Servcorp Limited since October 1999 and is a Member of the Macquarie University Faculty of Business and Economics Advisory Board.

Yasmin Allen

Independent, Non-Executive Director

BCom, FAICD



Ms Yasmin Allen was appointed a director of ASX in February 2015. She is a member of the Audit and Risk Committee.

Ms Allen is also a director of ASX Clear (Futures) Pty Limited and Austraclear Limited, the ASX Group clearing and settlement licensees for Australia's derivatives, OTC and debt markets, and their intermediate holding companies.

Ms Allen has extensive financial services, strategy and corporate governance experience, gained during a career of over 20 years in finance and investment banking.

She was formerly a vice president at Deutsche Bank, a director at ANZ Investment Bank and an associate director at HSBC Group.

Ms Allen was appointed a director of Cochlear Limited in August 2010 and Santos Limited in October 2014. Ms Allen's previous appointments include director of Insurance Australia Group Limited between November 2004 and September 2015.

Ms Allen is also a director of the George Institute for Global Health and the National Portrait Gallery, and a member of the Australian Government Takeovers Panel.

Dominic Stevens

Managing Director and CEO, Executive Director

BCom (Hons)



Mr Dominic Stevens was appointed Managing Director and CEO of ASX in August 2016. He was an independent non-executive director of ASX from December 2013 until his appointment as CEO.

Mr Stevens is a director of the ASX Group clearing and settlement licensees and their intermediate holding companies. He is also a director of ASX Compliance.

Mr Stevens has over 30 years' experience in financial markets. He was CEO of Challenger Limited from 2008 to 2012, before which he was the company's Deputy CEO and head of capital, risk and strategy.

Prior to Challenger, he held senior positions during a long career at Bankers Trust Australia, where he had responsibility for the Australian derivatives and global metals and agricultural commodity derivatives businesses.

Melinda Conrad

Independent, Non-Executive Director

MBA, FAICD



Ms Melinda Conrad was appointed a director of ASX in August 2016.

Ms Conrad has over 20 years' experience in business strategy and marketing, and brings skills and insights as an executive and director from a range of industries including retail, financial services and healthcare.

Ms Conrad has been a strategy and marketing adviser, an executive with Colgate-Palmolive, and founded and managed a retail business.

She was appointed a director of Caltex Australia Limited in March 2017 and OFX Group Limited (formerly OzForex Group) in September 2013. Ms Conrad's previous appointments include a director of David Jones Limited between July 2013 and August 2014, APN News and Media Limited between January 2012 and February 2013, and Reject Shop Limited between August 2011 and June 2017.

Ms Conrad is also a director of the Centre for Independent Studies and the George Institute for Global Health, and a member of the ASIC Director Advisory Panel.

ASX Limited Board continued

Dr Ken Henry AC

Independent, Non-Executive Director

BCom (Hons), PhD, DB h.c., FASSA



Dr Ken Henry was appointed a director of ASX in February 2013. He is a member of the Audit and Risk Committee.

Dr Henry is a director of ASX Clear Pty Limited and ASX Settlement Pty Limited, the ASX clearing and settlement licensees for Australia's equity markets, and their intermediate holding companies.

Dr Henry has extensive experience as an economist in Australia and overseas, and has worked as a senior policy adviser to successive Australian governments.

Dr Henry served as the Secretary of the Federal Department of the Treasury from 2001 to 2011. He is Chairman of the Sir Roland Wilson Foundation at the Australian National University, Governor of the Committee for Economic Development of Australia (CEDA), and a member of the Advisory Board of the John Grill Centre for Project Leadership at the University of Sydney.

Dr Henry has been Chairman of National Australia Bank Limited since December 2015, having joined the board in November 2011.

Robert Priestley

Independent, Non-Executive Director

BCom



Mr Robert Priestley was appointed a director of ASX in May 2017.

Mr Priestley was formerly the Chief Executive Officer of J.P. Morgan Australia & New Zealand, and a member of the bank's Asia Pacific Management Committee, roles he held for 15 years. He became the Non-Executive Chairman of J.P. Morgan Australia & New Zealand after he retired from his executive position.

In a career spanning over 30 years, Mr Priestley worked at JPMorgan Chase & Co. for 23 years, including as CEO of the ASEAN Region, Head of Global Emerging Markets and Head of International Fixed Income for Europe, Middle East and Africa Region (based in London), and Head of International Fixed Income, Asia Pacific Region (based in Hong Kong).

Prior to J.P. Morgan, Mr Priestley held senior financial markets roles, including at Macquarie Bank, after starting his career at Price Waterhouse. He has been a director and Chairman of the Australian Financial Markets Association (AFMA), a member of the Business Council of Australia and a director of the Australian Business and Community Network (ABCN).

He is a director of the Banking and Finance Oath, a Council member of the ABCN and a member of the Tennis NSW Corporate Advisory Board.

Peter Marriott

Independent, Non-Executive Director

BEc (Hons), FCA, MAICD



Mr Peter Marriott was appointed a director of ASX and Chair of the Audit and Risk Committee in July 2009.

He is Chairman of Austraclear Limited, the securities settlement facility licensee for Australia's debt markets, and a director of each of the other ASX clearing and settlement licensees and their intermediate holding companies.

Mr Marriott has spent over 30 years in senior management roles in the finance industry, spanning international banking, finance and auditing.

Mr Marriott was Chief Financial Officer of Australia and New Zealand Banking Group Limited (ANZ) from 1997 to May 2012. He also spent two years as Group Head of Risk Management. Prior to his career at ANZ, he was a partner of KPMG Peat Marwick specialising in the banking and finance, and information technology sectors.

Mr Marriott was appointed a director of Westpac Banking Corporation in June 2013.

Heather Ridout AO

Independent, Non-Executive Director

BEc (Hons)



Mrs Heather Ridout was appointed a director of ASX in August 2012.

Mrs Ridout is also a director of ASX Compliance, Chair of the Remuneration Committee, and a member of the Nomination Committee.

Mrs Ridout is a company director with a long history as a leading figure in the public policy debate in Australia. She was formerly Chief Executive of the Australian Industry Group, a major national employer organisation representing a cross-section of industry including manufacturing, construction, defence, ICT and labour hire, until April 2012.

Mrs Ridout was appointed Chair of the AustralianSuper Trustee Board in May 2013, having joined the board in 2007. She has also been a director of Sims Metal Management Limited since September 2011 and a director of the Australian Chamber Orchestra since December 2012.

Mrs Ridout is a member of the ASIC External Advisory Panel.

Mrs Ridout's previous appointments include member of the boards of the Reserve Bank of Australia from February 2012 until February 2017, Infrastructure Australia, and the Australian Workforce and Productivity Agency, and a member of the Henry Tax Review panel, the Climate Change Authority and the Prime Minister's Taskforce on Manufacturing.

ASX Limited Board continued

Damian Roche

Independent, Non-Executive Director

BCom



Mr Damian Roche was appointed a director of ASX in August 2014.

Mr Roche is also a director of ASX Compliance, and ASX Clear (Futures) Pty Limited and Austraclear Limited, the ASX Group clearing and settlement licensees for Australia's derivatives, OTC and debt markets, and their intermediate holding companies.

Mr Roche has 20 years' experience in global investment banks, with extensive cross-asset class expertise spanning the equities, fixed income and commodities markets, with a focus on the Asia Pacific region, including Australia.

Mr Roche was a member of the global Corporate and Investment Bank Operating Committee for J.P. Morgan. His most recent role at the bank was as Head of Markets and Investor Services, Sales and Distribution for Asia Pacific, based in Hong Kong.

Peter Warne

Independent, Non-Executive Director

BA, FAICD



Mr Peter Warne was appointed a director of ASX in July 2006. He was previously a director of SFE Corporation Limited from 2000 to 2006. He is also a member of the Audit and Risk, Nomination and Remuneration Committees.

Mr Warne is Chair of ASX Clear (Futures) Pty Limited, the ASX clearing and settlement licensee for Australia's derivatives and OTC markets, a director of Austraclear Limited, the securities settlement facility licensee for Australia's debt and OTC markets, and a director of their intermediate holding companies.

Mr Warne has over 30 years' experience in financial markets and brings a deep practical and technical understanding of debt, equities and derivatives markets, and risk management.

Mr Warne is a director of Securities Exchanges Guarantee Corporation and NSW Treasury Corporation.

Mr Warne has been Chairman of Macquarie Bank Limited and Macquarie Group Limited since April 2016, having served as a director since July 2007.

Mr Warne's previous appointments include Chairman of OFX Group Limited (formerly OzForex Group) between September 2013 and November 2016, Chairman of Australian Leisure and Entertainment Property Management Limited between September 2003 and May 2017, Deputy Chairman of Crowe Horwath Australasia Limited between May 2007 and January 2014, and Adjunct Professor at the University of Sydney Business School between November 2011 and November 2014.

Board composition

At the date of this report, there are ten directors, whose names, skills and experience are detailed on pages 5 to 7.

The Board is committed to maintaining the diversity of the Board. Thirty percent of ASX's directors are female.

Board renewal and succession planning

The Board regularly reviews its composition and succession plans.

The skills and experience of the Board reflect ASX's role as the provider of critical infrastructure to Australia's financial markets and its leading position in the Asia Pacific region.

Board skills matrix

The Board uses the skills matrix below to guide its assessment of the skills and experience of current non-executive directors, and to identify any gaps in the collective skills of the Board.

Category	Explanation
Executive leadership	Successful career as a CEO or senior executive.
Strategy	Define strategic objectives, constructively question business plans and implement strategy.
Financial acumen	Accounting and reporting, corporate finance and internal controls, including assessing quality of financial controls.
Risk and compliance	Forward-looking, able to identify the key risks to the organisation and monitor effectiveness of risk management frameworks and practices.
Public policy	Public and regulatory policy, including impact on markets and corporations.
Information/technology/digital	Use and governance of critical information technology infrastructure, digital disruption and information monetisation.
Business development	Commercial and business experience, including development of product, service or customer management strategies, and innovation.
People and change management	Overseeing and assessing senior management, remuneration frameworks, strategic human resource management and organisational change.
Corporate governance	Knowledge, experience and commitment to the highest standards of governance.
International exchange experience	International financial markets or exchange groups, including post-trade services and relationships with financial market participants.
Financial services	Broking, funds management, superannuation and/or investment banking activities.

The Board considers that individually and collectively, the directors have an appropriate mix of skills, experience and expertise.

Corporate governance

ASX's corporate governance framework

ASX's governance arrangements have been consistent with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles) throughout the reporting period, except for the interim arrangements in place during the search for ASX's new CEO (appointed 1 August 2016). Those interim arrangements were detailed on page 7 of ASX's 2016 Annual Report published on 18 August 2016.

This statement, including details of the ASX Limited Board on pages 5 to 7, is current as at 17 August 2017 and has been approved by the Board.

More information on [ASX's corporate governance](#) is available on ASX's website.

Board of directors

Overview of the Board's role and responsibilities

Responsible for	<ul style="list-style-type: none">• performance of the ASX Group• enhancing and protecting the reputation of ASX• reporting to and communicating with shareholders
Approves/ reviews	<ul style="list-style-type: none">• corporate strategy, annual budget and financial plans• major corporate initiatives• performance of the CEO
Oversees	<ul style="list-style-type: none">• conduct of the ASX Group consistent with its licence obligations and public policy objectives of financial market integrity and financial system stability• financial performance• effectiveness of Management processes• ASX's culture• process for identifying significant risks facing ASX and control, monitoring and reporting mechanisms• executive succession plans

The responsibilities of the Board are detailed in the [Board charter](#). The Board's conduct is also governed by [ASX's constitution](#).

The names of ASX's directors, their qualifications and tenure are set out on pages 5 to 7. ASX director biographies are also published on ASX's website.

Delegation to committees, subsidiary boards and Management

The Board has established three committees to assist it to discharge its duties (refer page 10).

The clearing and settlement (CS) boards focus on risk management and oversight of the clearing and settlement operations (refer page 10).

Day-to-day management and operations are delegated to Management (refer page 11).

Responsibilities of the Chairman

ASX's Chairman:

- is independent and non-executive
- leads the Board in its duties to ASX
- facilitates effective Board meeting discussion
- acts as the Board's contact point for senior external stakeholders, including shareholders, regulators and media
- oversees processes and procedures to evaluate the performance of the Board, its committees and individual directors.

The CEO may not be or become Chairman.

Director appointment and election

Before appointing a director, ASX undertakes comprehensive reference checks including education, employment, character, criminal history and bankruptcy checks. It is a condition of appointment that any new director is not a disqualified person. Directors make an annual declaration to this effect.

Directors are generally elected for three years. Retiring directors are not automatically re-appointed. Any director (except the CEO) who has been appointed during the year must stand for election at the next Annual General Meeting (AGM).

Mr Damian Roche and Mr Peter Warne will retire by rotation. They are standing for re-election at the 2017 AGM and are unanimously supported by the directors. Mr Robert Priestley was appointed as a director on 17 May 2017. He will stand for election at the 2017 AGM. His election is unanimously supported by the directors.

Director induction and training

New directors receive a letter of appointment. This outlines ASX's expectations about director time commitment, compliance with ASX policies and regulatory requirements. An induction process is coordinated by Company Secretariat. As part of the induction process, new directors meet with senior executives shortly after their appointment to receive briefings on operational matters and strategic initiatives.

The Board keeps up-to-date with relevant market and industry developments by regular briefings at Board meetings, Board workshops, meetings with customers and site visits.

Performance reviews

The performance of the Board, its committees and individual directors are reviewed each year. The Chairman holds discussions with individual directors when evaluating their performance. These evaluations took place for FY17. The Board takes this evaluation into consideration when recommending directors for election.

Corporate governance continued

Director independence

The [ASX Board policy on independence](#) and the [ASX Board charter](#) require that a majority of directors are independent. The ASX Board policy on independence includes guidelines for assessing the materiality of directors' relationships that may affect their independence.

There is no limit on director tenure. Mr Rick Holliday-Smith and Mr Peter Warne have been directors of ASX Limited for more than 10 years. In FY17, the Board reviewed and determined that their tenure has not impacted on their independence. The Board noted the expertise, judgement, industry knowledge and understanding of ASX's operations brought by each director.

Each of ASX's non-executive directors has been assessed as independent.

Directors are required to disclose all interests that may potentially conflict with their duties. If there is a possibility of a conflict of interest with a matter being considered or voted upon, the director is not permitted to be present for the consideration of that matter or vote, and will not be provided with commercially sensitive information related to the matter.

Director attendance at meetings

Details of director attendance at meetings up to 30 June 2017 are set out below. Provided there is no conflict of interest, directors are also invited to, and frequently attend, meetings of Board committees of which they are not members.

All directors receive copies of agendas, papers and minutes of committee meetings to help ensure they remain equally informed, regardless of whether they are appointed to particular committees.

Director name	Scheduled Board meetings		Audit and Risk Committee		Nomination Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Rick Holliday-Smith (Chairman) ¹	8	8	3	3	7	7	5	5
Dominic Stevens	8	8	-	-	-	-	-	-
Yasmin Allen	8	8	4	4	-	-	-	-
Melinda Conrad ²	7	7	-	-	-	-	-	-
Ken Henry	8	8	4	4	-	-	-	-
Peter Marriott ³	8	8	4	4	-	-	2	2
Robert Priestley ⁴	2	2	-	-	-	-	-	-
Heather Ridout	8	8	-	-	7	7	6	6
Damian Roche	8	8	-	-	-	-	-	-
Peter Warne	8	7	4	4	7	7	6	6

¹ Rick Holliday-Smith was reappointed to the Audit and Risk Committee and Remuneration Committee on 17 August 2016.

² Melinda Conrad was appointed a director of ASX Limited on 1 August 2016.

³ Peter Marriott retired from the Remuneration Committee on 17 August 2016.

⁴ Robert Priestley was appointed a director of ASX Limited on 17 May 2017.

Access to information, Management and advice

Directors have access to Management to request information. Directors are entitled, with the approval of the Chairman, to obtain independent professional advice relating to their role as an ASX director at ASX's expense.

Director shareholding policy and remuneration

Board policy is that non-executive directors should accumulate at least 5,000 ASX shares (12,000 for the Chairman) within three years of their appointment. All directors with a tenure of more than three years meet this guideline. Directors with less than three years tenure are progressing towards achieving this guideline.

ASX's remuneration framework is described in detail in the Remuneration Report, which starts on page 17.

Company secretaries

The Board is responsible for the appointment of company secretaries. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Details of ASX's company secretaries are on page 37.

Corporate governance continued

Board committees and subsidiary boards

ASX Board committees

The ASX Board has established the committees detailed below. Each is chaired by an independent director. Each committee's charter sets out its role, responsibilities, composition and structure. Committee charters are reviewed annually and published on [ASX's website](#). The committees and subsidiary boards report to each other on relevant matters. Minutes of committee meetings are provided to the Board.

Audit and Risk Committee	Nomination Committee	Remuneration Committee	Functions and responsibilities
			Committee members
<ul style="list-style-type: none">• integrity of ASX's consolidated financial reports• adequacy of ASX's corporate reporting process• systems of risk management, internal control and legal compliance (except matters specifically overseen by ASX subsidiaries)• monitor ASX's framework for identifying and mitigating cyber risks, and managing ASX's cyber resilience• internal audit oversight• external audit liaison and monitoring of performance and effectiveness• receive audit reports and approve the audit plan• review external auditor independence, including considering the level of non-audit work carried out by the external auditor• monitor ASX's risk culture	<ul style="list-style-type: none">• review process for nomination and selection of ASX directors and CEO• identify desirable director competencies and experience• review director performance and the process for reviewing contributions• review ASX director succession plans and induction programs• set and review Board gender diversity strategies	<ul style="list-style-type: none">• remuneration for ASX staff and non-executive directors• incentive framework for ASX staff including the CEO and senior executives• achievement against gender diversity objectives, including remuneration equality• compliance of remuneration arrangements with Financial Stability Standards and other regulatory requirements	<ul style="list-style-type: none">• Peter Marriott (Chair)• Yasmin Allen• Ken Henry• Rick Holliday-Smith (from 17 August 2016)• Dominic Stevens (up to 1 August 2016)• Peter Warne <ul style="list-style-type: none">• Rick Holliday-Smith (Chair)• Heather Ridout• Peter Warne <ul style="list-style-type: none">• Heather Ridout (Chair)• Rick Holliday-Smith (from 17 August 2016)• Peter Marriott (up to 17 August 2016)• Peter Warne

ASX clearing and settlement subsidiaries

ASX has four subsidiary companies that hold CS licences to operate clearing and settlement facilities, and two intermediate holding companies. The CS boards focus on risk management and oversight of the operations of the CS subsidiaries.

The responsibilities of these boards include the management of clearing and settlement risk, and compliance with the Financial Stability Standards determined by the Reserve Bank of Australia (RBA).

The [CS boards' charter](#) sets out further details regarding their functions and governance.

ASX Clear and ASX Settlement are the sole providers of clearing and settlement arrangements for Australia's cash equities market. The boards of ASX Clear and ASX Settlement are comprised of six directors. Each has three directors who do not sit on the ASX Limited Board. These three directors can form a quorum and do meet separately, constituted as the board of ASX Clear and ASX Settlement, to determine matters that require consideration of commercially sensitive information if another market operator or listing venue is obtaining services from, or access to, ASX's CS facilities. These boards also oversee Management's handling of commercially sensitive information, provision of services or access relating to other market operators and listing venues. ASX Limited directors do not attend or receive copies of papers or minutes for such meetings. Management attendance is limited to employees given permission by the relevant market operator or listing venue.

All directors, other than ASX's CEO, are independent non-executives. The [biographies of the CS board](#) directors are available on ASX's website.

Compliance and conflict handling arrangements

Compliance and enforcement functions

The statutory obligations of the ASX Group licensees include the obligation to have adequate arrangements for operating their markets and clearing and settlement facilities. These arrangements may involve a self-regulatory structure, or the appointment of an independent person or related entity. They must include arrangements for monitoring and enforcing compliance with ASX's operating rules, and for handling conflicts of interest.

Over the past 10 years, the compliance and conflict handling arrangements put in place by the ASX Group licensees have involved the appointment of a related entity, ASX Compliance Pty Limited. However, the licensees remain responsible for their own obligations.

The role and responsibilities of the ASX Compliance board are set out in its board charter. ASX's Chief Compliance Officer reports directly to the ASX Compliance board in relation to the performance of the ASX Compliance function, including matters regarding listed company and participant compliance with ASX's operating rules.

Conflict and information handling arrangements

ASX has well-established arrangements to address the potential for actual and perceived conflicts. These include:

- governance arrangements, including for ASX's self-listing
- customers, competitor and supplier arrangements
 - licence obligations including the 'review party' framework
 - information handling standards.

The Australian Securities and Investments Commission (ASIC) is ASX's listing authority and monitors ASX's own compliance with the listing rules.

Corporate governance continued

ASX's Regulatory Assurance function is responsible for reviewing ASX's compliance with its conflict and information handling standards, and reports on these matters to the ASX Compliance board and the Audit and Risk Committee.

Management

Role and responsibilities of the CEO

The Board delegates day-to-day management of ASX to the Managing Director and CEO who has responsibility for the overall operational and business management of ASX. The CEO is responsible for managing ASX's reputation and profit performance in accordance with the strategy, plans and policies approved by the Board.

Mr Dominic Stevens was appointed ASX's Managing Director and CEO in August 2016. Details of Mr Stevens' qualifications and experience are set out on page 5.

Senior management

ASX's senior executives support and report to the CEO. Roles and responsibilities of the executives are defined in specific position descriptions.

In FY17, the following changes were made to ASX's senior executive management group and its reporting structure:

- ASX's Technology and Operations functions were brought together under a newly created Chief Operating Officer role. Mr Timothy Hogben was promoted to this role
- Mr Hamish Treleaven was appointed Chief Risk Officer following the retirement of Mr Alan Bardwell.

The [biographies of ASX's senior executives](#) are available on ASX's website. ASX's Key Management Personnel are listed on page 21 of the Remuneration Report.

Senior management performance and remuneration

The Board assesses senior management performance on an annual basis. Senior managers are assessed against Group and individual performance targets. They are not present when their performance and remuneration are discussed.

The overall performance of the ASX Group, the senior manager's function and the individual performance of the manager are considered in assessing performance.

Further details regarding senior manager and CEO performance and remuneration are set out in the Remuneration Report that starts on page 17.

A performance evaluation took place in FY17 in accordance with this process.

Diversity

ASX's [Diversity and Inclusion Policy](#) describes how ASX promotes diversity in the workforce. The diversity objectives adopted by the Board, and performance in FY17, are set out on pages 14 to 15.

Code of Conduct

ASX's [Code of Conduct](#) and [Anti-Bribery and Corruption](#), [Whistleblower Protection](#) and [Fraud Control](#) policies promote ethical and responsible decision-making by all directors and employees of ASX. The Anti-Bribery and Corruption Policy requires employees to report all gifts above a specified threshold. The Audit and Risk Committee receives periodic reports. Employees are required to act with high standards of honesty, integrity, fairness and equity in all aspects of their employment. There are formal escalation and grievance procedures. All forms of facilitation payments are forbidden.

The [Whistleblower Protection Policy](#) supports employees who report non-compliant or suspicious and unethical conduct by other employees. This formalises ASX's commitment to protect the confidentiality and position of employees wishing to raise matters that affect the integrity of ASX.

Staff attestations of compliance with and understanding of these policies are obtained periodically.

Trading by ASX Group directors and employees

ASX's [Group Dealing Rules](#) restrict dealing in securities by ASX directors and employees. These were reviewed in FY17. Derivatives and hedging arrangements for unvested ASX securities, or vested ASX securities subject to holding locks, are prohibited.

Recognising and managing risk

Effective risk management is key to achieving and maintaining ASX's operational and strategic objectives.

The governance arrangements that underpin ASX's risk management framework are described in this section. Material business risks are described in the Operating and Financial Review (page 35), which also outlines ASX's activities, performance, financial position and main business strategies. ASX's management of environmental and social sustainability risks is discussed in the Environment, Social and Governance section of this report on pages 13 to 16.

Role of the ASX Board

The ASX Board is responsible for reviewing and overseeing systems of risk management, internal control and compliance, including the process for identifying significant risks, and that appropriate controls, monitoring and reporting mechanisms are in place.

The Board has established the Audit and Risk Committee to assist it to discharge these responsibilities.

Role of the Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing and overseeing the risk management processes, internal controls and compliance systems within the ASX Group (other than those matters carried out by the CS boards as described below). The committee reports to the ASX Board.

The Audit and Risk Committee receives regular reports from the Chief Risk Officer on enterprise risks; from the Chief Operating Officer on operational, technology and cyber security risks; as well as reports from Internal Audit, Regulatory Assurance and ASX's external auditor. It reviews ASX's enterprise risk framework annually with a focus in FY17 on ASX's Cyber Security Plan and Strategy.

Corporate governance continued

The role of the Audit and Risk Committee in reviewing ASX's financial reports and liaising with ASX's external auditor are described below under the heading: Integrity of financial reporting.

Role of clearing and settlement boards

The CS boards review and provide oversight of the risk management processes, internal controls and compliance systems for the management of clearing and settlement risks including:

- counterparty credit risk
- treasury investment risk
- liquidity risk of ASX's clearing houses
- settlement risks within ASX Settlement
- compliance with the RBA's Financial Stability Standards.

Enterprise Risk Management Committee, Internal Audit and Regulatory Assurance

The Enterprise Risk Management Committee is a management committee chaired by the Chief Risk Officer. It has oversight of the implementation and execution of ASX's enterprise risk management framework, approves risk policies and considers general risk matters consistent with the ASX Board's risk appetite.

ASX's Internal Audit function reviews and reports on internal control systems and procedures. It has full access to the Audit and Risk Committee. The detailed role and responsibilities of Internal Audit are set out in its charter, available online. Internal Audit's scope, function and budget are determined by the Audit and Risk Committee each year. The Audit and Risk Committee also reviews Management's response to internal audit reviews.

The General Manager Internal Audit reports to the Audit and Risk Committee, CS boards and CEO for functional audit purposes; and to the Chief Risk Officer for other purposes. The Internal Audit function is independent of the external auditor.

ASX's Regulatory Assurance function maps the compliance framework for key obligations, oversees ASX's conflict handling arrangements, and provides training to the business so that key Australian and international obligations are understood and complied with. It also undertakes compliance reviews and reporting to regulators. The General Manager of Regulatory Assurance has a direct reporting line to the chairs of the Audit and Risk Committee and CS boards for key licence obligations and conflict handling arrangements.

An external assessment of ASX's enterprise risk management framework occurs periodically, with the last review undertaken in FY16.

Integrity of financial reporting

The Audit and Risk Committee assists the Board to review and monitor the integrity of ASX's consolidated financial reports and statements. In accordance with its charter, the Audit and Risk Committee reviews the financial reports and statements with Management and the external auditor (including for compliance with accounting standards, policies and other requirements).

When considering the half-year and full-year financial statements, the ASX Board receives a statement from the CEO and the Chief Financial Officer (CFO) consistent with the requirements of the *Corporations Act 2001*. These statements are made after the CEO and CFO receive attestations from senior executive Management in

respect of their business lines. The Board also receives a statement from the CEO and Chief Risk Officer that ASX's risk management and internal control systems are operating effectively for material business risks.

ASX's external auditor, PwC, attends each Audit and Risk Committee meeting. The Audit and Risk Committee meets with PwC without Management present at least once annually. The fees paid to PwC for audit and non-audit services are set out on page 69. PwC's confirmation that there has been no contravention of the auditor independence requirements of the *Corporations Act 2001*, and no contraventions of any applicable code of professional conduct in relation to its audit, is set out on page 39. ASX's external auditor will be present at ASX's AGM to answer questions relevant to its audit.

Communicating with shareholders and market disclosures

Continuous disclosure

ASX's [Listing Rule 3.1 Policy](#) (available on ASX's website) sets out how ASX complies with its disclosure obligations. This policy was reviewed in FY17 and determined to be fit for purpose.

All market sensitive disclosure, including any earnings or other guidance, is first made available on the ASX Market Announcements Platform.

Shareholder engagement

Details about ASX's 2017 AGM are provided on page 81.

ASX's [Shareholder Communications Policy](#) sets out ASX's aim to communicate with shareholders concisely, accurately and in plain language.

ASX uses a number of channels and technologies, including webcasting and social media, to communicate promptly, transparently and widely. It enables shareholders to participate in shareholder meetings, and deals with shareholder enquiries fairly and respectfully.

Payments to political parties

ASX actively engages with government and political decision-makers about its role, the investments it is making to build world-class infrastructure, and the dynamic and globally competitive market environment in which it operates.

ASX has a responsibility to Australia's financial markets and its shareholders, customers and staff to articulate the opportunities and challenges facing its business, communicate its position on relevant public policy issues, and contribute to well-informed decision-making by government.

During FY17, ASX paid \$100,000 in membership fees to each of the Liberal Party Australian Business Network and the Federal Labor Business Forum. ASX's membership of these business networks provides an opportunity to engage with a wide cross-section of policy and business decision-makers. No other payments to political parties were made during FY17.

All payments to political parties are disclosed by ASX and must be approved by the CEO and the General Counsel in line with the policy and limits set by the Board.

Environment, social and governance

The Board monitors environmental, social and governance (ESG) risks through its enterprise risk management framework with a focus on the sustainability of ASX's business.

ASX's ESG strategy encompasses initiatives designed to address these risks and to improve ASX's impact on society through:

- the role that it plays in financial markets
- how it conducts its business.

This section provides an overview of ASX's initiatives.

Economic risks are addressed in ASX's Operating and Financial Review on page 35.

ASX's role in financial markets

Investor education

Promoting informed investing supports ASX's business. ASX provides access to free [tools and resources](#) to explain the potential rewards and risks of investing. These include online courses, [YouTube presentations](#), face-to-face events around Australia and a monthly e-newsletter that has over 270,000 subscribers.

The [ASX Sharemarket Game](#) provides an opportunity for the general public and secondary school students to become familiar with the mechanics of share trading. The game is linked to the live market, which connects students to real-world events. There were more than 65,000 student entries from 900 schools and 49,000 entries from members of the public playing the Game last year.

ASX Corporate Governance Council

The [ASX Corporate Governance Council](#) publishes a principles-based framework for corporate governance practices – the [Corporate Governance Principles and Recommendations](#) – that serves as a relevant and practical guide for listed entities, investors and the wider Australian community.

The Council brings together business, investment and shareholder groups. As the convener, ASX nominates the chair, contributes one member of the Council and provides executive support.

ASX's listing rules require that listed entities disclose the extent to which they have followed the recommendations set by the Council during the relevant reporting period. Where companies have not followed a recommendation, they must provide an explanation ('if not, why not' reporting). These reporting requirements bring transparency to the corporate governance practices of listed companies, which enables investors to make informed investment decisions.

ESG guidance to issuers and participation in external assessments

The Council has contributed to an improvement in public reporting and awareness of ESG matters by listed entities.

The third edition of the Principles and Recommendations released in March 2014 requires listed entities to include details in their Annual Report of how they manage their material economic, environmental, social sustainability and governance risks.

ASX participates in the following assessments of its ESG practices:

- Carbon Disclosure Project – emissions and waste
- FTSE4Good Index Series – identifies companies that meet social and environmental criteria
- World Federation of Exchanges annual survey – gauges an exchange's role in sustainability.

Sustainable Stock Exchanges Initiative

In 2017, ASX became a partner exchange in the United Nations' Sustainable Stock Exchange (SSE) Initiative.

The SSE is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators and companies, can enhance corporate transparency on ESG issues and encourage sustainable investment.

ASX partnered with the SSE to 'ring the bell for gender equality' on International Women's Day in 2017. The event brought attention to the importance of women's economic empowerment to business development and growth. Information about ASX's diversity and inclusion initiatives are set out on the following pages.

Cyber security health check

In FY17, ASX collaborated with government, ASIC and audit firms, inviting the largest 100 ASX-listed companies to participate in a cyber health check – a survey to benchmark the levels of cyber security awareness, capability and preparedness within Australian business.

The [report](#) provides a framework for all Australian businesses to better evaluate their effectiveness in addressing cyber risk and identify opportunities to improve their resilience. The sharing of best practice and increased engagement by directors are important steps in building the cyber resilience of Australian business, which is of great importance to the investors who hold shares in Australian companies.

How ASX conducts its business

ASX people

ASX aims to build and retain a highly motivated team of professionals with the best available skills and experience.

The Remuneration Committee oversees and receives reports on ASX's people policies and programs. In addition, the Executive Committee reviews talent and leadership programs, performance management and reward processes, succession planning, diversity, and staff alignment and engagement results.

Culture

Management and the Board review the values and behaviours that reflect ASX's brand and culture. An annual survey measures staff alignment, engagement and commitment to ASX values and behaviours. Results are reviewed by the Remuneration Committee. ASX's Internal Audit and Regulatory Assurance functions provide periodic feedback on risk and compliance consciousness.

Environment, social and governance continued

Ethics and integrity

ASX's [Code of Conduct](#) and [Anti-Bribery and Corruption, Fraud Control](#), and [Whistleblower Protection](#) policies promote ethical and responsible decision-making by ASX directors and employees. Employees certify they understand and comply with these policies. Periodic training is provided on these policies, and on equal employment opportunity, diversity and dealing rules.

Remuneration

ASX's market positioning for fixed remuneration is the median to upper quartile. Employees participate in a short-term incentive (STI) plan, subject to performance. During the year, an offer to all ASX employees to acquire ASX shares under a \$1,000 General Employee Share Plan was accepted by 57% of ASX staff. ASX's Remuneration Report on page 17 describes ASX's approach to senior executive remuneration.

Training and retention

Learning and development programs are available at all levels of the organisation, and are reviewed for alignment with ASX goals.

ASX partners with the Macquarie Graduate School of Management to support emerging female leaders in their MBA studies.

Voluntary turnover was 12% in FY17.

Workplace health and safety

ASX is committed to the health and safety of all employees, visitors and contractors. Staff are encouraged to identify and address potential causes of workplace risk, injury and illness.

The Audit and Risk Committee receives quarterly updates on ASX's compliance with workplace health and safety (WHS) laws. WHS performance is audited periodically by an independent third party.

ASX's FY17 lost-time injury frequency rate (the number of lost-time injuries per 1 million hours worked) was less than 0.1. This is in line with FY16.

Prevention of harassment and discrimination

ASX works to prevent discrimination and harassment in the workplace. Mandatory online training is completed by all employees on commencement of employment.

ASX has processes in place to monitor and address discrimination, and staff must complete online training periodically.

ASX Wellbeing

ASX's Wellbeing program supports staff to balance work, personal and family life. It subsidises activities such as yoga, pilates, meditation, lunchtime sport and a walking club. ASX's Social Committee coordinates company-funded events throughout the year.

Diversity and inclusion

ASX supports a diverse and inclusive work environment where employees have equal access to career opportunities, training and benefits. Employees are treated with fairness and respect, and are not judged by gender, age, ethnicity, race, cultural background, religion, sexual orientation, disability or caring responsibilities.

ASX promotes gender equality as a priority and supports equal participation of men and women in the workforce.

ASX is recognised as an Employer of Choice for Gender Equality by the Federal Government's Workplace Gender Equality Agency (WGEA) and continues as member of the Male Champions of Change, a corporate and institutional collaboration committed to advancing women in leadership positions.

ASX is focused on the following five key areas:

Gender equality targets

ASX has a target of 40% female representation for all senior management levels. Progress was made in FY17, with the target exceeded at the Management Executive and Manager/Team Leader levels, as well as across the entire organisation.

ASX requires a gender-balanced shortlist when recruiting all roles.

Representation of women in ASX as at 30 June 2017:

ASX level	FY16 %	FY17 %	Target %
Board of directors	22	30	33.3
Group Executives	25	25	40
Executive Committee (excludes CEO)	36	31	40
Management Executive	38	44	40
Managers/Team Leaders	41	42	40
Professional/technical	39	39	40
Administrative	85	84	50+
Entire organisation	42	43	40+

Group Executives: direct reports to the CEO

Executive Committee: comprises all Group Executives and Executive General Managers

Management Executive: executives two layers below the CEO

Managers/Team Leaders: executives three layers below the CEO

Entire organisation: includes casual staff and excludes non-executive directors and independent contractors

Note: all data is non-cumulative and is calculated on the number of employees in each level.

Accountability for gender diversity

Gender equity targets form part of an executive's balanced scorecard. Achievement against these targets within the scorecard is considered when determining STI.

Pay equality

A pay equality review in FY17 identified that ASX has narrowed the pay gap over the past two years. ASX is committed to closing this gap and has increased the frequency of reviews to every year.

ASX monitors and analyses annual remuneration and performance recommendations by gender, level, division, and 'same' role throughout the year, during recruitment and prior to finalising the annual remuneration review process.

Environment, social and governance continued

Building leadership capability

ASX participates in the Chief Executive Women Leaders Development Program, which provides individual coaching for participants.

An employee-led initiative has increased the number of networking events, created informal learning and development opportunities, and helped employees on parental leave stay connected to ASX.

ASX is piloting a new approach to leadership development focused on holistic personal leadership and leadership skills, including collaboration, agility, performance and innovation.

In FY17, ASX required employees and managers to hold monthly 'check-ins' focused on development, feedback and employee wellbeing.

Supporting working families

ASX supports a flexible working environment, enabling staff to change their work hours and place of work, set up job share arrangements, take career breaks and parental leave, or purchase additional leave.

In FY17, 63% of employees identified as working in a flexible capacity. A staff survey found that employees who work in a flexible capacity are, on average, more highly engaged than those who do not.

ASX's parental leave policy provides 16 weeks' paid leave for primary carers and four weeks' paid leave for secondary carers. Superannuation contributions foregone during unpaid parental leave are paid as a one-time contribution on return to work up to a maximum of 36 weeks. Graduated return to work options are available to support staff transition back to the workplace.

ASX is accredited as a Breastfeeding Friendly Workplace by the Australian Breastfeeding Association.

Environment

ASX is a service-based organisation that does not extract physical or natural resources and is not involved in the manufacture or transport of products. ASX's environmental footprint is small and arises from the energy used by its three offices and two data centres, and from consumables, primarily paper. ASX's environmental risks are not significant.

Nevertheless, environmental risks are monitored, assessed and managed as part of ASX's risk management framework. ASX's approach includes: measuring the impact of its activities, minimising consumption of materials, recycling and re-using consumables, and supporting awareness of environmental issues.

FY17 initiatives

During the period, ASX:

- introduced a paper-free employee on-boarding system to reduce paper consumption
- finalised the roll out of mobility devices to all staff, upgraded communication equipment to enable virtual meetings and reduced business travel between ASX offices
- upgraded its intranet and file sharing technology to enhance the ability to store and present documents electronically.

These initiatives build on those introduced in FY16 including:

- ASX Environment Committee newsletter
- paperless supplier invoice process
- simplified New Investor Pack
- battery, phone and coffee pod recycling programs
- use of carbon neutral paper.

FY17 achievement against initiatives/targets

In FY17, Management set the following targets for controllable consumption of paper (not including CHESS statements and notifications) and electricity (excluding ASX's data centre hosting):

- 5% reduction in controllable paper usage per headcount
- 2% reduction in controllable electricity consumption per \$1,000 of revenue generated.

ASX's achievement against these targets is set out below:

FY17 targets	FY16	FY17	Target reduction for FY17	Actual reduction from prior year
Electricity GHG ¹ emission (excluding ASX's data centre hosting) per \$1,000 of revenue generated (in t CO2-e ²)	0.0106	0.0102	2%	3%
Paper usage (excluding CHESS statements and notifications) by headcount (tonnes)	0.0138	0.0123	5%	11%

¹Greenhouse gas (GHG) emissions.

²Tonnes of carbon dioxide equivalent.

Electricity usage

ASX has a number of initiatives in place to reduce its emissions. ASX's electricity consumption decreased slightly in FY17, notwithstanding increased headcount and activity levels during the period.

More than half of ASX's energy usage is in the Australian Liquidity Centre (ALC), ASX's primary data centre. The ALC supports the equipment and systems of customers who co-locate with ASX instead of in their own or other facilities. Growth in this business (and its energy consumption) reflects the ALC's position as the premier financial markets ecosystem in Australia. The number of IT cabinets hosted in the ALC has grown from 117 to 285 in the last four years.

ASX has implemented measures to ensure that a disruption to the supply of electricity to its sites (including to its data centres) will not result in a service disruption to its customers. The infrastructure that supports ASX's data centres incorporates uninterruptible power supply systems, which provide ongoing electricity in the event of a loss of power from the grid. ASX's business continuity management plans outline how ASX will maintain operations in such circumstances. These plans are reviewed periodically.

In FY17, ASX purchased diesel for the back-up power systems at the ALC. This was the first top-up since FY15 and is the primary reason for the increase in diesel consumption shown in the following table.

Environment, social and governance continued

Environmental impact

Greenhouse gas (GHG) emissions	Unit	2014	2015	2016	2017
Scope 1 – diesel and gas	t CO2-e ¹	100	29	11	48
Scope 2 – electricity	t CO2-e	12,250	13,011	14,435	14,262
GHG emissions by activity	Unit	2014	2015	2016	2017
Scope 1 – diesel and gas combustion	t CO2-e	100	29	14	48
Scope 2 – electricity (data centre hosting) – electricity (remainder ASX's business)	t CO2-e	7,963 4,288	8,457 4,554	10,105 4,332	9,983 4,279
Scope 3 – travel (business travel and commuting) – paper usage (office) ² – paper usage (CHESS statements and notifications) ²	t CO2-e t CO2-e t CO2-e	956 23 129	986 16 146	1,021 0 ² 0 ²	613 0 0
Paper usage	Unit	2014	2015	2016	2017
Office use	tonnes	11.58	8.01	7.35	6.82
CHESS statements and notifications	tonnes	64	73	75	74

¹Tonnes of carbon dioxide equivalent.

²GHG emissions reported inclusive of carbon offset. ASX commenced using 100% carbon neutral paper in 2015.

Paper usage

ASX's paper usage by headcount (excluding CHESS statements and notifications) decreased over FY17.

Management continues to reduce paper usage in ASX's business and the financial markets overall. For example, ASX's simplified New Investor Pack saved more than 47,500 pieces of paper in FY17. ASX encourages its shareholders to receive electronic communications instead of hard copy communications via post.

Suppliers

Material suppliers must comply with a Supplier Code of Conduct, which includes minimum requirements across key ESG areas.

ESG considerations are included in all material procurement tenders.

ASX in the community

ASX assists its employees to support worthwhile causes and participate in community programs outside the workplace. This includes providing paid volunteering leave. ASX's community programs allow employees to support causes and charities of their choice. ASX matches employee donations to these charity partners, with \$103,000 donated to 48 charities in FY17.

Anzac Centenary Public Fund

ASX is contributing a total of \$1 million over a number of years to the Anzac Centenary Public Fund. The Fund, established by the Australian Government, receives donations to commemorate the centenary of Australia's involvement in the First World War and a Century of Service. Projects honour and improve understanding of the service and sacrifice of Australia's servicemen and women, past and present, in defending Australia's values and freedoms.

ASX Thomson Reuters Charity Foundation

The [ASX Thomson Reuters Charity Foundation](#) supports Australian children's and medical research charities by organising fundraising events for financial markets participants. Over \$1.3 million was raised and distributed to 31 charities in FY17. The Foundation's eight person board includes three ASX representatives.

ASX fulfils the company secretariat and finance functions for the Foundation, and ASX employees volunteer to assist with fund raising activities.

ShareGift Australia

ASX has supported [ShareGift Australia](#) since 2007 and promotes the charity on CHESS statements sent to investors. ShareGift Australia allows shareholders to sell shares free of brokerage costs and donate the proceeds to charity. ASX reimburses all ASX exchange fees on these transactions.

ASX includes a ShareGift donation form each year with its year-end dividend advice.

ShareGift Australia has donated over \$1.4 million to more than 450 charities.

Remuneration report

This report outlines ASX's remuneration framework and the outcomes for the year ended 30 June 2017 (FY17) for the ASX Limited Board and the Key Management Personnel (KMP) responsible for planning, directing, and controlling the activities of the ASX Group.

Executive Committee expansion	In August 2016, Mr Dominic Stevens was appointed Managing Director and CEO. The Executive Committee was expanded to include all business unit heads.
Key Management Personnel changes	The expansion of the Executive Committee provided an opportunity to review disclosed KMP. During FY17, the role of Chief Operating Officer was created to manage both the technology and operations functions. Mr Timothy Hogben was promoted to this position effective 2 January 2017. Mr Tim Thurman, Chief Information Officer, ceased employment with ASX during FY17. Mr Alan Bardwell, Chief Risk Officer, ceased employment with ASX during FY17. Mr Hamish Treleaven was appointed Chief Risk Officer on 1 March 2017.
Fixed remuneration outcomes	The Board reviewed the fixed remuneration of each KMP, with fixed remuneration adjustments ranging between 0% and 33.3%. Following his promotion, Mr Hogben was awarded a remuneration increase of 34.9% effective 2 January 2017 to reflect the significant additional scope and scale of his new role. Fixed remuneration for KMP in FY18 will remain unchanged.
Short-term incentive (STI) outcomes	STI outcomes reflect company performance. The Group met most of its objectives for FY17. KMP STI outcomes ranged from 90% to 108% of target STI.
Long-term incentive (LTI) outcome	The 70% earnings per share (EPS) portion of the FY15 LTI award was not met. The 30% total shareholder return (TSR) portion of the FY15 LTI award will be determined at the September 2017 vesting date.

Remuneration philosophy

ASX's remuneration rewards behaviours and results that contribute toward the delivery of the ASX strategy. The framework is based on the following key principles:

- link rewards to the achievement of the strategy and the creation of shareholder value
- apply rigorous performance measures to 'at risk' remuneration
- assess and reward performance on both financial and non-financial measures
- provide competitive remuneration that is designed to attract, motivate and retain talent and promote diversity
- promote sound and effective risk management and market integrity.

Role of Remuneration Committee

The Remuneration Committee oversees ASX's executive remuneration framework and monitors remuneration outcomes. In doing so it takes account of the interests of shareholders, and ASX's commitment to maintaining sound and effective risk management, and the integrity of its markets.

The Board approves and reviews on an annual basis the remuneration of ASX's KMP on the recommendation of the Remuneration Committee.

Advice to Remuneration Committee

The Remuneration Committee operates independently of ASX Management and may engage remuneration advisors directly. During FY17, the Remuneration Committee paid advisors approximately \$7,000 to advise on current market trends.

Input is received from a number of subsidiary boards and committees regarding the performance and remuneration of certain KMP:

- ASX's clearing and settlement boards provide feedback on the performance of the Chief Risk Officer and the Chief Operating Officer
- The Audit and Risk Committee provides feedback on the performance of the Chief Financial Officer.

ASX Group remuneration

The remuneration arrangements for all staff are made up of a fixed remuneration component and a variable component. The variable component for all staff is 'at risk' subject to performance, and delivered through the STI plan and an LTI plan for the CEO and Deputy CEO. For a small group of sales staff, variable remuneration is delivered through commission-based payments.

The relative weighting of fixed and variable components (remuneration mix) will vary with role level, complexity and market practice. The remuneration mix is expressed as a percentage of the total reward which equates to 100%.

STI deferral into equity is in place for all KMP. The deferral arrangements set out in this report apply to the CEO, Group Executives, Executive General Managers and General Managers. They represent approximately 6.3% of ASX headcount.

The FY17 remuneration mix for KMP for on-target performance was:

	Fixed	Variable (at risk)	
		STI*	LTI**
CEO and Deputy CEO	40%	40%	20%
Other KMP	60-75%	25-40%	0%

*The remuneration mix is for on-target performance (100%). The award of STI is at the discretion of ASX and may be allocated at 0-150% of target.

**LTI value based on share price at time of grant.

Remuneration report continued

Fixed remuneration

Fixed remuneration comprises cash salary, superannuation and other salary sacrificed benefits.

Fixed remuneration is reviewed on an annual basis against comparable market data. ASX market positioning is the median to upper quartile, depending on individual performance. Increases are not automatic and are subject to a minimum level of individual performance.

Variable remuneration

The STI plan provides variable remuneration to drive the achievement of ASX's strategy and performance during the year. All employees are eligible to participate.

Employees set individual goals and targets across six scorecard areas: strategic priorities, customers and growth, people and culture, operational excellence, regulatory focus, and financial results. Employees also have goals that promote sound and effective risk management and market integrity. Individual goals and targets support ASX's strategic goals. Managers have regular conversations with team members about their development and progress against individual goals and targets.

STI awards are based on the performance of the ASX Group against the objectives set by the Board, and individual performance against the goals and targets in the individual scorecards, as assessed by each individual's manager and senior executive.

Calculation of STI award

KMP STI is calculated using the formula in the diagram below.

Target STI

The sum of individual target STI amounts determines the target Group pool for Executives.



Group incentive pool

The Board makes an assessment of the Group's performance split evenly between financial objectives and non-financial and strategic objectives. The assessment for FY17 is set out on page 19 of this report.

Based on that assessment, the Board approves a Group incentive pool percentage that is applied to the target Group pool. For example, if the target STI pool for executives is \$10 million and the Board determines that the Group's performance was below target and awards 80% of the pool, the Group STI pool available for distribution to executives would be \$8 million.

Individual performance

Individual performance determines the amount of STI awarded. Up to 150% of target STI can be awarded for exceptional performance. The minimum award is nil.

Award of STI is subject to satisfactory performance against the ASX leadership behaviours.

The performance of each KMP is assessed by the Remuneration Committee and the Board.

STI deferral and vesting

A percentage of STI awards for senior executives is automatically deferred into equity:

STI award	KMP and Executive General Managers (% of award)	General Managers (% of award)
Cash payment upfront	40%	50%
Deferred in equity for two years	30%	50%
Deferred in equity for four years	30%	N/A

Remuneration report continued

Board assessment of ASX's FY17 performance against objectives

In assessing STI financial performance, the Board takes into consideration the market conditions in the business directly exposed to market activity levels. This means that incentives may be awarded even when market conditions lead to a fall in revenue or earnings, provided other objectives are met.

In FY17, the financial and non-financial objectives were largely on target, however the group incentive pool applied to KMP was 90% of target. This took into consideration the below target system availability following the trading platform outage in September 2016.

Financial objectives – 50%	Performance	Board assessment
Revenue growth Build strong partnerships with clients and a customer-focused culture	Revenue increased 2.4%	
Net profit after tax (NPAT)	NPAT up 1.9%	
Earnings per share (EPS)	EPS up 1.9%	At target
Dividends per share (DPS)	Full-year dividend per share 201.8 cents, fully franked, up 1.9%. Payout ratio 90%	
Non-financial objectives – 50%	Performance	Board assessment
Customers and growth Deliver world-class trading and post-trade infrastructure to Australia's financial markets	<p>Continued engagement with customers to deliver tangible benefits</p> <ul style="list-style-type: none"> • significant growth in OTC clearing value, with all eight foundation banks now utilising the service. OTC Service enhancements implemented during the year • strong growth in Centre Point, up 36%. ASX's equities trading market share was 87.5%, marginally lower than the prior year • success of weekly exchange-traded options • continued growth in ASX Collateral service • customer engagement continues to improve with structure in place since FY16 	At target
Technical and operational performance Maintain ASX's position as one of the highest quality and best regulated exchange groups	<p>Good progress on technology initiatives; operational performance benchmarks not met</p> <ul style="list-style-type: none"> • critical system availability did not meet the 99.95% and 99.80% targets. One 'severity 1' issue (equities trading platform outage in September 2016) and one 'severity 2' issue • successful implementation of futures trading platform in March 2017 • progress on development of distributed ledger technology to potentially replace CHESS 	System availability below target Technical service at target
Regulatory compliance and risk management Build a strong performance culture with a highly engaged team	<p>Continued to meet the highest standards</p> <ul style="list-style-type: none"> • positive regulatory assessments with no major issues raised • Financial Stability Standards compliance in place and new recovery rules implemented • successful transition of investment portfolio to meet new regulatory requirements • updated listing rules effective from December 2016 • upgraded risk management function 	At target
People and culture Be recognised as a positive contributor to Australia's economic future	<p>Continued to make positive progress on people and culture</p> <ul style="list-style-type: none"> • alignment and engagement is measured through the ASX staff survey • new performance management system that enables monthly development conversations has been implemented • progress against diversity targets of 40%. Targets achieved at overall organisational, Management Executive and Manager/Team Leader levels • workplace health and safety – lost-time injury frequency rate less than 0.1 	At target
Stakeholder engagement	<p>Significant stakeholder consultation program underway</p> <ul style="list-style-type: none"> • engagement with customers and regulators to further refine our operational processes and market communication protocols • significant consultation undertaken on equity post-trade service with market participants and regulators • increased engagement through the cash equities clearing and settlement Code of Practice and expanded Business Committee engagement 	At target

Remuneration report continued

Long-term incentive overview

The purpose of the LTI plan is to recognise performance and behaviours that deliver substantial long-term shareholder value.

Only the CEO and the Deputy CEO participate in ASX's LTI plan. ASX will submit Mr Stevens' FY18 LTI grant for shareholder approval at the 2017 AGM.

The LTI is a grant of performance rights over ASX ordinary shares, which will vest if ASX achieves performance hurdles determined by the Board.

ASX's LTI has a four-year performance period. The number of performance rights allocated is based on the volume weighted average price of ASX shares (face value) on the 10 business days preceding the grant date. No dividends are paid on the performance rights. There is no retesting. Half of the performance rights have an EPS and half have a TSR performance condition.

EPS LTI component

EPS is calculated by dividing the underlying profit after tax for the relevant reporting period (profit after tax adjusted for the after-tax effect of any significant items) by the weighted average number of ordinary shares of ASX. Significant items are revenues and expenses associated with specific events considered appropriate by the directors to be excluded in order to arrive at underlying earnings. Exclusion of these items would be clearly identified and explained if such action changed any vesting outcome.

Compound annual growth in EPS (4 years)

Performance	% of equity to vest
< 5.1% (pa)	0%
5.1%	50%
5.1% - 10.0%	50% to 100% straight line pro-rata vesting
>10%	100%

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

TSR LTI component

TSR is calculated as the movement in share price and dividends received, assuming re-investment of dividends. TSR is measured against a peer group determined by the Board at the time of the offer based on the ASX 100, excluding property trusts.

Ranking of TSR (4 years)

Performance	% of equity to vest
< 51st percentile	0%
51st percentile	25%
51st – 76th percentile	25% to 100% straight line pro-rata vesting
>76th percentile	100%

The peer group may change as a result of specific events such as mergers and acquisitions, delistings and financial failures. There are guidelines for adjusting the peer group following such events.

Past LTI grants

Shares relating to grants of performance rights that have vested are allocated from a surplus pool of unvested LTI offers within a special purpose trust and released as shares to the employee. Shares allocated under the LTI plans rank equally with other shares on issue at the time those shares are allocated.

Grant year	FY17	FY16	FY15
Grant date	28 September 2016	30 September 2015	23 September 2014
Participation*	2	1	1
Performance measure	50% EPS 50% TSR	50% EPS 50% TSR	70% EPS 30% TSR
EPS vesting commences at	5.1% compound growth	5.1% compound growth	8.1% compound growth
TSR vesting commences at	51st percentile	51st percentile	51st percentile
Vesting period	4 years	4 years	3 years
Vesting date	29 September 2020	1 October 2019	24 September 2017
Dividends paid	No	No	No
Retesting	No	No	No

*The grants for FY16 and FY15 exclude former CEO Elmer Funke Kupper who resigned 21 March 2016.

Accounting treatment of LTI

The fair value of the performance rights for EPS awards is calculated using the share price at market close on the grant date, less the present value of the expected dividends over the performance period.

The fair value of performance rights for the TSR awards is calculated at grant date by an independent valuer using a Black-Scholes option valuation model and Monte Carlo simulation. Details of the awards, including inputs to the valuation model are summarised in the following table:

Grant year	FY17	FY16	FY15
Share price at grant date	\$47.78	\$37.88	\$36.45
Volatility (pa)	17%	16%	14%
Discount rate (risk free rate) (pa)	1.70%	1.94%	2.87%
Dividend yield (pa)	4.60%	4.75%	5.00%
Fair value of performance rights (EPS awards)	\$39.75	\$31.32	\$31.37
Fair value of performance rights (TSR awards)	\$19.62	\$15.36	\$17.94
Weighted average AASB 2 share-based payment fair value	\$29.68	\$23.34	\$27.34

Remuneration report continued

Executive service agreements

Each KMP has an ongoing service contract. The contracts do not provide for any termination payments, other than payment in lieu of notice and any statutory entitlements. The key terms are:

Name	Position held	Contract effective date	Minimum notice periods (months)		
			Executive	ASX	Poor performance
D J Stevens	Managing Director and CEO	1 August 2016	6	12	3
R Aziz	Chief Financial Officer	19 July 2010	3	6	1 ¹
A J Harkness	Group General Counsel	10 September 2007	6	12	6
P D Hiom	Deputy CEO	1 July 2015	6	12	3 ¹
T J Hogben	Chief Operating Officer	1 April 2010	3	6	1 ¹
H J Treleaven	Chief Risk Officer	1 March 2017	6	12	3 ¹
Former					
A J Bardwell ²	Chief Risk Officer	19 July 2010	6	12	1 ¹

¹ The notice period for termination for poor performance requires an initial written notice of one month.

² A J Bardwell ceased employment on 10 February 2017.

Treatment of STI and LTI on departure

All deferred or unearned STI is forfeited in the event of resignation (unless approved by ASX) or dismissal due to misconduct or poor performance. Treatment of STI on departure for other reasons is at the discretion of the Board (for the CEO) or CEO.

Performance rights (LTI) will lapse immediately in the event of resignation (unless approved by ASX) or dismissal due to misconduct or poor performance, unless the Board determines in its discretion that the participant ceased employment for a qualifying reason. This includes pursuit of other company-approved initiatives, death, serious illness or accident. Where LTI does not lapse immediately, the Board may determine in its discretion the proportion of shares that are forfeited.

The CEO will forfeit any STI or LTI if ASX determines that such action is necessary to protect the financial soundness of ASX or where adverse outcomes have arisen that reduce the original assessment of the performance generating the provision of the benefit.

Clawback Policy and Board discretion

The Clawback Policy permits the Board to clawback some or all of an executive's proposed performance-based remuneration if the Board considers that such remuneration would be an 'inappropriate benefit'. This includes any STI or LTI award and other performance-based component of remuneration that has not yet been paid or vested without restrictions to an executive. The Board has absolute discretion to determine what constitutes an 'inappropriate benefit' and how to apply the clawback, subject to compliance with the law and the conditions set out in the policy. This discretion can be applied at any time.

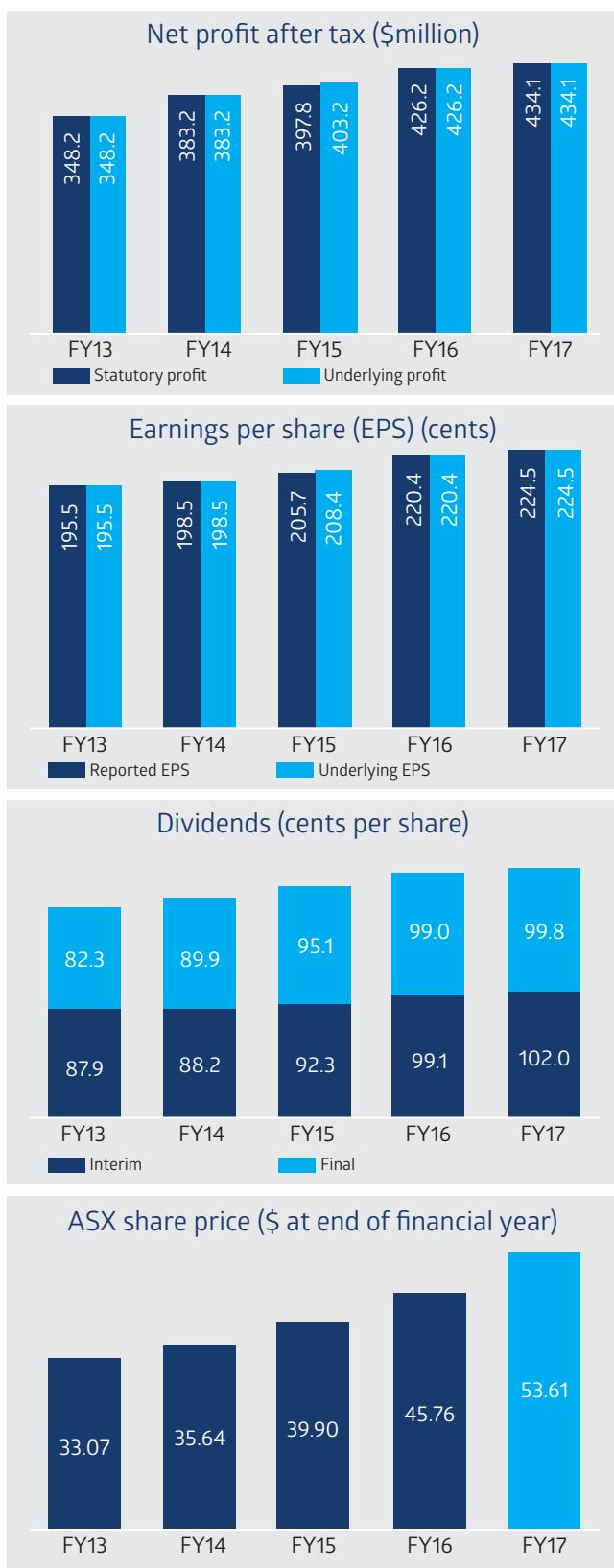
The Board may adjust LTI outcomes by up to 20% in its discretion. The Board may also adjust LTI outcomes if outcomes have been materially impacted by changes to dividend policy, capital structure, gearing or corporate structure.

This discretion has not been applied in the current year or prior years. The Board will exercise such discretion in a manner that is consistent with supporting sound and effective risk management, protecting ASX's long-term stability and aligned with creation of long-term shareholder value. If this discretion was applied in any year, it would be clearly disclosed and explained.

Remuneration report continued

Historical company performance

ASX's financial performance over the five-year period ending FY17 is shown in the graphs below.



Non-executive director remuneration

The Remuneration Committee reviews and recommends to the Board the remuneration for non-executive directors.

Fees are broadly aligned to the top quartile of the marketplace so that:

- ASX non-executive directors are remunerated fairly for their services, recognising the workload, and level of skill and experience required for the role
- ASX can attract and retain talented non-executive directors
- fees are in line with market practice.

Remuneration structure

Non-executive director remuneration includes:

- Board fee
- committee and subsidiary board fees
- superannuation.

Board, committee and subsidiary board fees have regard to the responsibilities of each position. Fees are determined by the Board within the aggregate amount approved by shareholders. Non-executive directors have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. ASX does not have a non-executive director retirement scheme.

Director fees

The maximum aggregate amount that may be paid to all ASX non-executive directors in their capacity as members of the ASX Board and its committees, and as directors of subsidiary boards, is \$2.8 million per annum. This was approved by shareholders at the 2012 AGM. The amount paid in FY17 was \$2.4 million.

ASX reviewed its non-executive director fee structure in August 2017 and made changes that will take effect in October 2017. These were determined having regard to changed responsibilities of directors across ASX's governance forums.

At the 2017 AGM, ASX will seek shareholder approval to increase the maximum aggregate amount payable to directors from \$2.8 million to \$3.0 million. The proposed new maximum reflects the new fee structure and takes into account changes in the number and responsibilities of ASX's non-executive directors, while maintaining a fee buffer to provide flexibility. Additional information on this item of business at the AGM is included in the Notice of Meeting.

The Board reviews its fees regularly in line with ASX's objectives for non-executive remuneration.

Remuneration report continued

Statutory remuneration of Group Executive KMP

The remuneration table below has been prepared in accordance with accounting standards as required by the *Corporations Act 2001*. The accounting standards only require the disclosure of the expense or cost to the company in the financial years presented, which may result in only a portion of cash remuneration being disclosed where payments are deferred to future financial years. In addition, the accounting standards require share-based payments expense to be calculated using the grant date fair value of the shares rather than current market prices.

\$	Year	Short-term			Long-term			Superannuation ³	Share-based payments ⁴			Total	Performance-related ⁵
		Salary	STI	Non-monetary	Other ¹	Deferred STI - cash settled	Other ²		LTI plan	STI deferred equity plan	Other		
Current													
D J Stevens Managing Director and CEO ⁶ (commenced 1 August 2016)	2017	1,796,126	658,849	16,061	-	-	-	17,950	116,248	-	-	2,605,234	29.8%
R Aziz Chief Financial Officer	2017	580,384	144,000	-	-	55,000	9,675	19,616	-	67,500	-	876,175	30.4%
	2016	430,692	120,000	-	-	105,000	7,059	19,308	-	-	-	682,059	33.0%
A J Harkness Group General Counsel	2017	830,384	234,000	-	-	85,000	13,842	19,616	-	115,875	-	1,298,717	33.5%
	2016	680,692	206,000	-	250,000	160,000	11,347	19,308	-	-	-	1,327,347	27.6%
P D Hiom Deputy CEO	2017	961,049	360,000	19,335	-	112,500	16,342	19,616	(157,768)	225,000	-	1,556,074	34.7%
	2016	962,205	400,000	18,487	250,000	200,000	15,894	19,308	110,577	-	-	1,976,471	36.0%
T J Hogben Chief Operating Officer ⁷	2017	565,748	169,344	-	-	58,750	9,446	19,616	-	78,750	938	902,592	34.0%
	2016	455,692	140,000	-	-	117,500	7,596	19,308	-	-	-	740,096	34.8%
H J Treleaven Chief Risk Officer (commenced 1 March 2017)	2017	256,339	35,337	-	200,000	-	-	11,058	-	-	-	502,734	7.0%
Former													
A J Bardwell Chief Risk Officer (ceased 10 February 2017)	2017	373,182	-	-	625,000	38,750	118,017	17,365	-	112,802	-	1,285,116	11.8%
	2016	604,765	75,200	-	-	73,750	-	19,308	-	-	927	773,950	19.2%
E Funke Kupper Managing Director and CEO (ceased 21 March 2016)	2016	1,253,097	525,000	-	865,346	1,500,000	-	14,722	(614,713)	-	-	3,543,452	39.8%
L A Green ⁸ Group Executive Human Resources (commenced 3 August 2015)	2016	292,616	70,000	6,838	150,000	-	-	18,988	-	-	-	538,442	13.0%
K A Lewis ⁸ Chief Compliance Officer	2016	680,692	150,800	-	-	142,500	-	19,308	-	-	-	993,300	29.5%
T Thurman ⁸ Chief Information Officer (ceased in 24 March 2017)	2016	558,981	160,000	21,711	-	163,750	-	19,308	-	-	-	923,750	35.0%
Total	2017	5,363,212	1,601,530	35,396	825,000	350,000	167,322	124,837	(41,520)	599,927	938	9,026,642	27.8%
	2016	5,919,432	1,847,000	47,036	1,515,346	2,462,500	41,896	168,866	(504,136)	-	927	11,498,867	33.1%

¹ Reflects one-off payments.

² Reflects long service leave entitlements paid on termination or accrued where 10 years of service has been reached.

³ Reflects post-employment benefits.

⁴ Reflects annual share-based payments expense for performance rights issued under the LTI plan, shares issued under the deferred STI equity plan and shares purchased under the employee share scheme. The expense is calculated using the fair value of performance rights or shares at grant date, less any write-back for performance rights lapsed as a result of non-market hurdles not attained. All share-based payments are equity-settled.

⁵ Reflects the percentage of total remuneration that is performance-related (short-term and long-term cash settled STI and share-based payments relating to the LTI and STI plans).

⁶ Reflects remuneration in relation to Mr Stevens' position as CEO from 1 August 2016. Remuneration relating to his non-executive directorship is disclosed in the non-executive director fees table on page 26.

⁷ Mr Hogben was promoted from Group Executive Operations to Chief Operating Officer from 2 January 2017.

⁸ Following a restructure during the year, these Executives ceased to be classified as KMP.

Remuneration report continued

Remuneration received or available in the financial year

The remuneration table below has been provided as additional non-statutory information to assist in understanding the total value of remuneration received by KMP in the current and prior financial years.

\$	Year	Total fixed remuneration ¹	Other remuneration	STI awarded and paid ²	Total payments	Previous year awards that vested during the year		Total remuneration received ⁵
						Deferred STI award ³	Deferred share-based awards ⁴	
Current								
D J Stevens Managing Director and CEO ⁶ (commenced 1 August 2016)	2017	1,830,137	-	658,849	2,488,986	-	-	2,488,986
R Aziz Chief Financial Officer	2017	600,000	-	144,000	744,000	110,000	-	854,000
	2016	450,000	-	120,000	570,000	100,000	-	670,000
A J Harkness Group General Counsel	2017	850,000	-	234,000	1,084,000	170,000	-	1,254,000
	2016	700,000	250,000	206,000	1,156,000	150,000	-	1,306,000
P D Hiom Deputy CEO	2017	1,000,000	-	360,000	1,360,000	225,000	265,435	1,850,435
	2016	1,000,000	250,000	400,000	1,650,000	175,000	-	1,825,000
T J Hogben Group Executive Operations ⁷	2017	585,364	-	169,344	754,708	117,500	-	872,208
	2016	475,000	-	140,000	615,000	117,500	-	732,500
H J Treleaven Chief Risk Officer (commenced 1 March 2017)	2017	267,397	-	35,337	302,734	-	-	302,734
Former								
A J Bardwell Chief Risk Officer (ceased 10 February 2017)	2017	390,547	625,000	-	1,015,547	77,500	-	1,093,047
	2016	625,000	-	75,200	700,200	70,000	-	770,200
E Funke Kupper Managing Director and CEO (ceased 21 March 2016)	2017	-	-	-	-	750,000	-	750,000
	2016	1,267,819	865,346	525,000	2,658,165	750,000	-	3,408,165
L A Green ⁸ Group Executive Human Resources (commenced 3 August 2015)	2016	318,442	150,000	70,000	538,442	-	-	538,442
K A Lewis ⁸ Chief Compliance Officer	2016	700,000	-	150,800	850,800	150,000	-	1,000,800
T Thurman ⁸ Chief Information Officer (ceased in 24 March 2017)	2016	600,000	-	160,000	760,000	157,500	-	917,500
Total	2017	5,523,445	625,000	1,601,530	7,749,975	1,450,000	265,435	9,465,410
	2016	6,136,261	1,515,346	1,847,000	9,498,607	1,670,000	-	11,168,607

¹ Fixed remuneration comprises salary, superannuation, non-monetary benefits and share-based payments that have been salary sacrificed.

² The portion of STI awarded for the financial year in cash. The remaining portion of STI in respect of FY17 but deferred for two and four years, is shown in the Group Executive KMP STI allocations for FY17 table on page 25.

³ This relates to the payment of the cash-based STI awarded in July 2015 (2016: July 2014) and deferred for two years.

⁴ This relates to the vesting of the September 2013 share-based LTI offer. It has been calculated using the total number of shares vested and the ASX-quoted share price at vesting date. No deferred share-based awards vested in FY16.

⁵ The STI and deferred award payments shown as being received in the financial year were made shortly after the conclusion of the financial year.

⁶ Reflects remuneration in relation to Mr Stevens' position as CEO from 1 August 2016. Remuneration relating to his non-executive directorship is disclosed in the non-executive director fees table on page 26.

⁷ Mr Hogben was promoted to Chief Operating Officer from 2 January 2017. Prior to this date he was the Group Executive Operations.

⁸ Following a restructure during the year, these Executives ceased to be classified as KMP.

Remuneration report continued

KMP STI allocations for FY17

	STI target	\$	%	Total STI awarded ¹	STI portion deferred ²
Current					
D J Stevens	1,830,137	1,647,123	90%	988,274	
R Aziz	400,000	360,000	90%	216,000	
A J Harkness	650,000	585,000	90%	351,000	
P D Hiom	1,000,000	900,000	90%	540,000	
T J Hogben	392,000	423,360	108%	254,016	
H J Treleaven	88,342	88,342	100%	53,005	

¹ Total STI award including cash payment and deferred component.

² This represents the value of the STI award that is deferred until 1 July 2019 and 1 July 2021. The deferred STI awards are subject to continued satisfactory performance during the deferral period.

KMP LTI allocations for FY17

The following table shows the movement during the financial year in the number of performance-related rights over issued ordinary shares in ASX held directly, indirectly or beneficially by the KMP, including their personally related parties:

	Held at 1 July 2016	Granted as compensation during the year	Vested during the year	Lapsed during the year	Held at 30 June 2017
Current					
D J Stevens	-	20,889	-	-	20,889
P D Hiom	70,581	10,445	(5,419)	(24,689)	50,918

No other KMP had performance-related rights over issued ordinary shares in ASX directly, indirectly or beneficially.

Value of KMP LTI allocations for FY17

The following table shows the minimum and maximum values of performance rights that may be received by KMP as remuneration in future financial years:

Grant date: Vesting date:	23 September 2014 24 September 2017	30 September 2015 1 October 2019	28 September 2016 29 September 2020			
	Min \$ ¹	Max \$ ²	Min \$ ¹	Max \$ ²	Min \$ ¹	Max \$ ²
Current						
D J Stevens	N/A	N/A	N/A	N/A	-	619,986
P D Hiom	-	749,991	-	304,377	-	310,008

¹ Since the performance rights are issued at zero exercise price, their minimum total value is nil, on the basis that they will not vest if the applicable performance vesting conditions are not met.

² The amounts represent the maximum fair value for future years of the performance rights yet to vest, as at their grant date. The maximum total value is the number of rights issued multiplied by the weighted average fair value.

No other KMP had performance-related rights over issued ordinary shares in ASX directly, indirectly or beneficially.

Remuneration report continued

KMP holdings of ordinary shares

	Held at 1 July 2016	Received on vesting of rights over deferred shares	Allocated under deferred STI plan	Other changes	Held at 30 June 2017
Current					
D J Stevens (commenced 1 August 2016)	11,500	-	-	-	11,500
R Aziz	28,545	-	3,507	-	32,052
A J Harkness	4,577	-	6,021	-	10,598
P D Hiom	30,295	5,419	11,691	(5,000)	42,405
T J Hogben	-	-	4,092	19	4,111
H J Treleaven (commenced 1 March 2017)	N/A	-	-	-	-
Former					
A J Bardwell (ceased 10 February 2017)	4,930	N/A	N/A	N/A	N/A

Non-executive director fees for FY17

Details of the remuneration of the non-executive directors of ASX are set out in the following table. Remuneration includes all fees received as directors of ASX as well as subsidiary boards and committees.

\$	Year	Base fees	Subsidiary boards and committees	Post-employment superannuation	Total
Current					
R Holliday-Smith	2017	475,000	50,000	19,616	544,616
	2016	425,000	50,000	19,308	494,308
Y A Allen	2017	150,000	85,000	19,616	254,616
	2016	150,000	80,208	19,308	249,516
M B Conrad (appointed 1 August 2016)	2017	138,068	-	13,117	151,185
K R Henry	2017	150,000	85,000	19,616	254,616
	2016	150,000	85,000	19,308	254,308
P R Marriott	2017	150,000	150,000	19,616	319,616
	2016	150,000	150,000	19,308	319,308
R C Priestley (appointed 17 May 2017)	2017	19,038	-	1,809	20,847
H M Ridout	2017	150,000	85,000	19,616	254,616
	2016	150,000	71,667	14,481	236,148
D Roche	2017	150,000	120,000	19,616	289,616
	2016	150,000	73,958	18,894	242,852
P H Warne	2017	150,000	115,000	19,616	284,616
	2016	150,000	115,000	19,308	284,308
Former					
J S Segal (ceased 1 September 2015)	2016	25,679	19,688	4,310	49,677
D J Stevens ¹ (appointed executive director on 1 August 2016)	2017	12,636	7,160	1,881	21,677
	2016	150,000	85,000	19,308	254,308
Total	2017	1,544,742	697,160	154,119	2,396,021
	2016	1,500,679	730,521	153,533	2,384,733

¹ This is the portion of Mr Stevens' remuneration relating to his position as a non-executive director. The remuneration in relation to his position as CEO from 1 August 2016 is disclosed in the statutory remuneration of Group Executive KMP table on page 23.

Remuneration report continued

Equity holdings of non-executive directors

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

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

	Held at 1 July 2016	Other changes	Held at 30 June 2017	Holding at 17 August 2017
Current				
R Holliday-Smith	12,000	-	12,000	12,000
Y A Allen	5,000	-	5,000	5,000
M B Conrad (appointed 1 August 2016)	N/A	2,000	2,000	2,000
K R Henry	5,000	-	5,000	5,000
P R Marriott	5,316	-	-	5,316
R C Priestley (appointed 17 May 2017)	N/A	-	-	-
H M Ridout	5,000	-	5,000	5,000
D Roche	10,000	-	10,000	10,000
P H Warne	6,000	-	6,000	6,000

Further details of the Board director shareholding policy for non-executive directors is set out on page 9 of this report.

Operating and financial review

The Operating and Financial Review outlines ASX's activities, performance, financial position and main business strategies. It also discusses the key risks and uncertainties that could impact ASX and its subsidiaries (together referred to as the Group) and its ability to achieve its financial and other objectives.

Business model and operating environment

ASX is a multi-asset class and integrated exchange group. The Group operates markets for cash equities and derivatives, and provides a full service offering including listings, trading, clearing, settlement, registry, and information and technical services. ASX operates a significant part of the infrastructure that supports Australia's financial markets.

The business is conducted through a number of regulated legal entities. ASX holds market operator licences and clearing and settlement licences to undertake its activities. ASX is subject to oversight by the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA).

ASX services companies and other issuers that list equity and debt securities on the exchange, as well as a wide range of retail and institutional investors that invest in and trade those securities. Many of ASX's services are provided through intermediaries including stockbrokers, Australian banks and Australian-based international banks. Clients of these intermediaries include retail and corporate investors, asset managers, custodians and other financial market participants.

While ASX's operations are primarily based in Australia, the Group services both domestic and international customers, and some of its services are accessible from offshore.

Revenue is earned by ASX at various stages of the value chain as discussed below.

Primary markets capital formation – Listings and Issuer Services

ASX, through its listing rules and infrastructure, provides a facility for companies to list, raise capital and have their securities publicly traded.

The Group provides a range of services to issuers of capital, including the generation of security holding statements and other shareholder and sub-register services. Along with the shares of companies, ASX lists debt securities (including government debt securities) and exchange-traded products.

The Group earns revenue from listed entities for initial listing, annual listing, secondary capital raisings, and for issuer services. The main drivers of revenue in this category include the:

- number of listed entities and their market value
- number and value of initial public offerings (IPOs)
- level of corporate actions, such as secondary capital raisings
- level of retail trading activity and the resulting number of holding statements.

ASX faces competition for listings from other exchanges both domestically and internationally. There are also other non-public means of raising capital, such as private equity funds and venture capital, which compete with the ASX primary market.

Derivatives and OTC Markets

ASX offers exchange-traded derivatives, including the trading and clearing of futures and options on futures on interest rate, equity index, agricultural and energy contracts, as well as exchange-traded options over individual securities. The number of contracts traded is the primary revenue driver. ASX provides central counterparty clearing (CCP) of these exchange-traded derivatives as well as clearing of over-the-counter (OTC) derivatives through a licensed clearing subsidiary, ASX Clear (Futures). This entity provides risk management services supported by clearing participant collateral and funds provided by both ASX and participants, which are available in the event participants fail to meet their obligations. Competition comes from offshore exchanges and OTC products. Clearing of futures and options occurs exclusively in Australia by ASX, while clearing of OTC derivatives may be undertaken by certain foreign-domiciled clearing entities.

Austraclear

Austraclear provides settlement, depository and registry services for debt securities and cash transactions. ASX's model for debt securities settles transactions on a trade-by-trade basis, which provides for certainty of settlement. The number of transactions is the main revenue driver.

Depository services are provided through the Austraclear Central Securities Depository (CSD). These securities consist of fixed income securities, including government bonds. Settlement of transactions on these securities occurs through real-time gross settlement (RTGS). The value of securities held is the main revenue driver.

Registry services are provided whereby Austraclear facilitates security registration and the subsequent cash transfers associated with the terms of the individual securities. The main drivers of registry revenue are the number and value of securities held in the registry.

The ASX Collateral Service allows customers of ASX to utilise collateral held in Austraclear to meet obligations to other customers or to ASX's clearing subsidiaries.

Secondary markets – Trading Services

Trading Services comprises the trading of securities in the cash market as well as the information and technical services offered by ASX.

Cash market comprises the trading of cash market securities and includes equity (shares), warrants, exchange-traded funds and listed debt securities. The value of turnover transacted on the ASX market is the primary revenue driver. There is competition in trading from another equity market operator and off-market trading facilities, which are often referred to as 'broker dark pools'.

ASX provides information and technical services to its clients to support their secondary market activities. Information services include the provision of real-time market data for the cash and derivative markets, company news, and index and other reference data. The main revenue driver is the number of end-users accessing real-time market data and customer enterprise agreements for the provision of data.

Operating and financial review continued

Technical services consists of four main categories of services to facilitate market connectivity and access to ASX and third-party services by customers. These are:

- liquidity access via ASX platforms
- community and connectivity services including a secure low latency communication network via ASX Net
- application services including terminals to access ASX platforms
- hosting of customer infrastructure within the ASX Australian Liquidity Centre (ALC).

Revenue drivers for each category consist of the volume of services used by customers, such as the number of connections to ASX markets or the number of cabinets hosted in the ALC.

Equity Post-Trade Services

ASX's clearing and settlement infrastructure provides risk management services to financial market participants and investors. ASX's post-trade operations are backed by significant Australian-based capital and collateral, and are overseen by Australia's regulators. Clearing and settlement of cash markets is undertaken by ASX for the entire Australian marketplace.

Cash market clearing

ASX provides CCP services to the cash market through a licensed subsidiary, ASX Clear. As a CCP, the clearing subsidiary becomes the central counterparty to every trade and assumes the credit risk of each ASX clearing participant. The CCP supports these risk management activities with collateral lodged by clearing participants and significant ASX capital available in the event of participant failure to meet their obligations. In certain circumstances, ASX may also call further funds from participants. The main revenue driver is the value of equity securities centrally cleared.

Cash market settlement

ASX's settlement services help reduce counterparty and systemic risk, and provide transaction efficiency and certainty for end-investors. Settlement occurs on a delivery-versus-payment (DvP) basis and involves the exchange of cash for physical delivery of securities.

Cash market settlement is conducted through the Clearing House Electronic Sub-register System (CHESS). This system registers the title (ownership) of shares. ASX's model for cash market settlement maximises efficiency through the netting of settlement obligations in each individual security and the netting of all payment obligations, while minimising the risk of settlement failure. The main driver of settlement revenue is the number of settlement messages.

ASX holds a significant amount of capital to support the risks associated with the settlement activities it undertakes for the Australian equity market.

ASX clears and settles transactions in both ASX and non-ASX listed securities undertaken on another licensed market through a Trade Acceptance Service. This allows for the seamless clearing and settlement of these transactions alongside ASX transactions.

Following is a discussion of the contribution of each of the above services to the Group's segment revenue and a review of the Group's operations over the financial year.

Results of operations

The Group's profit after tax for the year ended 30 June 2017 increased by 1.9% to \$434.1 million. A summary income statement in line with the Group's segment note is reflected in the following table:

	FY17 \$ million	FY16 \$ million	Variance% fav/(unfav)
Operating revenue	764.1	746.3	2.4
Operating expenses	(180.9)	(170.6)	(6.0)
EBITDA	583.2	575.7	1.3
Depreciation and amortisation	(46.0)	(42.7)	(7.8)
EBIT	537.2	533.0	0.8
Interest and dividend income	79.2	73.1	8.4
Profit before tax	616.4	606.1	1.7
Tax expense	(182.3)	(179.9)	(1.3)
Profit after tax	434.1	426.2	1.9

Earnings per share

The Group's basic earnings per share (EPS) in FY17 were 224.5 cents (FY16: 220.4 cents). The 1.9% increase in EPS compared to the prior comparative period (pcp) resulted from higher earnings.

Dividends

ASX paid an interim dividend of 102.0 cents per share in March 2017 and directors have determined a final dividend of 99.8 cents per share. Total dividends per share of 201.8 cents are 1.9% higher than the prior year, and reflect the increase in earnings.

The Board's dividend policy is to pay 90% of underlying earnings after tax. This is reviewed each time the Board considers payment of a dividend. Underlying earnings (NPAT) are results from operations adjusted for any significant revenues or expenses such as those associated with major restructuring or transactions. No such adjustments were applied in the current or prior financial year.

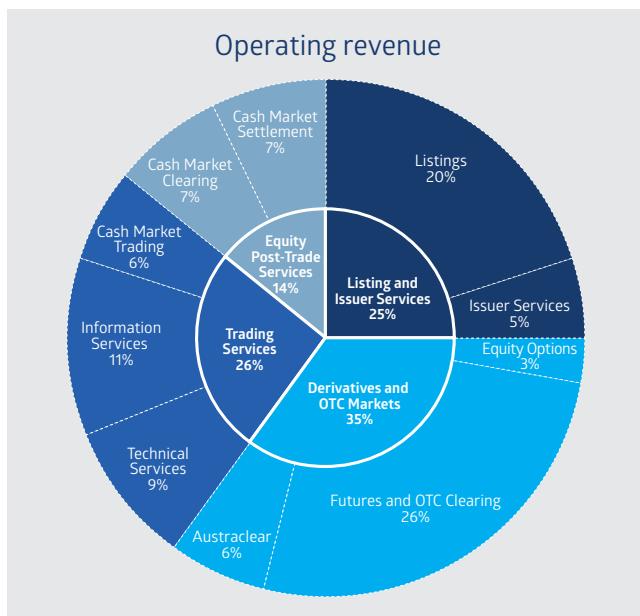
Operating and financial review continued

Operating revenue

Operating revenue as reflected in the Group's segment note in FY17 increased 2.4% to \$764.1 million.

The following table depicts the contribution to operating revenue from ASX's various business activities. The percentage contribution of each category along with further revenue detail are illustrated in the pie chart and reflect ASX's diversified business mix.

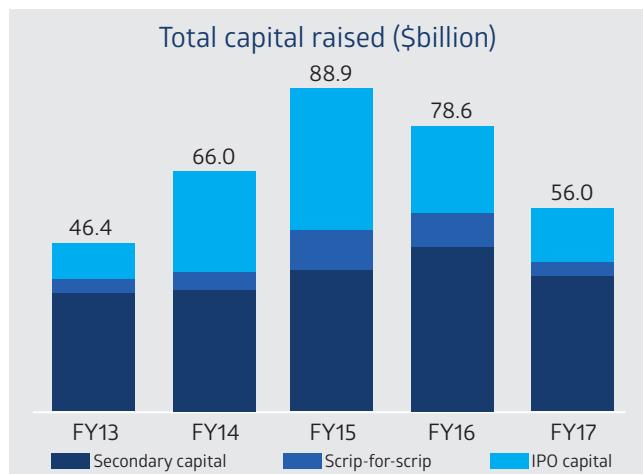
Revenue category	FY17 \$ million	FY16 \$ million	Variance% fav/(unfav)
Listings and Issuer Services	192.7	192.7	-
Derivatives and OTC Markets	269.1	265.8	1.2
Trading Services	196.0	182.8	7.2
Equity Post-Trade Services	104.4	102.0	2.3
Other revenue	1.9	3.0	(36.6)
Total operating revenue	764.1	746.3	2.4



Commentary on operating revenue for the various business activities is provided in the following pages. Details of activity levels that drive a large portion of ASX's revenue are contained on pages 77 to 79 of the Annual Report.

Listings and Issuer Services – \$192.7 million, flat on pcp

In FY17, the number of new listings increased, while the total amount of capital raised was lower than the pcp.



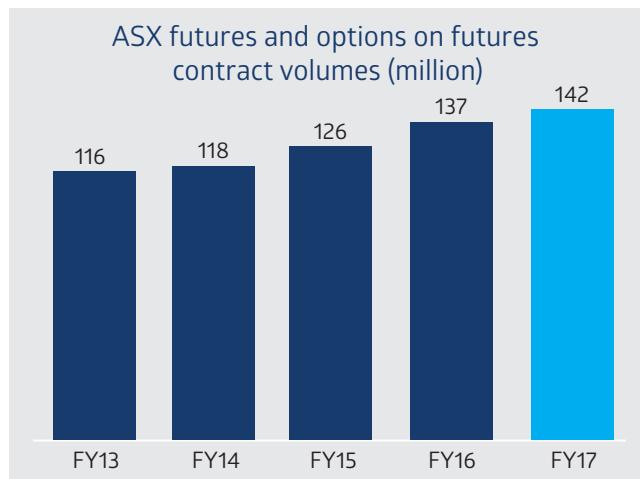
- Annual listing revenue – up 5.5% to \$79.3 million. There were 2,239 entities listed on ASX at 30 June 2017 (30 June 2016: 2,204). Increases in market capitalisation combined with fee changes were the main drivers supporting the increase in revenue.
- Initial listing revenue – down 13.8% to \$16.0 million. While there were 152 IPOs compared to 124 in the prior year, IPO capital raised was \$14.7 billion, down from \$23.6 billion. In FY17, listings were from a range of industry sectors, with 23 initial listings from the technology sector and 30 foreign initial listings.
- Secondary capital raisings revenue – up 3.1% to \$46.5 million. An increase in the number of secondary capital raisings combined with fee changes were the main drivers supporting the increase in revenue. The total level of secondary capital raised was 24.9% lower than the pcp, reflecting smaller capital raisings due to the absence of the large bank capital raisings that occurred in the pcp.
- Issuer services revenue – down 2.0% to \$42.4 million. The decrease in revenue resulted primarily from a decline in the number of CHESS holding statements, which were down 2.8%.

Operating and financial review continued

Derivatives and OTC Markets – \$269.1 million, up 1.2%

The revenue increase resulted from:

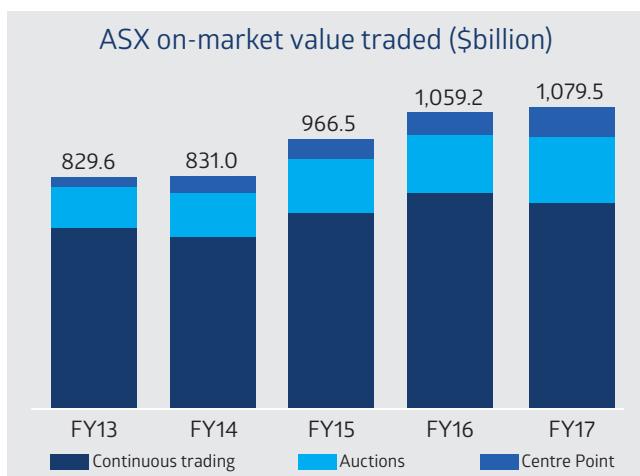
- Futures and OTC – up 1.6% to \$197.4 million. The growth in revenue was due to a 4.1% increase in volumes, partly offset by higher rebates. The value cleared through the OTC Clearing service increased significantly to \$5.2 trillion compared to \$2.7 trillion in the pcp.



- Equity options – down 6.4% to \$21.7 million. While the total volume of contracts traded was up 2.2%, the decrease in revenue was due to a change in the mix of products and users. Single stock option volumes were up 5.2% while index option volumes were down 18.6%.
- Austraclear – up 3.4% to \$50.0 million. The increase in revenue was primarily due to higher average balances in the depository and increased transactions. The ASX Collateral service also grew with the value of assets increasing 237% to \$16.2 billion at 30 June 2017 compared to \$4.8 billion in the pcp.

Trading Services – \$196.0 million, up 7.2%

The following table depicts the growth in ASX on-market value traded over the past five years.



Cash Market Trading – up 13.8% to \$46.3 million

The increase in revenue resulted from:

- Higher on-market trading of \$4.3 billion per day, up 2.3%. ASX's share of on-market trading averaged 87.5% in FY17, compared to 88.7% in FY16.
- Increased trading through Centre Point and the auction service, both of which attract higher fees. In FY17, Centre Point value traded was \$107.0 billion, representing 9.9% of ASX on-market value traded. Trading through the auction service represented 22.0% of on-market value traded. Together these accounted for 49.5% of ASX trading revenue.
- The participant trading rebate scheme was discontinued from 1 July 2016; \$2.2 million was rebated in the pcp.

Information Services – up 3.0% to \$82.5 million

The increase in revenue resulted from:

- Revenue from the BBSW interest rate benchmark which ASX commenced providing in January 2017.
- Fee changes to certain data services.

Technical Services – up 8.4% to \$67.2 million

The increase in revenue resulted from:

- Liquidity access – up 5.8% to \$33.1 million. Over the year, the total number of ALC service connections increased from 819 to 871.
- Community and connectivity – up 13.3% to \$19.6 million, attributed to the growth in users of ASX technical services provided at the ALC and through its data networks.
- Application services – down 7.5% to \$4.9 million. The revenue was impacted by a lower number of installation charges in the ALC.
- Hosting – up 18.4% to \$9.6 million. In FY17, the number of customer cabinets hosted in the ALC increased from 231 to 285 at 30 June 2017.

Equity Post-Trade Services – \$104.4 million, up 2.3%

Cash market clearing – down 1.6% to \$53.3 million

The decrease in revenue resulted from:

- The daily average on-market value cleared increased 4.0% to \$4.6 billion reflecting the increase in trading across all venues in Australia.
- ASX reducing clearing fees by 10% from 1 July 2016.
- No clearing revenue sharing rebate paid, compared to \$3.2 million in the pcp.

Cash market settlement – up 6.8% to \$51.1 million

The increase in revenue resulted from:

- Increased trading activity levels led to a 2.9% increase in the dominant settlement messages compared to FY16.
- The settlement revenue sharing rebate was \$1.1 million compared to \$2.1 million in the pcp.

Operating and financial review continued

Operating expenses

As reflected in the segment note, underlying operating expenses (excluding finance costs and depreciation and amortisation) increased 6.0% to \$180.9 million.

Operating expenses	FY17 \$ million	FY16 \$ million	Variance % fav/(unfav)
Staff	110.6	101.1	(9.3)
Occupancy	14.6	14.1	(3.3)
Equipment	27.9	27.0	(3.5)
Administration	18.2	19.2	5.3
Variable	6.7	6.3	(7.7)
ASIC supervision levy	2.9	2.9	-
Operating expenses	180.9	170.6	(6.0)

Staff costs increased 9.3% to \$110.6 million. The increase resulted from higher average headcount and the annual remuneration review. The average full-time equivalent (FTE) headcount increased from 534 in FY16 to 556 in FY17. As at 30 June 2017, ASX employed 554 FTE staff. The increase in FTE supports the new business initiatives and technology upgrades, including ASX's evaluation of distributed ledger technology. Additional sales resources have also been recruited reflecting the competitive environment.

Other operating costs increased 1.3% to \$70.3 million due to higher equipment and occupancy costs supporting ASX's business initiatives. The increase in variable costs reflects increased postage, while discretionary costs were contained.

Depreciation and amortisation expenses increased 7.8% to \$46.0 million, reflecting ASX's investment in technology in recent years.

Capital expenditure

The Group invested \$50.3 million in capital expenditure during the year, compared to \$50.2 million in FY16. Expenditure included the development of a number of key projects, such as distributed ledger technology for the potential CHESS replacement as well as implementation of a new futures trading platform.

Net interest and dividend income

Net interest and dividend income increased 8.4% to \$79.2 million. Net interest consists of two components: interest earned on ASX's cash balances and net interest earned from the investment of cash collateral balances lodged by participants.

Interest income on ASX's cash balances declined 20.0% to \$17.8 million as a result of lower interest rates. Net interest earned from the investment of participant balances increased 25.9% to \$47.5 million. This increase was driven by a 32.9% increase in the FY17 average collateral and commitment balances to \$6.1 billion. Investment earnings on this portfolio declined slightly to 37 basis points compared to 41 basis points above the official overnight cash rate, as the portfolio was transitioned so as to meet the new Financial Stability Standards requirements.

Dividend income from ASX's shareholding in IRESS Limited increased 6.1% to \$13.9 million.

Financial position

At 30 June 2017, the net assets of the Group were \$3,908.1 million, up 2.2% from 30 June 2016.

A summary balance sheet is presented below.

	30 June 2017 \$ million	30 June 2016 \$ million	Variance %
Assets			
Cash and available-for-sale financial assets	9,085.6	7,072.8	28.5
Intangibles (excluding software)	2,326.6	2,317.6	0.4
Investments	497.8	424.8	17.2
Other assets	1,301.7	636.4	104.5
Total assets	13,211.7	10,451.6	26.4
Liabilities			
Amounts owing to participants	8,084.7	6,088.2	32.8
Other liabilities	1,218.9	539.3	126.0
Total liabilities	9,303.6	6,627.5	40.4
Equity			
Capital	3,027.2	3,027.2	-
Retained earnings	622.2	576.9	7.9
Reserves	258.7	220.0	17.6
Total equity	3,908.1	3,824.1	2.2

Notable movements in the balance sheet were as follows.

Investments – up \$73.0 million or 17.2%

Investments reflect ASX's 18.8% shareholding in IRESS Limited, a listed entity providing financial market and wealth management technology solutions; a 49% shareholding in Yieldbroker Pty Limited, an unlisted entity operating licensed electronic markets for trading Australian and New Zealand debt securities; and an 8.5% shareholding in Digital Asset Holdings LLC (DAH), an unlisted US domiciled technology entity. The growth reflects ASX's purchase of additional IRESS shares and the increase in their share price.

Amounts owing to participants – up \$1,996.5 million or 32.8%

As part of its clearing operations, the Group holds a significant amount of collateral lodged by participants to cover cash market and derivatives exposures cleared through its licensed CCPs. The growth primarily resulted from an increase in open positions held in interest rate and equity index futures as well as equity margins and OTC derivative positions.

The increase in participant balances results in a corresponding increase in cash and available-for-sale financial assets, as the balances are invested by ASX.

Other assets and other liabilities

The increase in other assets and other liabilities is predominantly due to participants' margins receivable the next day. These are recognised as a receivable and payable on the balance sheet.

Operating and financial review continued

Business strategies and prospects for future financial years

ASX's revenue is affected by activity levels in Australia's financial markets, which are impacted by a number of factors including general economic conditions. The level of activity impacts on ASX's revenue as many fees are linked to market activity through the number of contracts traded, and by the values of transactions, the equity index and capital raisings.

In addition to activity levels, ASX's strategies may be impacted by existing or new competitors both domestically or globally. In this context, ASX's strategy is to support the competitiveness and growth of Australia's financial markets, and to invest in new services that investors and intermediaries value.

While the underlying macro drivers plus ASX initiatives are expected to support ASX growth, key elements of the ASX strategy are to:

- provide a core customer value proposition through ASX's brand, access to liquidity, and capital and operational efficiencies
- expand the range of products and services to intermediaries and end-investors
- provide world-class, globally connected financial infrastructure
- invest in leading technology that supports customer requirements and provides efficiencies
- provide technical solutions for efficient and cost-effective access to financial markets
- be customer centric in everything we do.

ASX advocates regulatory settings that support investors and growth.

Following is a discussion of key strategic developments in each business. The key drivers of revenue in future financial years will continue to be those noted in the business model and operating environment section of this report, as well as the success of the key business strategies discussed below.

Listings and Issuer Services

ASX has implemented a range of initiatives in recent years aimed at enhancing the attractiveness of Australia as a place to list and raise capital. In December 2016, ASX updated the listings admission rules to further strengthen the ASX brand as a premium listing venue globally.

Consistent with the strategy of providing a premier listing venue, ASX has a particular focus on increasing the number of foreign companies and those from the technology sector listed on the exchange. ASX has 266 foreign entities and 207 technology companies listed. Foreign listings include entities from New Zealand, Israel, the US and Asia.

In order to give the broadest choice to customers, ASX is expanding the range of products and asset classes available for issuers and investors. Some of the products that complement traditional equities include:

- government bonds – ASX enables clients to trade Australian Government bonds on the exchange in the same way as equity trading
- corporate bonds – ASX supports Government initiatives to promote and expand the Australian corporate bond market

- exchange-traded products (ETPs) – in recent years ASX has focused on increasing the number and range of ETPs. There are 213 ETPs listed on ASX totalling \$29.5 billion
- managed funds (mFund) – mFund allows investors to apply for and redeem unlisted managed funds using their broker platform. At 30 June 2017, there were 174 funds available on mFund through 18 brokers. During the year ASX was successful in gaining ASIC approval for long-form funds to be quoted on its mFund settlement service.

Derivatives and OTC Markets

ASX's strategy is to continue to develop new products and services, increase distribution, and provide flexible and cost-effective trading and clearing platforms.

In addition to increasing the products and services available for trading, ASX has strategies designed to attract additional users to its products. These include attracting overseas traders to use ASX derivatives products by making it easier for them to connect through ASX's data network (ASX Net Global). ASX is attracting a growing number of offshore traders to its derivatives market and the volume of trading during the night session increased to 31% in FY17, up from 22% in FY12.

In March 2017, ASX introduced a new trading platform for trading futures and options, replacing a legacy proprietary platform. The new platform provides significant benefits to customers including richer functionality, technical enhancements, and improved latency and pre-trade risk management. The new trading platform makes ASX a more attractive venue to trade futures and has been well received by customers.

During the year a new suite of equity options products were added including weekly options. The OTC Clearing service trading hours were extended in order to capture liquidity during the northern hemisphere trading day. Further enhancements to the OTC Clearing service are planned to increase the attractiveness of the service, including the ability to clear client transactions. During the year, notional value cleared through this service increased 88.4%.

Through ASX's Austraclear platform, ASX delivers collateral efficiency to customers of its collateral management service. This service allows customers to utilise collateral held in ASX's Austraclear debt registry to meet obligations to other customers or to ASX's clearing subsidiaries.

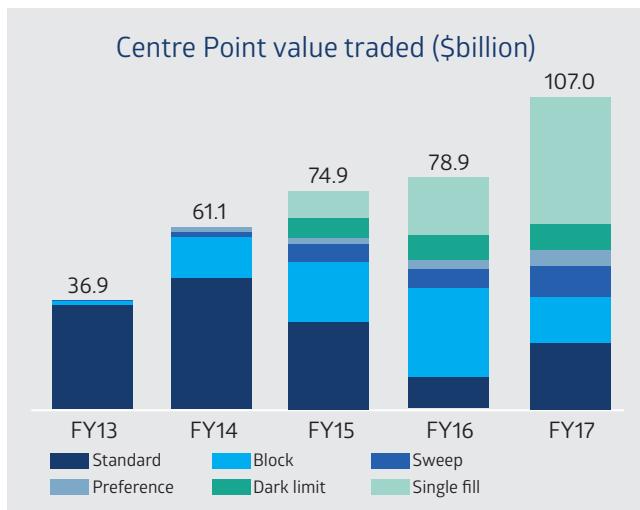
Trading Services

ASX performed well in a competitive equity trading market with a market share of 87.5% of on-market traded value during the year.

ASX's strategy is to continue to innovate in the provision of services in order to maximise the attractiveness of trading on ASX and meet the needs of a varied customer base. This includes providing leading price discovery and liquidity access execution types, such as the auction service and Centre Point.

ASX's auction service accounted for 22.0% of on-market value transacted on ASX and 28.8% of on-market revenue. The Centre Point order type is an example of ASX creating an innovative suite of products following feedback from end-investors. During FY17, Centre Point order types accounted for 9.9% of on-market value transacted on ASX and 21.9% of ASX's trading revenue. The chart following shows the growth in Centre Point activity and the innovations within this product launched over the past five years.

Operating and financial review continued



Within the information and technical services offerings, ASX's strategy is predominantly driven by the needs of clients in equities and derivatives. These requirements include hosting of hardware, connectivity as well as low latency (high speed) services to access information and ASX's trading platforms.

Demand for information services is impacted by the level of activity and the number of users accessing ASX market data. ASX's services are being tailored to meet changing customer requirements, such as electronic usage of data. ASX provides enterprise licences for large users of data that offer pricing certainty to customers along with standard monthly royalty plans.

From January 2017, ASX commenced the administration and provision of the BBSW interest rate benchmark. Users of this benchmark include both domestic and global entities. During FY18, ASX will introduce a new strengthened calculation methodology working with stakeholders and regulators. ASX's independence and strength in operating critical infrastructure bodes well for the integrity of this critical benchmark.

ASX's success in expanding its technical services follows the investment in the ALC and communications network (ASX Net). ASX's aim is to grow the community of financial service providers it supports. ASX will continue to invest in its product and service offerings in order to become the leading provider for the financial community.

While innovative service offerings further diversify ASX's revenue, an important determinant of demand for ASX's information will be the underlying level of activity and the number of users wishing to access data and trading platforms. These depend on prevailing market conditions and the product offering in the cash and derivative markets. ASX's strategy also includes expanding the information data services to related areas.

Equity Post-Trade Services

ASX is the sole provider of equity post-trade services to the Australian market consisting of clearing and settlement of cash market transactions.

ASX's strategy within equities post-trade is to continue to innovate in order to improve the efficiency of clearing and settlement, and provide benefits to issuers and investors, including lowering the overall costs within the market.

ASX has invested a considerable amount of effort over the past two years evaluating the suitability of distributed ledger technology as a possible equities post-trade solution. This included the financial investment in Digital Asset Holdings, a US-based technology firm with whom ASX has partnered for the evaluation of this technology. ASX is on track with its analysis of distributed ledger technology as a possible platform for the settlement of cash equity trades. ASX is currently developing an enterprise grade platform that may form the basis of the CHESS replacement. ASX expects the replacement platform to offer improved security, trust, efficiency and timeliness, as well as the opportunity to further expand the range of services to customers in order to reduce cost and provide efficiencies to the overall market. An assessment is expected late in calendar 2017 on whether distributed ledger technology will be utilised for the equities post-trade platform.

Engagement with clients

ASX has a large and diverse customer base, including 2,239 listed companies and issuers, and around 136 participants in the cash equities and derivatives markets. In addition, ASX provides services to other market operators and various specialist businesses in the Australian financial markets.

ASX continues to build a more customer-centric corporate culture. ASX engagement with customers extends to industry partners including the Australian Financial Markets Association, Stockbrokers Association of Australia, Financial Services Council, Australian Council of Superannuation Investors, Australian Custodial Services Association, Australian Payments Network and Australian Shareholders' Association. These groups represent many of ASX's customers and have an interest in the quality and development of Australia's financial markets.

ASX's engagement includes significant consultation with customers as well as industry forums and specific technical and risk committees that engage on various areas of interest. The consultation on equities post-trade business requirements is an example where ASX is increasing its engagement with customers.

Operating and financial review continued

Risks

The Group's operations and financial results are subject to a number of risks. ASX has a strong track record of managing the wide range of risks that arise from operating and servicing Australia's financial markets. Many of these risks are not directly in the control of ASX. The main risks affecting ASX include:

- the economic environment and market activity levels
- changes to regulation, market structure and competition
- operational risks in technology infrastructure and processes (including cyber risk)
- clearing and settlement risk, as well as increased capital requirements
- investment risk on cash and other investments.

The economic environment and market activity levels

The ASX businesses, financial position and operating results can be impacted by the levels of market activity. This includes the number of listed issuers, the number of new company listings, the volume and value of financial instruments traded, the number of settlement messages, and similar factors. Market activity levels are significantly influenced by economic performance, government policy and general financial market conditions in Australia and internationally. Slowing economic conditions can lead to a reduction in activity and revenue. Changing levels of volatility may also impact on ASX's activities. ASX's diversified business model mitigates some of these risks, as revenue is earned from a range of activities and services. The expansion into new services is designed to further diversify the Group's revenue over time.

Changes to regulation and market structure

ASX operates in highly regulated markets. Changes to the market structure in which it operates, and the regulations under which it and its customers operate can impact ASX's businesses.

Licences

Several of the Group entities hold licences to operate financial markets, such as securities and derivatives exchanges as well as clearing and settlement facilities. These licences impose obligations on the Group to comply with a range of conditions. Failure to meet these obligations may result in reputational damage, action being taken against the Group, financial penalties, or loss of the licences. In addition to line management, the Group has enterprise risk, internal audit and regulatory assurance functions, and executive and Board oversight to monitor these risks. ASIC and RBA assess the Group's licensed subsidiaries.

The clearing and settlement subsidiaries have separate boards to oversee these operations.

The licence obligations may result in the Group undertaking significant programs or investments in order to meet licence conditions. These can impact on ASX as well as ASX's customers. ASX seeks to manage these risks by engaging with regulators and customers to achieve the best possible outcome for Australia's financial markets, and by monitoring the effectiveness of the arrangements.

Market structure and competition

ASX faces competition domestically and internationally in many parts of its business. Competition can come from other exchanges as well as non-traditional sources that may impact ASX's revenues and expenses.

Changes to the existing financial market structure can affect the strategic market position and performance of ASX. An example of a change in market structure was the licensing of another market operator in the Australian cash equities market.

ASX is currently the only licensed clearing and settlement facility for cash equities in Australia, although potential competition in clearing could occur should an alternative clearing facility be licensed in Australia. Any such competition would be expected to meet the high standards set by regulators under the Financial Stability Standards to which ASX already adheres.

In some of its businesses, ASX is facing competition from overseas financial markets, such as the central clearing of OTC interest rate swaps. Decisions by Australian regulators or overseas regulators can impact on ASX's relative competitive position. For example, regulators have implemented location requirements for certain systemically important services. Changes to these requirements can impact on Australia's and ASX's competitiveness. ASX makes significant investments in its business allowing Australia to continue to have world-class financial markets. ASX's strategy is to provide a globally competitive service offering across its business.

While changes to the market structure are outside the control of ASX, the company is actively engaged in providing input to regulators and policymakers.

Regulations that affect ASX and its customers

Regulations can impact on the way ASX provides its services and the attractiveness of its services to customers. Changes to domestic or international regulations can pose risks to ASX. From time to time, new regulations may provide opportunities for ASX to offer new services to its customers. The development of ASX's clearing service for OTC derivatives flows from changing international and domestic regulations.

Regulations may change over time and may require ASX to increase the capital and liquidity it provides in support of the Group's clearing and settlement activities. Changing regulations also impact on the level of capital and liquidity ASX customers are required to hold in order to undertake their business through ASX. These changes can lead to customers undertaking less activity through ASX. In some instances, regulations may also benefit ASX by providing capital efficiencies to customers who transact through licensed exchanges such as ASX.

Regulations may also impact on the investment strategy that ASX adopts in relation to capital and collateral balances held to support its licensed clearing and settlement activities. Changes in regulations over time may impact on earnings generated by the investment of these balances. Investment earnings on collateral invested were lower in FY17 as new regulatory investment guidelines were implemented. The full impact of the changes applies from FY18.

Operating and financial review continued

ASX and its customers incur costs from regulators for the regulatory oversight of markets. These costs, which are determined by the regulators, are subject to change from time to time. In FY18, ASX expects these charges to increase significantly over those paid in FY17.

The Group seeks to manage the risks from changing regulations by active engagement with regulators, policymakers and customers. As regulatory settings, particularly international, are outside the control of ASX, changes may impact on ASX's business.

Operational risks in technology infrastructure and processes

The Group operates a number of technology platforms that facilitate trading, clearing and settlement. Due to the complexity of and the high reliance on this infrastructure, failure or other operational incidents can impact on the functioning of markets and have a financial impact on ASX. Clients and other third parties connect to ASX via its proprietary network (ASX Net) and to the ASX website. This exposes the Group to cyber security risks, particularly as the frequency and sophistication of cyber attacks are increasing within financial markets.

The Group seeks to reduce these risks by investing in its underlying infrastructure, maintaining an understanding of trends in technology and cyber security, and entering into strategic relationships with specialist technology providers. The infrastructure and operations are subject to regulatory oversight, and ASX has backup recovery infrastructure and processes to reduce any impact from disruptions.

The Group's operations and responsibilities cover a broad range of services and functions. The way in which these responsibilities and functions are discharged, and operational incidents or errors, can impact on the financial performance of the Group and adversely affect its reputation. ASX seeks to manage operational risk by putting in place clear procedures, automating activities and by following its enterprise risk framework. While these policies assist in reducing the likelihood of events occurring, the high volume and value of transactions on ASX means that operational incidents or fraudulent activity could have a significant impact on the Group.

Clearing risk

The Group's CCP activities expose it to credit, investment and liquidity risk. In the event that clearing participants encounter financial difficulties, a failure to meet their contractual obligations could result. This risk is commonly referred to as clearing default risk and is managed by a number of controls. These include enforcing minimum financial and operating criteria for clearing participants, requiring participants to provide collateral, holding pre-funded financial resources, and maintaining established risk policies and procedures to ensure that the counterparty risks are monitored and proactively managed.

CCP activities expose the Group to investment and liquidity risk on participants' collateral balances. The Group is also exposed to investment risk on its own cash reserves. The Group seeks to manage these risks by investing cash with high quality counterparties, maintaining sufficient cash reserves and marketable securities, and regular forward planning and forecasting of liquidity requirements. Furthermore, the Board has implemented policies that specify concentration limits as well as maximum maturity limits.

The CCP pre-funded financial resources provided by ASX, which are at risk of loss in the event of a default, currently total \$250 million in

ASX Clear and \$450 million in ASX Clear (Futures). These resources and their application are fully described in note B1 to the financial statements. The Group also has, under certain limited circumstances, the obligation to provide further resources to fund these activities.

The management of clearing risk is important to the stability of Australia's financial markets, as the CCPs provide critical infrastructure for the orderly completion of transactions. For cash equity transactions, the risk is typically the period between execution of a trade and settlement; while in derivatives, the risk is typically the daily movement in the value of the open positions or outstanding contracts. Collateral is called daily by the CCPs and in some instances intra-day. Additional collateral is called depending on market conditions and the individual exposures of clearing participants. Such collateral could however prove inadequate, or a default could occur before the additional collateral is received.

Settlement risk

ASX settles equity (on average \$4.9 billion per day) and debt instrument (on average \$66.8 billion per day) transactions on a delivery-versus-payment basis. As such, it facilitates the orderly exchange of securities for cash. Settlement errors expose the Group to potential financial and reputational impacts.

The Group manages settlement risk by a range of measures, including setting out rules and processes for settlement to occur and having infrastructure (IT platforms and processes) in place to conduct the settlement process.

Investment risk

ASX is exposed to counterparty risk in the event that an investment counterparty, such as a bank or issuer of financial instruments, fails. At 30 June 2017, ASX had approximately \$8.1 billion of cash collateral invested with a range of counterparties. In addition, it had approximately \$1 billion of Group cash invested, much of which supports the clearing and settlement activities. Investment earnings on the Group cash is impacted by the level of interest rates and is also subject to the risk of investment counterparty default.

Updated Financial Stability guidelines have impacted on ASX's investment strategy for cash collateral lodged by participants. The new guidelines have resulted in a repositioning of the portfolio during FY17 into largely secured assets. As a result, earnings from the investment of cash collateral have declined, with the full impact expected from FY18.

ASX has significant equity investments in IRESS, Yieldbroker and Digital Asset Holdings (DAH) (refer notes C1 and C2 of the financial statements). The value of these investments is subject to change based on the performance and strategy of each entity. A significant decline in their financial performance and/or prospects may result in a loss to ASX as the value of the investment may be required to be reduced. The carrying value of the DAH investment is also subject to change from movements in the AUD/USD as the investment is denominated in USD. Foreign currency movements are recognised through the equity reserve.

In addition, ASX has \$2.3 billion of goodwill and other intangibles recognised on balance sheet. The carrying value of these assets may be impacted if the financial performance of ASX deteriorates or the value of the specific intangible is eroded. Details of the carrying value and analysis of possible impairment is contained in note D2 of the financial statements. There have been no impairments recognised on these assets to date.

Directors' report

The directors present their report, together with the financial statements of ASX Limited (ASX or the Company) and its subsidiaries (together referred to as the Group), for the year ended 30 June 2017 (FY17) and the auditor's report thereon. The financial statements have been reviewed and approved by the directors on the recommendation of the ASX Audit and Risk Committee.

The FY17 consolidated net profit after tax attributable to the owners of ASX was \$434.1 million (2016: \$426.2 million).

Directors

The directors of ASX in office during the financial year and at the date of this report (unless otherwise stated) were as follows:

- Mr Rick Holliday-Smith (Chairman)
- Mr Dominic J Stevens (Managing Director and CEO)¹
- Ms Yasmin A Allen
- Ms Melinda B Conrad¹
- Dr Ken R Henry AC
- Mr Peter R Marriott
- Mr Robert C Priestley²
- Mrs Heather M Ridout AO
- Mr Damian Roche
- Mr Peter H Warne

¹ Mr Dominic J Stevens was appointed Managing Director and CEO, and Ms Melinda B Conrad was appointed a non-executive director, on 1 August 2016. Mr Stevens was previously a non-executive director from December 2013.

² Mr Robert C Priestley was appointed a non-executive director on 17 May 2017.

Directors' meetings and attendance at those meetings for FY17 (including meetings of committees of directors) are disclosed on page 9. The qualifications and experience of directors, including current and recent directorships, are detailed on pages 5 to 7.

Company secretaries

Amanda J Harkness

Group General Counsel and Company Secretary,

Group Executive Corporate Affairs

BEc LLB (Hons)(ANU), MA (Macquarie), FGIA, FAIM, FAICD

During the year Ms Harkness was Group General Counsel and Company Secretary. Ms Harkness has held senior adviser roles as a partner in the Australian law firm Herbert Smith 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.

On 12 July 2017, Ms Harkness resigned as Company Secretary.

Mr Daniel Csillag, BA LLB (UNSW), General Manager Company Secretariat and Senior Legal Counsel, is a Company Secretary. As Company Secretary, he is responsible for company secretarial and corporate governance support across the Group. He has experience in company secretariat roles from his time at ASX and other entities.

Report on the business

Principal activities

During the year the principal activities of the Group consisted of providing:

- securities exchange and ancillary services
- derivatives exchange and ancillary services
- central counterparty clearing services
- registry, depository, settlement and delivery-versus-payment clearing of financial products.

Review of operations

Information on the operations and financial position of the Group, and its business strategies and prospects, is set out in the Operating and Financial Review on pages 28 to 36.

Dividends

Information relating to dividends for the current and prior financial year, including dividends determined by the Company since the end of the financial year, is set out in note A2 of the financial statements on page 48.

Significant changes in the state of affairs

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

Events subsequent to balance date

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.

Likely developments

For further information about likely developments in the operations of the Group, refer to the business strategies and prospects for future financial years section in the Operating and Financial Review on pages 28 to 36. The expected results from those operations in future financial years have not been included because they depend on factors, such as general economic conditions, the risks outlined, and the success of these strategies, some of which are outside the control of the Group.

Environmental regulation

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

Indemnification and insurance of officers

The Group has paid insurance premiums for directors' and officers' liability for current and former directors and officers of the Company, its subsidiaries and related entities.

The insurance policies prohibit disclosure of the nature of the liabilities insured against and the amount of the premiums.

Directors' report continued

The constitution of ASX provides that every person who is or has been a director, secretary or executive officer of the Company, and each other officer or former officer of the Company or of its related bodies corporate as the directors in each case determine, is indemnified by the Company to the maximum extent permitted by law. The indemnity covers losses or liabilities incurred by the person as a director or officer, including but not limited to liability for negligence and for legal costs on a full indemnity basis.

Performance rights over issued shares

At the date of this report, ASX had 71,807 performance rights outstanding (2016: 70,581). For further details on the performance rights including performance hurdles for vesting, refer to the Remuneration Report on pages 17 to 27.

During the year, 5,419 performance rights vested as a result of partial attainment of hurdles under the September 2013 long-term incentive plan.

Proceedings on behalf of the Group

No application for leave has been made under section 237 of the *Corporations Act 2001* in respect of the Group and no proceedings have been brought or intervened in on behalf of the Group under that section.

Remuneration report

Information on ASX's remuneration framework and the outcomes for FY17 for the ASX Limited Board and Key Management Personnel (KMP), is included in the Remuneration Report on pages 17 to 27.

Non-audit services

Details of the amounts paid or payable to the Group's auditor PricewaterhouseCoopers (PwC) and its related practices for non-audit services provided during the year are set out in note E5.3 of the financial statements on page 69.

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 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 Group and have been reviewed by the Audit and Risk Committee
- 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 section 307C of the *Corporations Act 2001* is on page 39.

Rounding of amounts

ASX is a company of the kind referred to in ASIC Legislative Instrument 2016/191. In accordance with that instrument, amounts in the financial statements and the Directors' Report have been rounded to the nearest hundred thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors:

Rick Holliday-Smith
Chairman

Dominic J Stevens
Managing Director and Chief Executive Officer

Sydney, 17 August 2017



Auditor's independence declaration

As lead auditor for the audit of ASX Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. 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.

A handwritten signature in black ink, appearing to read "Matthew Lunn".

Matthew Lunn

Partner

PricewaterhouseCoopers

Sydney, 17 August 2017

PricewaterhouseCoopers, ABN 52 780 433 757

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Statutory report – financial statements

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Consolidated statement of comprehensive income

For the year ended 30 June	Note	2017 \$m	2016 \$m
Revenue			
Listings and Issuer Services		194.8	194.3
Derivatives and OTC Markets		269.4	266.2
Trading Services		197.1	183.8
Equity Post-Trade Services		104.4	102.0
Interest income		150.5	146.3
Dividend income		13.9	13.1
Share of net profit of equity accounted investments	C2	0.1	0.9
Other		1.9	1.7
		932.1	908.3
Expenses			
Staff		(110.6)	(101.1)
Occupancy		(14.6)	(14.1)
Equipment		(29.3)	(28.4)
Administration		(30.0)	(29.6)
Finance costs		(85.2)	(86.3)
Depreciation and amortisation	D2, D3	(46.0)	(42.7)
		(315.7)	(302.2)
Profit before income tax expense		616.4	606.1
Income tax expense	A5	(182.3)	(179.9)
Net profit for the period attributable to owners of the Company		434.1	426.2
Other comprehensive income			
Items that may be reclassified to profit or loss¹:			
Change in the fair value of available-for-sale financial assets		(0.5)	(0.5)
Change in the fair value of available-for-sale investments		39.6	15.8
Change in the fair value of cash flow hedges		(0.4)	(1.0)
Other comprehensive income for the period, net of tax		38.7	14.3
Total comprehensive income for the period attributable to owners of the Company		472.8	440.5
Earnings per share			
Basic earnings per share (cents per share)	A4	224.5	220.4
Diluted earnings per share (cents per share)	A4	224.5	220.4

¹ \$0.3 million (2016: \$0.3 million) was reclassified from equity to profit or loss following the sale of available-for-sale financial assets prior to their maturity.

Foreign currency transactions are translated into AUD, being the currency of the primary economic environment in which the entity operates (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 profit or loss, except where they are deferred in equity as qualifying cash flow hedges (refer to note B3) and available-for-sale investments in unlisted entities (refer to note C1).

Revenues and expenses are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the item of expense to which it relates.

Consolidated balance sheet

As at 30 June	Note	2017 \$m	2016 \$m
Current assets			
Cash and funds on deposit	B2	5,683.8	3,276.4
Available-for-sale financial assets	B2	3,401.8	3,796.4
Receivables	D1	1,124.9	469.1
Prepayments		16.6	12.6
Total current assets		10,227.1	7,554.5
Non-current assets			
Available-for-sale investments	C1	431.1	358.2
Equity accounted investments	C2	66.7	66.6
Intangible assets	D2	2,439.2	2,420.7
Property, plant and equipment	D3	46.6	51.6
Prepayments		1.0	-
Total non-current assets		2,984.6	2,897.1
Total assets		13,211.7	10,451.6
Current liabilities			
Amounts owing to participants	B1	7,884.7	5,888.2
Payables	D4	1,092.4	437.8
Current tax liabilities		16.3	9.9
Provisions	D5	15.8	14.5
Revenue received in advance		18.2	16.4
Total current liabilities		9,027.4	6,366.8
Non-current liabilities			
Amounts owing to participants	B1	200.0	200.0
Net deferred tax liabilities	A5	69.3	51.6
Provisions	D5	6.8	9.0
Revenue received in advance		0.1	0.1
Total non-current liabilities		276.2	260.7
Total liabilities		9,303.6	6,627.5
Net assets		3,908.1	3,824.1
Equity			
Issued capital	A3	3,027.2	3,027.2
Retained earnings		622.2	576.9
Restricted capital reserve		71.5	71.5
Asset revaluation reserve		178.4	139.7
Equity compensation reserve		8.8	8.8
Total equity		3,908.1	3,824.1

Assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset. 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.

Consolidated statement of changes in equity

For the year ended 30 June	Note	Issued capital \$m	Retained earnings \$m	Restricted capital reserve \$m	Asset revaluation reserve \$m	Equity compensation reserve \$m	Total equity \$m
Opening balance at 1 July 2016		3,027.2	576.9	71.5	139.7	8.8	3,824.1
Profit for the period		-	434.1	-	-	-	434.1
Other comprehensive income for the period		-	-	-	38.7	-	38.7
Total comprehensive income for the period, net of tax		-	434.1	-	38.7	-	472.8
Transactions with owners in their capacity as owners:							
Dividends paid	A2	-	(388.8)	-	-	-	(388.8)
Closing balance at 30 June 2017		3,027.2	622.2	71.5	178.4	8.8	3,908.1
Opening balance 1 July 2015		3,027.2	526.3	71.5	125.4	9.3	3,759.7
Profit for the period		-	426.2	-	-	-	426.2
Other comprehensive income for the period		-	-	-	14.3	-	14.3
Total comprehensive income for the period, net of tax		-	426.2	-	14.3	-	440.5
Transactions with owners in their capacity as owners:							
Long-term incentive plan – value of employee services	E5.2	-	-	-	-	(0.5)	(0.5)
Dividends paid	A2	-	(375.6)	-	-	-	(375.6)
Closing balance at 30 June 2016		3,027.2	576.9	71.5	139.7	8.8	3,824.1

Consolidated statement of cash flows

For the year ended 30 June	Note	2017 \$m	2016 \$m
Cash flows from operating activities			
Receipts from customers		835.4	801.2
Payments to suppliers and employees		(257.4)	(252.3)
		578.0	548.9
Interest received		150.4	148.0
Interest paid		(83.9)	(85.6)
Dividends received		13.9	13.1
Income taxes paid		(174.8)	(182.0)
Net cash inflow from operating activities		483.6	442.4
Cash flows from investing activities			
Increase in participants' margins and commitments		2,018.9	2,146.4
Payments for available-for-sale investments	C1	(16.2)	(24.4)
Payments for other non-current assets		(61.0)	(48.4)
Net cash inflow from investing activities		1,941.7	2,073.6
Cash flows from financing activities			
Dividends paid		(388.8)	(375.6)
Net cash (outflow) from financing activities		(388.8)	(375.6)
Net increase in cash and cash equivalents		2,036.5	2,140.4
(Decrease) in the fair value of cash and cash equivalents		(1.3)	(2.2)
(Decrease)/increase in cash and cash equivalents due to changes in foreign exchange rates		(22.4)	55.6
Cash and cash equivalents at the beginning of the financial period		7,072.8	4,879.0
Cash and cash equivalents at the end of the financial period	B2	9,085.6	7,072.8
Cash and cash equivalents consists of:			
ASX Group funds		1,000.9	984.6
Participants' margins and commitments	B1	8,084.7	6,088.2
Total cash and cash equivalents	B2	9,085.6	7,072.8
Reconciliation of the operating profit after income tax to the net cash flows from operating activities			
Net profit after tax		434.1	426.2
Non-cash items:			
Depreciation and amortisation		46.0	42.7
Share-based payments		-	(0.5)
Share of net profit of equity accounted investments		(0.1)	(0.9)
Tax on fair value adjustment of available-for-sale financial assets		0.2	0.2
Tax on fair value adjustment of cash flow hedges		0.2	0.4
Changes in operating assets and liabilities:			
Increase/(decrease) in tax balances		7.1	(2.7)
(Increase) in receivables		(0.1)	(8.2)
(Increase) in prepayments		(5.0)	(3.2)
Increase/(decrease) in payables		0.3	(8.8)
Increase/(decrease) in revenue received in advance		1.8	(1.7)
(Decrease) in other current liabilities		-	(0.1)
(Decrease) in provisions		(0.9)	(1.0)
Net cash inflow from operating activities		483.6	442.4

Cash and cash equivalents includes all cash and funds on deposit and available-for-sale financial assets (refer to note B2). Cash flows are reported on a gross basis and inclusive of GST. 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.

Preface to the notes to the financial statements

ASX Limited (ASX or the Company) is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

The financial statements for the consolidated entity which consists of ASX and its subsidiaries (together referred to as the Group) for the year ended 30 June 2017 were authorised for issue by the Board of Directors on 17 August 2017. The directors have the power to amend and reissue the financial statements.

The financial statements are general purpose financial statements that:

- have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)
- include the assets and liabilities of all subsidiaries of the Company as at 30 June 2017 and the results of the subsidiaries for the year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation
- have been prepared on a historical cost basis, except for available-for-sale financial assets and investments which have been measured at fair value
- are measured and presented in Australian dollars which is ASX's functional and presentation currency with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Legislative Instrument 2016/191.

Significant accounting policies and key judgements and estimates are contained in shaded text and are included in the relevant note. These policies have been consistently applied to all years presented, unless otherwise stated.

Key judgements and estimates

In the process of applying the Group's accounting policies, Management has made a number of judgements and applied estimates concerning future events.

Judgements and estimates that are material to the financial report are found in the following notes:

- C1 Available-for-sale investments
- C2 Equity accounted investments
- D2 Intangible assets.

Reclassification of prior year balances

Certain prior year amounts in the following notes to the financial statements have been reclassified to conform to current period presentations:

- B1 Clearing risk
- B3 Financial risk
- E2 Deed of Cross Guarantee.

Performance of the Group

A1 Segment reporting

(a) Description of segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO.

The CODM assesses performance of the Group as a single segment, being an integrated organisation that provides a multi-asset class product offering which includes:

- listing and issuer services offered to public companies and other issuers
- trading venue or exchange activities for trading
- clearing and settlement activities
- exchange-traded and over-the-counter (OTC) products
- information and technical services supporting the Group's activities.

Multi-asset class service offerings include equities, interest rate, commodity and energy products across cash and derivatives markets.

In addition to reviewing performance based on statutory profit after tax, the CODM assesses the performance of the Group based on underlying profit after tax. This measure excludes amounts regarded as significant items of revenue and expense such as those that may be associated with significant business restructuring or individual transactions of an infrequent nature. There were no items reported as significant in the current or prior financial year.

Group performance measures, including earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA), are also reviewed by the CODM. In assessing performance, doubtful debt provisions and arrangements where revenue is shared with external parties are reclassified from expenses to operating revenue; certain expenses are reclassified within operating expenses; and interest income is presented net of interest expense.

(b) Segment results

The information provided on a regular basis to the CODM, along with a reconciliation to statutory profit after tax for the period attributable to owners of the Company, are presented on the following page.

ASX derives all external customer revenue within Australia and some services are accessible offshore.

No single customer generates revenue greater than 10% of the Group's total revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of rebates. Revenue is recognised when it can be reliably measured, and when it is probable that the economic benefits will flow to the Group. Revenue is recognised for the major revenue lines as described below.

- Listings and Issuer Services includes listing fees and other issuer services revenue. Initial and subsequent listing fees are recognised when the listing or subsequent event has taken place. Annual listing fees are recognised over the financial year to which they relate. Unamortised balances are recognised as deferred revenue on the balance sheet. Issuer services revenue includes revenue for the provision of holding statements and other related activities, and is recognised in the period that the service is provided.
- Derivatives and OTC Markets includes revenue from trading and clearing of futures and equity options, and clearing of OTC interest rate derivatives; settlement, depository and registry services for debt securities and cash transactions (Austraclear); and ASX Collateral services. Transaction revenue is recognised at trade date except for Austraclear and ASX Collateral services where revenue is recognised over the period the service is provided. This may involve deferring a portion of the revenue to future reporting periods.
- Trading Services includes revenue from cash market trading, information and technical services. Cash market transaction revenue is recognised at settlement date. The normal market convention is that settlement occurs two days after the initial trade date (T+2). Accordingly, revenue for trades transacted in the last two days prior to period end are recognised in the subsequent reporting period. Revenue in relation to information and technical services is recognised over the period the service is provided.
- Equity Post-Trade Services includes revenue from clearing and settlement of quoted securities including equities, debt securities, warrants and exchange-traded funds. Cash market clearing and settlement revenue is recognised at settlement date. Accordingly, clearing and settlement fees for trades transacted in the last two days prior to period end are recognised in the subsequent reporting period.

Dividend income is recognised when the right to receive the dividend has been established.

Interest income comprises interest earned on the Group's own funds, as well as interest earned from the investment of funds lodged by participants as collateral. Interest income is recognised using the effective interest rate method.

Interest expense is recognised as a finance cost in the statement of comprehensive income using the effective interest rate method.

Performance of the Group continued

For the year ended 30 June	2017			2016		
	Segment information \$m	Adjustments \$m	Consolidated income statement \$m	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
Revenue						
Listings	150.3	2.1	152.4	149.4	1.6	151.0
Issuer Services	42.4	-	42.4	43.3	-	43.3
Listings and Issuer Services	192.7	2.1	194.8	192.7	1.6	194.3
Equity Options	21.7	0.2	21.9	23.1	-	23.1
Futures and OTC Clearing	197.4	-	197.4	194.3	0.3	194.6
Austraclear	50.0	0.1	50.1	48.4	0.1	48.5
Derivatives and OTC Markets	269.1	0.3	269.4	265.8	0.4	266.2
Cash Market Trading	46.3	-	46.3	40.7	-	40.7
Information Services	82.5	-	82.5	80.1	-	80.1
Technical Services	67.2	1.1	68.3	62.0	1.0	63.0
Trading Services	196.0	1.1	197.1	182.8	1.0	183.8
Cash Market Clearing	53.3	-	53.3	54.1	-	54.1
Cash Market Settlement	51.1	-	51.1	47.9	-	47.9
Equity Post-Trade Services	104.4	-	104.4	102.0	-	102.0
Other	1.9	-	1.9	3.0	(1.3)	1.7
Operating revenue	764.1			746.3		
Interest income	150.5	150.5		146.3	146.3	
Dividend income	13.9	13.9		13.1	13.1	
Share of net profit of equity accounted investments	0.1	0.1		0.9	0.9	
Total revenue	168.0		932.1		162.0	908.3
Expenses						
Staff	(110.6)	-	(110.6)	(101.1)	-	(101.1)
Occupancy	(14.6)	-	(14.6)	(14.1)	-	(14.1)
Equipment	(27.9)	(1.4)	(29.3)	(27.0)	(1.4)	(28.4)
Administration	(18.2)	(11.8)	(30.0)	(19.2)	(10.4)	(29.6)
Variable	(6.7)	6.7	-	(6.3)	6.3	-
ASIC supervision levy	(2.9)	2.9	-	(2.9)	2.9	-
Operating expenses	(180.9)			(170.6)		
EBITDA	583.2			575.7		
Finance costs	-	(85.2)	(85.2)	-	(86.3)	(86.3)
Depreciation and amortisation	(46.0)	-	(46.0)	(42.7)	-	(42.7)
Total expenses	(46.0)		(88.8)	(315.7)	(42.7)	(88.9)
EBIT	537.2			533.0		
Net interest and dividend income						
Net interest income	17.8	(17.8)	-	22.3	(22.3)	-
Net interest on participant balances	47.5	(47.5)	-	37.7	(37.7)	-
Dividend income	13.9	(13.9)	-	13.1	(13.1)	-
Net interest and dividend income	79.2	(79.2)		73.1	(73.1)	
Underlying profit before tax	616.4		616.4	606.1		606.1
Income tax expense	(182.3)	-	(182.3)	(179.9)	-	(179.9)
Underlying profit after tax	434.1		434.1	426.2		426.2
Significant items	-	-	-	-	-	-
Tax on significant items	-	-	-	-	-	-
Net profit after tax	434.1		434.1	426.2		426.2

Performance of the Group continued

A2 Dividends

The Board's policy is to pay a dividend based on 90% of underlying net profit after tax. This policy is unchanged from the prior year.

The following table includes information relating to dividends recognised and paid by ASX during the financial year.

For the year ended 30 June 2017	Cents per share	Total amount \$m
Final dividend for the year ended 30 June 2016	99.0	191.7
Interim dividend for the year ended 30 June 2017	102.0	197.5
Total	201.0	389.2

For the year ended 30 June 2016

For the year ended 30 June 2016	Cents per share	Total amount \$m
Final dividend for the year ended 30 June 2015	95.1	184.1
Interim dividend for the year ended 30 June 2016	99.1	191.9
Total	194.2	376.0

The above dividends paid by the Company include amounts attached to certain shares held by the Group's Long-Term Incentive Plan Trust (LTIP). The dividend revenue recognised by LTIP of \$0.4 million (2016: \$0.4 million) has been eliminated on consolidation.

Since the end of the financial year, the directors have determined a final dividend of 99.8 cents per share totalling \$193.2 million. The dividend will be fully franked based on tax paid at 30%.

A liability is recognised for the amount of any dividends determined on or before the balance date but not yet paid. Typically, the final dividend in respect of a financial year is determined after balance date, and therefore no provision is recognised.

Dividend franking account

	2017 \$m	2016 \$m
Franking credits available for future years at 30% adjusted for the payment of current income tax	239.2	221.3

Adjusting for the payment of the final dividend for the year ended 30 June 2017, the franking balance would be \$156.4 million (2016: \$139.2 million).

A3 Capital management

At 30 June 2017, equity of the Group totaled \$3,908.1 million (2016: \$3,824.1 million). The Group's capital supports a range of activities and risks. Capital requirements are subject to change from time to time. Some factors that may impact the amount of capital the Group requires to support its business include:

- the level of goodwill recognised from business combinations. This goodwill may be impacted by the performance of the Group and subsequent impairment leading to a reduction in capital
- regulatory standards, both domestic and international, which may impact the level of capital supporting the clearing and settlement activities or other licensed activities. Regulatory standards applying to many financial market participants have increased in recent years and there is an expectation that these may increase further over time. There may also be uncertainty over the application of new regulatory standards
- the competitive environment in which ASX operates may lead to higher levels of capital in order to provide competitive services, noting that customers may be able to access competing services internationally
- the level or concentration of activity undertaken in markets and clearing and settlement facilities operated by ASX. Generally a higher level of activity may result in higher capital requirements, however the relationship is not necessarily linear
- the general economic or credit conditions that may impact on capital requirements as the level of risk generally increases as credit conditions deteriorate. The level of operational risk capital held by the Group can be impacted by any revision to future loss assessments and regulatory requirements
- the level of investments made, their fair value and the potential movement in their market values. Capital requirements are also impacted by ASX's level of investment in existing or new services. These investments are predominantly in intangible software assets which may be subject to write-down under certain circumstances.

The Board's policy is to maintain an appropriate level of capital within the Group and relevant subsidiaries with the objectives of:

- meeting its compliance obligations with respect to the Financial Stability Standards and other regulations, including international regulations, as required by the various licences held
- sustaining prudential stability through maintaining an adequate level of equity at the Group level, cognisant of the fact that a significant allocation of capital supports the activities of the two licensed central counterparty (CCP) clearing subsidiaries as discussed in note B1 and the two licensed settlement facilities
- facilitating growth of the Group's exchange-traded and OTC markets, and providing appropriate risk-adjusted returns to shareholders.

In accordance with the Group's objectives and policies, capital represented by cash is invested at an appropriate liquidity profile, taking into consideration the potential claims on that equity that may arise from the Group's activities, predominantly CCP clearing.

Performance of the Group continued

(a) Ordinary share capital

Fully paid ordinary shares carry the right to participate in dividends. Ordinary shares also entitle the holder to the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares have no par value and ASX does not have a limited amount of authorised capital. At 30 June 2017, 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.

As at 30 June 2017, the closing balance of ordinary share capital was \$3,027.2 million (2016: \$3,027.2 million) and the number of shares outstanding was 193,595,162 (2016: 193,595,162). There were no movements in the balance of ordinary share capital or the number of shares outstanding in the current or prior financial year.

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 from the proceeds, net of tax.

Dividend reinvestment plan shares allotted to ASX shareholders as part of the dividend reinvestment plan (DRP) at the DRP allocation price are classified as fully paid ordinary shares.

(b) Treasury shares

The following table presents the movement in treasury shares during the financial year:

	2017 No. of shares	2016 No. of shares
Opening balance	181,269	181,269
Shares issued under the LTI	(5,419)	-
Shares transferred to LTIP	7,368	-
Closing balance	183,218	181,269

Treasury shares are shares in ASX held by the LTIP for the benefit of employees under the ASX Long-Term Incentive (LTI) plan as described in the remuneration report. The original purchase price of the shares, net of any tax effect, is deducted from the equity compensation reserve in equity.

Shares allocated to employees under the deferred short-term incentive (DSTI) plan are held as treasury shares when forfeited until such time that they are reallocated under another DSTI or LTI plan.

(c) Reserves

Restricted capital reserve

The restricted capital reserve was created when funds were transferred from the National Guarantee Fund (NGF) to ASX Clear Pty Ltd (ASX Clear) in 2005. Under the terms of the transfer, ASX Clear must not, without first obtaining the consent in writing of the Assistant Treasurer (the Minister), take action to use these funds for a purpose other than clearing support.

Asset revaluation reserve

Changes in the fair value of financial assets including available-for-sale assets and investments and assets designated as part of cash flow hedging relationships, are taken to the asset revaluation reserve. Amounts are recognised in profit or loss when the associated available-for-sale financial assets and investments are sold or impaired or to the extent that the cash flow hedges are ineffective.

The movement in the asset revaluation reserve is primarily due to the change in the market value of investments in listed and unlisted entities (refer to note C1).

Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of performance rights issued under the ASX LTI plan.

Refer to the consolidated statement of changes in equity for details of movements in the reserves.

A4 Earnings per share

	2017	2016
Basic and diluted earnings per share (cents)	224.5	220.4
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	193,415,430	193,413,893

The basic and diluted earnings per share (EPS) amounts have been calculated on the basis of net profit after tax of \$434.1 million (2016: \$426.2 million).

Basic EPS is calculated by dividing the consolidated profit attributable to the owners 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 and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Performance of the Group continued

A5 Taxation

The movements during the year in the following components of deferred tax asset and liability were recognised in profit or loss with the exception of revaluations of available-for-sale financial assets, available-for-sale investments and cash flow hedges, which were recognised in other comprehensive income.

	2017 \$m	2016 \$m
(a) Income tax expense		
Profit before income tax expense	616.4	606.1
Prima facie income tax expense calculated at 30% (2016: 30%) on the profit before tax	(184.9)	(181.8)
Movement in income tax expense due to:		
Non-deductible items	(0.2)	(0.4)
Non-assessable items	0.1	0.2
Franking credit offset	2.4	2.1
Research and development tax offset	0.2	-
Adjustments to current tax for prior periods	0.1	-
Total income tax expense	(182.3)	(179.9)
(b) Major components of income tax expense		
Current tax expense	(181.2)	(178.8)
Movement in deferred tax liability	0.4	(0.1)
Movement in deferred tax asset	(1.6)	(1.0)
Adjustments to current tax for prior periods	0.1	-
Total income tax expense	(182.3)	(179.9)
(c) Income tax on items recognised directly in other comprehensive income		
Revaluation of available-for-sale financial assets	0.2	0.2
Revaluation of available-for-sale investments	(17.0)	(6.8)
Revaluation of cash flow hedges	0.2	0.4
Total	(16.6)	(6.2)
(d) Deferred tax asset/(liability)		
Deferred tax asset comprises the estimated future benefit at an income tax rate of 30% (2016: 30%) of the below items:		
Doubtful debts provisions	0.3	0.3
Employee entitlements provisions	9.8	10.5
Premises provisions	2.0	2.6
Accrued expenses	1.0	1.6
Revenue received in advance	3.7	3.6
Revaluation of cash flow hedges	0.3	0.2
Revaluation of available-for-sale investments – unlisted entities	0.5	0.3
Deferred tax asset	17.6	19.1
Deferred tax (liability) comprises the estimated future expense at an income tax rate of 30% (2016: 30%) of the following items:		
Fixed assets	(9.2)	(10.0)
Revaluation of available-for-sale financial assets	(0.2)	(0.4)
Revaluation of available-for-sale investments – listed entities	(77.2)	(60.0)
Long-term incentive plan	(0.3)	(0.3)
Deferred tax (liability)	(86.9)	(70.7)
Net deferred tax (liability)	(69.3)	(51.6)

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. Income tax expense recognised in profit or loss comprises current and deferred income tax.

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. Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income 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 income tax is not recognised for certain temporary differences such as the initial recognition of goodwill.

The amount of deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and when the deferred tax balances relate to income taxes levied by the same tax authority.

Further information on the Group's tax obligations can be found in the Tax Transparency Report available on ASX's website.

Risk management

Some of the risks the Group is exposed to include clearing and settlement risk and operational risk. ASX settles equity and debt instrument transactions on a delivery-versus-payment basis. Settlement errors expose the Group to potential financial and reputational losses. Operational incidents or errors can impact on the financial performance of the Group and adversely affect its reputation.

B1 Clearing risk

The Group collects margins and other balances (commitments) from clearing participants as security for clearing risk undertaken.

Sub-sections (a) and (b) below discuss participants' obligations and the nature of collateral and commitments lodged, as well as ASX's recognition principles concerning these liabilities.

(a) Novation

The Group has the following wholly owned subsidiaries that provide CCP clearing services:

- ASX Clear Pty Limited (ASX Clear), which provides novation of cash market securities and derivatives
- ASX Clear (Futures) Pty Limited (ASX Clear (Futures)), which provides novation of both exchange-traded and OTC derivatives.

Transactions between two clearing participant organisations are novated to the CCPs. This makes the CCPs contractually responsible for the obligations entered into by clearing participants on both the buying and selling legs of the same transaction. Through novation, the respective CCP assumes the credit risk of the underlying clearing participant in the event of a participant default. The novation process results in all positions held by the CCPs being matched.

(b) Participants' margins

Clearing participants are required to lodge an amount (initial margin) on open cash market and derivative positions novated to the Group's CCPs. These margins are based on risk parameters attached to the underlying security or contract at trade date and may include additional margins called on participants. The margin rates are subject to regulatory standards including a high level of confidence that they meet expected movements based on historical events. However, there could be circumstances where losses are greater than the margins held.

At 30 June, participants' margins and commitments recognised on balance sheet comprised the following:

	2017 \$m	2016 \$m
Current		
Cash lodged	7,671.6	5,674.9
Debt securities lodged	213.1	213.3
Total current amounts owing to participants	7,884.7	5,888.2
Non-current		
Commitments lodged as cash	200.0	200.0
Total non-current amounts owing to participants	200.0	200.0
Total amounts owing to participants	8,084.7	6,088.2

Current amounts owing to participants represent collateral lodged to cover margin requirements on unsettled derivative contracts and cash market trades. Non-current amounts owing to participants represent cash balances deposited by participants as commitments to clearing guarantee funds, which at reporting date had no determined repayment date.

Margins that are settled by cash or debt securities are recognised on balance sheet at fair value and are classified as amounts owing to participants within current liabilities. Balances lodged in cash are interest bearing and are carried at the amounts deposited which represent fair value. Margins that are settled by bank guarantees or equity securities are not recognised on balance sheet as the Group is not party to the contractual provisions of the instruments other than in the event of a default.

In addition to the initial margin, participants must also settle changes in the fair value of derivatives contracts (variation margin). Participants must settle both initial and variation margins daily. The amounts owing to participants are repayable on settlement or closure of the contracts.

In the event of default by a clearing participant, ASX Clear and ASX Clear (Futures) are required to provide funds or settle securities of the defaulting participant. The CCPs also have the authority to retain collateral and commitments deposited by the defaulting clearing participant to satisfy its obligations. As at 30 June, collateral and commitments lodged by clearing participants comprised the following:

	ASX Clear		ASX Clear (Futures)	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Cash	672.3	815.7	7,199.3	5,059.2
Bank guarantees	-	14.6	-	-
Equity securities	3,398.3	3,385.7	-	-
Debt securities	-	-	213.1	213.3

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 30 June 2017 were subsequently settled.

(c) Financial resources available to CCPs

The Financial Stability Standards require each CCP to have adequate financial resources to cover its exposures in the event of default by the two participants and their affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. Financial resources include the clearing default funds shown in the next two tables as well as eligible collateral and commitments. The level of clearing default funds which the CCPs must maintain may therefore increase from time to time. The Financial Stability Standards also require each CCP to have a process for replenishing any clearing default funds after depletion caused by a default loss. The replenished fund is then available to support new activity post the loss. To comply with this obligation, the Group has undertaken, in certain circumstances, to provide funds up to pre-determined levels for replenishment of the clearing default funds. The Group may utilise a number of alternative funding sources to contribute to an increase in or replenishment of the CCPs' clearing default funds, including its own cash reserves. In certain circumstances participants may have an obligation to the CCP to contribute to an increase in or replenishment of the clearing default funds.

Risk management continued

The CCPs' operating rules also provide for the CCPs to undertake certain actions to deal with events of default and utilisation of collateral, commitments and clearing default funds. These include the ability to call recovery assessments, impose payment reductions or implement termination of positions.

ASX Clear

	2017 \$m	2016 \$m
Restricted capital reserve	71.5	71.5
Equity provided by the Group	178.5	178.5
Paid-in resources	250.0	250.0
Recovery assessments	300.0	300.0
Total financial resources	550.0	550.0

The financial resources at 30 June 2017 available to ASX Clear in the event of a participant default would be applied in the following order:

1. collateral, other margin or contributions lodged by the defaulting participant
2. restricted capital reserve of \$71.5 million
3. equity capital of \$178.5 million
4. contributions lodged by non-defaulting participants under the ASX Clear operating rules (no contributions were lodged in the current or prior year)
5. recovery assessments of \$300.0 million which can be levied on participants (no amounts were levied in the current or prior year).

ASX Clear (Futures)

Equity provided by the Group	120.0	120.0
Commitments lodged as cash	100.0	100.0
Equity provided by the Group	150.0	150.0
Commitments lodged as cash	100.0	100.0
Equity provided by the Group	180.0	180.0
Paid-in resources	650.0	650.0
Recovery assessments	200.0	200.0
Total financial resources	850.0	850.0

The financial resources at 30 June 2017 available to ASX Clear (Futures) in the event of a participant default would be applied in the following order:

1. collateral lodged by the defaulting participant
2. equity capital of \$120.0 million
3. commitments lodged by participants, totalling \$100.0 million. Any defaulting participant's commitments in this total will be included in amounts previously applied as part of (1) above
4. equity capital of \$150.0 million
5. commitments lodged by participants, totalling \$100.0 million
6. equity capital of \$180.0 million
7. recovery assessments of \$200.0 million which can be levied on participants (no amounts were levied in the current or prior year).

A participant may be either a futures or OTC participant or both. The order of application with respect to items 3 and 5 above will depend on the status of the defaulting participant. Where a participant default is only a single category (ie futures or OTC), then the non-defaulting participants' commitments from the same category are utilised in item 3, with the other category utilised in item 5. Where a defaulting participant is both a futures and OTC participant, the other non-defaulting participants' commitments are apportioned for the purposes of 3 and 5.

B2 Cash and cash equivalents

The cash and funds on deposit and available-for-sale financial assets represent total cash and cash equivalents as per the statement of cash flows. The balance represents the Group's own cash funds as well as collateral and commitments lodged by participants in accordance with note B1.

	2017 \$m	2016 \$m
Cash at call	504.3	1,711.5
Reverse repurchase agreements	4,958.5	1,069.9
Deposits	221.0	495.0
Cash and funds on deposit	5,683.8	3,276.4
Money market instruments - at cost	3,401.3	3,795.1
Revaluation recognised in equity	0.5	1.3
Available-for-sale financial assets	3,401.8	3,796.4
Total cash and cash equivalents	9,085.6	7,072.8

The cash and cash equivalents above includes \$71.5 million of restricted cash that is available for use by the entity in specific circumstances as described in note A3(c) and is also recognised as a restricted capital reserve within equity on the balance sheet.

Available-for-sale financial assets comprise short-term money market investments, including negotiable certificates of deposit, bonds, floating rate notes, promissory notes and treasury notes, and are traded in active markets.

Reverse repurchase agreements are recognised within cash and funds on deposit at the amount of the cash consideration paid. The securities purchased under the agreement are not recognised on the balance sheet as substantially all the risks and rewards of ownership are retained by the counterparty to the agreement.

Available-for-sale-financial assets are initially recognised at fair value, being the fair value of the consideration given plus transaction costs that are directly attributable to acquiring the asset. After initial recognition, available-for-sale financial assets continue to be measured at fair value as determined by valuation techniques outlined in note B3(d)(i).

Fair value gains or losses are recognised directly in the asset revaluation reserve in equity until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Impairment indicators for available-for-sale assets include a significant or prolonged decline in the fair value of the security below its cost. When the asset is considered to be impaired, any loss that had been recognised directly in equity is transferred to profit or loss.

Risk management continued

B3 Financial risk

The Group's activities expose it to a variety of financial risks including market risk (comprising interest rate, foreign currency and equity price risk), credit risk and liquidity risk.

The Group's overall risk management strategy seeks to manage potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the Board of Directors. Management monitors investment credit, foreign currency, liquidity and cash flow interest rate risk, and manages clearing default credit risk with counterparties with ongoing reporting to the respective boards.

The Group holds the following financial assets and liabilities by category:

As at 30 June	Note	2017			2016		
		Available-for-sale \$m	Amortised cost \$m	Total \$m	Available-for-sale \$m	Amortised cost \$m	Total \$m
Financial assets							
Cash and funds on deposit	B2	-	5,683.8	5,683.8	-	3,276.4	3,276.4
Available-for-sale financial assets	B2	3,401.8	-	3,401.8	3,796.4	-	3,796.4
Receivables	D1	-	1,124.9	1,124.9	-	469.1	469.1
Available-for-sale investments	C1	431.1	-	431.1	358.2	-	358.2
Total financial assets		3,832.9	6,808.7	10,641.6	4,154.6	3,745.5	7,900.1
Financial liabilities							
Payables	D4	-	1,085.7	1,085.7	-	431.2	431.2
Amounts owing to participants	B1	-	8,084.7	8,084.7	-	6,088.2	6,088.2
Total financial liabilities		-	9,170.4	9,170.4	-	6,519.4	6,519.4

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets as detailed in the previous table.

(a) Market risk

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

(i) Interest rate risk

Exposure arising from	Risk management
Variable rate cash investments and money market instruments expose the Group to cash flow interest rate risk.	<ul style="list-style-type: none">The Boards of the relevant subsidiaries have set limits with respect to maximum and weighted average maturity and value at risk.Managed by policies that enable the Group to pay a variable rate of interest to participants on the funds held.
Fixed rate money market instruments that are carried at fair value expose the Group to fair value interest rate risk.	<ul style="list-style-type: none">The Boards of the relevant subsidiaries have set limits with respect to maximum and weighted average maturity and value at risk.

Interest bearing assets comprise the investment of the Group's cash resources (participant collateral lodged in cash and Group funds). Interest bearing liabilities comprise collateral and commitment funds lodged by participants.

The Group's receivables, available-for-sale investments and payables are non-interest bearing so are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate due to a change in market interest rates.

Risk management continued

The following table presents the Group's interest bearing financial assets and liabilities at 30 June.

As at 30 June	2017			2016		
	Floating interest rate \$m	Fixed interest rate \$m	Total \$m	Floating interest rate \$m	Fixed interest rate \$m	Total \$m
Interest bearing financial assets						
Cash and funds on deposit	504.3	5,179.5	5,683.8	1,711.4	1,565.0	3,276.4
Available-for-sale financial assets	267.8	2,920.9	3,188.7	1,012.9	2,570.2	3,583.1
Total interest bearing financial assets	772.1	8,100.4	8,872.5	2,724.3	4,135.2	6,859.5
Weighted average interest rate at period end	1.20%	1.78%		1.97%	2.31%	
Interest bearing financial liabilities						
Amounts owing to participants	8,084.7	-	8,084.7	6,088.2	-	6,088.2
Total interest bearing financial liabilities	8,084.7	-	8,084.7	6,088.2	-	6,088.2
Weighted average interest rate at period end	1.06%			1.23%		
Net interest bearing financial (liabilities)/assets	(7,312.6)	8,100.4	787.8	(3,363.9)	4,135.2	771.3

With respect to the prior table:

- floating interest rate refers to financial instruments where the interest rate is subject to change prior to maturity or repayment – predominantly deposits at call and floating rate notes
- fixed interest rate refers to financial instruments where the interest rate is fixed up to maturity – predominantly term deposits, negotiable certificates of deposit, promissory notes, treasury notes, reverse repurchase agreements and bonds.

Sensitivity analysis (net of tax)

Changes in interest rates affect the Group's profit or loss due to higher/lower interest income earned on its cash and available-for-sale financial assets while equity is affected due to the change in fair values of available-for-sale financial assets. As the Group does not account for any interest bearing financial assets or liabilities at fair value through profit or loss, any changes in fair value resulting from a change in interest rates would only affect profit or loss if a subsequent disposal was made prior to maturity.

An analysis of this sensitivity and its impact on the Group's profit or loss and equity net of tax for the year is provided in the table below. The analysis is based on a hypothetical 25 basis point change in interest rates at 30 June and has been applied to the interest rate risk exposures that exist at that date. All other variables have been held constant.

	2017		2016	
	Impact on profit \$m	Impact on equity \$m	Impact on profit \$m	Impact on equity \$m
+25 basis point change in interest rates	(0.7)	(1.3)	0.4	(1.1)
-25 basis point change in interest rates	0.7	1.3	(0.4)	1.1

(ii) Foreign currency risk

Exposure arising from	Risk management
Cash flow commitments in foreign currencies entered into by the Group.	• Where the Group enters into cash flow commitments in foreign currencies, its policy is to enter into hedging arrangements to mitigate the exchange risk where possible.
Collateral on clearing participants' derivatives exposures lodged in foreign currency and held by the Group's CCPs.	• The collateral held in foreign currency is offset by an equal payable in the same currency to the participant, which reduces foreign currency risk in the normal course of business.

The majority of the Group's net foreign currency risk is associated with foreign denominated cash, net interest income and exchange fees receivable. Such exposure however, is not considered significant and is converted to AUD on a regular basis.

At 30 June 2017, USD 12.4 million (2016: USD 24.0 million) was designated by the Group as the hedging instrument in qualifying cash flow hedges for committed expenditure to be paid in USD. In the prior year, there was EUR 5.6 million designated at 30 June by the Group as the hedging instrument in qualifying cash flow hedges for committed expenditure to be paid in EUR. These amounts are included in the following table within cash and funds on deposit. During the current financial year, the use of cash flow hedges resulted in a \$0.3 million increase in cash flow required for committed capital and operating expenses (2016: reduction of \$1.2 million).

Available-for-sale investments denominated in USD are subject to foreign currency risk, impacting their carrying value.

Risk management continued

The table below shows the Group's exposure on its balance sheet to foreign currency risk at the end of the year, expressed in AUD.

As at 30 June	2017				2016			
	NZD \$m	USD \$m	EUR \$m	JPY \$m	NZD \$m	USD \$m	EUR \$m	JPY \$m
Financial assets								
Cash and funds on deposit	143.6	17.6	1.5	173.4	125.8	33.1	8.3	253.0
Receivables	0.5	-	-	0.1	0.7	-	-	-
Available-for-sale investments	-	22.7	-	-	-	23.3	-	-
Financial liabilities								
Payables	0.2	-	-	-	0.2	-	-	-
Amounts owing to participants	143.2	1.3	1.5	172.9	125.2	-	-	252.8
Net exposure	0.7	39.0	-	0.6	1.1	56.4	8.3	0.2
Exchange rate for conversion AUD 1:	1.0524	0.7683	0.6716	86.19	1.0489	0.7458	0.6711	76.73

Sensitivity analysis (net of tax)

Changes in exchange rates affect the Group's profit or loss due to the gain/loss recognised on translation of foreign currency denominated financial assets and liabilities at balance date. Equity is affected due to USD and EUR foreign currency cash flow commitments designated as cash flow hedges and the valuation of the investment in an unlisted entity.

An analysis of this sensitivity and its impact on the Group's profit or loss and equity net of tax for the year is provided in the table below. The analysis is based on a hypothetical 10% change in the market exchange rate of the AUD against other currencies at 30 June and has been applied to the foreign currency risk exposures that exist at that date. All other variables, including interest rates, have been held constant. The impact is expressed in AUD.

	2017		2016	
	Impact on equity	Impact on profit	Impact on equity	USD \$m
		NZD \$m		
+10% strengthening of AUD	(2.5)	0.1	(3.6)	(0.5)
-10% weakening of AUD	2.5	(0.1)	3.6	0.5

At the inception of the hedging transaction, the Group documents 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 any change in the fair value of the instrument that is designated and that qualifies as a cash flow hedge is recognised in the asset revaluation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

(iii) Price risk

Exposure arising from	Risk management
Equity securities price movements with respect to the Group's investments in listed entities of \$408.4 million (2016: \$334.9 million).	<ul style="list-style-type: none"> Ongoing monitoring of values with respect to any impairment, with consideration given to financial and other implications of holding the instruments.
Other price movements associated with underlying equities and derivatives on trades novated to the CCPs.	<ul style="list-style-type: none"> Under normal circumstances, this risk is minimal as the trades are matched. However price movements may impact on credit risk associated with participant obligations (as discussed in the following section).

Sensitivity analysis (net of tax)

Changes in quoted market prices affect the Group's equity due to the change in fair value of the Group's listed equity investment (refer to note C1). As the Group does not account for any equity investments at fair value through profit or loss, any change in fair value resulting from a change in price would only affect profit or loss if the investment was subsequently sold.

If the price of the listed equity investment increased/decreased by 10% at 30 June 2017, with all other variables held constant, equity would have increased/decreased by \$28.6 million (2016: \$23.4 million), net of tax.

Risk management continued

(b) Credit risk

Exposure arising from

Through the novation process, the Group is exposed to the potential loss that may arise from the failure of a counterparty to meet its obligations or commitments. The obligations mainly relate to T+2 settlement risk for cash market trades and daily mark-to-market movements on open derivative positions. Failure of clearing participants to meet these obligations exposes the Group to potential losses.

Investment counterparty credit risk arises on certain financial assets including cash, funds on deposit, available-for-sale financial assets, and trade and other receivables.

Risk management

- Clearing participant membership requirements and admission standards, including minimum capital requirements.
- Participant surveillance, including capital monitoring.
- Daily and intraday counterparty credit risk control, including margining and collateral management.
- Position limits based on the capital of the participant.
- Financial resource adequacy, including fixed capital and stress-testing of clearing participants' exposure limits against the amount and liquidity of variable and fixed financial resources available.
- Operating rules that deal with recovery and resolution of losses in the event of a clearing participant default. Refer to note B1(c).
- Board policies that limit the amount of credit exposure and concentration to any one counterparty, as well as minimum credit ratings for counterparties. Investments are limited to non-derivative assets.
- Recovery rules that address the allocation of losses between the Group and clearing participants.
- Active debt collection procedures and regular review of trade receivables ageing.

The Group's ongoing monitoring of participants' market positions and exposures, coupled with daily margining and collateral management, including possible intraday and additional margin calls, enable it to manage its central counterparty credit risk and meet its regulatory obligations. Further information on the resources available to the CCPs in the event of a participant default is shown in note B1.

Standard & Poor's (S&P) credit ratings are used in determining the credit quality of the counterparty with whom cash and funds on deposit, and current available-for-sale financial assets are held. Counterparties are limited to the Commonwealth of Australia, Australian state governments and banks with a minimum short-term credit rating of A2.

The Group's largest single counterparty exposure at the end of the reporting period was \$1,886.2 million (2016: \$1,007.1 million) to an Australian licensed bank with an S&P short-term credit rating of A1+. The majority of this exposure was secured against Commonwealth Government securities. The risk ratings of the counterparties that the Group has exposure to at the end of the period are shown in the following table.

As at 30 June	2017				2016		
	A1+ \$m	A1 \$m	A2 \$m	Total \$m	A1+ \$m	A1 \$m	Total \$m
Cash at call	323.3	180.9	0.1	504.3	1,547.6	163.9	1,711.5
Reverse repurchase agreements ¹	3,770.4	-	1,188.1	4,958.5	1,069.9	-	1,069.9
Deposits	25.0	196.0	-	221.0	25.0	470.0	495.0
Total cash and funds on deposit	4,118.7	376.9	1,188.2	5,683.8	2,642.5	633.9	3,276.4
Negotiable certificates of deposit	172.4	193.0	-	365.4	624.1	555.4	1,179.5
Promissory notes	1,926.2	-	-	1,926.2	1,123.1	-	1,123.1
Treasury notes	-	-	-	-	114.8	-	114.8
Floating rate notes	265.8	2.0	-	267.8	797.1	215.8	1,012.9
Bonds	842.4	-	-	842.4	366.1	-	366.1
Total available-for-sale financial assets	3,206.8	195.0	-	3,401.8	3,025.2	771.2	3,796.4

¹ Reverse repurchase agreements are collateralised by Commonwealth or Australian state government securities.

The Group does not utilise credit ratings to determine the credit quality of other financial assets, which includes trade receivables, margins receivable from participants, accrued revenue, interest receivable and available-for-sale investments. Intercompany receivables consist of balances owing between the entities of the Group and are eliminated on consolidation. The parent entity considers the credit risk on these balances to be low.

(c) Liquidity risk

Exposure arising from

Margins to cover derivatives and cash market exposures are settled with participants and invested in the short-term money market on a daily basis. The investment of these balances requires strict management to provide sufficient liquidity for the routine daily margin settlement.

Risk management

- The Board has implemented policies that specify liquidity requirements, based on whether assets can be liquidated and converted to cash on a same-day basis, including maximum average maturity limits. Instruments that are eligible for repurchase agreements with the Reserve Bank of Australia are treated as liquid.
- Forward planning and forecasting of liquidity requirements.

The expected undiscounted contractual cash flows of the Group's financial assets and liabilities are shown in the following table. All available-for-sale financial assets are eligible for repurchase in the secondary market. All financial assets and liabilities are non-derivative.

The values on the balance sheet may differ to the assets and liabilities in the following table due to the difference in fair value at balance date compared to the contractual cash flows up to maturity.

Risk management continued

	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year \$m	No specific maturity \$m	Total \$m
As at 30 June 2017						
Financial assets						
Cash and funds on deposit	2,651.7	2,971.0	72.4	-	-	5,695.1
Available-for-sale financial assets	728.6	1,241.5	1,448.8	-	-	3,418.9
Receivables	1,123.3	1.5	0.1	-	-	1,124.9
Available-for-sale investments	-	-	-	-	431.1	431.1
Total financial assets	4,503.6	4,214.0	1,521.3	-	431.1	10,670.0
Financial liabilities						
Payables	1,076.6	4.5	2.6	1.0	1.0	1,085.7
Amounts owing to participants	7,884.7	-	-	-	200.0	8,084.7
Total financial liabilities	8,961.3	4.5	2.6	1.0	201.0	9,170.4
Commitments						
Capital and operating commitments	0.3	2.0	18.4	46.5	-	67.2
Operating lease commitments	0.8	1.5	5.8	68.0	-	76.1
Total commitments	1.1	3.5	24.2	114.5	-	143.3
As at 30 June 2016						
Financial assets						
Cash and funds on deposit	2,447.1	788.2	45.4	-	-	3,280.7
Available-for-sale financial assets	882.0	1,573.0	1,359.7	-	-	3,814.7
Receivables	467.1	2.0	-	-	-	469.1
Available-for-sale investments	-	-	-	-	358.2	358.2
Total financial assets	3,796.2	2,363.2	1,405.1	-	358.2	7,922.7
Financial liabilities						
Payables	406.0	17.8	1.2	6.2	-	431.2
Amounts owing to participants	5,888.2	-	-	-	200.0	6,088.2
Total financial liabilities	6,294.2	17.8	1.2	6.2	200.0	6,519.4
Commitments						
Capital and operating commitments	0.7	2.2	15.0	50.9	-	68.8
Operating lease commitments	0.8	1.6	7.6	76.2	-	86.2
Total commitments	1.5	3.8	22.6	127.1	-	155.0

With respect to amounts owing to participants, the actual maturity cannot be determined as maturity will depend on a number of factors including new contracts opened and contracts closed by participants. These have been classified as having maturities up to one month on the basis of the shortest possible legal obligation for repayments.

(d) Fair value measurements

(i) Fair value hierarchy and valuation techniques

The following table presents the Group's financial assets measured and recognised at fair value at 30 June. The Group does not have any financial liabilities measured at fair value.

As at 30 June	2017				2016			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets								
Available-for-sale financial assets:								
- Negotiable certificates of deposit	-	365.4	-	365.4	-	1,179.5	-	1,179.5
- Promissory notes	-	1,926.2	-	1,926.2	-	1,123.1	-	1,123.1
- Treasury notes	-	-	-	-	-	114.8	-	114.8
- Floating rate notes	-	267.8	-	267.8	-	1,012.9	-	1,012.9
- Bonds	192.2	650.2	-	842.4	213.3	152.8	-	366.1
Available-for-sale investments	408.4	-	22.7	431.1	334.9	-	23.3	358.2
Total financial assets	600.6	3,209.6	22.7	3,832.9	548.2	3,583.1	23.3	4,154.6

Risk management continued

There were no transfers between levels for recurring measurements during the year. The Group did not measure any financial assets at fair value on a non-recurring basis as at 30 June 2017.

The classification of financial instruments within the fair value hierarchy and the valuation techniques used to determine their values are detailed below.

Level 1

Level 1 inputs are unadjusted quoted prices in active markets at the measurement date for identical assets and liabilities. Financial instruments included in this category are the Group's listed equity investment and Australian Government bonds. The fair value of the listed investment is determined by reference to the ASX-quoted closing price at reporting date and the fair value of Australian Government bonds are determined by reference to readily observable quoted prices for identical assets in active markets.

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). All current available-for-sale financial assets other than Australian Government bonds as noted above are classified as Level 2 financial instruments as their fair values are determined using discounted cash flow models or observable market prices for identical assets that are not actively traded.

Level 3

Level 3 inputs are based on unobservable market data. The fair value of the Group's unlisted equity investment is determined using a discounted cash flow model which includes unobservable inputs and therefore is classified as a Level 3 instrument.

(ii) Fair values of other financial instruments

The Group has a number of financial instruments which are not measured at fair value on the balance sheet. Due to their short-term nature, the carrying amounts of current receivables, current payables and current amounts owing to participants are assumed to approximate their fair value. The carrying amount of non-current amounts owing to participants approximates their fair value as the impact of discounting is not significant.

(iii) Level 3 fair value instruments

The following table presents the changes in Level 3 fair value instruments during the year:

	2017 \$m	2016 \$m
Opening balance at 1 July	23.3	-
Additions	-	24.4
FX revaluation loss:		
- Recognised in equity ¹	(0.4)	(0.8)
- Recognised in deferred tax	(0.2)	(0.3)
Closing balance at 30 June	22.7	23.3

¹ The loss, net of tax, recognised as a result of changes in foreign exchange rates has been recognised within the asset revaluation reserve.

There were no gains or losses recognised in profit or loss in the current or prior year.

A change in the unobservable inputs used to determine the fair value of the unlisted equity investment would not have a material impact on the financial statements.

(e) Enforceable netting arrangements

There are no financial assets and financial liabilities recognised on a net basis. In the event that a clearing participant defaults and ASX assumes open positions under novation, ASX's policy is to recognise the net open positions where it has the right to offset exposures.

In the event that a clearing participant defaults, ASX may utilise collateral and commitments lodged by that participant to offset net losses realised from the close-out of positions. While ASX has the right to offset this collateral from the open position, its policy is to only offset following the close-out. The aggregate amount of collateral and commitments lodged by participants at 30 June 2017 was \$8,084.7 million (2016: \$6,088.2 million).

Investments

C1 Available-for-sale investments

	2017 \$m	2016 \$m
Investments in listed entities	408.4	334.9
Investments in unlisted entities	22.7	23.3
Total available-for-sale investments	431.1	358.2

(a) Investments in listed entities

As at 30 June 2017, ASX held 18.8% (2016: 19.1%) of the share capital in IRESS Limited (IRESS), whose principal activities consist of the provision of financial planning and associated tools, in addition to an equity information and trading platform for financial market and wealth management participants.

During the year, ASX purchased 1,429,639 shares in IRESS as part of the IRESS placement offer. The total purchase cost of the share capital was \$16.2 million. ASX did not purchase any share capital in IRESS in the prior year.

The Group does not have significant influence over the investee as it has no representation on the Board of directors and does not have the power to participate in financial and operating policy decisions.

There was no impairment in investments in listed entities during the current or prior financial year.

(b) Investments in unlisted entities

As at 30 June 2017, ASX held 8.5% (2016: 8.5%) equity interest in Digital Asset Holdings LLC (DAH), which specialises in the development of distributed ledger technology solutions.

Available-for-sale-investments are initially recognised at fair value, being the consideration given plus transaction costs that are directly attributable to acquiring the asset. After initial recognition, they continue to be measured at fair value.

The fair value of investments in listed entities is determined by reference to quoted market prices at the close of business on the balance sheet date. Refer to note B3(d)(i).

The fair value of investments in unlisted entities is determined by reference to unobservable market data at balance date. Refer to note B3(d)(iii).

C2 Equity accounted investments

As at 30 June 2017, ASX held a 49.0% (2016: 49.0%) interest in an associate entity, Yieldbroker Pty Limited (Yieldbroker). Yieldbroker's principal place of business is Australia. It operates licensed electronic markets for trading Australian and New Zealand debt securities and interest rate derivatives.

The carrying amount of equity accounted investments was \$66.7 million (2016: \$66.6 million). There was no impairment charge incurred in the current or prior year.

The financial information below represents ASX's 49.0% share of Yieldbroker for the years ended 30 June 2017 and 2016:

	2017 \$m	2016 \$m
Profit from continuing operations	0.1	0.9
Other comprehensive income	-	-
Total comprehensive income	0.1	0.9

Equity accounted investments are initially recognised at cost. The carrying amount is subsequently adjusted to recognise the Group's share of the investee's post-acquisition profit and loss and other comprehensive income. This is recognised in the Group's profit and loss and comprehensive income respectively. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity accounted investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount is the higher of the assets' fair value less costs of disposal and value in use, and is assessed at the end of each reporting period.

Other balance sheet assets and liabilities

D1 Receivables

	2017 \$m	2016 \$m
Current		
Trade receivables	92.8	93.7
Less: provision for impairment	(0.8)	(1.1)
	92.0	92.6
Margins receivable	1,021.6	365.9
Accrued revenue	6.1	4.3
Interest receivable	5.1	5.0
Other debtors	0.1	1.3
Total receivables	1,124.9	469.1

Trade receivables aged analysis

As at 30 June, the aged analysis for trade receivables of the Group was as follows:

	2017	2016
Not past due		
Not past due	87.3	85.6
Past due 0-30 days	0.9	0.5
Past due 31-60 days	3.1	4.4
Past due 61-90 days	0.4	1.9
Past due 91 days and over	0.3	0.2
Trade receivables not impaired	92.0	92.6
Trade receivables impaired	0.8	1.1
Total trade receivables	92.8	93.7

Trade receivables, which generally have terms of 30 days, are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

The collectability of trade receivables is reviewed on a regular basis. Debts known to be uncollectable are written-off by reducing the carrying amount directly. A provision is raised when there is objective evidence that the Group will not be able to collect all of the original amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. Impairment losses are recognised in the statement of comprehensive income in administration expenses.

Margins receivable represents collateral receivable from clearing participants on cash markets and derivative positions held at the end of the day, and are received on the next business day. The amounts include the movement in the fair value of derivative positions and are recognised on trade date.

(a) Impaired trade receivables

As at 30 June 2017, the Group provided \$0.8 million (2016: \$1.1 million) for trade receivables that were identified as being impaired. The individually impaired receivables relate to companies that are in administration, entities with prolonged suspension from the ASX official list of listed companies, and debts that remain unpaid for a prolonged period despite active debt collection procedures.

The movements in the provision for impairment of trade receivables are as follows:

	2017 \$m	2016 \$m
Opening balance at 1 July	(1.1)	(1.6)
Provision for impairment recognised during the year	(0.9)	(0.6)
Receivables written-off during the year as uncollectable	0.4	0.2
Provisions subsequently reversed	0.8	0.9
Closing balance at 30 June	(0.8)	(1.1)

(b) Past due but not impaired

As at 30 June 2017, \$4.7 million (2016: \$7.0 million) of trade receivables were past due but not impaired. These balances relate to a number of individual customers with whom the Group expects to recover the debts.

The other classes within receivables do not include any amounts that are past due and are not impaired. Based on the credit history of these classes, it is expected that these amounts will be received when due.

Other balance sheet assets and liabilities continued

D2 Intangible assets

The movements in the intangible asset balances are as follows:

	2017					2016				
	Software \$m	Trade- marks \$m	Customer lists \$m	Goodwill \$m	Total \$m	Software \$m	Trade- marks \$m	Customer lists \$m	Goodwill \$m	Total \$m
Cost	321.6	-	-	2,317.6	2,639.2	282.4	-	-	2,317.6	2,600.0
Accumulated amortisation and impairment	(218.5)	-	-	-	(218.5)	(190.0)	-	-	-	(190.0)
Net book value at 1 July	103.1	-	-	2,317.6	2,420.7	92.4	-	-	2,317.6	2,410.0
Additions	41.8	7.9	1.2	-	50.9	40.1	-	-	-	40.1
Amortisation expense	(28.6)	-	(0.1)	-	(28.7)	(28.5)	-	-	-	(28.5)
Write-downs	(3.7)	-	-	-	(3.7)	(0.9)	-	-	-	(0.9)
Net book value at 30 June	112.6	7.9	1.1	2,317.6	2,439.2	103.1	-	-	2,317.6	2,420.7
Cost	359.7	7.9	1.2	2,317.6	2,686.4	321.6	-	-	2,317.6	2,639.2
Accumulated amortisation and impairment	(247.1)	-	(0.1)	-	(247.2)	(218.5)	-	-	-	(218.5)
Net book value at 30 June	112.6	7.9	1.1	2,317.6	2,439.2	103.1	-	-	2,317.6	2,420.7

(a) Software

The write-down expense recognised in the current and prior financial year relates to certain software intangible assets that were identified as having no future economic benefit to the Group. Impairment charges were recognised within depreciation and amortisation in the statement of comprehensive income.

Costs incurred in developing products or systems, and acquiring software and licences that will contribute to future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful lives, from the time the assets are in use. Certain staff costs are capitalised when they can be specifically attributed to major software development projects. Software purchased from external vendors is classified as externally acquired and may include capitalised staff costs that have been incurred in the implementation of the software.

Software is subject to amortisation and is reviewed for indicators of impairment at the end of each reporting period or when events or changes in circumstances have arisen that indicate the carrying value may be impaired. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Determining whether the intangibles are impaired requires an estimation of their useful lives, residual values and amortisation method. The effect of any changes will be recognised on a prospective basis.

The estimated useful lives of significant computer software systems is as follows:

Cash market and derivative trading systems	5 years
Cash market clearing system	5 years
Derivative and OTC clearing systems	5 years
Debt depository system	10 years

(b) Trademarks and customer lists

There was no write-down or impairment expense recognised during the year for trademarks or customer lists.

Trademarks and customer lists have been externally acquired and are measured at cost. Customer lists are amortised on a straight-line basis over their estimated useful life of five years while the registered trademark has an indefinite useful life and is not amortised. The trademark is assessed for impairment at each reporting date or when there are indicators of impairment.

(c) Goodwill

(i) Impairment test for goodwill

The Group consists of two cash generating units (CGUs), namely exchange-traded and non exchange-traded. The goodwill attributable to each CGU at the time of acquisition is as follows:

- exchange-traded: \$2,242.2 million
- non exchange-traded: \$75.4 million.

No impairment charge arose in the current or prior financial year.

(ii) Key assumptions used for value-in-use calculations

Management has determined the budgeted operating results based on past performance and expectations for the future. The growth rates used for revenue and expense projections are consistent with, or lower than, historical trends for the CGUs.

The pre-tax discount rate used is 9.25% (2016: 9.5%) for all CGUs. The growth rate used to extrapolate cash flow projections beyond five years is 3.5% (2016: 3.5%) per annum for the exchange-traded CGU and 3.5% (2016: 3.5%) per annum for the non exchange-traded CGU. These calculations support the carrying value of goodwill.

Other balance sheet assets and liabilities continued

Goodwill on acquisition is initially measured at cost, being the excess of the consideration paid 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 has an indefinite useful life and as such is not subject to amortisation and is tested semi-annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (CGUs) and goodwill is allocated to each of the Group's CGUs that are expected to benefit from the business combination in which the goodwill arose.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of comprehensive income.

The recoverable amount of each 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 started in note D2(c)(ii). The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

D3 Property, plant and equipment

The movements in the property, plant and equipment asset balances are as follows:

	2017				2016			
	Leasehold improvements \$m	Plant and equipment \$m	Computer equipment \$m	Total \$m	Leasehold improvements \$m	Plant and equipment \$m	Computer equipment \$m	Total \$m
Cost	33.3	46.5	110.5	190.3	32.8	46.3	101.1	180.2
Accumulated depreciation	(19.9)	(33.6)	(85.2)	(138.7)	(16.8)	(30.6)	(78.0)	(125.4)
Net book value at 1 July	13.4	12.9	25.3	51.6	16.0	15.7	23.1	54.8
Additions	0.8	1.4	6.4	8.6	0.5	0.2	9.4	10.1
Depreciation expense	(3.3)	(3.0)	(7.3)	(13.6)	(3.1)	(3.0)	(7.2)	(13.3)
Net book value at 30 June	10.9	11.3	24.4	46.6	13.4	12.9	25.3	51.6
Cost	34.1	47.9	116.9	198.9	33.3	46.5	110.5	190.3
Accumulated depreciation	(23.2)	(36.6)	(92.5)	(152.3)	(19.9)	(33.6)	(85.2)	(138.7)
Net book value at 30 June	10.9	11.3	24.4	46.6	13.4	12.9	25.3	51.6

Property, plant and equipment is measured at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the assets. 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. Repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

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.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

Gains and losses on disposal are determined by comparing the proceeds on disposal with the carrying amount and are included in profit or loss.

Depreciation of assets begins from the time an asset is implemented and available 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 shorter of minimum lease term and useful life
Plant and equipment	3 – 10 years
Computer equipment	3 – 5 years

Other balance sheet assets and liabilities continued

D4 Payables

	2017 \$m	2016 \$m
Trade creditors	2.2	1.7
Margins payable	1,021.6	365.9
Interest payable	8.3	7.0
Rebates payable	14.4	19.6
Transaction taxes payable	6.7	6.6
Employee-related payables	20.9	20.6
Accrued expenses	17.2	14.8
Other payables	1.1	1.6
Total	1,092.4	437.8

ASX is a signatory to the voluntary Business Council of Australia Supplier Payment Code applicable to small suppliers. The Code sets out a set of best-practice standards which signatories commit to comply with and includes prompt and on-time payment to suppliers; working with suppliers to improve their invoicing and payment practices; providing suppliers with clear guidance about payment procedures; implementing payment dispute resolution processes; and reporting of policies and practices in place that ensure compliance with the Code.

Payables are initially recognised at fair value and represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid. The amounts, stated at amortised cost using the effective interest method, are unsecured and usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date.

Interest payable includes interest owed to participants on cash collateral and commitments lodged. Interest is recognised as a finance cost in the statement of comprehensive income using the effective interest rate method.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, that it is probable the obligation will be settled and the amount can be reliably estimated. 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. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

Current employee provisions include liabilities for annual leave and wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These are recognised in respect of employees' services up to the end of the reporting period. Long service leave provisions that the Company does not have an unconditional right to defer for 12 months after the reporting date are recognised as a current provision, regardless of when the actual settlement is expected to occur. Current employee provisions are measured at the amounts expected to be paid when the liabilities are settled.

Non-current employee provisions include long service leave provisions where the Company has an unconditional right to defer settlement for at least 12 months after the reporting period. Non-current employee provisions are not expected to be wholly settled within 12 months after the end of the reporting date, and are therefore measured as the present value of expected future payments.

When determining whether employees qualify or are expected to qualify for the Group's long service leave arrangements, consideration is given to history of employee departures and periods of service. Expected future wage and salary levels are discounted using the rates attached to a basket of comparable liquid corporate bonds at the end of each reporting period, which most closely match the terms to maturity of the related liabilities.

For short-term cash incentives offered to staff the Group recognises a liability and an expense. A provision is recognised where there is a contractual obligation or where there is past practice that gives clear evidence of the amount of the obligation.

Where short-term incentives are deferred to a future period the value of the incentives is expensed over the term of the deferral and recognised as a liability. Amounts expected to be wholly settled within 12 months after the end of the reporting date are recognised as current, all others are recognised as non-current.

Make-good obligations are provided for office space under operating leases 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. Provisions for make-good obligations are recognised when the Group becomes party to operating lease contracts that include make-good clauses.

Lease incentives received or receivable, such as rent-free periods and premises fit-out allowances, may be included in operating leases entered into by the Group. The value of lease incentives is included in the premises provision and is recognised as a reduction in occupancy expense in profit or loss on a straight-line basis over the term of the lease. Where the original lease term has been extended, these incentives will continue to be recognised over the original lease term.

D5 Provisions

Current		
Employee provisions	13.6	12.2
Premises provisions	2.2	2.3
Total	15.8	14.5
Non-current		
Employee provisions	2.9	3.2
Premises provisions	3.9	5.8
Total	6.8	9.0

The movements in the premises provision are as follows:

Opening balance at 1 July	8.1	9.8
Provisions used during the period	(2.2)	(2.0)
Additions during the period	0.1	0.2
Unwinding of discount	0.1	0.1
Closing balance at 30 June	6.1	8.1

The provisions for employee benefits predominantly relate to annual and long service leave obligations. Premises provisions comprise lease rental amortised on a straight-line basis over the term of the lease, and provisions for make-good and lease incentives.

Group disclosures

E1 Subsidiaries

Parent entity¹: ASX Limited

Subsidiaries of ASX Limited:

ACN 611 659 664 Limited²
ASX Acceler8 Pty Limited
ASX Benchmarks Pty Limited
ASX Clearing Corporation Limited
ASX Compliance Pty Limited
ASX Data Analytics Pty Limited
ASX Energy Limited
ASX Futures Exchange Pty Limited
ASX Long-Term Incentive Plan Trust
ASX Operations Pty Limited²
ASX Settlement Corporation Limited²
Australian Securities Exchange Limited²
Australian Stock Exchange Pty Limited
SFE Corporation Limited²

Subsidiaries of ASX Settlement Corporation Limited:

ASX Settlement Pty Limited
Austraclear Limited

Subsidiaries of Austraclear Limited:

Austraclear Services Limited

Subsidiaries of ASX Operations Pty Limited:

ASX Collateral Management Services Pty Limited
Australian Clearing Corporation Limited²
Australian Clearing House Pty Limited
Equityclear Pty Limited
New Zealand Futures and Options Exchange Limited
Options Clearing House Pty Limited
Sydney Futures Exchange Pty Limited

Subsidiaries of ASX Settlement Pty Limited:

CHESS Depositary Nominees Pty Limited

Subsidiaries of Australian Securities Exchange Limited:

Australian Securities Exchange (US) Inc

Subsidiaries of ASX Clearing Corporation Limited:

ASX Clearing Corporation Trust
ASX Clear (Futures) Pty Limited
ASX Clear Pty Limited

¹ Parent entity refers to the immediate controlling entity of the entity in which the investment is shown. The parent entity's investment in relation to all subsidiaries during the financial year was 100% (2016: 100%).

² These subsidiaries are parties to the Deed of Cross Guarantee (the Deed) and have been granted relief from the necessity to prepare financial statements in accordance with ASIC Legislative Instrument 2016/785. Refer to note E2 for details of the Deed.

ASX Limited and Australian Securities Exchange Limited are licensed to operate financial markets while ASX Clear, ASX Clear (Futures), Austraclear Limited and ASX Settlement Pty Limited are licensed to operate clearing and settlement facilities.

In accordance with the *Corporations Act 2001*, the Group maintains two fidelity funds for claims about the defalcation of monies in relation to cash market and derivative trading. ASX Limited acts as manager for the ASX Division 3 Compensation Fund and Australian Securities Exchange Limited acts as trustee for the Sydney Futures Exchange Limited Fidelity Fund. ASX is also the sole member of the Securities Exchanges Guarantee Corporation (SEGC) which is responsible for administering the NGF, a compensation fund available to meet certain types of claims arising from dealings with participants of ASX and, in limited circumstances, participants of ASX Clear, in accordance with the *Corporations Act 2001*.

ASX Division 3 Compensation Fund, Sydney Futures Exchange Limited Fidelity Fund and SEGC are not consolidated into the Group.

All subsidiaries are incorporated in Australia except for Australian Securities Exchange (US) Inc (incorporated in the US), and New Zealand Futures and Options Exchange Limited and ASX Energy Limited (both incorporated in New Zealand). All subsidiaries have the same reporting date.

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 is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect those returns through its power to direct the activities of the entity. In addition to considering the existence of potential voting rights that are presently exercisable or convertible, the Company also considers relationships with other parties that may result in the Company controlling an entity on the basis of de facto circumstances.

The Group has two established trusts. LTIP administers the Group's employee share scheme while ASX Clearing Corporation Trust manages the cash of the two CCP subsidiaries. Both trusts are consolidated as the substance of the relationship is that they are controlled by the Group.

Group disclosures continued

E2 Deed of Cross Guarantee

Pursuant to ASIC Legislative Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the requirement to prepare financial reports and directors' reports.

It is a condition of the instrument that the Company and each of the participating subsidiaries enter into the Deed under which each company guarantees the debts of the others.

The subsidiaries subject to the Deed at the end of the reporting period are:

Subsidiary name	ABN/ACN
ACN 611 659 664 Limited	611 659 664
ASX Operations Pty Limited	42 004 523 782
Australian Clearing Corporation Limited	068 624 813
Australian Securities Exchange Limited	83 000 943 377
ASX Settlement Corporation Limited	48 008 617 187
SFE Corporation Limited	74 000 299 392

The above entities represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the Deed that are controlled by the Company, they also represent the 'extended closed group'.

No entities were added or removed from the Deed during the year.

(a) Consolidated statement of comprehensive income and summary of movements in retained earnings

Set out below is a consolidated statement of comprehensive income and summary of movements in consolidated retained earnings for the closed group consisting of ASX Limited and the previously mentioned parties to the Deed.

For the year ended 30 June	2017 \$m	2016 \$m
Statement of comprehensive income		
Total revenue	829.5	816.9
Total expenses	(231.5)	(220.1)
Profit before income tax expense	598.0	596.8
Income tax expense	(163.4)	(163.8)
Net profit for the period	434.6	433.0
Items that may be reclassified to profit or loss:		
Change in the fair value of available-for-sale investments	39.6	15.8
Change in the fair value of cash flow hedges	(0.4)	(1.0)
Other comprehensive income for the period, net of tax	39.2	14.8
Total comprehensive income for the period	473.8	447.8
Summary of movements in consolidated retained earnings:		
Retained earnings at the beginning of the period	574.4	517.4
Dividends paid	(389.2)	(376.0)
Profit for the period	434.6	433.0
Retained earnings at the end of the period	619.8	574.4

(b) Balance sheet

Set out below is a consolidated balance sheet for the closed group.

As at 30 June	2017 \$m	2016 \$m
Current assets		
Cash and funds on deposit	159.6	159.1
Available-for-sale financial assets	88.7	45.9
Receivables	102.4	131.2
Prepayments	16.6	12.6
Total current assets	367.3	348.8
Non-current assets		
Investments in subsidiaries	731.1	722.0
Available-for-sale investments	431.1	358.2
Equity accounted investments	66.7	66.6
Intangible assets	2,375.2	2,365.6
Property, plant and equipment	46.6	51.6
Prepayments	1.0	-
Total non-current assets	3,651.7	3,564.0
Total assets	4,019.0	3,912.8
Current liabilities		
Payables	58.9	62.6
Current tax liabilities	16.2	9.9
Provisions	15.8	14.5
Revenue received in advance	18.2	16.4
Total current liabilities	109.1	103.4
Non-current liabilities		
Deferred tax liabilities	69.2	51.1
Provisions	6.8	9.0
Revenue received in advance	0.1	0.1
Total non-current liabilities	76.1	60.2
Total liabilities	185.2	163.6
Net assets	3,833.8	3,749.2
Equity		
Issued capital	3,027.2	3,027.2
Retained earnings	619.8	574.4
Asset revaluation reserve	178.0	138.8
Equity compensation reserve	8.8	8.8
Total equity	3,833.8	3,749.2

Group disclosures continued

E3 Related party transactions

(a) Transactions between subsidiaries

ASX Operations Pty Limited provides operational support for the majority of the Group's transactions. Expenses paid, revenues collected and purchase of capital items on behalf of other entities within the Group are booked into inter-entity accounts. Interest is not charged on any inter-entity account.

Transactions between the Company and subsidiaries are eliminated on consolidation.

Balances receivable by the Company from wholly owned subsidiaries within the Group are as follows:

	2017 \$000	2016 \$000
As at 30 June		
Current		
Amounts due from subsidiaries	182,114	161,972
Dividends paid to the parent entity	421,000	414,000

The following transactions occurred between subsidiaries and the Company during the year:

Purchase of services from associates	60	60
Contributions to superannuation funds on behalf of employees	6,671	6,077

These transactions are on an arms length basis and under normal commercial terms and conditions.

(b) Transactions with other related entities

The following transactions occurred with other related entities during the year:

Purchase of services from associates	60	60
Contributions to superannuation funds on behalf of employees	6,671	6,077

KMP compensation (including non-executive directors) provided during the financial year is set out in the table below. Further details are disclosed in the Remuneration Report on pages 17 to 27.

Short-term employee benefits	10,067	11,561
Post-employment benefits	279	322
Long-term benefits	517	2,504
Share-based payments	560	(503)
Total	11,423	13,884

E4 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

For the year ended 30 June	2017 \$m	2016 \$m
Statement of comprehensive income		
Total revenue	435.2	434.6
Total expenses	(0.6)	(0.6)
Profit before income tax expense	434.6	434.0
Income tax expense	(1.5)	(3.5)
Net profit for the period	433.1	430.5
Other comprehensive income for the period, net of tax	39.6	15.8
Total comprehensive income for the period	472.7	446.3

As at 30 June

Balance sheet		
Current assets	190.7	165.3
Non-current assets	3,680.8	3,598.7
Total assets	3,871.5	3,764.0
Current liabilities	16.1	9.9
Non-current liabilities	76.2	58.4
Total liabilities	92.3	68.3
Net assets	3,779.2	3,695.7
Issued capital	3,027.2	3,027.2
Retained earnings	566.2	522.3
Asset revaluation reserve	178.8	139.2
Equity compensation reserve	7.0	7.0
Total equity	3,779.2	3,695.7

The financial information for the parent entity, ASX, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Unlisted shares in subsidiaries are accounted for at cost in the financial statements of ASX.

ASX elected to form a tax consolidated group (tax group) for income tax purposes. ASX is the head entity and is therefore liable for the income tax liabilities of the tax group. The consolidated current and deferred tax amounts arising from temporary differences of the members of the tax group are recognised in the separate financial statements of the members of the tax group using the 'separate taxpayer within group' approach.

ASX has entered into a tax funding agreement with members of the Australian tax group. 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 deferred tax assets relating to tax losses only, and current tax liabilities of the main operating subsidiaries to ASX. The subsidiaries will reimburse ASX for their portion of the Group's current tax liability and will recognise this payment as an inter-entity payable or receivable in their financial statements for that financial year. ASX will reimburse the subsidiaries for the deferred tax asset from any unused tax losses or credits by making a payment equal to the carrying value of the deferred tax asset.

Group disclosures continued

(b) Guarantees entered into by the parent entity

The parent entity, ASX, is party to a Deed of Cross Guarantee together with the entities defined in note E2. Under the Deed, 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*. No deficiencies of assets exist in any of these entities.

In accordance with the Financial Stability Standards recovery rules the parent entity, ASX, is obligated in certain circumstances to replenish a shortfall in the financial resources available to the CCPs up to predetermined levels for any one participant default. No replenishments were made in the current or prior year.

(c) Contractual commitments and contingencies

ASX has an agreement with ASX Clear for a \$150.0 million (2016: \$150.0 million) standby liquidity loan facility that may be used in limited and specific circumstances following the default of clearing participants.

ASX has an agreement with CHESS Depositary Nominees Pty Limited (CDN) which provides \$10.0 million (2016: \$10.0 million) in funds to support CDN's licence obligations if required. No payments were made under either facility in the current or prior financial year.

The NGF, which is administered by SEGC, is maintained to provide compensation for prescribed claims arising from dealings with market participants as set out in the *Corporations Act 2001*. If the net assets of the NGF fall below the minimum amount determined by the Minister, SEGC may determine that ASX must pay a levy to SEGC. Where a levy becomes payable, SEGC may determine that ASX or market participants must pay a levy, provided that the total amounts payable under this levy do not exceed the amount payable by ASX to SEGC. No levies were called in the current or prior financial year.

In accordance with the Australian Financial Services Licence of ASX Collateral Management Services Pty Limited, the Group has an obligation to fund any amounts required by the subsidiary.

ASX Limited did not have any other contractual commitments or contingent liabilities for the years ended 30 June 2017 or 2016.

(d) Borrowings

The Group did not have any drawn borrowings during the current or prior financial year. ASX Limited has an unsecured committed facility that can only be called upon to provide short-term liquidity to ASX Clear following a clearing participant default. The facility limit is \$100.0 million (2016: \$100.0 million) and remained undrawn at the date of this report.

E5 Other disclosures

E5.1 Commitments

(a) Capital commitments

Capital commitments contracted for but not yet incurred as at balance date are as follows:

	2017 \$m	2016 \$m
Intangible assets – software	10.0	20.4

(b) Operating lease commitments

Commitments for minimum lease payments of non-cancellable leases are as follows:

Due:		
Not later than one year	8.1	10.0
Later than one year but not later than five years	31.6	31.4
Later than five years	36.4	44.8
Total	76.1	86.2

The Group's major leases are for the premises from which it operates. These leases are all generally long-term with unexpired periods up to 11 years, with options to extend for further periods included in certain lease agreements. Future rentals are subject to indexation and periodical rent reviews. The operating lease expense for the year was \$11.4 million (2016: \$10.7 million).

Operating leases are those in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee. Minimum lease payments, which includes fixed rental increases, are recognised in profit or loss on a straight-line basis over the period of the lease.

E5.2 Share-based payments

(a) Long-term incentive plan

The Group provides performance rights to ordinary shares of the Company to employees as part of the LTI plan to recognise performance, skills and behaviours that deliver sustainable long-term shareholder value. They entitle certain KMP to performance rights over ASX Limited shares.

Under the plans, participants are granted performance rights that only vest if certain performance conditions are met. All performance rights are to be settled by physical delivery of ordinary shares in ASX Limited subject to the performance conditions being attained.

The number of rights that vest depends on an EPS hurdle being achieved and ASX's total shareholder return (TSR) relative to a comparator group. The plans do not carry rights to dividends. The terms and conditions of these grants are shown in the following table.

During the year, 5,419 performance rights vested following the partial attainment of performance hurdles under the September 2013 LTI plan. The remaining 24,689 performance rights under this plan lapsed.

Group disclosures continued

Grants outstanding at the end of the reporting period:

Grant date/employees entitled	Number of instruments granted	Vesting conditions	Contractual life of the award	Weighted average fair value
Performance rights granted to KMP on 28 September 2016	31,334	4 years service; 50% of performance rights require relative TSR and 50% of performance rights require growth in EPS above the target	4 years	\$29.68
Performance rights granted to KMP on 30 September 2015	13,041	4 years service; 50% of performance rights require relative TSR and 50% of performance rights require growth in EPS above the target	4 years	\$23.34
Performance rights granted to KMP on 23 September 2014	27,432	3 years service; 30% of performance rights require relative TSR and 70% of performance rights require growth in EPS above the target	3 years	\$27.34
Total	71,807			

(b) Employee share purchase plan

The ASX employee share purchase plan offers the opportunity for employees to purchase fully paid ordinary shares in ASX through salary sacrifice up to the value of \$1,000 at a discount of 10%. All Australian permanent full-time and part-time employees, and maximum-term contractors with end dates beyond 30 June are eligible to participate in the scheme.

The number of shares allocated to each employee is the offer amount divided by the volume weighted average price (VWAP) over the five business days up to and including the offer close date, rounded down to the nearest share.

Employees have full ownership rights of the shares under the scheme including voting rights and entitlement to dividends. The shares are subject to a three-year holding lock and as such cannot be transferred to another person or disposed of until the earlier of cessation of employment or three years from grant date.

The shares are recognised at their fair value being the market price on the purchase date.

Key details of the plan are set out in the table below.

	2017	2016
Offer close date	3 March 2017	25 February 2016
Grant date	9 March 2017	2 March 2016
VWAP	\$51.64	\$41.70
Purchase price (fair value)	\$51.97	\$41.83
Number of shares issued	6,403	6,672

(c) Short-term incentive (STI) deferred equity plan

Under the Group's STI incentive scheme, KMP and Executive General Managers (EGMs) receive 40% of their STI awarded in cash, 30% in shares deferred for two years and 30% in shares deferred for four years. General Managers (GMs) receive 50% of their STI awarded in cash and the remaining 50% in shares deferred for two years. If the employee ceases employment during this period, the shares are forfeited, except in certain limited circumstances.

The number of shares allocated to each eligible employee is the amount of the STI award deferred into shares divided by the VWAP over the five business days up to and including the offer close date of 25 August 2016 for FY16, rounded to the nearest share.

Employees have full ownership rights of the shares under the scheme including voting rights and entitlement to dividends. The shares are subject to a holding lock until the day after the Annual General Meeting in the year that they vest and cannot be transferred to another person or disposed of during this period.

The shares are recognised at their fair value, being the market price on the purchase date, of \$51.45 for FY16.

(d) Employee expenses

The table below shows the total share-based payments recognised within staff expenses during the year and includes the impact of reversals resulting from non-market based performance hurdles not being achieved.

	2017 \$m	2016 \$m
Long-term incentive plan	-	(0.5)
Employee share purchase plan	0.3	0.2
Deferred short-term incentive plan	1.7	-
Other share-based payments	0.2	0.2
Total	2.2	(0.1)

The fair value of the performance rights for the EPS component is calculated using the share price at market close on the grant date, less the present value of the expected dividends over the performance period. The fair value of performance rights for the TSR component is calculated by an independent valuer using a Black-Scholes option valuation model and Monte Carlo simulation at grant date.

Fair values are recognised over the vesting period as an expense with a corresponding increase in the equity compensation reserve. Fair values include the impact of any market performance conditions and the impact of any non-vesting conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The impact of any revisions to the original estimates are recognised in profit or loss with a corresponding adjustment to equity.

Group disclosures continued

E5.3 Auditor's remuneration

The following fees were paid or payable by the Group for and on behalf of all Group entities for services provided by the auditor and its related practices during the financial year:

	2017 \$	2016 \$
PricewaterhouseCoopers Australia		
Statutory audit services:		
Audit and review of the financial statements and other audit work under the <i>Corporations Act 2001</i>	611,729	627,889
Audit of information technology platforms	179,940	194,440
Other audit services:		
Model validation	152,500	153,000
Code of Practice compliance	90,000	10,200
Non-audit services:		
Tax compliance services	73,773	57,265
Due diligence services	-	240,950
Total remuneration for PricewaterhouseCoopers Australia	1,107,942	1,283,744

E5.4 Other accounting policies

(a) New and amended standards and interpretations adopted by the Group

The new standards and amendments to standards that are mandatory for the first time in the annual reporting period commenced on 1 July 2016 do not affect any amounts recognised in the current or prior periods, and are not likely to materially affect amounts in future periods. The Group has not elected to apply any pronouncements before their operative date in the annual reporting period ended 30 June 2017.

(b) New and amended standards and interpretations not yet adopted by the Group

The following new or amended accounting standards and interpretations have been issued by the AASB but are not mandatory for the annual reporting period ended 30 June 2017 and have not been early adopted by the Group. The Group's assessment of the impact of these standards and interpretations is set out below.

Title	Nature of change and impact on the Group	Mandatory and anticipated date of application
AASB 9 <i>Financial Instruments</i>	<p>The new standard changes the criteria for classifying and recognising financial instruments and introduces a new expected credit loss model for calculating impairment. It also aligns hedge accounting more closely with common risk management practices.</p> <p>The Group's current debt securities are classified as available-for-sale and measured at fair value through other comprehensive income. On initial adoption of the standard all debt securities other than those lodged by participants to cover margin obligations will be reclassified and measured at amortised cost. This is because the contractual cash flows of the securities are solely payments of principal and interest and the Group's business model for managing the portfolio is to hold the securities in order to collect these contractual cash flows. The opening asset revaluation reserve for the comparative period (1 July 2017) will be restated to reverse the fair value impact, net of tax of \$0.5 million (refer to note B2).</p> <p>Debt securities lodged by participants will be reclassified to fair value through profit and loss as they do not meet the criteria for amortised cost or fair value through other comprehensive income.</p> <p>The Group's investments in equity instruments will continue to be measured at fair value through other comprehensive income. There will only be an impact on future financial periods when the investments are sold as the gain or loss can no longer be recycled to profit or loss and must remain in equity.</p> <p>The new impairment model will not have a material impact on the financial statements on the date of adoption.</p> <p>There will be no impact on the accounting for the Group's financial liabilities as the new standard only impacts financial liabilities designated at fair value through profit or loss and the Group does not have any such liabilities.</p>	Periods beginning on or after 1 January 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>This standard will replace AASB 111 <i>Construction Contracts</i> and AASB 118 <i>Revenue</i>. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to the customer.</p> <p>There will be no impact on the Group's accounting policies on adoption of this standard.</p>	Periods beginning on or after 1 January 2018
AASB 16 <i>Leases</i>	<p>This standard will replace AASB 117 <i>Leases</i>. It contains a revised definition of a lease and has removed the distinction between operating and finance leases by lessees.</p> <p>On initial adoption of the standard, the Group will be required to recognise a right of use asset and a corresponding lease liability measured at the present value of future lease payments on the balance sheet for all leases. A depreciation and finance charge will be recognised over the term of the lease. Certain performance metrics and ratios will be impacted as a result of these changes.</p> <p>The Group's assessment of the potential accounting, disclosure and financial impact on adoption of the standard will continue up to the date of application.</p>	Periods beginning on or after 1 January 2019

There are no other standards that are not yet effective or are expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

E5.5 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.

Directors' declaration

In the opinion of the directors of ASX Limited (the Company):

- a. the financial statements and notes that are contained in pages 41 to 69 and the Remuneration Report set out on pages 17 to 27 in the Annual Report, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date, and
 - ii. complying with Australian 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 E2 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 E2, and
- d. the financial statements also comply with International Financial Reporting Standards.

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 2017.

Signed in accordance with a resolution of the directors:



Rick Holliday-Smith
Chairman



Dominic J Stevens
Managing Director and Chief Executive Officer

Sydney, 17 August 2017



Independent auditor's report to the members of ASX Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of ASX Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended;
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, which include a summary of significant accounting policies; and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

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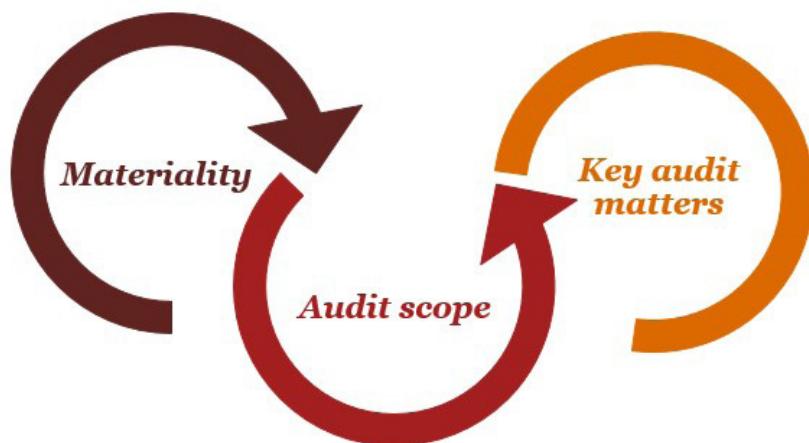
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Independent auditor's report to the members of ASX Limited

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls, and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$31 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and is a generally accepted benchmark.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on areas where we have identified a higher risk of material misstatement, including areas where the entity has made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We tailored the scope of our audit to ensure we obtained sufficient appropriate audit evidence to express an opinion on the financial report as a whole, taking into account the structure of the Group, the Group's processes and controls, and the industry in which the Group operates. The accounting processes are structured around a Group Finance function at its head office in Sydney, where we predominantly performed our audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.



Independent auditor's report to the members of ASX Limited

Key audit matter

Goodwill impairment assessment

Refer to page 61 note D2(c) for details of the Group's impairment test and assumptions.

The Group's goodwill is recognised in two Cash Generating Units (CGUs): 'exchange-traded' (\$2,242.2 million) and 'non-exchange traded' (\$75.4 million).

We focused on this area due to the size of the goodwill balance (\$2,317.6 million as at 30 June 2017), and because the Group's assessment of the 'value in use' of the CGUs involves judgements about the future results of the business and the discount rates applied to future cash flow forecasts.

The Group has performed an impairment assessment over the goodwill balance by:

1. calculating the value in use for each CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for each CGU for five years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and
2. comparing the resulting value in use of each CGU to their respective book values.

The Group also performed a sensitivity analysis over the value in use calculations, by varying the assumptions used (terminal growth rate and WACC) to assess the impact on the valuations.

As a final check, the Group compared the book values of both CGUs to the ASX Limited market capitalisation and to major analyst valuations for the Company.

How our audit addressed the key audit matter

While only 3% of the goodwill relates to the non-exchange traded CGU, the balance is still well above our materiality threshold and so we perform detailed procedures over both CGUs which included the following, amongst others:

We evaluated the Group's cash flow forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations. We also compared them to the latest Board-approved budgets. We found that the budgets used in the value-in-use calculations were consistent with the Board-approved budgets, and that the key assumptions were subject to oversight by the directors.

We also challenged:

- the Group's key assumptions for growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and
- the discount rate used in the model by assessing the cost of capital for the Group by comparing it to market data and industry research.

We found that the growth rate assumptions were consistent with historical results adjusted for the economic outlook and industry forecasts.

We found that the discount rate used by the Group of 9.25% pre-tax was consistent with market data and industry research.

We then stress-tested the assumptions used by analysing the impact on results from using other possible growth rates and discount rates which were within a reasonably foreseeable range.

We found that headroom remained between the stress-tested value-in-use calculations and the carrying value of the CGUs in the financial statements. In particular, we noted that headroom remained even when a zero terminal growth rate was assumed, in conjunction with no revenue growth for the first five years.

As a final test, we also compared the Group's net assets as at 30 June 2017 of \$3.9 billion to its market capitalisation of \$10.4 billion, and noted the \$6.5 billion of implied headroom was consistent with the results of our testing.



Independent auditor's report to the members of ASX Limited

Key audit matter

Valuation and existence of available-for-sale financial assets

Refer to page 52 note B2 for details of the assets and page 57 note B3(d) for the level 1 or 2 classification.

We focused on this area due to the size of the balance and the inherent judgement involved in determining the fair value of financial instruments.

As at 30 June 2017, the available-for-sale assets were valued at \$3,401.8 million (2016: \$3,796.4 million).

Of these assets, \$192.2 million were classified as 'level 1' financial instruments in accordance with the classification under Australian Accounting Standards where quoted prices in active markets are available for identical assets.

The remaining \$3,209.6 million were classified as 'level 2' financial instruments in accordance with the classification under Australian Accounting Standards where values are derived from observable prices (or inputs to valuation models) other than quoted prices included within level 1.

The valuation of the level 2 securities therefore requires a higher degree of judgement.

How our audit addressed the key audit matter

Our audit procedures included the following, amongst others:

There were no material differences noted between the available-for-sale security balances held at 30 June 2017 and the Austraclear holdings statements. Austraclear provides depository, registration, cash transfer and settlement services for debt instrument securities in financial markets in Australia.

As Austraclear is owned and operated by the Company, our work included testing the:

1. controls used to manage the information technology activities and computer environment, covering the overall IT computer environment, program development, program changes, access to programs and data, and computer operations in place at Austraclear;
2. operation of the Austraclear control that matches trade details between counterparties, by inputting a range of test trades, with both correct and incorrect details, to test that only appropriate trades were processed by the system; and
3. generation of the Austraclear holdings reports by running test reports and comparing the output to the observed data in the system.

We found these controls could be relied upon for the purposes of our audit.

To test valuation, we first understood and evaluated the controls in place over the valuation of available-for-sale securities.

For both level 1 and level 2 securities we then used independent sources of information to determine an acceptable range of valuations for 100% of the securities held at 30 June 2017, and compared this to the valuations recorded on the balance sheet.

We found that all securities tested were recorded at values materially consistent with the valuations that we independently calculated.

Other information

The directors are responsible for the other information. The other information comprises the Letter from the Chairman and the CEO; ASX Limited Board; Corporate Governance; Environment, Social and Governance; Remuneration Report; Operating and Financial Review; Directors' Report; Key Financial Ratios; Transaction Levels and Statistics; Shareholder Information; and Directory included in the Group's Annual Report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



Independent auditor's report to the members of ASX Limited

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Our opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 27 for the year ended 30 June 2017.

In our opinion, the Remuneration Report of ASX Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney, 17 August 2017

Key financial ratios

Year ended 30 June 2017	Notes	FY13	FY14	FY15	FY16	FY17
Basic earnings per share (EPS)	1	195.5c	198.5c	205.7c	220.4c	224.5c
Diluted EPS	1	195.5c	198.5c	205.7c	220.4c	224.5c
Underlying EPS	2	195.5c	198.5c	208.4c	220.4c	224.5c
Dividend per share – interim		87.9c	88.2c	92.3c	99.1c	102.0c
Dividend per share – final		82.3c	89.9c	95.1c	99.0c	99.8c
Statutory return on equity	3	11.5%	10.6%	10.8%	11.4%	11.4%
Underlying return on equity	4	11.5%	10.6%	10.9%	11.4%	11.4%
EBITDA/operating revenue	5,6	76.3%	76.7%	77.1%	77.1%	76.3%
EBIT/operating revenue	5,6	71.4%	71.5%	71.6%	71.4%	70.3%
Total expenses (including depreciation and amortisation)/operating revenue	5,6	28.6%	28.5%	28.4%	28.6%	29.7%
Capital expenditure (\$'000)		\$38,881	\$43,235	\$44,404	\$50,237	\$50,329
Net tangible asset backing per share		\$5.04	\$6.53	\$6.97	\$7.25	\$7.59
Net asset backing per share		\$18.05	\$18.96	\$19.42	\$19.75	\$20.19
Shareholders' equity as a % of total assets (excluding participants' balances)		91.9%	91.3%	90.1%	87.6%	76.2%
Shareholders' equity as a % of total assets (including participants' balances)		45.1%	45.8%	46.7%	36.6%	29.6%
Share price at end of period		\$33.07	\$35.64	\$39.90	\$45.76	\$53.61
Ordinary shares on issue at end of period		184,066,764	193,595,162	193,595,162	193,595,162	193,595,162
Weighted average number of ordinary shares		178,068,323	193,022,315	193,413,893	193,413,893	193,415,430
Market value of ordinary shares on issue (\$m)		\$6,087	\$6,900	\$7,724	\$8,859	\$10,379
Market to book ratio		1.83	1.88	2.05	2.32	2.66
Full-time equivalent permanent staff:						
- number at period end		529	526	515	546	554
- average during the period		515	534	524	534	556

Notes

1. Based on statutory net profit after tax (NPAT) including significant items and weighted average number of shares.
2. Based on underlying NPAT excluding significant items and weighted average number of shares.
3. Based on statutory NPAT including significant items.
4. Based on underlying NPAT excluding significant items.
5. Operating revenue excludes interest and dividend revenue (underlying).
6. EBITDA – earnings before interest, tax, depreciation and amortisation; EBIT – earnings before interest and tax.
These metrics along with total expenses exclude significant items.

Transaction levels and statistics

Year ended 30 June 2017	FY13	FY14	FY15	FY16	FY17
Listings and Issuer Services					
Total domestic market capitalisation (\$bn)	\$1,347	\$1,552	\$1,612	\$1,620	\$1,777
Total number of listed entities (includes stapled entities)	2,185	2,192	2,220	2,204	2,239
Number of new listings	82	107	120	124	152
Average annual listing fee	\$27,463	\$28,333	\$31,859	\$34,101	\$35,419
Average initial listing fee	\$87,139	\$166,786	\$174,080	\$150,199	\$105,680
Average fee per \$m of initial capital	\$721	\$645	\$537	\$790	\$1,096
Average fee per \$m of secondary capital	\$1,026	\$1,002	\$854	\$819	\$1,124
Initial capital raised (\$m)	\$9,908	\$27,659	\$38,916	\$23,587	\$14,652
Secondary capital raised (\$m)	\$32,448	\$33,378	\$38,787	\$45,299	\$37,160
Other secondary capital raised including scrip-for-scrip (\$m)	\$4,027	\$4,985	\$11,170	\$9,704	\$4,156
Total capital raised (\$m)	\$46,383	\$66,022	\$88,873	\$78,590	\$55,968
Number of new warrant series quoted	6,690	4,206	2,903	2,959	1,828
Total warrant series quoted	5,140	3,564	3,050	2,886	2,827
Number of CHESS holding statements issued (m)	11.1	11.8	13.1	14.0	13.6
Cash market					
Trading days	252	253	254	254	253
Total cash market trades ('000)	174,750	181,861	190,647	235,923	266,433
Average daily cash market trades	693,454	718,817	750,578	928,829	1,053,096
Continuous trading (\$bn)	\$645.161	\$612.491	\$698.315	\$770.805	\$735.447
Auctions (\$bn)	\$147.418	\$157.338	\$193.292	\$209.412	\$236.983
Centre Point (\$bn)	\$36.953	\$61.135	\$74.933	\$78.941	\$107.043
Trade reporting (\$bn)	\$216.420	\$177.933	\$145.909	\$144.991	\$167.377
Total cash market value (\$bn)	\$1,045.952	\$1,008.897	\$1,112.449	\$1,204.149	\$1,246.850
Average daily on-market value (\$bn)	\$3.292	\$3.284	\$3.805	\$4.170	\$4.267
Average daily value (including trade reporting) (\$bn)	\$4.151	\$3.988	\$4.380	\$4.741	\$4.928
Average trade size	\$5,985	\$5,548	\$5,835	\$5,104	\$4,680
Total billable value (\$bn)	\$1,024.227	\$989.760	\$1,092.799	\$1,189.162	\$1,225.392
Average cash market trading, clearing and settlement fee per trade	\$0.66	\$0.64	\$0.66	\$0.59	\$0.56
Average trading fee per dollar of value (bps)	0.31	0.33	0.32	0.33	0.37
Average trading, clearing and settlement fee per dollar of value (bps)	1.10	1.16	1.13	1.16	1.19
Velocity (total value/average market capitalisation) ¹	86%	78%	82%	92%	88%
Number of dominant settlement messages (m)	15.4	15.2	15.7	17.1	17.8

¹ Total value transacted on all venues.

Transaction levels and statistics continued

Year ended 30 June 2017	FY13	FY14	FY15	FY16	FY17
Equity options (excluding ASX SPI 200)					
Trading days (exchange-traded options)	252	253	254	254	253
Total contracts traded – equity options ('000)					
Single stock options	145,531	116,343	109,546	88,701	93,295
Index options and futures	11,762	8,249	10,958	12,768	10,388
Total equity options ('000)	157,293	124,592	120,504	101,469	103,683
Average daily derivatives contracts	624,179	492,460	474,426	399,486	409,814
Average fee per derivatives contract	\$0.18	\$0.18	\$0.20	\$0.23	\$0.21
Futures					
Trading days (futures and options)	255	256	256	257	256
Total contracts traded – futures ('000)					
ASX SPI 200	10,259	9,715	10,301	12,105	12,255
90 day bank bills	25,866	25,903	28,706	29,567	28,931
3 year bonds	47,499	47,886	49,717	50,105	53,233
10 year bonds	21,211	25,520	29,498	36,079	41,697
20 year bonds	N/A	N/A	N/A	423	545
30 day interbank cash rate	4,780	3,517	3,678	4,112	2,455
Agricultural	354	181	135	132	91
Electricity	168	165	224	257	344
Other ¹	19	20	107	137	102
NZ\$ 90 day bank bills	1,176	1,157	1,394	1,915	1,422
Total futures	111,332	114,064	123,760	134,832	141,075
Total contracts traded – options on futures ('000)					
ASX SPI 200	349	473	454	363	202
90 day bank bills	7	4	-	4	2
3 year bonds	526	416	245	356	152
Overnight 3 year bonds	1,914	1,523	896	579	478
Intra-day 3 year bonds	1,443	1,527	927	660	460
10 year bonds	20	23	24	4	19
Electricity	11	20	27	23	27
Other ²	6	4	8	2	3
Total options on futures	4,276	3,990	2,581	1,991	1,343
Total futures and options on futures contract volume ('000)	115,608	118,054	126,341	136,823	142,418
Daily average contracts – futures and options	453,365	461,148	493,520	532,386	556,321
Average fee per contract – futures and options	\$1.46	\$1.57	\$1.44	\$1.42	\$1.39
OTC markets					
Total notional cleared value (\$bn) ³	N/A	124.413	805.869	2,742.002	5,165.949
Open notional cleared value (period end \$bn) ³	N/A	120.409	440.506	1,600.194	2,924.287

¹ Other includes VIX and sector futures.

² Other includes overnight and intra-day 10 year bonds and agricultural.

³ Cleared notional value is double sided.

Transaction levels and statistics continued

Year ended 30 June 2017	FY13	FY14	FY15	FY16	FY17
Austraclear					
Settlement days	252	253	254	254	253
Transactions ('000)					
Cash transfers	587	600	602	590	582
Fixed interest securities	763	800	774	717	741
Discount securities	183	162	157	150	146
Foreign exchange	21	21	22	11	9
Other	12	10	9	2	1
Total transactions ('000)	1,566	1,593	1,564	1,470	1,479
Average daily settlement volume	6,214	6,298	6,156	5,786	5,844
Securities holdings (monthly average \$bn)	\$1,374.5	\$1,475.5	\$1,671.5	\$1,857.6	\$1,915.4
Securities holdings (period end \$bn)	\$1,406.8	\$1,571.8	\$1,752.5	\$1,895.6	\$1,860.3
Average settlement and depository fee (including portfolio holdings) per transaction (excludes registry services revenue)	\$14.01	\$14.18	\$14.88	\$15.60	\$16.34
System uptime (period average)					
ASX Trade	100.00%	99.97%	100.00%	100.00%	99.79%
CHESS	99.99%	100.00%	100.00%	99.98%	100.00%
Futures trading	100.00%	100.00%	99.97%	99.96%	100.00%
Futures clearing	100.00%	100.00%	100.00%	100.00%	100.00%
Austraclear	100.00%	99.95%	100.00%	99.93%	99.98%
Technical Services (number at period end)					
Liquidity access					
ASX sessions	1,526	1,431	1,185	1,113	1,033
ASX gateways	248	233	207	192	179
ASX liquidity cross-connects	70	61	55	57	60
Futures gateways	272	241	228	208	199
ASX ITCH access	24	31	31	39	43
ASX OUCH access	19	31	44	58	73
Futures liquidity cross-connects	221	297	357	306	334
Futures ITCH access	16	25	36	45	74
Community and connectivity					
ASX Net connections	140	122	126	116	123
ASX Net service feeds	356	356	358	382	437
Australian Liquidity Centre service connections	415	622	679	819	871
Application services					
ASX Trader/ASX Best terminals	491	318	277	251	230
Hosting					
Australian Liquidity Centre cabinets	117	142	188	231	285
Other data centre cabinets	7	7	8	8	13

Shareholder information

ASX Limited – ordinary shares

ASX has ordinary shares on issue. These are listed on the Australian Securities Exchange under ASX code: ASX. Details of trading activity are published daily in most major Australian newspapers (print, online and mobile) and by electronic information vendors, and broadcast on television and radio.

At a general meeting, every shareholder present in person or by direct vote, 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 ASX constitution classifies default shares as any shares held above the 15% voting power limit by one party and its associates.

Distribution of shareholdings at 27 July 2017

Number of shares held	Number of holders	Number of shares	% of issued capital
1 to 1,000	40,911	15,176,952	7.84
1,001 to 5,000	10,855	21,343,357	11.02
5,001 to 10,000	813	5,695,497	2.94
10,001 to 100,000	655	20,573,825	10.63
100,001 and over	98	130,805,531	67.57
Total	53,332	193,595,162	100.00

The number of investors holding less than a marketable parcel of 10 ASX shares (based on a share price of \$52.50) was 302. They hold 904 ASX shares in total.

On-market buy-back

There is no current on-market buy-back.

Substantial shareholders at 27 July 2017

The following organisations have disclosed a substantial shareholder notice to ASX.

Name	Number of shares	% of voting power
UniSuper Limited	18,777,548	9.70%
Schroder Investment Management Australia Limited	10,542,882	5.45%

Largest 20 shareholders at 27 July 2017

Name	Number of shares	% of issued capital
1. HSBC Custody Nominees (Australia) Limited	47,298,468	24.43
2. BNP Paribas Nominees Pty Limited	25,251,030	13.04
3. JP Morgan Nominees Australia Limited	23,511,939	12.14
4. Citicorp Nominees Pty Limited	13,422,373	6.93
5. National Nominees Limited	6,922,196	3.58
6. Bond Street Custodians Limited	2,207,100	1.14
7. Australian Foundation Investment Company Limited	708,685	0.37
8. Milton Corporation Limited	548,965	0.28
9. AMP Life Limited	441,419	0.23
10. Brickworks Limited	375,500	0.19
11. BT Portfolio Services Limited	356,422	0.18
12. Senior Master of the Supreme Court	333,084	0.17
13. Law Venture Pty Ltd	310,365	0.16
14. Navigator Australia Limited	305,588	0.16
15. Avanteos Investments Limited	302,611	0.16
16. Gwynnill Trading Pty Limited	241,559	0.12
17. Netwealth Investments Limited	197,844	0.10
18. Mr George Edward Carrington	195,000	0.10
19. Asgard Capital Management Ltd	190,588	0.10
20. Mr Michael Denis Briody	183,474	0.09
Total	123,304,210	63.67

Shareholders' calendar

FY17

Full-year financial results announcement	17 August 2017
Full-year final dividend	
Ex-dividend date	7 September 2017
Record date for dividend entitlements	8 September 2017
Payment date	27 September 2017
Annual General Meeting	26 September 2017

FY18¹

Half-year financial results announcement	15 February 2018
Half-year interim dividend	
Ex-dividend date	8 March 2018
Record date for dividend entitlements	9 March 2018
Payment date	28 March 2018
Full-year financial results announcement	16 August 2018
Full-year final dividend	
Ex-dividend date	6 September 2018
Record date for dividend entitlements	7 September 2018
Payment date	26 September 2018
Annual General Meeting	26 September 2018

¹Dates are subject to final ASX Board approval.

Shareholder information continued

Annual General Meeting 2017

The ASX AGM will be held in the ASX Auditorium, lower ground floor, Exchange Square, 18 Bridge Street Sydney, New South Wales, at 10am (Sydney time) on Tuesday 26 September 2017.

ASX's Notice of Annual General Meeting has been released on the Market Announcements Platform. Shareholders will receive a copy of the Notice of Meeting in accordance with their communications election.

The AGM will be webcast live on the internet. Please visit www.asx.com.au/agm

A copy of the webcast will be placed on the ASX website after the event.

The external auditor will be present at the AGM to answer questions relevant to the external audit.

Electronic communication

ASX encourages shareholders to receive information electronically.

Shareholders who currently receive information by post can log in at www.linkmarketservices.com.au to provide their email address and elect to receive electronic communications.

ASX emails shareholders when important information becomes available such as financial results, dividend statements, notice of meetings, voting forms and Annual Reports.

Electronic communication allows ASX to communicate with shareholders quickly and reduces ASX's paper usage.

For further information, please contact ASX's share registry, Link Market Services, on 1300 724 911 (for the cost of a local call) or asx@linkmarketservices.com.au

Important information about dividend payments

Australian and New Zealand shareholders receive their dividend payments by direct credit only. No cheque payments are made to these shareholders.

If you have not already done so, please provide direct credit instructions by visiting www.linkmarketservices.com.au

Directory

Shareholder enquiries

Enquiries about shareholdings in ASX Limited

Please direct all correspondence to ASX's share registry:

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000

Telephone
1300 724 911

Email
asx@linkmarketservices.com.au

Website
www.linkmarketservices.com.au

Questions to the ASX Chairman, Managing Director and CEO, or auditor

These may be emailed to:
company.secretariat@asx.com.au

Or mailed to ASX's registered office (details in right-hand column), marked to the attention of the Company Secretary.

For further information

Website
www.asx.com.au

ASX customer service

Telephone from within Australia
131 279 (for the cost of a local call from anywhere in Australia)

Telephone from overseas
(61 2) 9338 0000

General enquiries email
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Investor relations

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(61 2) 9227 0260

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ASX's offices around Australia

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20 Bridge Street
Sydney NSW 2000

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152-158 St George's Terrace
Perth WA 6000

Telephone
(61 8) 9224 0000

Melbourne
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525 Collins Street
Melbourne VIC 3000

Telephone
(61 3) 9617 8611

ASX's auditor

PricewaterhouseCoopers
GPO Box 2650
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Telephone
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Website
www.pwc.com.au

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