



6 June 2023

Australian Securities and Investments Commission
Mr Nathan Bourne
Senior Executive Leader, Market Infrastructure
Level 5, 100 Market Street
SYDNEY NSW 2000

ASX Market Announcements Office
ASX Limited
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INVESTOR DAY PRESENTATION SPEAKING NOTES - CEO, CIO AND CFO

Attached is a copy of the speaking notes of the Chief Executive Officer, Chief Information Officer (designate) and Chief Financial Officer that will be presented at ASX's investor day briefing being held today. The full slide deck will be released separately.

The briefing will commence at 10am (Sydney time) and will be webcast live. Register to view the briefing [here](#).

The webcast will be archived on [ASX's website](#) for viewing after the live event.

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ASX Limited Investor Day
Chief Executive Officer, Chief Information Officer (designate) and
Chief Financial Officer Addresses
6 June 2023
(Check against delivery)



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Good morning everyone, and welcome to the ASX Investor Day.

My name is Helen Lofthouse and I'm the Managing Director and CEO of ASX.



Before we begin, I'd like to acknowledge the traditional owners of the land on which we are meeting today, the Gadigal people of the Eora nation. I'd like to pay my respects to their Elders past and present, and recognise the importance of our First Nations people.

AGENDA	
Session one: Enterprise view	Session two: Business deep dives
<p>10.00 Introduction and ASX five year strategy Helen Lofthouse Chief Executive Officer</p>	<p>11.05 Data as a growth opportunity Dan Chesterman Group Executive, Technology & Data</p>
<p>10.30 CHES replacement update and technology modernisation Tim Whiteley Chief Information Officer</p>	<p>11.20 Drivers of interest rate derivative volumes Darren Yip Group Executive, Markets</p>
<p>10.45 Finance update Andrew Tobin Chief Financial Officer</p>	<p>11.35 ASX as an attractive venue for corporate listings and capital raisings Blair Beaton Group Executive, Listings</p>
<p>11.00 Break</p>	<p>11.55 Closing comments Helen Lofthouse</p>
	<p>12.00 Q&A ASX Executive Leadership team</p>
	<p>12.30 Light lunch for attendees and meet and greet with ASX Executive Leadership team</p>

This is the first time ASX is holding an Investor Day and I'm delighted to have the opportunity to share how we have been thinking about our business and how to ensure that it continues to deliver long-term sustainable value.

The first part of the day aims to give you a group-wide view of ASX. I will speak about our priorities and step you through our five year strategy. Tim Whiteley, who first joined ASX to lead the CHES replacement solution design, and is soon to be our new Chief Information Officer, will deliver an update about CHES replacement and will also provide a deeper view on technology modernisation and how we will deliver this. The final speaker on this group-wide view is our Chief Financial Officer Andrew Tobin whom many of you will know. Andrew will give a financial update and step through our capital management settings.

After a short break, we will have a chance to hear from the leaders of several of our lines of business. Dan Chesterman, Darren Yip and Blair Beaton will each provide a deep dive on their respective areas to give you a clearer understanding of some of the key drivers behind these businesses.

There will be time for questions once the presentations are complete, both for those in the room and attending remotely.

ASX EXECUTIVE LEADERSHIP TEAM

Presenting today

	Helen Lofthouse Managing Director and CEO		Tim Whiteley Chief Information Officer (designate)		Andrew Tobin Chief Financial Officer
	Dan Chesterman Group Executive, Technology and Data		Darren Yip Group Executive, Markets		Blair Beaton Group Executive, Listings

Other Group Executives

	Group Executive, People and Culture Lisa Green		Group Executive, Securities and Payments Tim Hogben		Chief Customer and Operating Officer Val Mathews		Chief Compliance Officer Daniel Moran		Group General Counsel and Company Secretary Johanna O'Rourke		Chief Risk Officer Hamish Treleven
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Earlier this year, at our half year results, I talked about the significant reset underway across our organisation. We've had renewal at the Board level with four new non-executive directors having joined since March last year and, as you know, I've now been in the CEO chair for around ten months.

These changes are allowing us to take a fresh lens to ASX and I'm delighted to have such a dedicated and talented team supporting me today.

I wanted to take a moment to call this out as shortly you'll hear me talk about our strategy but I think it is worth remembering that it is the capable and committed people in the organisation that live our purpose and deliver on our strategic vision.

WHAT WILL YOU HEAR TODAY?

Where we are today	Our opportunity	Our focus	Where we are headed	What it will take	Immediate actions
Resilient core business, leading position in key markets. Our strengths set us apart.	Strong tailwinds present distinct opportunities for ASX.	We are focused on restoring trust with our stakeholders. Technology modernisation is a multi-year undertaking.	New five year strategy supported by four strategic pillars. Future focused with FY28 outcomes identified and success indicators to measure progress.	Our strategy is set against two horizons and supported by key enablers.	We are progressed on key actions and have a set of priorities for the remainder of the year.

What I want to do this morning is unpack the thinking we've done on our priorities and our strategy. At our first half financial results in February, I spoke about ASX being in a reset phase, and we are doing things differently.



We've since developed our five year strategy and we've made some significant decisions on our priorities and financial settings to ensure we can deliver on a growth agenda built on solid ground.

So what will you hear today?

I want to set some signposts, shown on all the slides, to show you how we will take you through our thinking.

And the best place to start is **Where we are today.**

As I stand here, there are already many positive and attractive things about ASX's business and market position. I want to remind us all why we have a strong core business and describe the strengths which differentiate us and set us apart.

Next, I will talk about how this plays into **Our opportunity.**

We have some attractive and interesting macro trends that present opportunities to us and it is worth remembering why we are on the right side of this wave.

While the opportunities highlight our tailwinds, we also recognise that there are some headwinds that we face, and I'm going to explain why these are **Our focus** in the near term.

The best way to navigate our near term focus areas is with an understanding of **Where we are headed.**

What will guide our decisions over the next period is the work we've done to define our five year strategy. I'm pleased to be sharing our new purpose, vision and strategic pillars; and you will also get a sense of what is informing the path ahead as we look at our target outcomes for FY28, and some of the metrics we will use to measure how we are tracking.

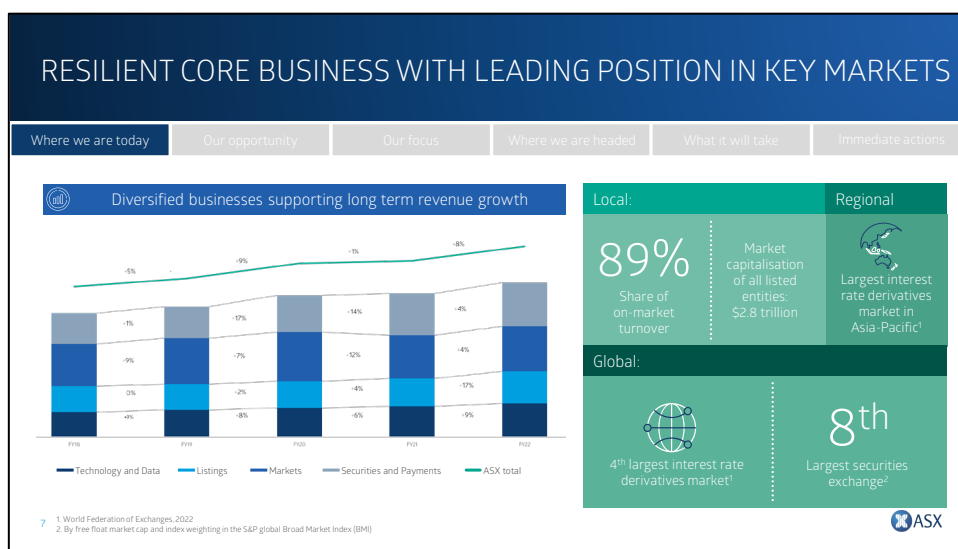
In the penultimate section of my presentation today, I will talk about **What will it take to get us where we are headed.**

I will step you through the two horizons of our strategy and some of the key enablers to make this happen.

Finally, the key take away from me today is to make sure you understand this isn't a plan for a plan.

We are taking **Immediate actions.**

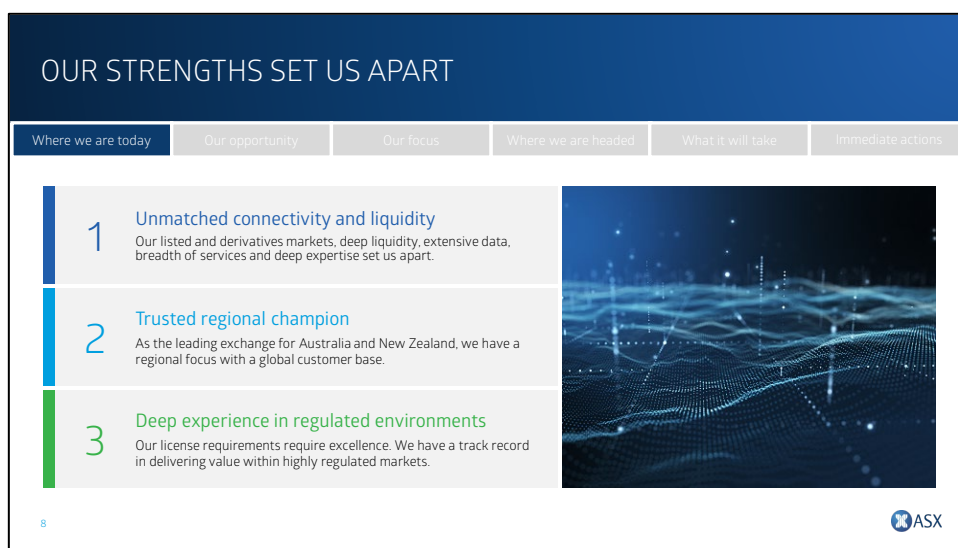
We are making good progress on the things we need to do to build an operationally resilient, long term sustainable business. We have been transparent about what we need to do and thoughtful in how we are planning for the future. We will be clear eyed and focused and I want to give you confidence by showing we are already taking important actions.



First, a recap on where we are today.

We have a strong core business and one of our key strengths is the diversification of our four lines of business, which have delivered resilient financial performance through changing business cycles.

In our business today we focus on Australian and New Zealand markets, but we deliver that to a global customer base. We are leaders in this region and it is a privileged and valuable position. We understand it is important to know where our strengths lie and to focus our efforts on opportunities that draw on those strengths.



We understand the strengths which differentiate us and underpin long term value in our business. These are what set us apart and represent value that is not easy to replicate.

We have unmatched connectivity across multiple markets. We bring global customers together in fair, transparent markets which provide deep liquidity and access to a range of data, products and services.

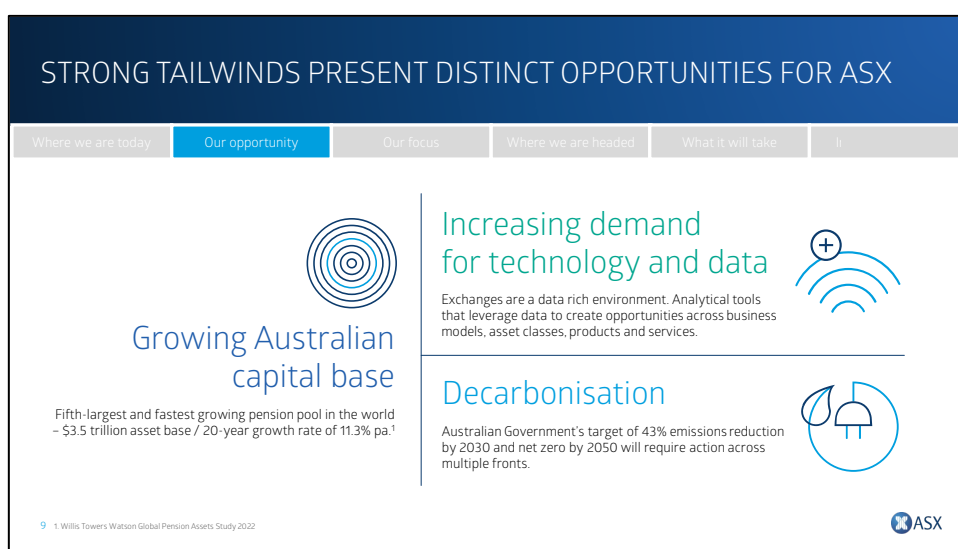
As a regional champion, we have a strong sense of our storied 150 year history and we are here for the long haul, bringing deep local expertise and relationships.

We often talk about the value of our licences and they are indeed a key asset. But it is worth emphasising that we hold multiple licences and that it takes real expertise and deep experience to do this well. This is of course a testament to our people who understand that what we do matters and who work hard to deliver great outcomes for our customers and for the market as a whole.

When it comes to our expertise in operating markets we do have deep experience in regulated environments: we have two market licences and four clearing and settlement licences. We also hold a benchmark administrator licence which allows us to administer the bank bill swap rate.

When we look at these key differentiators, it is a fantastic starting point for any business and it is ultimately a privileged position for us to occupy.

What it also highlights is that we are well positioned when we look at some major macro trends that I'd describe as tailwinds for ASX.



STRONG TAILWINDS PRESENT DISTINCT OPPORTUNITIES FOR ASX

Where we are today | **Our opportunity** | Our focus | Where we are headed | What it will take | It

Growing Australian capital base

Fifth-largest and fastest growing pension pool in the world – \$3.5 trillion asset base / 20-year growth rate of 11.3% pa.¹


9 1 Willis Towers Watson Global Pension Assets Study 2022

Increasing demand for technology and data

Exchanges are a data rich environment. Analytical tools that leverage data to create opportunities across business models, asset classes, products and services.

Decarbonisation

Australian Government's target of 43% emissions reduction by 2030 and net zero by 2050 will require action across multiple fronts.



As the leading domestic capital market with 89% on-market share of the cash equities market, ASX is well positioned to capitalise on Australia's large and fast growing pool of superannuation funds. Australia is also home to a growing pool of retail investors who are keen to educate themselves and invest in the future. In fact there's never been a time when more Australians have been invested in the share market and we know this from our Australian Investor Study – a significant ASX-commissioned survey that we conduct every two years. We're releasing the study later this month, but I'll give you a sneak peek of some of the findings today. What we've learned is that 10.2 million adults, or 51 per cent of the adult population, now own investments outside of superannuation or the family home and that is up from 46 per cent in early 2020. This increased interest is being driven by younger Australians aged between 18 and 24, and about 60% of these new investors started their investing journey in just the past two years. These factors are part of what continues to make ASX an attractive listing venue globally and you'll hear Blair Beaton talk more about this later today.

When it comes to data, we are certainly a data rich environment and there is further value to be unlocked from this. We are exploring this thoughtfully and we understand that as custodians of an extensive amount of data, the opportunity is in finding new capabilities and new products that can leverage this appropriately for our customers and the market. Dan Chesterman will talk more about our data opportunity a bit later.

Policy decisions made by the Australian Government on decarbonisation present many opportunities and challenges for the Australian economy. ASX has an important role to play in enabling markets to support this transition. For example, our electricity futures market has seen significant growth over several years, with a

changing generation mix and new entrants; and there is an opportunity to play a key role in Australia’s carbon market.

With a great core business and interesting opportunities ahead, the key for ASX is to ensure we put in place great fundamentals to support us in realising our full potential. We are on the right side of this wave of opportunity, but even with these tailwinds, we need to be honest about the headwinds we face that create near term challenges for us. This is what is informing our immediate focus, and I will expand on this in the following two slides.



The first of our two near term focus areas is the work we are doing to build confidence with our customers, regulators, and policymakers.

There is a lot of detail on this slide, and you don't need to read it all. My aim here is to give you an overview of our key regulatory and related commitments, and our progress through them.

We understand and acknowledge that the decision to pause CHES replacement has been disappointing and we need to ensure that we are taking the right steps to give confidence to our stakeholders.

To date, ASIC have asked ASX to produce three special reports.

The first of these was released yesterday and relates to the work we are doing to extend the support and maintenance of current CHES. The report was prepared by ASX, and EY provided an audit of the report. The report is comprehensive and it has allowed ASX to conclude that our existing governance, investment, and management arrangements for CHES are commensurate with our role in providing critical financial market infrastructure. The report is transparent about the investment and risk management required to ensure CHES remains operationally resilient and supportable into the future and we have clearly detailed the program of work already underway to invest in and enhance CHES to support the long-term interests of Australia’s financial markets, and to ensure we continue to meet applicable regulatory requirements.

The regulatory responses we are preparing are themselves significant pieces of work. We have two more special reports to provide to ASIC and we are also undertaking a review of our conflict management arrangements.

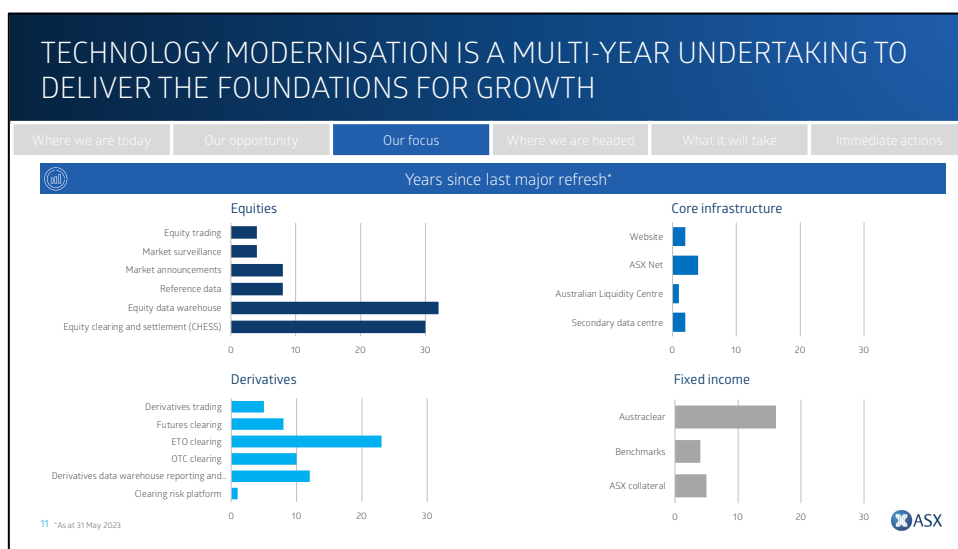
ASX has in place a structured and robust framework for the identification and management of conflicts of interest. We have engaged an expert law firm to carry out a review of ASX’s arrangements to identify and manage potential conflicts between the commercial interests of ASX Group and the licence obligations of ASX Clear and ASX Settlement. This review is focused on conflict management as it relates to CHES and CHES

replacement and was a request set out in the RBA’s letter of expectations issued last December. We have committed to making the results of the review publicly available and expect we will be in a position to release this in July.

We will also be publishing a CHESSE governance statement. This document will provide further education and transparency to stakeholders, to help them understand the role and responsibilities of the different ASX governance forums in relation to CHESSE and CHESSE replacement. We expect to also release this in July.

In late March ASIC also informed ASX that it had commenced an investigation into oversight and statements and disclosures regarding the CHESSE replacement project. We are taking the investigation very seriously and we have been fully cooperating with ASIC.

The regulatory scrutiny of ASX is appropriate given the special position we hold in the economy and the fact that we operate critical market infrastructure. We continue to work cooperatively with our regulators and we will take all the necessary steps to be transparent, to engage meaningfully with stakeholders, and to rebuild confidence and restore trust.



The second area of focus is technology modernisation.

You’ll be familiar with this slide as we’ve previously shown it at our FY22 results briefing. What it tells you is that we have been looking closely at our technology assets and we understand the need to address our legacy technology systems.

Over the past five years, ASX has prioritised CHESSE and various other systems, and while this was taking place we were also continuing a steady program of maintenance and upgrades across all our technology platforms and systems.

During that time, ASX continued to make good progress in delivering an increasing number of system changes, while decreasing the number of material technology incidents.

Having said that, we now need to reassess our approach. The pause and reassessment of CHESSE replacement means that we now need to undertake the CHESSE work along with other significant pieces of work within our enterprise technology modernisation program. This includes upgrading various parts of our derivatives platform and trading networks. This additional load comes at a time when there are also key external drivers such as increasing investment requirements for customer experience and cyber security to ensure we are delivering future-fit technology.

Our approach now has to be a significant uplift and investment in both capability and platforms. This multi-year approach will be expanded upon by Tim Whiteley to give you an understanding of what's involved and why we need to make this investment to secure the foundations for ASX to deliver on our potential.



So you've heard me outline the focus on our regulatory responses and technology modernisation. These will be important streams of work, and I want to put those into the context of our strategic framework. We have developed a five year strategy, and this will be key to help us navigate our path forward and ensure that we can realise our full potential.

On this slide, we have our purpose, our new vision statement, and the four strategic pillars that will be our guiding principles across ASX.

First, as you can see our **purpose** is – 'To power a stronger economic future by enabling a fair and dynamic marketplace for all'. I would like to highlight what some of the words in this mean to us:

POWER – effective markets are a powerful lever for economic growth and prosperity.

STRONGER ECONOMIC FUTURE – we are an inter-connector, through markets, technology and relationships and we provide resilient market infrastructure to power the Australian and New Zealand economies.

FAIR – we enable a level playing field and ensure that all different types of customers can interact within clear and consistent frameworks. Our role in engaging the market to develop and set standards is important - as is our role in enforcing those standards fairly and consistently.

DYNAMIC MARKETPLACE – we must evolve with our various different markets to stay relevant, both anticipating and responding to customers' needs.

FOR ALL – we keep our ecosystem impact and our license to operate front of mind. Our aim is to deliver the best outcomes for the market as a whole, and we work with the various different customers that make up our markets to achieve that. We are inclusive – across the market and our broader community.

Let's turn to our **vision** next. This vision speaks to our aspiration – 'ASX is in a new era. We are the market's choice, inspiring confidence and trust'.

We will be the region's number one choice across all of our markets and services. We will inspire confidence with our regulators, in the Australian and New Zealand markets and with our global customers. We will be easy to do business with, digital and more connected than ever before. Our organisation will be built on contemporary foundations and we will be an employer of choice.



We've identified four strategic pillars that will be the guiding principles helping us to achieve this vision.

One ASX

Our talented and empowered people deliver value to the ecosystem in a deeply interconnected way.

Great Fundamentals

Our core businesses are uniquely important to the region, and a privilege to operate. We run them with operational resilience and restored trust and confidence.

Customer Driven

We are dedicated to deeply listening to, and working with, our customers to improve our markets, products and services and generate mutual value for all.

Digital by Design

We are easy to do business with.

WE ARE FUTURE FOCUSED AND WILL TRACK OUR PROGRESS					
Where we are today	Our opportunity	Our focus	Where we are headed	What it will take	Immediate actions
PILLARS	ONE ASX	GREAT FUNDAMENTALS	CUSTOMER DRIVEN	DIGITAL BY DESIGN	
FY28 OUTCOMES	<ul style="list-style-type: none"> New era ASX values, capabilities and career development Empowering people with clear accountability for great outcomes 	<ul style="list-style-type: none"> Simplified, modern technology stack Risk, compliance and operating frameworks maintained at an appropriately high standard Sustainable shareholder value 	<ul style="list-style-type: none"> Working effectively with our customers, solving challenges and delivering solutions. Growth and improved market quality delivered for the market 	<ul style="list-style-type: none"> Customer and people experiences with ASX are easy High quality data and analytics inform decisions and drive value 	
KEY RESULTS	<ul style="list-style-type: none"> Employer brand Engagement score 	<ul style="list-style-type: none"> Risk and operating frameworks consistently meet target state Return on Equity 	<ul style="list-style-type: none"> Customer satisfaction Revenue growth 	<ul style="list-style-type: none"> Customer effort score Process automation 	

For each of our strategic pillars we have detailed what success looks like for us in FY28 and how we will measure success.

For One ASX it is about building a contemporary work experience for our people, and a vibrant culture. We will put in place new era ASX values, capabilities and career development. We will empower our people, with clear accountability, to deliver great outcomes for our markets and people. Success will be measured by being the employer brand of choice and having a highly engaged workforce.

Running a great business is a necessary precursor to future growth. Great Fundamentals is about getting the essentials right – building new era trading, clearing and settlement platforms, including CHES replacement, and building a simplified, modern technology stack.

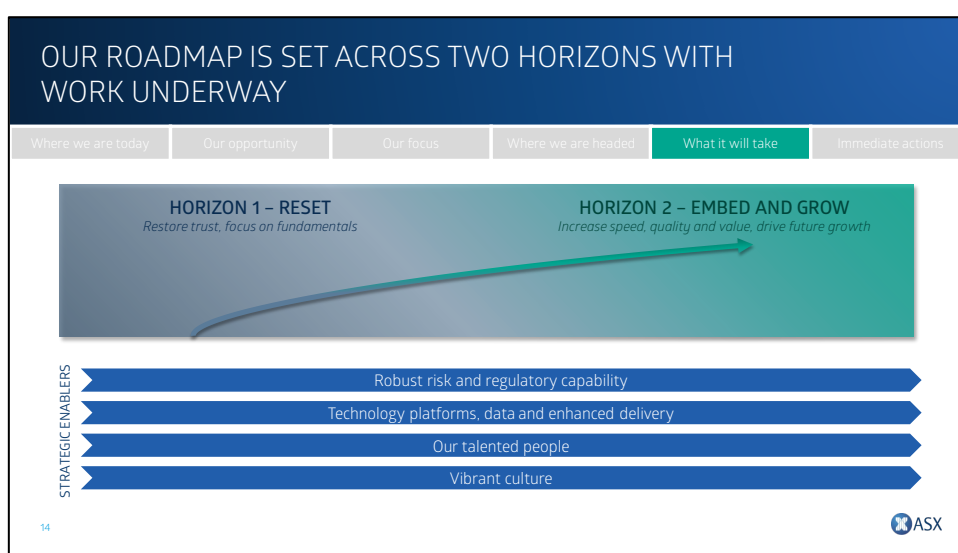
At the heart of Great Fundamentals is ensuring we continue to deliver on our licence obligations, and have risk, compliance and operating frameworks which are actively maintained at an appropriately high standard. We will know when we are successful when these frameworks are regularly benchmarked, and our practices consistently meet the target state for critical infrastructure.

Delivering sustainable value for our shareholders will also be a key outcome, and we will continue to track this by focusing on return on equity as a performance metric.

Our primary customer is the market and customer driven growth is centred around this. We will work effectively in partnership with multiple groups of customers, solving challenges and delivering outcomes. We will actively measure, monitor and improve market quality to deliver value for the whole market. Success will be measured by consistently high levels of customer satisfaction which will in turn drive revenue growth.

Digital by design for ASX is about making customer and people experiences easy. Underpinning this will be high quality data and analytics capabilities, which inform our decisions. We are an inherently complex business, and that's OK, but we need to eliminate unnecessary complexity; so fit-for-purpose automation and digitisation will ensure that we keep pace with changing customer and employee expectations. Our success will be reflected in our customer effort score and a high degree of process automation across our business.

Achieving all of this will usher in a paradigm shift and a new era for ASX.



As we work towards our strategic goals, we think about two interlocking horizons.

Horizon 1 is a Reset – focused on restoring trust and getting great fundamentals in place.

Horizon 2 is to Embed and Grow – when we aim to be able to accelerate our pace, uplifting market quality and delivering value to our customers, as well as addressing a wider set of growth opportunities in our region. In Horizon 2, this could include the acquisition of adjacent capabilities should the right opportunities arise.

There are a number of strategic enablers which will help us to deliver on this roadmap across both horizons.



The first is our robust risk and regulatory capability. We operate in a highly regulated environment and have the skills, experience and frameworks to do that effectively, along with a focus on continuous improvement as best practice evolves. This will help us with our near term focus area – delivering on our regulatory commitments, building stakeholder confidence and restoring trust.

The next strategic enabler will be modern, reusable technology platforms, together with effective data for decision-making, and enhanced delivery capabilities. We have a significant program of technology modernisation to deliver, but this also presents the opportunity to set up and leverage core technology capabilities which will help us to speed up the delivery of technology.

Our talented people are crucial to everything we do. We have a highly skilled and specialist workforce at ASX, with a broad ranging set of deep expertise, from software engineers and data scientists all the way through to risk analysts and the legal professionals supervising our listed markets. These highly capable people will

be delivering on our strategic vision, and we will be supporting them with the ongoing development of capabilities and career opportunities.

And a vibrant culture is essential to enabling them to do that. I think about culture as 'the way we do things around here... and the systems and processes that support us'. My focus is initially on providing real clarity on our strategic goals, priorities and roadmap, so that all of our people are aligned and working towards the same goals. I want to empower our people, enabling them to collaborate with purpose both together and with our customers, to deliver great outcomes for the market.

OUR ACTIONS SHOW PROGRESS AGAINST OUR STRATEGIC PRIORITIES					
Where we are today	Our opportunity	Our focus	Where we are headed	What it will take	Immediate actions
GREAT FUNDAMENTALS					
	Technology modernisation		Operating frameworks		Sustainable shareholder value
 Actions taken	<ul style="list-style-type: none"> Current CHES investment roadmap defined CHES replacement solution design roadmap in place Prioritised technology modernisation plan 		<ul style="list-style-type: none"> New executive leadership Board renewal Increased stakeholder engagement: Partnership Program, CHES replacement Technical Committee Published special report on CHES 		<ul style="list-style-type: none"> Information services business – new product developments and commercial model evolution Divestment of Yieldbroker¹ Consultation on mFund Developed five year strategy Flexible capital management framework
 By end 2023	<ul style="list-style-type: none"> CHES replacement solution design planned for Q4 Platform modernisation roadmap iteration 		<ul style="list-style-type: none"> Special report on ASX response to CHES replacement external review and PPPM special report Conflict management review Governance statement 		<ul style="list-style-type: none"> Continue portfolio review Expense management initiatives Focus on ROE
<small>¹ As announced on 25 May 2023, ASX has entered into a binding agreement to sell 100% of its interest in Yieldbroker Pty Limited to a wholly owned subsidiary of Tradeweb Markets LLC. Completion of the proposed transaction remains subject to a number of conditions, including regulatory approvals.</small>					

Finally, I'd like to step through some of actions we've already taken on our strategic priorities, and those to come soon. As you now know, our near term focus areas – our regulatory commitments and technology modernisation – both come under our 'great fundamentals' pillar.

On technology modernisation, we have defined a roadmap for the ongoing investment and maintenance of the current CHES platform, ensuring that it continues to support the Australian market effectively for as long as it is needed. We have also put a roadmap in place for the new CHES replacement solution design, and we have a prioritised plan now for our further technology modernisation.

In Q4, we plan to announce the new solution design for CHES replacement; and we will further iterate on our platform modernisation plan.

In terms of our risk, compliance and operating frameworks, we have a number of new executives in place, as you can see today. There has also been a process of board renewal, with four new directors over the past year.

We have significantly increased our stakeholder engagement in cash market clearing and settlement, including the monthly CHES replacement Technical Committee and the Partnership Program. And of course, yesterday we published our special report on the current CHES platform, confirming that it is operating to an appropriate standard for critical market infrastructure, along with a roadmap for ongoing support and maintenance.

We have two further special reports to come later this year – one to be released in August on our response to the CHES replacement external review recommendations, and one to be released in November reporting on our project, program and portfolio management frameworks. In July we also expect to be publishing the results of the expert review of our conflict management arrangements with respect to CHES and CHES replacement, prepared by an external law firm, and also a CHES governance statement, which aims to provide



more public transparency and clarity on how our governance arrangements work for CHESS and CHESS replacement.

Finally, we are also focused on ensuring that we deliver sustainable value to our shareholders.

In our information services business, we are growing sales of data products, developing new products in partnership with our customers, and evolving our commercial models to reflecting changing patterns of data usage.

As you'll have seen from our market announcement a couple of weeks ago, we have entered into a binding agreement to sell our holding in Yieldbroker to TradeWeb, subject to a number of conditions including regulatory approvals. We expect to continue working closely with Yieldbroker and Tradeweb in a number of areas going forward to foster long term growth solutions for customers in the Australian fixed income market, as we have close linkages which are important to both of our businesses; but we also saw this as a good opportunity to realise the value from our investment and provide ASX with a strong global partner going forward.

We have announced an upcoming consultation on mFund, exploring whether that's still the right service for our customers in light of the rapid growth and attractiveness of Exchange Traded Products, or whether there is a case for reducing the complexity of the various product formats.

Of course, we have developed the five year strategy that we have shared with you today, and we have introduced greater flexibility to our capital management framework, which Andrew will share with you shortly.

Going forward, we will continue to review the rest of our portfolio of investments, both internal and external, to ensure that they are delivering value.

We will have a number of expense management initiatives, and Andrew will talk about this further.


And we will introduce a new focus on Return on Equity as a core performance measure for our business.

I'm now going to hand over to Tim Whiteley, who will give an update on both CHESS replacement and our plans for technology modernisation.



CHESSE REPLACEMENT SOLUTION DESIGN UPDATE
CONSIDERING OPTIONS IN FOUR AREAS

Fix CHESSE DLT solution	Build custom solution	Product based solution	Iterate existing CHESSE
Review options to solve the six core issues of the existing DLT-based solution	Consider options to build a solution from the ground-up with more conventional technologies	Review mature product-based software solutions locally and internationally	Explore options to upgrade the technology of the existing solution and build new functionality and interfaces

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Thanks Helen.

Good morning everyone.

Today I'm going to cover both an update on the CHESSE replacement project and on the broader technology capability plan.

I'll start with an update on the CHESSE replacement solution design.

We held a webinar for market participants recently which provided an up to date status of the redesign project.

Contrary to the some headlines, no firm solution decision has been made. We remain on track to announce the solution design in the last quarter of this calendar year, and we continue to explore all options for the solution design.

This work includes consideration of options in four areas:

Firstly, we are looking at the previous DLT based solution and considering ways we can change the existing solution to resolve the issues that were called out in the External Report.

Second, we are assessing options to build a new solution, using conventional technologies and architectures.

We are also investigating the option of a product-based solution. For this option we refreshed our view of the top 20 international exchanges to understand what software products they had in place. Following this we issued a Request For Information to appropriate product vendors to review all options available to us both locally and internationally.

And the fourth area is looking at our current CHESSE system and how we could upgrade the existing technology stack and build out of the functionality required for the CHESSE Replacement scope.

REDESIGN PLAN UPDATE CURRENT PROGRESS			
	CY Q1	CY Q2	CY Q3 / Q4
Product Definition & Business Case	<ul style="list-style-type: none"> ✓ Business Vision & Strategy ✓ Program Objectives 	<ul style="list-style-type: none"> ☐ Scope and business requirements refined 	<ul style="list-style-type: none"> ☐ Scope and business requirements baselined ☐ Business case submitted
Solution Assessment	<ul style="list-style-type: none"> ✓ Current state evaluation ✓ Solution decision framework developed 	<ul style="list-style-type: none"> ✓ Solution decision framework approved ✓ Solution options refinement ☐ Solution options evaluated 	<ul style="list-style-type: none"> ☐ Solution design finalised ☐ Project estimation completed
Sourcing & Commercial	<ul style="list-style-type: none"> ✓ Market Scan ✓ Vendor solution RFI 	<ul style="list-style-type: none"> ✓ Vendor RFI evaluation ✓ Vendor RFP issued and responses received ☐ System integrator RFP 	<ul style="list-style-type: none"> ☐ Vendor commercial and contracting processes ☐ System integrator selection and contracting
Testing & Implementation	<ul style="list-style-type: none"> ✓ Implementation options review 	<ul style="list-style-type: none"> ☐ Implementation impact assessment ☐ High level test strategy 	<ul style="list-style-type: none"> ☐ Implementation strategy ☐ Test strategy & approach completed

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Key dependency for announcement
Commercial and contracting processes may impact the timeline for a Q4 announcement on a solution design

ASX

Target announcement for solution design

Market engagement on readiness and implementation planning

In terms of working through the redesign process, the project is tracking activities across four streams of work, all leading to the solution decision. All activities continue to track to their milestones dates.

The product stream is focused on business outcomes with agreed business requirements to be finalised in order for estimates, benefits and industry impact to be available for the business case approval process.

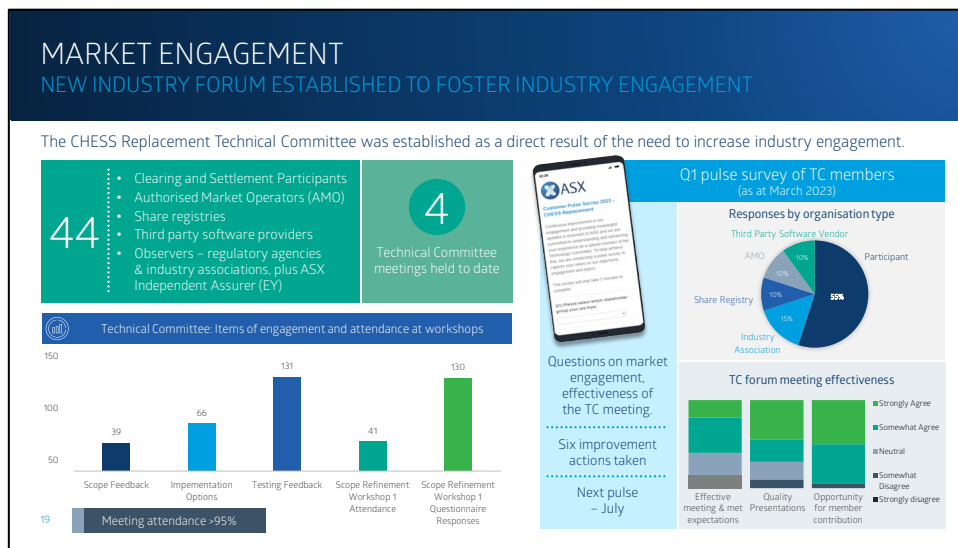
The solution assessment team are delivering the technical solution comparison and have developed a comprehensive solution decision framework to enable the process to review each of the options, and define the risks and opportunities that each provide, so we can compare them and align to a solution that best meets the requirements and has the lowest delivery risk.

The sourcing and commercial stream are leading the commercial processes for reviewing product vendors. Currently they are supporting the assessment of vendor proposals. They are also working to select a delivery partner to help de-risk the overall project delivery.

The testing and implementation stream has engaged both the project team and industry participants to ensure lessons learnt from the previous work are taken into the new test strategy and implementation plan that they are delivering.

As the slide calls out the key risk to meeting the solution decision timeline is that any protracted commercial processes may impact the timing of a market announcement.

Following the solution design decision we will need to consult with the industry to agree the implementation plan and timelines.



In a significant effort to engage industry participants more actively in the CHES Replacement project we established a Technical Committee. It is made up of 44 member organisations and other parties, including software vendors. The regulatory agencies, ASX’s assurer EY, and the industry associations all attend as well.

Engagement has been strong with near full attendance at meetings, large numbers of responses for the different areas of feedback, and multiple attendees per member at the scope workshops currently underway. A pulse survey of members in March was complimentary of the efforts we had made at that point to engage the industry in the redesign work.

The agenda for the committee is focused in a number of key areas.

Industry representatives are currently participating in a series of half day workshops to define areas of scope they would like included, or changed, from the original replacement project’s scope. These workshops have an independent chair and will present back their scope items in order for the Technical Committee to make a set of recommendations to ASX for changes to the project scope. Detailed work on the design of processes will then be overseen by the committee once a solution has been decided.

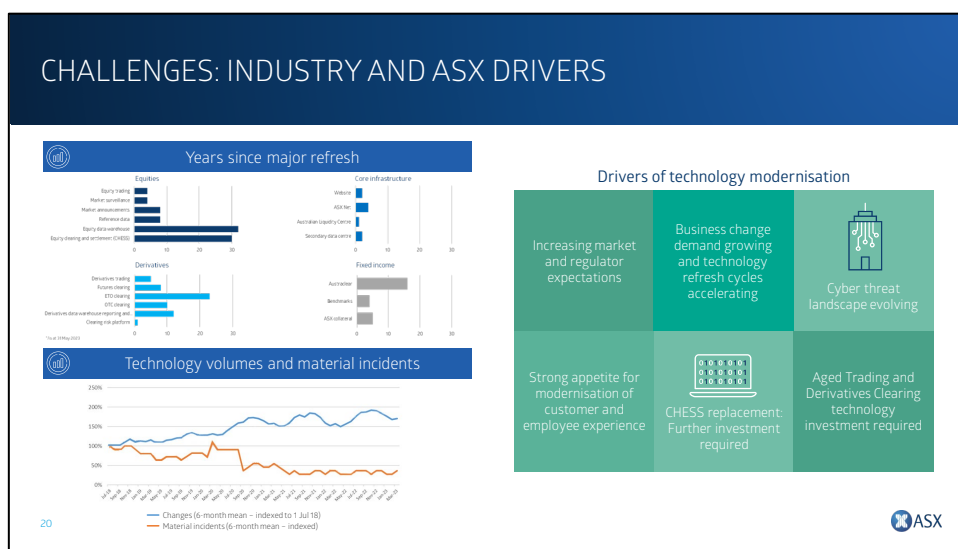
Implementation and cutover options are also a key agenda area, following many requests to consider a move away from a single implementation event.

As mentioned there is also a review of the industry testing approach, seeking feedback from previous phase and planning for next phase.

The committee has a strong focus on project governance, including monthly status reporting, review of the program objectives and the solution decision framework, and the commercial processes.

Given my new role, I’ll be setting in place a new project team structure, but will retain accountability for the delivery of the CHES replacement technical solution.

That’s a good transition into a discussion on the broader technology transformation and areas of investment in capability uplift that is required.



In August 2022 we presented a chart that indicated more investment was required, beyond CHES, to continue ASX’s technology modernisation.

We have made good progress on the equities data warehouse but significant priority and investment is required in the Trading and Derivatives Clearing applications and the technology supporting them.

This slide also shows that the current operational track record has been good. The systems have been very stable, with incidents falling while demand for changes continues to grow.

There are increasing technology challenges facing the financial industry generally.

Increasing volumes and availability expectations across trading markets, digital offerings and data processing affect pretty much every participant in Financial Services, let alone other industries. Regulatory expectations of resilience measures are also heightened.

The same can be said for the demand for business change, be it product innovation, regulatory uplift or process automation.

And similarly, technology refresh cycles are accelerating, everything from minor security patching through to whole technology product lifespans lasting just two to three years.

Without doubt the fastest growing threat is cyber. Not something to dwell on today, but an area of ongoing increases in investment to be closely managed.

The ASX also has its specific challenges.

There is a strong appetite from customers and staff for modern digital experiences, driven not just by Covid, but by the digital and data capabilities in other industries.

The CHES replacement project is also going to require investment for a number of years beyond the original plan.

And, the Trading and Derivatives Clearing systems are a complex set of applications, infrastructure and network technologies that not only need to be upgraded or refreshed, but need more capability around new products, processes and data to support the market in the coming years.



Now I would like to focus on what we will do to address those business drivers and external factors. That is with a clear technology delivery strategy.

This will be focused on improving our ability to deal with the current risk focused investment priorities while improving the capability of the technology environment to support the increasing rate of change. The strategy focuses on proven architectures and technologies, with strong project planning and delivery capability uplift. And importantly our large delivery projects are the key driver of our technology modernisation and five year strategy.

By investing in technology platforms, especially Data, APIs, Cloud and Identity, we can significantly reduce the amount of technology variation across business lines. We will also leverage the automation that comes from these platforms, to improve the speed of implementing change. The ASX has a significant number of business applications, so efficiently managing the underlying technology lifecycles is essential for risk mitigation and for meeting market demand.

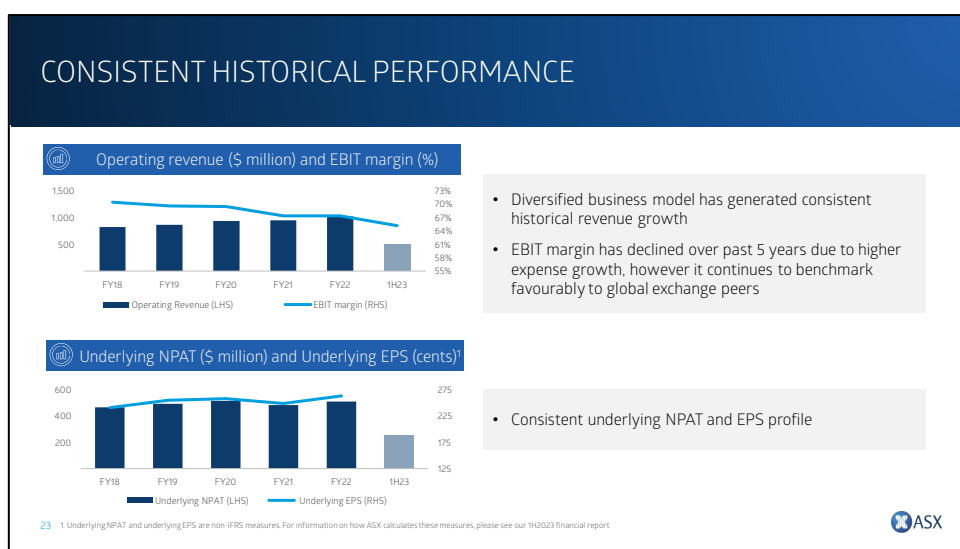
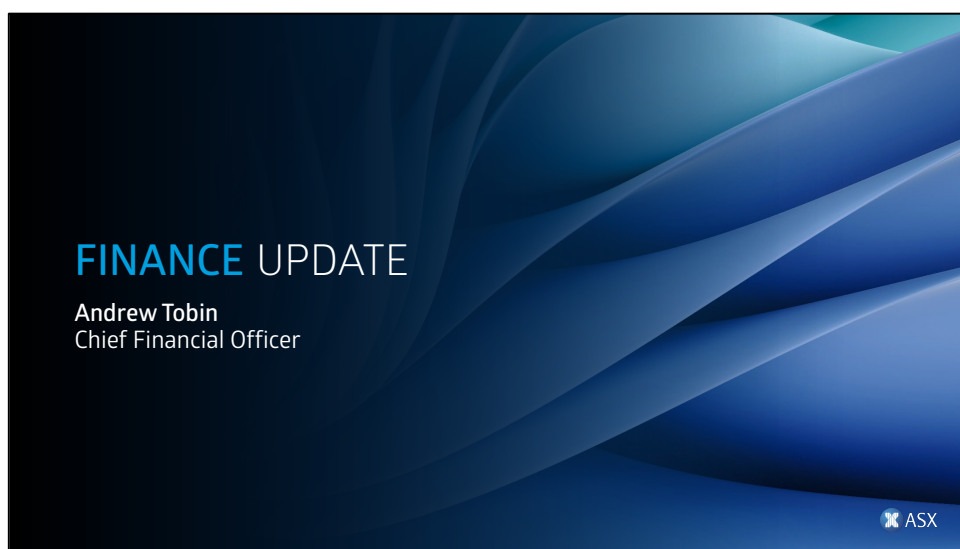
The level of integration and automation of processes across ASX systems, and the growing demand for data, requires better managed, more efficient access to data and APIs. A well-managed data and integration capability will also simplify the effort involved in nearly all business and technology driven projects.

And while standardising and automating our technology will benefit our project delivery, improved portfolio planning, project governance and engineering capability are also critical to the success of the strategy. Investment in those capabilities is already underway but also requires further uplift to achieve the level of maturity needed.

There's definitely work to do but I hope you can see that we have a clear view of what is required.

Having come into this role recently, I am able to bring a view of what many other organisations have done. I'm pleased to confirm that much of this feels familiar. What we will do at ASX shares many of the same characteristics of strategies of financial services companies, especially those that have executed large technology modernisations. We will be delivering our strategy on what are proven architectures and technologies and this positions us well to achieve the outcomes we have set out.

Thank you for your time, and I'll now pass over to Andrew Tobin.



Thanks Tim and good morning everyone.

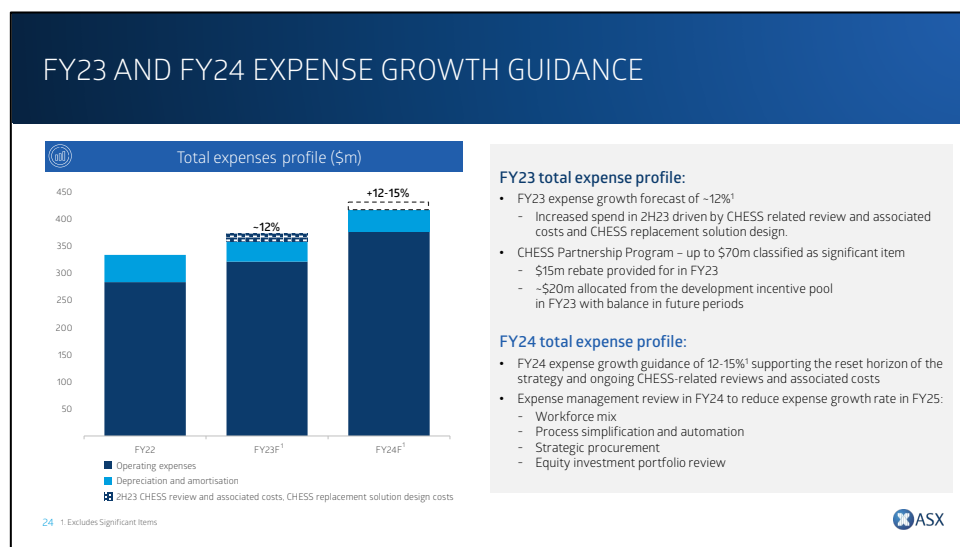
Firstly to recap on Helen’s introduction today – we have a strong core business and one of our key strengths is the diversification of our four business lines which has delivered resilient financial performance through various business cycles.

As can be seen on the top chart on this slide ASX has a demonstrated track record of continued revenue growth over the past five years and we surpassed operating revenue of \$1 billion for the first time in 2022.

Over this period of time we have also seen the EBIT margin moderate as we have increased resource levels in response to internal and environmental factors including increased regulatory and risk management standards and technology changes. Like other companies we have also seen inflation impact our cost base over the past 12 months.

This increased expense base has been appropriate given the critical role that ASX plays in the financial markets and, despite the decline, ASX’s EBIT margin continues to benchmark favourably to our global exchange peers.

The lower chart also demonstrates a consistent profit profile as measured by underlying net profit after tax and earnings per share.



This slide outlines our expense profile in more detail and provides guidance for FY23 and FY24.

In the first half of 2023 our expense base increased by 6.8% compared to the first half of 2022 and was tracking below the original FY23 guidance range of 10-12%. At our interim results in February I also indicated that given our ongoing build-out of technology, risk management and customer capabilities, as well as assurance and solution design activities in relation to CHES, we were expecting our second half costs to increase but total expenses would be managed within the original guidance range.

This chart illustrates the breakdown of our expected FY23 expense profile. We are guiding to an expense growth of approximately 12% in FY23 compared to FY22 including costs in respect of the CHES solution design and assurance costs relating to the special report activities that we have undertaken this half.

I also wanted to provide an update on the CHES Replacement Partnership Program that we announced in February.

The total cost of this program will be up to \$70 million and will be recognised as a significant item in our financial reporting framework. It consists of a \$15 million rebate for participants and a development incentive facility of up to \$55 million for eligible stakeholders.

We now estimate that approximately \$35 million of the total program cost will be incurred in 2H23 which consists of the \$15 million rebate payment and the initial allocation of approximately \$20 million from the development incentive facility to a number of participants, software developers and share registries. This component increased from our initial estimate of \$10 million due to the finalisation of the program criteria which was adjusted in response to feedback from eligible stakeholders. The balance of the development incentive pool will be incurred over subsequent periods with the timeline to be determined by the CHES project solution design and implementation plan.

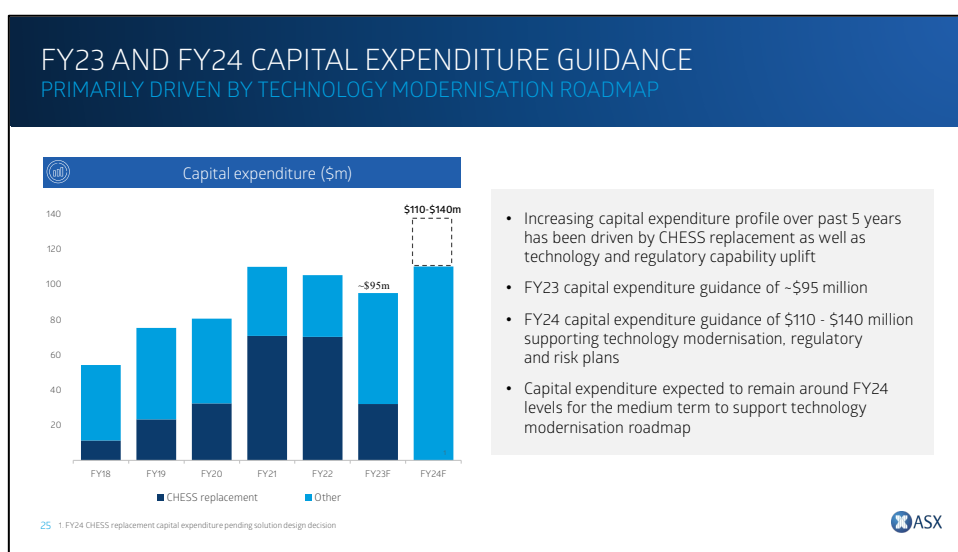
The expense profile for FY24 has been informed by the strategic reset that Helen and Tim have outlined this morning, including increased resource allocation to regulatory, risk, technology and customer activities.

We are guiding to an expense growth of 12-15% excluding significant items in FY24, as outlined on the chart, and this expense growth will also include an element of continued costs in relation to the CHES solution design and related assurance costs.

We recognise that this growth rate is not sustainable into the future and so during FY24 we will also initiate a number of expense management reviews to mitigate our recent expense growth including a review of our workforce mix across consultant, contractor and permanent resources; leverage process simplification and automation; and increase our focus on strategic procurement opportunities.

We will also undertake a review of our equity investment portfolio to verify the strategic alignment and value proposition of these investments.

I expect that these initiatives will lead to a reduction in the expense growth rate in FY25 compared to our guidance for FY24.



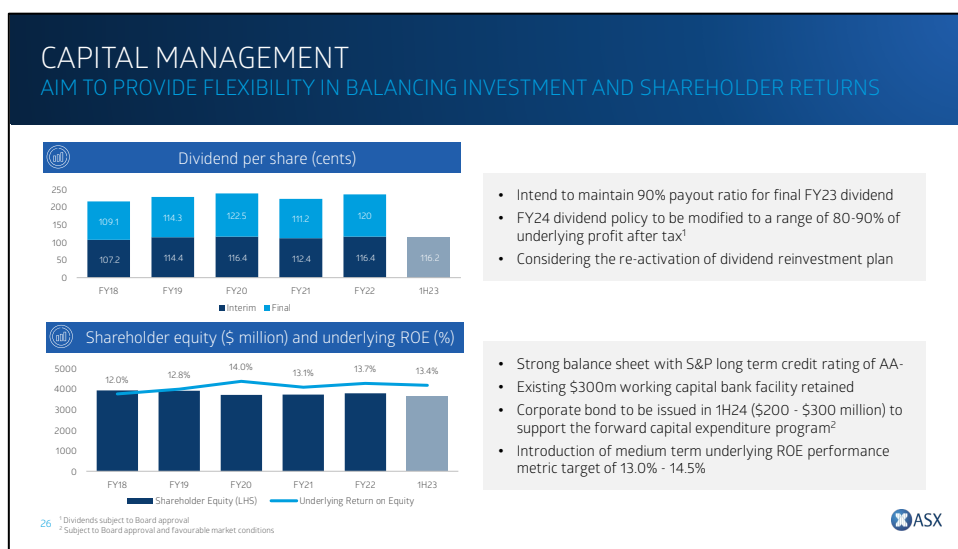
Turning now to capital expenditure – this chart sets out our capex profile over the past six years and highlights the allocation that has been made to the CHESS replacement program over this timeframe.

We expect to end FY23 with a capex spend of approximately \$95m. This is below the \$100m to \$115m guidance that we provided to the market in February mainly due to the CHESS discovery phase costs being classified as operating expenses in the second half as outlined on the prior slide.

Given our strategic focus on technology modernisation and the ongoing need to replace the CHESS system we are providing guidance of a step-up in expected capex for FY24 to a range of \$110m to \$140m.

We are currently focused on increasing our delivery capability, program governance and capacity across the technology and operations teams to support this increased level of activity.

We expect capital expenditure to remain around FY24 levels in the medium term to support the technology modernisation roadmap.



Looking now at the capital management settings for ASX.

ASX has had a long standing policy of paying a dividend based on 90% of underlying profit. This has been an effective use of operating cashflow by way of returning the vast majority of earnings to shareholders.

However it leaves little flexibility to reinvest free cashflow back into the company.

In order to execute the strategy that we have outlined today, and to provide confidence that we have appropriate resources to address the regulatory and technology priorities, we have reviewed the current capital management settings.

The objective of this review was to provide flexibility in balancing the medium term investment needs of ASX with appropriate returns for our shareholders.

We intend to maintain the 90% dividend payout ratio policy for the final FY23 dividend and to then introduce a dividend payout ratio range of 80%-90% from FY24. In order to balance the preferences of different shareholders we are also considering the re-activation of our dividend reinvestment plan and will provide further details on this at our full year results in August.

As you are probably aware ASX has a very strong balance sheet with a long term credit rating of AA-. We have a \$300m working capital bank facility that is used for liquidity purposes and this facility will be retained going forward. In addition to this, and subject to market conditions at the time, we are planning to launch a corporate bond in 1H24 providing \$200m – \$300m of funding to support the expected forward capital expenditure program.

We have also reviewed our external performance metrics. In addition to the one year operating and capital expenditure guidance that we currently provide we will also introduce an underlying Return on Equity metric that our performance can be assessed against by our shareholders. We have previously reported this metric and would like to give it more prominence for guidance purposes.

The medium term underlying ROE target that we are announcing today is a range of 13.0% to 14.5%. You can see the historical ROE performance in the light blue line on the lower chart. Over the past five financial years underlying ROE has ranged from 12.0% to 14.0%.

So, in summing up the finance section of today's presentation:

- ASX has a strong core business with diversified revenue streams;
- however, ASX has near term priorities in regulatory responses and technology modernisation which create an elevated operating and capital expenditure profile in FY24; and



- the guidance we have announced today aims to provide ASX with flexibility to balance this investment and also provide appropriate returns for our shareholders.

This investment is vital for the long-term sustainability of ASX and creates opportunities for emerging growth.

We are now scheduled to take a five minute break and we will then commence back with the first business line presentation. Dan Chesterman will be taking us through the technology and data business.

Thank you.