



Company	ASX Limited
Code	ASX
Meeting	AGM
Date	29 September 2021
Venue	Online
Monitor	Peter Gregory assisted by Sue Howes

Number attendees at meeting	220 – it is unknown how many were shareholders
Number of holdings represented by ASA	207
Value of proxies	\$27.3m
Number of shares represented by ASA	337k (equivalent to 12th largest holder in Top 20 list)
Market capitalisation	\$15.5b on day of meeting
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes with Chair Damian Roche, Rem Committee Chair Heather Ridout and GM Investor Relations Josie Ashton

Aspirations for the future overshadowed by recent stumble.

“While FY21 had its share of challenges for ASX, it was a year of significant achievement too.” – ASX Chair

In presenting the FY21 results the Chair described “A diversified business that delivered solid results across the business.” Equity-related products and services, as well as data and connectivity products, led to revenue growth in three of the four businesses. Although reduced interest income and futures trading revenue impacted negatively. Overall revenue grew 1.3%. UNPAT fell 6.4%.

FY21 saw further advancement of the ASX long term strategy of introducing innovative technology to build the exchange of the future. ASX has a leading global position in the enterprise delivery of DLT (Distributed ledger technology) infrastructure. [The CEO’s presentation comprehensively describes this progress.](#)

The board adopted FY25 sustainability goals for workplace diversity and inclusion; emissions reduction; and enabling the transition to a low carbon economy through ASX products and facilitation of disclosure and reporting standards.

Board renewal has been established as an area of focus for the new Chair with technology, cyber security and project management-related expertise being priorities.

The most notable challenge was the November 2020 Trade outage where a system upgrade shut down the exchange for the better part of a day. The Chair expressed deep regret for this, but said that change, such as this, was not risk free. He referred to many upgrades made to ASX infrastructure that, over the past 5 years, have reduced technology and operational incidents by close to 90%.

The recommendations of an independent expert report commissioned to examine the Trade outage will be fully adopted. And the recently announced organisational changes will strengthen management accountability and sharpen focus on customers.

ASX is a heavily scrutinised organisation, and this is appropriate. And, as was expressed at the pre AGM meeting, ASX has a critical role as the licensed market operator, that works within a regulatory environment, and manages billions of dollars of capital. ASX has to earn its license and must get this responsibility right.

ASA asked for comment on the outage external report which appeared to indicate that much of the outage causes were avoidable – while this was not specifically answered, an overview of the decision process prior to the “go-live” was provided. ASX is committed to mitigating risks of this nature going forward – time will tell. We also asked the board to consider the appointment of an independent expert to continually review technical matters and to advise it directly. There have been and will continue to be independent experts employed on the CHES replacement project.

ASA asked for an update on the new business opportunities of “DLT as a service” and “Sympli”. Mr Stevens talked about some interesting “DLT as a service” projects that are currently underway. These are for third parties and relate to both the core ASX business and also some adjacent areas where there is clear benefit from DLT. He did stress this work will not detract from the CHES replacement implementation. The “Sympli” joint venture had made good progress during the year with 3 major banks having signed onto the system with work on interoperability starting. The rapid increase in the market capitalization of the competitor was cited as validation for the decision to enter this business.

Mr Marriott, if reelected will be a director for 15 years. ASA referred to ASX’s Corporate Governance Principles and Recommendations (CGPR) which state the board should assess whether any director of more than 10 years’ service is too close to management to be considered independent and asked about this process for Mr Marriott. The Chair responded that the Board had determined his independence but did not describe how or why (a provision of the CGPR).

We asked about Mr Marriott’s skills and abilities in contributing to the IT related Board priorities, including oversight of ASX’s technology contemporisation program. In answering he recounted his long and distinguished career and in particular IT related work. But technology is rapidly changing. It was notable that he didn’t share specifics that would give shareholders confidence of his understanding of the contemporary technologies, and especially the cutting edge DLT, which underpins the critical CHES replacement.

As Mr Marriott was chair of the Audit and Risk Committee, ASA asked how he had exercised that responsibility leading up to the November outage. He responded that he had been diligent in reading reports from the CRO, CIO and others and had received a report on the Trade Refresh project. He did not, however, describe, given the critical need for successful implementation of technology, any active process of challenging and holding management to account.

Mrs Ridout, on her reelection, was asked how her directorship of AustCyber had contributed to ASX cyber security needs. She described the invaluable knowledge and insights into emerging technologies she has gained, and the deepening of her knowledge of cyberthreats and mitigants as being very useful to ASX in consideration on this matter.

ASA advised that we would be voting undirected proxies against the remuneration report and provided the meeting an overview of our reasons. We asked to assist ASX develop a remuneration structure that better aligns with shareholders and is transparently explained. The Chair agreed to work constructively with ASA on this matter.

All voting items were clearly carried, with Peter Marriott's reelection and Remuneration report having against votes of 4.8% and 4.5% respectively.

Overall, it was unfortunate that the online meeting format made it difficult to seek the clarification on a number of the matters we raised. This may have provided a more fruitful engagement with the ASX board during their AGM.