



ASX Limited Board Charter

Last reviewed: September 2011

1 PURPOSE OF THIS CHARTER

- 1.1 This Charter sets out the functions and responsibilities of the Board of ASX Limited ("ASX") within the governance structure of ASX and its wholly owned entities (the "ASX Group").
- 1.2 The Board is governed by the constitution of ASX, a copy of which is available on the ASX Group website at: www.asxgroup.com.au/asx-corporate-governance.htm.
- 1.3 The constitution of each entity within the ASX Group ("ASX Group Subsidiaries") contains provisions that while that company is a wholly owned subsidiary the directors may, subject to the *Corporations Act 2001* (Cth) ("Corporations Act"), act in the best interests of ASX.

2 FUNCTIONS OF THE BOARD

- 2.1 The Board is accountable to shareholders for the performance of ASX. The Board also has a responsibility to oversee the conduct of the affairs of the ASX Group consistent with licence obligations as well as public policy objectives directed at financial market and payments system integrity.
- 2.2 The responsibilities of the Board include:
 - reviewing and approving corporate strategies, the annual budget and financial plans;
 - overseeing and monitoring organisational performance and the achievement of the ASX Group's strategic goals and objectives;
 - monitoring financial performance and liaising with the ASX Group's external auditor;
 - appointing and assessing the performance of the Managing Director and CEO, and overseeing succession plans for the senior executive team;
 - overseeing the effectiveness of management processes in place and approving major corporate initiatives;
 - enhancing and protecting the reputation of the ASX Group;
 - reviewing and overseeing systems of risk management and internal control, and legal compliance;
 - overseeing the processes for identifying significant risks facing the ASX Group and ensuring that appropriate and adequate control, monitoring and reporting mechanisms are in place; and
 - reporting to, and communicating with, shareholders.
- 2.3 The Board has established an Audit and Risk Committee, a Nomination Committee and Remuneration Committee to assist and advise the Board on specific matters set out in the charters of those committees. The role of the clearing and settlement ("CS") boards is to provide oversight of the clearing and settlement operations of the CS subsidiaries, including overseeing the management of clearing and settlement risk.
- 2.4 The ASX constitution provides for a quorum of five directors and sets out the manner in which the number of directors on the Board is determined.
- 2.5 It is Board policy that a majority of its directors must be independent.
- 2.6 ASX values the skills, experience and perspective brought to the Board by Board members who are involved with stakeholders of ASX including listed entities and participants on an ASX licensed market or CS facility. The involvement with a listed entity or a participant in an ASX licensed market or CS facility does not in itself diminish a director's ability to act as an independent director of ASX.

- 2.7 A review of directors' independence is undertaken by:
- tabling of individual director interests at each and every Board meeting; and
 - an annual formal assessment using defined criteria of independence and materiality consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
- 2.8 Membership of the Board is disclosed in the annual report including whether a director is independent or not independent.
- 2.9 The Board has not adopted a tenure policy.

3 ASX NON-EXECUTIVE DIRECTOR BOARD SELECTION PROCESS

- 3.1 The Board, in consultation with the Nomination Committee, determines the composition of the Board. The Board, together with the Nomination Committee, will review the skills represented by directors on the Board and determine whether the composition and mix of those skills remain appropriate for ASX's strategy, subject to limits imposed by ASX's constitution and the terms served by existing non-executive directors.
- 3.2 The Board may engage an external professional consultant to identify suitable candidates in a director recruitment search process. Candidates are selected based on their level of skill, knowledge and experience that enables the Board to discharge its responsibilities effectively. The selection process also aims to ensure that the Board has an appropriate mix of skills, expertise, experience and diversity (including gender).
- 3.3 The Board will use succession planning to ensure the progressive and orderly renewal of its Board membership. The Board may engage the assistance of an independent professional consultant in that process.
- 3.4 Procedures for the nomination, selection and appointment of ASX non-executive directors are governed by this Charter, the Nomination Committee Charter, ASX Diversity Policy, ASX constitution, the Listing Rules and the Corporations Act.

4 FUNCTIONS OF ASX COMPLIANCE BOARD

- 4.1 The Board of ASX has delegated certain responsibilities to ASX Compliance Pty Limited ("ASX Compliance"). ASX Compliance is responsible for monitoring and enforcing compliance of participants and entities with the ASX Group's operating rules.
- 4.2 Details of the current ASX Compliance directors can be found on the ASX Group website: www.asxgroup.com.au.
- 4.3 Delegations in similar terms to the delegation referred to in clause 4.1 of this Charter have been made by each of the relevant ASX Group Subsidiaries to ASX Compliance.

5 FUNCTIONS OF CLEARING AND SETTLEMENT BOARDS (“CS BOARDS”)

- 5.1 There are four subsidiary companies in the ASX Group which hold licences issued under the Corporations Act to operate CS facilities. These are referred to in this Charter as the CS Subsidiaries and are governed by their respective boards (referred to in this Charter as the CS Boards).
- 5.2 ASX Settlement Corporation Limited has been established as the intermediate holding company of the two CS Subsidiaries which operate the ASX Group's securities settlement facilities (ASX Settlement Pty Limited and Austraclear Limited).
- 5.3 ASX Clearing Corporation Limited (“ASXCC”) has been established as the intermediate holding company of the two CS Subsidiaries which operate the ASX Group's central counterparties (“Clearing Houses”). ASXCC has two main purposes:
- to manage the treasury function of the Clearing Houses; and
 - to raise finance from parties external to the ASX Group and on-loan the proceeds to the Clearing Houses.

The Clearing Houses provide a regular mechanism for the parties to transactions executed on the ASX Group's financial markets to meet obligations to each other that arise from entering into those transactions.

- 5.4 The CS Boards provide a focus on risk management and oversight of the clearing and settlement operations of the CS Subsidiaries.
- 5.5 ASXCC, ASX Settlement Corporation Limited and the CS Boards have common directors. Details of the current directors can be found on the ASX Group website: www.asxgroup.com.au
- 5.6 The two non-executive directors on the CS Boards who do not sit on the ASX Board have been appointed for their skill and expertise in clearing and settlement operational and risk management matters.
- 5.7 The ASX Board relies on the CS Boards to provide oversight in respect of:
- the management accounts of the CS Subsidiaries which are prepared on a quarterly basis;
 - the management of clearing and settlement risk; and
 - compliance with the *Financial Stability Standards* determined by the Reserve Bank of Australia.
- 5.8 ASX directors are invited to attend CS Board, ASX Settlement Corporation Limited and ASXCC Board meetings and can request copies of board papers. The minutes of CS Board meetings are included in ASX Board papers.

6 CHAIRMAN OF THE BOARD

- 6.1 The Chairman is an independent non-executive director.
- 6.2 Board policy is that the Managing Director and CEO may not become Chairman.
- 6.3 The roles of Chairman and Managing Director are separate.

6.4 The Chairman is responsible for:

- leading the Board in its duties to the ASX Group;
- oversight of the processes and procedures in place to evaluate the performance of the Board, its committees and individual directors; and
- facilitating effective discussions at Board meetings.

7 MANAGING DIRECTOR AND CEO

- 7.1 The Board has appointed a Managing Director and CEO who has responsibility for the overall operational and business management and profit performance of ASX, whilst also managing the ASX Group in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals.
- 7.2 ASX and each ASX Group Subsidiary that operates a licensed market or CS facility has delegated certain operational powers and rule change powers to the Managing Director and CEO.
- 7.3 The Managing Director and CEO may not sit on the board or have a material commercial association with a company listed on ASX or a participant in an ASX licensed market or CS facility without the prior written consent of the Board.
- 7.4 Restrictions on the Managing Director and CEO's dealings in securities are set out in the ASX Dealing Rules for Employees and Directors.
- 7.5 Senior executives who report to the Managing Director and CEO have their roles and responsibilities defined in position descriptions.

8 REVIEW

- 8.1 The Board will review this Charter annually to keep it up to date and consistent with the Board's objectives and responsibilities.

9 PUBLICATION

- 9.1 A copy of this Charter, the charters of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee, together with the ASX Compliance Board charter are available from the ASX Group website: www.asxgroup.com.au.