

Question 1

Ben: Thankyou Mr Chairman: my name is Ben Bucknell.

I am one of 5.5 million Australians that own shares directly and via a self-managed super fund, and one of the millions of Australians who collectively account for a third of Australia's retirement savings pool that you mentioned before. I'm one of the 40,000 shareholders in ASX that hold less than 1000 shares. I am one of the 6000 members of the Australian Shareholders Association and one of the 2,300 people that wrote into the ASX asking that the ASX ensure that smaller investors have the opportunity to participate into IPOs.

Mr Chairman, I'm not sure whether you are aware that of all the IPOs that Mr Stevens showed *[up on the AGM slides]* on his slide, none of them had a general public offer. In the IPOs that were done last year none of those IPOs over \$40m - apart from the listed investment companies - had a general public offer. Last week, ASIC released its Report 494 into IPOs and it said that larger IPOs, the more established IPOs and with businesses that generate cash flows, were being offered to professional investors and sophisticated investors and the riskier IPOs were being offered to smaller retail investors.

Mr Chairman, I'm sure you will agree that is not good public policy outcomes if: a third of our superannuation pool is not being accessed in the capital raising process; and the riskiest IPOs are being given to retail investors.

Mr Chairman, my question is - what changes to the admission rules are you making to ensure that smaller investors, the 5.5 million Australians that own shares directly and the Self-Managed Super Funds that account for a third of our retirement savings pool - have an opportunity to participate in IPOs?

Chairman: Well you're in the middle of a... well there is a whole consultation and discussion process going on around that and I acknowledge that that's there and I also acknowledge that there is an issue around how you raise capital and how does everyone get a right to participate in it and how do all those mechanisms work.

I think it's easy to say what you say, I'm not sure that it's totally correct because what you're implying is that anything of quality only goes to the big investors and anything that's risky only goes to retail investors.

I think that's a little bit of a stretch to be honest but I do think there is a fundamental issue there which is, is there any easy way for broad market to participate in underwriting and new listing processes which go through brokers and underwriters etc and how does it get to the market place.

So I think the point is worthy of note, and I think if I remember - and I'm not right across it as you say - and there is a consultation and a lot of stuff going on around how the bookbuilds work and how do online and offline bookbuilds work and what's the role of crowd funding and all sorts of things and I think that's going to get a lot of attention.

I would say that one of the things we are and we do have under our direct control is what is the quality of companies allowed to come onto the exchange so you will see and I mentioned this a little while ago since the beginning of this calendar year I have in discussion with ASIC and in discussion with our board, I and some other main board directors have now gone onto the board of the company which we call ASX Compliance which is where really a lot of the market standards and rules and other things sit and why have we done that, we've gone there to do that because we think at the end of the day the whole listed

marketplace is one of the most valuable assets that we hold and our reputation and brand sit there and we really need to have a closer much closer look as to what's going on both in terms of who is allowed to list on the market and it's not that and people say well how can you have any view on that because you're not supposed to pick winners we're not supposed....we don't want to pick winners but there are minimum standards that we think probably should be set and should be understood to make sure that even if there is a higher or lower risk company that people are looking at, there are still minimum standards that are met so we need to work out how to do that.

We need to work out what are the standards for existing companies that sit there and some of them sit there not doing very much so what are the things we need to do there so ... look there's I would think there is a 2 to 5 year process just started to actually look at the quality of the market place at large both existing participants, listed companies particularly at the lower end and new companies coming onto the market and that's to try and do two things, to increase the number of people who want to use our platform and list and do capital formation in Australia but also to lift the quality up to a bench mark standard that we can understand so the part of it is to lift the benchmark standard up

and that's not answering your real question but we are doing that, the second part is yours which is process of access and I just have to say look it's a reasonable point you make there are a lot of complicated moving parts there and there are lot of people involved in the end process so I presume you are interacting with us through whatever the proper channels are ... I presume you are?

Ben: Yes, Mr Chairman, I should have said that I am the founder of OnMarket Bookbuilds

Chairman: Ok so you are...

Ben: and that we provided you with a submission of 15 pages.

Chairman: Oh, so you are actively involved in that area so thank you for telling me, I probably should have known that and I apologise but I think its something there that we just need to pay attention to all those moving parts and in the end there's sort of a rule that everyone will have their own thing that they want out of it ...

we'll probably make no one happy but if we make everybody happier than they are at the moment then that's actually probably not a bad thing. Can you leave it with us? and I will find out more about what you're asking about because I'm not down in the weeds that low....

Ben: Mr Chairman thank you very much for that considered response and taking it on board.

Chairman: Ok ... at the appropriate sub board meeting I will ask there is someone here that understands what you're talking about and I will get a proper briefing on it in the very near future. Thank you

...intervening questions from other shareholders

Question 2

Ben: Thank you for answering my question before Mr Chairman and I understand that you'll take this to the next Board sub-committee meeting on this matter.

Mr Chairman, Hong Kong and Singapore both have provisions that reserve 25% or more of all IPOs for members of the public.

In the last few years, I personally briefed the senior executives of Tokyo Stock Exchange, and the exchange of Shanghai, Hong Kong, Singapore, London, Bourse Italiana, Frankfurt, Toronto, NASDAQ, New York Stock Exchange and BOVESPA.

I have also briefed the CEO of the UK FCA - Martin Wheatley - and I know it was reported in the press that you met with last year personally when you were in London - and Ashley Alder, the head of Hong Kong's SFC [Securities and Futures Commission] and also the Monetary Authority of Singapore.

I would be delighted to brief you on these matters - if you would like that....

I had a conversation with the Financial Conduct Authority this last week – and they will be releasing a report shortly that is encouraging us to come to the UK.

So, firstly I just wanted to make that offer [to brief you] if that would be useful...

Secondly - in relation to the consultation process - there were 2300 people - as I said before - who put in letters into the ASX requesting reservation of a certain percentage of IPOs for smaller investors.

It's been 3 months and they've had no reply – so, while I think it would be very good if we could discuss the matter with you, because as mentioned we have provided detailed letters – but, would you be open to being a champion of the retail smaller investors and using this room here to have an open forum where smaller investors can come and discuss their concerns with you?

Chairman: Oh look I think there is a... I'm not exactly sure on what OnMarket Bookbuild is as a business ... I presume it's a business?

Ben: Aaah, we've had a joint venture with you for 6 years now, Mr Chairman, in relation to ASX BookBuild ...

Chairman: I think this is a topic, I'm very happy to have the conversation with you on the topic, taking it into this is an ASX shareholder meeting and we're talking about a business relationship that we have with you that possibly is in consultation ... and that you have your views.

I will have those conversations with you outside but I'm not going to bring this into a we're creating a collective environment in this room today given the purpose of this meeting, I don't think this is personally appropriate if you don't mind.

Ben: No, not at all Mr Chairman – and that was why I was suggesting a separate meeting to discuss it for the smaller shareholders and investors in the market - so that they could be a part of the consultation process. I thought that by all means you and I could have a discussion but I thought for the smaller investors that we speak for

Chairman: We will start with a bi-lateral discussion between ASX and you and I will have some oversight on that and then once I know more about it I will go further with you, in broad terms do I care about the ultimate investors in the market place who I think whether they are big or small are they absolutely important to what we are doing, yes I do, do I think I know where this is all going and enough about it, the answers no and it will be taken off line and we will have a conversation.

Ben: Thank you Mr Chairman I appreciate that opportunity.

Paul (ASX shareholder): Rick, I don't normally get up and ask a number of questions but my interest was increased on further queries raised before about small shareholders/sophisticated shareholders. Bookbuilds, placements and SPPs. Now SPPs seem to be only the domain of retail shareholders after institutional...

Chairman: Sorry, SPPs?

Paul (ASX shareholder): Share Purchase Plans...

Chairman: Share Purchase Plans... OK.

Paul (ASX shareholder): When there is capital raising or secondary capital raising... there is one company I am investing in at the moment that are going through this process, but there are equally many others [where] there has been a placement and there has been a bookbuild. Who or how or where is [one] entitled to be in the placement process or bookbuild? Does it even extend down to sophisticated shareholders let alone retail shareholders? I suspect not.

Now, once the placement or bookbuild takes place [and] the bookbuild price is established, then on that basis, that [price] can feed through to the SPP price... and this stems from the previous questioners asked, [could] placements and bookbuilds be made a bit more universally available? I've been in the market since 1985, I don't think I've missed too much, but maybe I have a little. Can you enlighten me, or Dominic [CEO of ASX], can you enlighten me from your Challenger background?

Chairman: Well the first comment I'd make is that the role that we play is to facilitate capital raisings and to facilitate a place where companies that list can be put onto an exchange, and people can buy and sell those companies. We have a bunch of service providers outside us who are brokers and clearing members etc. If it's my recollection no one can get to us without coming through a regulated entity that is approved to interface between us and our users. So, it's a broker or a clearing member or whatever, the processes you are talking about are largely practices in the market place one step away from us and so that's where they sit. Do we care about an efficient market place that's fair to everyone? The answer is, yes. Are we actually directing it or are we directly interacting with these people? No, because there is an intermediary between us and them. Are we happy to be part of a conversation? The answer is, yes. It isn't as easy as just talking to us. I mean we're not actively live involved in the process but we can be involved in the process of setting up the rules and regulations for those licence holders in terms of what's going on.

So it's a little bit hard for me to go any further than to say I'm happy to understand what's going on and I'm happy to try and see if we can be part of levelling a playing field or making it better but at the end of the day this isn't our decision, it's a decision that relates to the people one step away from us and their regulations and licences. Is that accurate or not [looks to board members].

ASX CEO: It's the board of the company who makes those decisions as advised by their brokers and their advisers as to which way whether they go or if they down the SPP route. I assume one of the reasons they would namely go down the placement route is that they want to get certainty quickly and then they follow on with the retail placement, but it is a decision for their board to make. As Rick rightly said, we're the intermediary in this process.

Chairman: Look, I'm not trying to duck away and say we're not happy to have the conversations but it's sort of getting to the point where you're now tagging on with each other, but we have to recognise that

what you're talking about is happening in a licenced environment one step away from us. We are involved in it because we're linked into it but it is one step away from us. To the extent that we can be part of doing something, there are some things that we properly can have a role in and there are other things that we probably shouldn't, we've just got to work out what they are and if they make sense. I mean in broad terms, if things make sense we should try within reason to do what we can but really these are ASIC and related issues as well. We just need to be careful that we don't get caught up with them in here and you don't ask me questions that aren't in my direct line of being able to do anything about.