



Managing Material Conflicts: Board Members

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1. Introduction

- 1.1.1. Cboe Australia Pty Ltd (ACN 129 584 667) (Cboe or Cboe Australia) has an established Conflicts Management Policy which contains Cboe’s arrangements for managing all potential material conflicts. The policy outlines the types of conflicts that Cboe may be required to manage and the approach it will take in doing so. Where appropriate Cboe has developed bespoke policies to deal with particular conflicts.
- 1.1.2. This document outlines the bespoke policies that have been in place since 1 April 2023¹ to manage the potential conflicts of interest raised by:
- (a) Ms Cathie Armour’s role as:
 - (i) an independent non-executive director on the Cboe Australia Board;
 - (ii) Chair of the Cboe Compliance Committee;
 - (iii) a former commissioner of the Australian Securities and Investments Commission (ASIC); and
 - (iv) a former General Counsel at Macquarie Capital;
 - (v) a board member of Housing Australia;
 - (b) Mr Vic Jokovic’s role as:
 - (i) a non-executive director on the Cboe Australia Board;
 - (ii) a former CEO of Cboe Australia;
 - (iii) a former member of the board of Wilsons Advisory and Stockbroking Limited;
 - (iv) a former member of the board of Craigs investment Partners, a New Zealand based stock broker; and
 - (v) a former Managing Director, Co-Head of Global Markets Debt and Equity at Deutsche Bank Australia.

2. The potential conflicts of interest

- 2.1.1 The nature of operating a stock exchange means that the people who have the expertise and necessary experience to play a role in senior and board management may also have relationships with exchange participants and other stakeholders that provide the potential for conflicts of interest to arise.
- 2.1.2 Ms Armour served as an ASIC Commissioner from 2013 to 2022 and prior to that worked as a General Counsel at Macquarie Capital. She is a substantial asset to Cboe in her role as an independent non-

¹ Mr David Trude ceased to be a non-executive director of the Cboe Australia Board effective 31 March 2023.

executive director on the Board of Cboe Australia and as Chair of the Compliance Committee, a sub-committee of that Board.

2.1.3 Ms Armour's experience means that her involvement in regulatory matters which she had direct involvement in or oversight over as an ASIC Commissioner or matters involving Macquarie has the potential to create conflicts of interest. For example:

- (i) Ms Armour is Chair of the Compliance Committee, a Committee which may be required to consider regulatory matters in which she was directly involved in making regulatory decisions as a Commissioner of ASIC, the regulator of Cboe;
- (ii) Ms Armour may, as a former ASIC Commissioner, possess information relating to or impacting Cboe that is confidential to ASIC and that should not be shared with Cboe; and
- (iii) Ms Armour may be required to consider participant or other supervision matters for Macquarie entities which may be connected to the period she was employed by Macquarie Capital.

2.1.4 Mr Jokovic was CEO of Cboe Australia from 2018 to 2023 and prior to that served as a Managing Director of Deutsche Bank Australia. He is a substantial asset to Cboe in his role as a non-executive director on the Board of Cboe Australia.

2.1.5 Mr Jokovic's previous experience means that as a Cboe director he may be asked to work on matters which are connected to his time as Cboe Australia's CEO or as a managing director of Deutsche Bank Australia, and which have the potential to create conflicts of interest. For example:

- (i) Mr Jokovic, as a non-executive director on the Board of Cboe Australia, may be required to consider matters in which he was directly involved in making business decisions as CEO of Cboe Australia; and
- (ii) Mr Jokovic may be required to consider participant or other supervision matters for Wilsons or Deutsche Bank entities which may be connected to the period he was on the board of Wilsons or employed by Deutsche Bank Australia.

2.1.6 Both Mr Jokovic and Ms Armour may sit on Board sub-committees, including the Audit Committee.

2.1.7 In light of these circumstances, there are a number of processes, arrangements and obligations in place to identify and manage the potential conflicts that exist in respect of the positions of Ms Armour and Mr Jokovic.

3. Identifying and Managing Conflicts

3.1.1. The following matters play a role in the identification and management of the potential conflicts of interest created by the positions of Ms Armour and Mr Jokovic at Cboe.

3.2 First Point of Contact – Compliance matters

3.2.1 Ms Armour and Mr Jokovic do not act as the first point of contact with respect to any information received by the compliance function or in the day-to-day operations and supervision of the Cboe market. Therefore, executive staff that receive information are able to act as a filter to ensure that

information is not passed to Ms Armour/ Mr Jokovic in circumstances that would cause a breach of the policy. All staff in the compliance department are aware of Ms Armour/ Mr Jokovic's previous employment and are therefore aware of the need to ensure that they do not become improperly involved in matters relating to those relevant participants or that otherwise may present a potential conflict of interest.

3.4 Board Obligations and Governance Processes

- 3.4.1 Persons sitting on the Cboe Australia Board, including Ms Armour and Mr Jokovic, are subject to fiduciary obligations to the Cboe company that are imposed pursuant to the Corporations Act 2001. Ms Armour/Mr Jokovic therefore have an obligation to bring to the attention of the Board any circumstances of which they become aware and that may place them in a position whereby they may face a conflict of interest (including the conflicts identified in this document).
- 3.4.2 Cboe has stringent governance processes that are centered on the Cboe Board and its sub-committees. As non-executive directors, both Mr Jokovic and Ms Armour may sit on/chair the Audit Committee. The Audit Committee meets on at least a bi-annual basis, must report to the Board and includes a senior executive from the Cboe finance team as one of its members.
- 3.4.3 In addition, Ms Armour and Mr Jokovic will report to the Cboe Australia Board when they identify any new potential conflicts. The Compliance team also reports to the Board on conflicts on at least a quarterly basis and will implement new measures to manage the new potential conflicts as required.

3.5 Alternative Processes

- 3.5.1 Cboe has established alternative processes that will be implemented in situations when the involvement of Ms Armour or Mr Jokovic may create a potential conflict of interest. Those arrangements include engaging independent counsel to assist in the running of the Compliance Committee in the event that Ms Armour's presence on the committee would give rise to potential conflicts. The Cboe Australia Board is aware of the potential conflicts in respect of Ms Armour and Mr Jokovic and is able to manage those conflicts on a case by case basis in compliance with the statutory, licence and other obligations imposed on the Board members.

3.6 Transparency

- 3.6.1 Documents dealing with potential conflicts of interest are published on the Cboe Australia website. This ensures that the potential conflicts are widely known to all stakeholders. Ms Armour and Mr Jokovic are well-regarded and respected publicly, and have followed a policy of ensuring their various interests are made public and transparent. This transparency on the part of Cboe, Ms Armour and Mr Jokovic assists in ensuring that the potential conflicts receive appropriate priority in the day-to-day operations of Cboe and the interaction of the wider community with the Cboe market.

3.7 ASIC oversight

- 3.7.1 The International Monetary Fund has stated that market operators such as Cboe are subject to "intensive oversight". This oversight includes an annual review conducted by ASIC in which it exercises compulsory powers to compel the production of information. All Cboe procedures are transparent to ASIC and as such the conduct of Cboe in identifying and managing potential conflicts is subject to a statutorily mandated independent, intensive and rigorous review.

4. Conclusion

- 4.1.1 Cboe is of the view that the combination of the matters covered in Section 3 ensures that it has robust procedures and controls in place for the identification and management of conflicts concerning Ms Armour and Mr Jokovic:
- (i) First Point of Contact – the first point of contact on issues that may raise potential conflicts of interest will not be Ms Armour/Mr Jokovic and so it is possible to take steps to manage the conflicts prior to Ms Armour/Mr Jokovic becoming involved in any matter in which a conflict of interest may be present;
 - (ii) Board Obligations and Governance Processes – Ms Armour/Mr Jokovic and their fellow Board members are subject to statutory obligations requiring them to manage conflicts of interests– these obligations are subject to a robust penalty and disciplinary regime and combine with strong governance processes in place at Cboe to implement, monitor and review processes for managing potential conflicts of interest;
 - (iii) Alternative Processes – Cboe has alternative processes that enable conflicts to be managed by, if it is necessary, excluding Ms Armour/Mr Jokovic from the relevant processes;
 - (iv) Transparency – Cboe is transparent about the potential for conflicts of interest;
 - (v) ASIC oversight – Cboe is subject to intensive oversight by ASIC on matters such as the potential conflict posed by the previous positions held by Mr Armour/Mr Jokovic.