TMX AUSTRALIA EXCHANGE

Arrangement for Managing Material Conflicts for Board Members

TMX

1. INTRODUCTION

1.1. Purpose

TMX Australia Exchange, which is the trading name of TMX Australia Exchange Pty Limited (previously Cboe Australia Pty Ltd) ("TMX"), has an established conflicts management policy which contains TMX's arrangements for managing all potential material conflicts. The policy outlines the types of conflicts that TMX may be required to manage and the approach it will take in doing so. Where appropriate, TMX has developed bespoke arrangements to deal with particular conflicts pursuant to the policy.

Further to the policy, this document outlines the arrangements that have been in place to manage potential or perceived material conflicts of interest raised by TMX directors.

1.2. Market Operator Obligations

Under s 792A(1)(c)(i) of the *Corporations Act 2001* (Cth) ("*Corporations Act*"), a market operator is required to have adequate arrangements for operating the market, including arrangements for handling conflicts between the commercial interests of the market operator and the need for the market operator to ensure that the market operates in a fair, orderly and transparent manner.

As outlined in the *ASIC Regulatory Guidance 172*, in assessing a market operator's arrangements for handling conflicts of interest, ASIC will consider whether (among other things):

(a) under the arrangements, actual, potential or perceived conflicts of interest are reliably and quickly identified and appropriately addressed, such as by taking actions to manage the conflict, avoid the conflict or disclose the conflict;

(b) conflicts of interest (e.g., between its commercial activities and its compliance activities) are identified and managed; and

(c) where conflicts cannot be adequately managed through controls and disclosure, the market operator must avoid the conflict or refrain from the activity. This may be where the conflict of interest materially risks undermining the actual or perceived integrity of the market operator's market.

2. POTENTIAL OR PERCEIVED CONFLICTS OF INTEREST

The nature of operating a market means that individuals with the expertise and experience required to serve in senior management and board roles may also have or have had professional relationships with participants, product issuers and other stakeholders. As a result, there is potential for conflicts of interest to arise.

On the current TMX Board, TMX directors have previously held senior positions at financial institutions that are stakeholders of TMX, or are affiliated with entities that are stakeholders of TMX, including:

- Macquarie Group Limited; and
- AllianceBernstein Australia Limited

(collectively, the "relevant previous positions").

No TMX director currently holds a role, or is responsible to, any stakeholder of TMX. In addition, TMX assessed officer positions held with organisations in other industries, and with charitable or not-for-profit organisations, and TMX does not consider these to give rise to actual or potential conflicts of interest.

However, to manage any potential or perceived material conflicts raised by the relevant previous positions, TMX has a number of processes, arrangements and obligations in place to identify and manage such conflicts. Any conflicts that may arise in due course will be managed and discharged in accordance with the directors' obligations and TMX's conflicts management framework, outlined below.

3. IDENTIFYING AND MANAGING CONFLICTS

TMX has the following framework to identify and manage conflicts of interest, including those that may be created by relevant previous positions.

3.1. Compliance Function as Initial Point of Contact

TMX directors do not act as the initial point of contact with respect to any information received by the TMX Compliance function or in the day-to-day operations and supervision of the TMX market.

Therefore, senior executives or associates in the TMX Compliance department that receive information are able to act as a filter to ensure that information is not passed to TMX directors in circumstances that would cause a breach of the policy. All TMX Compliance associates are aware of TMX directors' previous employment and are therefore aware of the need to ensure that they do not become improperly involved in matters relating to those relevant stakeholders or that otherwise may present a potential or perceived conflict of interest.

3.2. Board Obligations and Governance Processes

TMX directors are subject to fiduciary obligations to TMX that are imposed pursuant to the *Corporations Act*. Each director has an obligation to bring to the attention of the TMX Board any circumstances of which they become aware that may place them in a position whereby they may face a conflict of interest (including the conflicts identified in this document).

TMX has robust governance processes centered on the TMX Board and its committees. A non-executive director is required to chair each of the Audit Committee and the Compliance Committee. The Audit Committee meets at least twice a year, reports to the TMX Board and includes a senior executive from the TMX Finance department as one of its members.

The TMX Compliance Committee receives reports from TMX Compliance and reports to the TMX Board on an at least quarterly basis and will implement new measures to manage emerging conflicts, as required.

3.3. Alternative Processes

TMX has established alternative processes to be implemented where the involvement of a TMX director may create an actual, potential or perceived conflict of interest. Those arrangements include engaging independent counsel to support the operation of the TMX Compliance Committee, which is chaired by an independent non-executive director, where the director's participation in the Committee's activities could give rise to a conflict of interest.

The TMX Board is aware of the relevant previous positions of each Director and will manage conflicts arising from those positions on a case-by-case basis, in accordance with statutory, licence and other obligations applicable to the TMX Board.

3.4. Transparency

This document is published on the TMX website to promote transparency regarding TMX's framework for managing material conflicts of interest and to ensure that any actual, potential or perceived material conflicts are known to relevant stakeholders.

By making these arrangements publicly available, TMX promotes confidence in its governance framework to support the ongoing identification, assessment and management of conflicts of interest in its day-to-day operations and interactions with stakeholders.

3.5. ASIC Oversight

TMX is subject to ongoing supervision and oversight by ASIC. This oversight includes formal arrangements and protocols governing engagement between ASIC and TMX, as well as periodic reporting obligations, including the submission of an annual report on the extent to which TMX complied with its obligations as a market licensee under s 792F of the *Corporations Act*. In addition, ASIC has statutory powers to require the production of information and documents.

TMX makes its policies, procedures and conflicts of interest register available to ASIC. Accordingly, TMX's processes for identifying, assessing and managing actual, potential and perceived conflicts of interest are subject to ongoing regulatory review and oversight by ASIC.