NSX Risk Management Policy

NSX Limited

(ABN 33 089 447 058)

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1. Introduction

Policy Purpose

The NSX Limited ("NSXL") risk management policy outlines the overall approach to risk management, it also articulates the commitment of NSXL to ensure that risks are effectively managed. Risk management is not about eliminating all risks, it is about identifying and responding to risks in a way that reduces risk to acceptable levels and helps to improve performance outcomes. .

Policy Scope

This policy applies to all directors and employees of NSXL and its subsidiaries. The management of risks is encompassed by the Risk Management Framework and employed by each operating entity. The applicable operating entities are: NSX Limited and National Stock Exchange of Australia Limited.

Policy Principles

The following principles guides NSXL. Risk management:

(i)   Creates, protects and improves the value of NSXL activities and outcomes;

(ii)   Is inclusive and aids directors and management to make informed decisions;

(iii)   Is structured and tailored to specific business requirements and the markets that the business operates in;

(iv)   Is an integral part of all activities of the business;

(v)   Is inclusive of relevant stakeholders and draws on their knowledge and skill to inform decisions;

(vi)   Anticipates, detects and responds to changes in the business environment;

(vii)   Promotes learning, continual improvement and management of emerging risks; and

(viii) Accounts for human behaviour and cultural factors and their impact on risk management.

2.   Risk Governance and Oversight

Role of the Board

The Board of NSXL has ultimate oversight of risk. It delegates some responsibilities to the Audit and Risk Committee to assist with the oversight role and provide recommendations to the Boards of each operating entity.

The Board is responsible for setting the overall strategic direction, the risk tolerance and risk appetite of NSXL. The Board has overall responsibility for risk management and for approving the risk management framework.

Role of the Audit & Risk Committee

The NSXL Audit & Risk Committee (ARC) assists and advises the Board on the Risk Management Framework and Risk Appetite Statement and monitors the effectiveness of risk management and the overall risk profile of NSXL. The ARC seeks appropriate assurance that risks are being managed effectively and control measures are appropriate.

Role of Management

Management is responsible for implementing risk management processes, controls and treatments and to monitor their effectiveness. This includes implementing policies and procedures that address risk identification and mitigation, training and reporting.

The Managing Director & Chief Executive Officer (MD & CEO) is responsible for ensuring the process for managing risks is integrated within business planning and management activities.

The NSXA Chief Operating Officer (COO) is responsible for monitoring the risk profile and to drive continual improvement in the management of risk.

The NSXA Head of Compliance (HOC) is responsible for managing compliance with the NSXA Australian Market Licence and therefore aiding in the mitigation of key risks to the NSXA operating entity.

Assurance

To provide assurance, NSXL has adopted the '3 lines of defence' model. This model is illustrated below. Each layer provides a critical role in providing the Board with confidence that risks are being managed.

First Line	Second Line	Third Line
Business Operations	Management	Independent assurance
Own and manage risk, implement action to address process and control deficiencies.	Oversight of the risk function and support to Board and Committees.	Auditor and other independent and objective review and advice regarding management controls and systems.
Reporting and escalation to second line.	Develop and implement risk management framework, report and advise Board and Committee on risk.	Engagement with regulators assurance.

3. Risk Process and Documentation

NSXL maintains processes and guidance documentation for risk management which helps to ensure that risks are identified, documented and effectively managed.

Risk Appetite Statement

Risk Appetite is the type and amount of risk that NSXL is willing to accept in pursuit of its strategic and business objectives. It encourages the consideration of risk in strategic and business decision making. The Risk Appetite is approved and monitored by the Board.

Risk Tolerance

Risk Tolerance is the level of risk that NSXL is prepared to accept after the effectiveness of risk treatments are taken into account. Risk tolerances are based on specific measures and may be expressed in various ways depending on the nature of the risk.

Risk Management Framework

The Risk Management Framework (RMF) is a set of components that provide the operating arrangements for identifying, documenting, monitoring, reviewing and continually improving risk management. The RMF is the totality of systems, structures, policies, processes and people that identify, measure, evaluate, monitor, mitigate, control and report on all sources of risk.

Risk Profile

NSXLs risk profile encompasses the Key Risk Register (KRR). The KRR is an assessment of Key Risks that have been identified in the context of the regulatory environment and strategic objectives. NSXL also monitors emerging risks, project risks and operational risks related to day-to-day business activities.

4.   Review of the Policy

This policy will be reviewed every two years or earlier if required.

5.   Board approval.

The Board has approved this policy for issue.