

## BEST EXECUTION POLICY

7 June 2018

In accordance with the ASIC Market Integrity Rules (Securities Markets) 2017 Part 3.8, as a market participant of the ASX Limited ("ASX") and Chi-X Australia ("Chi-X"), CMC Markets Stockbroking Limited ("CMCSB") has the obligation to take reasonable steps to obtain the 'Best Outcome' for the client when executing orders. For retail clients, obtaining the best outcome means obtaining the best total consideration. The obligation to achieve the best total consideration is known as 'best execution'.

### What is Total Consideration?

For retail clients, best execution means best total consideration:

- for a buy order, the purchase price paid in respect of the order plus transaction costs (inclusive of GST); and
- for a sell order, the sale price received in respect of the order less transaction costs (inclusive of GST).

This document sets out CMCSB's policy in achieving best execution.

### Execution Venues

CMCSB considers the following execution venues in achieving 'best outcome'; ASX TradeMatch, ASX Centre Point and Chi-X ("Venues"). Chi-X is only available when specifically selected by the client, unless the order is processed through the WebIRESS platform. ASX TradeMatch is the main ASX Trade market and offers a wide range of trade functionality for all ASX-quoted securities. ASX Centre Point offers anonymous execution at the prevailing mid-point of the national best bid and offer. Orders proceed from ASX Centre Point, Centre Point Sweep and ASX TradeMatch.

### Order Execution

CMCSB accepts orders to buy and sell securities either by telephone, in writing (e.g. by facsimile or mail) or through the CMCSB Automated Order Processing System (the 'Online Service'). The way in which CMCSB deals with all instructions and orders is contained in the CMCSB Terms and Conditions.

Where there are parts of orders that have not executed immediately, the outstanding orders will be directed to one of the Venues. During the opening and closing phase of ASX TradeMatch, CMCSB will send orders to ASX TradeMatch to participate in the auction phase, achieving the 'best outcome' for the client.

CMCSB places client orders in time priority, which means the first valid order that is received at a given price for a particular security will be the first order that is submitted to the market router. Amendments to an existing order may adjust the order priority. All orders are subject to review and may be rejected or referred to one of the Designated Trading Representatives ("DTR") for manual entry.

Where an order is executed via the Online Service, the parameters of the trade are selected by the client. This includes the price, timing and size of the order. In cases where the client has not selected any specific parameters, the Online Service will automatically select the best available total consideration for the order to ensure best execution.

When CMCSB receives an order from the client, it will transmit the order to the relevant Venue as soon as reasonably practicable. This will obtain the best price available on the relevant Venue for the order, and accordingly fulfil the requirement of best execution. When an order has been referred to a DTR and is considered acceptable to enter into the market, it will be handled in accordance with this Policy.

ASX Centre Point Sweep acts as a Smart Order Router ("SOR") within the ASX Trade system combining the lit liquidity in ASX TradeMatch with dark liquidity in ASX Centre Point. The sweep functionality initially matches any possible price improvement volume in ASX Centre Point and then routes any remaining order volume to match or rest in ASX TradeMatch.

ASX operates between 10 a.m. and 4 p.m. Sydney time, Monday to Friday, not including some NSW public holidays. If an order is received from the client after the close, the order will be transmitted to the relevant execution venue(s) as soon as practicable, for execution on the opening of the markets on the following business day.

Note: where specific instructions are provided best execution may not be obtained.

### Order Instructions from the client

Where the client has provided specific instructions to CMCSB, we endeavour to take reasonable steps to execute the order in accordance with those instructions, even though this may not achieve best execution. We will only do so in circumstances where the client instructions don't conflict with our other obligations under the CMCSB Terms and Conditions, the Corporations Act 2001, the ASIC Market Integrity Rules and any other relevant laws.

CMCSB will review this policy as required. Should there be any material changes, you will be notified in writing.