

1. INTRODUCTION

In accordance with the matters set out in Chapter 3 of the ASIC Market Integrity Rules (Securities Markets) 2017 (“the Rules”) Euroz is required to take reasonable steps to obtain the best outcome with respect to each order handled and executed on behalf of a client.

Client orders can be executed in one or all of the following order books:

- (1) ASX TradeMatch;
- (2) ASX PureMatch;
- (3) ASX Centre Point; and
- (4) Chi-X.

Orders must be executed in an order book unless an exception applies. The exceptions are as follows:

- (1) Block Trades;
- (2) Large Portfolio Trades;
- (3) Within the Spread (NBBO);
- (4) a Permitted Trade during the Post-Trading Hours Period;
- (5) a Permitted Trade during the Pre-Trading Hours Period; and
- (6) Out of Hours Trades.

2. HANDLING OF CLIENT ORDERS - RETAIL

Relatively small retail orders (that is, those that can readily be executed immediately in an order book) will be executed as follows:

- (1) upon receipt of the order (this will usually be via telephone but can be via e-mail, or fax), the order will be entered into the IRESS order pad by the Adviser that received the order; and
- (2) the IRESS, Best Market Router (“**BMR**”) will then cause the order to be automatically routed to whatever order book offers best Total Consideration. Total Consideration means for a buy order, the purchase price paid by you in respect of the execution of your order, plus transaction costs and for a sell order, the sale price received by you in respect of the execution of your order less transaction costs.

In executing the order, cost differences will be ignored – that is, the client will pay the same brokerage (total transaction cost) irrespective of the order book in which the order is executed and irrespective of whether the relevant order book offers higher or lower execution costs in relation to

the execution of a particular client’s order. Differences in order execution costs will, in any event, not be material in relation to retail clients (and will not be material in relation to the majority of orders placed by wholesale clients).

Any savings generated (to Euroz) as a result of executing an order in one order book as opposed to another will be reflected in the overall level of brokerage charged by Euroz to its clients (that is, savings will ultimately result in the overall level of brokerage being paid by all of Euroz’s clients, being lower).

3. HANDLING OF CLIENT ORDERS - WHOLESALE

Wholesale client orders can be received via phone, fax, e-mail, IRESS and the Bloomberg systems. Upon receipt of an order a trading record will be completed. The order will then be executed by the Adviser using Euroz’s IRESS BMR system. With respect to each wholesale order, in the vast majority of cases, the client will instruct Euroz as to how the order is to be executed taking account of the following factors:

- (1) price;
- (2) costs;
- (3) total consideration;
- (4) speed; and
- (5) likelihood of execution.

or any other relevant outcome, or any combination of these outcomes.

Where a wholesale client has not given an instruction with regards to best execution, Euroz will take reasonable steps to obtain the best outcome for the client having regard for the factors listed above.

4. DIFFERING TRADING HOURS

In relation to retail orders, orders will be executed via the BMR in whatever order books are available at the time that the order is received. In this regard, Euroz has taken the view that:

- (1) when an order book is not available, the liquidity that was available on that order book tends to migrate to other order books such that the overall liquidity available to the client is not adversely affected (particularly in the context of the usual size of retail orders) when one or more order books is not open for trading; and
- (2) in view of the issue referred to at

subparagraph (1), Euroz has taken the view that it is not necessary to consider whether best Total Consideration could be achieved by delaying the execution of an order until all order books are available.

In relation to orders placed by wholesale clients, orders will be executed in accordance with the client's instructions as to whether the client wishes an order to be held until all order books are available (wholesale clients will usually be aware whether or not all order books are available for trading at the time that an order is placed). If the client does not provide those instructions when the order is placed, the client must be informed that all order books are not available and be asked to provide instructions as to whether the relevant order should be held until all order books are available or be executed immediately. If requested to do so, the Adviser should provide advice as to whether the client's objectives can best be achieved by holding the execution of an order or executing the order immediately.

5. DIFFERENT OPENING AND CLOSING MECHANISMS

With respect to orders placed by retail clients, orders will be routed by the BMR to the market that offers best execution (Best Total Consideration) at the time that the order is placed.

With respect to orders placed by wholesale clients, orders will be executed in accordance with the client's instructions via the IRESS BMR. In the unusual event that the client is not aware that different opening and closing mechanisms apply to the order being placed by the client, the client must be informed that such a situation applies to the client's order and be requested to provide instructions as to which order book(s) the order is to be sent for execution. If requested to do so, the Adviser should provide advice to the client as to how the client's objectives can best be achieved.

6. PRICE MOVEMENT AFTER ORDER TRANSMITTED

With respect to orders placed by both retail and wholesale clients that are being executed by way of the BMR, the BMR can, after an order has been placed, move an

order from one order book to another book should it become apparent that best Total Consideration can be achieved by executing the order in the other order book.

With respect to orders that have been placed by a client that are being worked by an Adviser the Adviser can see a consolidated version of each order book on their workstation. In this regard, should it become apparent that best execution can be achieved (this being a concept that takes account of price, speed and execution certainty as these concepts apply to the particular order placed by the client) by removing an order from one order book and entering it into another, the Adviser must cause this to occur. This process (depending on the client's instructions) will occur without further instructions from the client via normal use of the BMR.

7. MARKET OUTAGES

In accordance with the matters set out above, when an outage occurs with respect to one order book, the liquidity on that order book tends to migrate to other order books. In this regard, with respect to orders placed by both retail and wholesale clients, the BMR will route orders to whatever order books that are operating on the basis that best Total Consideration will be achieved whether or not all order books are operating.

With respect to orders placed by wholesale clients (wholesale clients will almost invariably be aware that there has been a market outage), the client will provide its instructions as to whether an order is to be held until all order books are available or whether an order is to be executed immediately. In the unlikely event that a wholesale client is not aware, that a market outage has occurred, the client must be informed of this fact and be requested to provide instructions as to how the relevant order is to be executed. If requested to do so, Advisers should provide advice as to how the client's objectives can be achieved.

8. LIMIT ORDERS

With respect to Limit Orders the BMR will route limit orders to the order book where best Total Consideration will be achieved.

9. TRANSMISSION OF ORDERS

In accordance with the matters set out above:

- (1) orders placed by retail and wholesale clients will be executed by entering the order into IRESS where it will be routed by the BMR to the order book where best Total Consideration can be achieved; and
- (2) orders placed by wholesale clients will be executed in accordance with instructions given by the client (provided by the client either with or without a request for instructions being made by the Adviser).

Regarding orders executed pursuant to a pre-trade transparency exception and in accordance with the matters set out above, Euroz does not operate any form of automated crossing system.

Euroz will execute crossings on behalf of retail and wholesale clients.

Crossings must be conducted in accordance with the Rules.

Orders, other than those to be executed by way of a crossing, that fall within a pre-trade transparency exception will be executed where the order falls within an exception provided by Part 6.1.1 of the Rules and the client requests that the order be executed pursuant to a pre-trade transparency exception rather than the order being executed in an order book.

In summary the BMR is configured as follows:

- (1) The IRESS BMR provides order optimisation and execution on multiple venues in conjunction with the IOS+ platform.
- (2) IOS+ and the BMR provide a number of automated execution algorithms which maximise the benefits of multiple execution venues. For clients it means achieving best execution across multiple venues. There are three primary algorithms that the BMR can utilise upon instruction from the Designated Trading Representative. These are Spray, Sway and Sweep.

- (3) The Spray function sends multiple orders across all order books, through multiple price levels, with immediate execution and the routing of any remaining volume to ensure market priority.
- (4) The Sway function sends orders to multiple order books simultaneously at the top price level. Pricing for the orders are updated as they are executed and new orders are then sent where appropriate.
- (5) The Sweep function sequentially sends an order to each order book to execute at the best price, attempting to fill as much of the order as possible from the preferred order book (including icebergs) before continuing to the next chosen order book.

Depending on liquidity, price and the client's instructions with regard to the speed of execution, the three different execution algorithms may be appropriate at different times. For example, if the client wishes to execute immediately without a pricing limit the Spray function would be appropriate as it seeks out the best price across all order books. If the client wished to execute at a specific limit, then the Sway function would be appropriate as it will seek out liquidity across all order books within the pricing parameters. If the client had a preference to execute on one order book over another, the Sweep function would be appropriate as it will seek liquidity in the preferred order book first before searching other order books.