

# Best Execution Policy

## Introduction

This policy sets out selected details of the Order execution policies applicable to Canaccord Financial Group (Australia) Pty Ltd and its controlled subsidiaries including Canaccord Genuity (Australia) Limited (CGAL) and Canaccord Genuity Financial Limited (CGFL) (“Canaccord” or “we” or “us”). The client Orders are executed by CGFL as the Market Participant of the ASX Limited.

## Our Obligations

In accordance with the ASIC Market Integrity Rules (Securities Markets) 2017 Rule 3.8 “Best Execution Obligations” and Rule 5.1 “Client Order Priority” (the ‘Rules’), as a Market Participant of the ASX Limited (‘ASX’), Chi-X Australia Pty Limited (‘Chi-X’), the National Stock Exchange of Australia Ltd (‘NSX’), Canaccord has an obligation to take all reasonable steps when handling and executing an Order in Equity Market Products (see below definition) to obtain the best outcome (or ‘best execution’) for both Retail and Wholesale Clients.

Before accepting client Orders, we are required to disclose our best execution obligations to our clients and make them aware how these requirements may affect the handling and execution of client Orders and provide other information relevant to Canaccord’s execution procedures.

## Your obligations

You should review this Best Execution Policy thoroughly prior to giving any Orders to Canaccord. Not only will it provide you with important information about how your Order will be dealt with, but it sets out the circumstances in which you may give instructions to Canaccord in relation to your Order. This means you will be able to make informed decisions regarding your choice to deal with Canaccord and the manner of those dealings.

## Equity Market Products

Our best execution obligation applies where we execute Orders to buy or sell Equity Market Products (“Order”) on your behalf. This obligation applies differently depending on whether you are a Retail or Wholesale Client.

“**Equity Market Products**” means:

- shares;
- interests in managed investment schemes (including Exchange Traded Funds (‘ETFs’));
- rights to acquire shares or interests in Managed Investment Schemes under a rights issue; and
- CHESS depository interests (‘CDIs’), in each case, which are admitted to quotation on the ASX or Chi-X.

## Execution Venues

We direct all Orders through the following execution venues and corresponding ‘Order Books’:

- ASX TradeMatch – primary central limit Order book of the ASX on which all ASX quoted securities are traded.
- ASX Centre Point – undisclosed Order book on which Orders are executed at the mid-point between the prevailing ASX best bid and offer prices. It offers price improvement at mid- point.
- Chi-X uses its own trading system and provides trading in a subset of ASX listed securities.
- NSX Listed Securities are all traded on the NSX Market.
- Multilateral Trading Facilities

Our choice of Order Books may be limited depending on the nature of your Order, or your requirements unless directed by you to execute on a particular venue.

We generally consider best price across all Order books that we have access to in the licensed markets. Where the best price (for the volume of your Order) is spread across multiple Order books, Canaccord will take reasonable steps to obtain the best overall price. This may include accessing each of the best prices on each Order book (either directly or using an intermediary or service offered by a market operator), or it may be that the best price is achieved by transacting against or on a number of price points on a single Order book.

Orders placed outside scheduled ASX TradeMatch continuous trading hours will be transmitted to ASX TradeMatch as soon as practical. If there is a market outage, Canaccord will transmit Orders to any remaining Order Book.

Certain Orders are exempted from the requirement that they be executed within the Order book of an execution venue. These include block trades, large portfolio trades, trades within the spread, a permitted trade during the pre or post-trading hour period and out of hour trades. There may be occasions where Canaccord will transmit and execute your Order through the Order books of a crossing or other matching mechanism under a pre-trade transparency exception. In such circumstances, we will execute your Order under the exception where, considering the execution factors detailed above, we determine that doing so will give you best execution.

## Best execution

### Retail clients

If you are a Retail Client, as defined under section 761G of the *Corporations Act 2001* (Cth), best execution means ‘best total consideration’.

Best Total consideration means:

- (a) **for a buy Order:** the purchase price of the Equity Market Product plus transaction costs; and
- (b) **for a sell Order:** the sale price of the Equity Market Product less transaction costs.

**Transaction costs** may include:

- execution costs imposed by ASX, Chi-X or NSX;
- clearing and settlement fees imposed by FinClear; and
- commissions paid to Canaccord by you.

Where there are no material differences in transaction costs between ASX, Chi-X and NSX, best total consideration means best price. Therefore, Canaccord will consider price and/or volume as the determining factor as to how the Order is executed, including to which Order Book.

Occasionally, we may also need to consider other execution factors if we believe they will help deliver the best total consideration such as market impact or costs resulting from differences in speed, likelihood of execution, liquidity or when the best price on an Order book is in an insignificant volume (e.g. one share).

#### Wholesale clients

If you are a Wholesale Client, as defined under section 761G of the *Corporations Act 2001* (Cth), best execution means the best outcome, whether its best price or the best total consideration.

**Best price means:** the best purchase or sale price of the Equity Market Product. In assessing the Best Outcome for wholesale clients we may take into account all outcomes that may be relevant for you such as:

- size and nature of Order;
- speed;
- likelihood of execution or settlement
- transaction costs;
- execution venues available and their trading status; and
- any other relevant Order consideration.

Canaccord will take all reasonable steps to obtain the best outcome when executing Orders on behalf of you and will ordinarily place a higher importance on price. However, we will, in certain circumstances, determine that other execution factors are more important than price; and in such cases we will take into account:

- the nature of the client,
- the client's instructions (e.g. whether an Order is a buy Order, sell Order, limit Order, market Order or an Order generated by an algorithm),

- the Order type; and
- the product and liquidity at the time.

#### **Order Execution**

##### **How will Orders be treated?**

Your Orders will be treated in accordance with the ASX price-time priority rules, the relevant ASX Operating Rules, Chi-X Operating Rules, NSX Listing and Business Rules and ASIC Market Integrity Rules.

Canaccord will transmit Orders using either:

- Its automated Client-Order-Processing system (IRESS) which is designed to check for the best price across the Order Books during ASX TradeMatch continuous trading hours. Your Orders will be transmitted in accordance with the price-time priority rules based on the Order parameters you selected; or
- Our Designated Trading Representative ('DTR') who will transmit Orders using either Best Market Router ('BMR') or may transmit Orders manually to a specific Order Book in certain circumstances including:
  - where Canaccord receives specific instructions from you;
  - where an Order does not pass Canaccord's automated filters; or
  - where Canaccord's automated client Order processing system is unavailable.

It is important to note that the closing price of your Orders will be determined by the ASX TradeMatch closing price and we may also at our discretion set a minimum Order price of \$50.

##### **Specific Instructions**

If you provide us with a specific instruction about how an Order should be handled and/or executed, Canaccord will use its reasonable endeavors to comply with your instructions. However, you should note that the use of specific instructions may prevent you from obtaining the Best Consideration. They may also, depending on the instructions, prevent us from providing you the Best Outcome. You may provide any specific instructions verbally or in writing and any verbal instructions will be recorded on the Order by your adviser and retained for seven years. Examples of instructions we may receive from you could include:

- choice of market
- fast execution
- minimising market impact; and
- obtaining greatest execution certainty.

Wholesale clients can give standing instructions on execution requirements, including an instruction to opt out

of the Best Execution Policy. Any such standing instruction will be valid for a period of 12 months.

It is important to note that, irrespective of your instructions, Canaccord will have an overriding responsibility to ensure the maintenance of a fair and orderly market. Therefore, there will be occasions where legally we will not be required to, and will not, follow your instructions.

### **Insignificant Volume**

Where the best price on an Order Book is in an insignificant volume, Canaccord will execute as much of the Order as possible at the best price and direct the unfulfilled portion of the Order to the Order Book with the next best price. Any portion of the Order that remains unfulfilled will rest on ASX TradeMatch for execution.

### **Limit Orders**

With a limit Order, you set the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit Order may be entered away from the current market price, it may not be executed immediately. By placing a limit Order, you give up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Where a limit Order do not cross the spread it will rest on ASX TradeMatch only.

### **Managed Orders**

This is a client order that requires the exercise of discretion by Canaccord in relation to the time, price, or quantity submitted for execution in such manner, and at such time, as Canaccord deems appropriate, taking into account any client instructions received, and our obligation under the general law to act in the interests of our clients.

### **Aggregated Orders**

Aggregating Orders means submitting Orders from various client accounts, for the same security, and on the same terms together to the ASX, Chi-X, NSX, or another venue, as a single Order for execution

Canaccord will only aggregate Orders if it reasonably believes that doing so would benefit all clients when taking into due consideration the Best Execution factors. When allocating an aggregated transaction, which includes one or more clients' Orders, we will allocate the Order on an equal basis, which we consider gives the fairest possible outcome.

Orders may be aggregated only if they are for the same security, on the same terms and:

- they are received overnight, or before the Markets open;

- they are received during normal trading hours at around the same time; or
- they confer a discretion on Canaccord in relation to the time of execution, and in Canaccord's opinion it is appropriate to aggregate them for the purpose of execution.

A client may withdraw their consent to their Orders being aggregated with other Orders at any time.

### **Electronic Confirmations**

Confirmations may be sent to you electronically. Each electronic confirmation is subject to:

- the Rules, directions, decisions and requirements of ASX,
- Chi-X, the ACH Clearing Rules and where relevant, the ASX Settlement Operating Rules;
- the customs and usages of ASX; and
- the correction of errors and omissions.

Canaccord will assume that you agree to receive confirmations electronically, and that you acknowledge that electronic confirmations are subject to the above conditions. If you do not agree to receiving electronic confirmations, then you need to provide notice to Canaccord.

### **Principal Orders**

Some of the services which Canaccord provide to its clients can only be provided if Canaccord is able to buy or sell securities for its own account as Principal in connection with the service. For example, to offer facilitation of Client Orders.

Canaccord is deemed to be acting as Principal when dealing on its own behalf (Canaccord), or on behalf of the following persons:

- Partner of Canaccord;
- Director, Company Secretary or Substantial Holder of
- Canaccord;
- related entity of Canaccord; or
- the Immediate Family, Family Company or Family Trust of
- a Partner, Director, Company Secretary or Substantial Holder (5% or more) of Canaccord.

If a Canaccord Principal account places an Order and Clients have corresponding Orders which may be crossed with the Principal Order, Canaccord will notify the Clients that Canaccord wishes to act as Principal. On client authority to proceed, the Order will be filled.

## Consent

We are required to obtain your prior consent to this Policy when we execute an Order on your behalf. You will be deemed to have provided such consent when you instruct us to act on your behalf in relation to an Order. By signing Canaccord's client application form and agreeing to our Terms and Conditions, you will be deemed to have provided such prior consent.

## Cancellation

We reserve the right to cancel an order without notice where we believe this is sufficiently justified. This may include, but is not limited to, circumstances where we are requested to do so by our counterparty or the relevant exchange, or where we believe there may be potential market abuse. We will not be liable for any loss you incur because of the cancellation of an order in these circumstances. If multiple orders are processed, we will apply charges separately to each deal.

## Reviewing this Policy

Canaccord will regularly review and assess the effectiveness of our Best Execution arrangements in Order to identify and, where appropriate, address any deficiencies, and to achieve our regulatory duty of Best Execution. We will notify you of any material changes to this policy in writing (including by electronic means, such as emailing a link to the new policy or uploading a link on our website. If you do not have access to electronic communication or our website, you may request a copy of this Policy by contacting us). We consider material changes to this Policy to include:

- Changes to the Order Books;
- Changes to the circumstances in which the Orders may be transmitted to the Order Books.

Our approach to this policy is current from the date listed at the end of this document, and this approach shall supersede any prior notification or statement we have made in relation to Best Execution.