

## BEST EXECUTION POLICY

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**SECTION A – INTRODUCTION**

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**1 INTRODUCTION**

As the holder of Australian Financial Services Licence No 329813, a Market Participant of the Australian Securities Exchange ("ASX") Velocity Trade Limited ("VTL") is required to have in place a Best Execution policy.

Under Chapter 3 of the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011 VTL is required to have in place a Best Execution Policy and take all reasonable steps to obtain the best outcome for clients when executing, receiving and transmitting client orders where such orders relate to equity market products.

The obligation to obtain the best possible execution outcome for our clients is referred to in this Policy as the "Best Execution" obligation. The way in which VTL provides Best Execution may differ depending on the wholesale client circumstances.

The obligation for Best Execution will never come to the detriment of our commitment to maintaining an orderly market and following Market Integrity Rules

**2 PURPOSE**

The Best Execution Policy applies whenever VTL receives an order from a client for execution on the client's behalf. VTL will assess its compliance with the Best Execution obligation on a regular basis to ensure the best execution outcome for clients.

**SECTION B – POLICY**

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**3 HANDLING, EXECUTION AND TRANSMITTING CLIENT ORDERS****3.1 RECEIVING CLIENT ORDERS**

When VTL receives, transmits or executes orders in relation to equity market products on behalf of a client VTL will take all reasonable steps to achieve Best Execution.

Best Execution will be achieved in accordance with this Policy and is designed to obtain on a consistent basis the best possible result for execution of client orders, subject to and taking into account the nature of the orders, the priorities placed upon VTL in filling those orders and the nature of relevant markets.

**3.2 EXECUTING CLIENT ORDERS**

VTL will generally give price a higher relative importance when obtaining the best possible outcome for client orders. However, depending on the type of client requirements VTL may also take into consideration a range of different factors, including the need for timely execution, availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), price of the equity market product, speed, likelihood of execution, potential price impact, execution certainty, the size of the order and the nature of the financial transaction.

**3.3 TRANSMITTING OF CLIENT ORDERS**

All orders that VTL receives from its clients are transmitted directly to the order book of the relevant securities exchange and are executed in a manner where VTL will take all reasonable steps to achieve Best Execution, in accordance with this Policy, taking into account the factors noted above in 3.2 (if applicable) and any specific instructions received from you as part of the order, as applicable

**3.4 BEST OUTCOME FOR A WHOLESALE CLIENT**

For a Wholesale Client the best outcome may occur as a result of price, costs, total consideration, speed, likelihood of execution or any other relevant factor, or any combination of those factors. It may also occur as a result of VTL following a specific or standing instruction the client has provided.

**4 SPECIFIC INSTRUCTIONS**

To the extent that the clients provides VTL with specific instructions in relation to the order or any part of it (including selection of execution venue) VTL will act on the instruction and, in doing so, the client may not necessarily receive the best outcome in relation to Best Execution.

If the client requires the order to be executed in a particular manner the client must clearly state the desired method of execution when the client places the order. The client can provide the specific instructions in writing (i.e. by e-mail). If the client gives the order verbally (i.e. by telephone) VTL must record those instructions and retain the records for a period of seven years. To the extent that the client's specific instructions are not comprehensive, VTL will determine any non-specified aspects in accordance with this Policy.

As a Wholesale Client, the client can give VTL standing instructions for all of the clients' orders, and VTL will periodically review the standing orders to ensure that it remains possible for VTL to satisfactorily perform the instruction.

Where VTL receives an equities order from the client, to ensure correct identification of the security and related clearing counterparty VTL will ask for specific instructions as to the venue on which the equity is listed.

## 5 EXECUTION VENUES

Subject to any specific instructions from the client, VTL may use one or more of the following venues to enable VTL to obtain the best possible result when executing an order on your behalf:

- Multiple Exchanges such as ASX, Chi-X
- VTL and its affiliated companies' trading desks (proprietary positions, or where acting as a liquidity provider or market maker)
- Third party investment firms and brokers which also may trade proprietary positions, act as market makers and as liquidity providers.

The choice of venue may be constrained by the fact that there may be only one market or platform where an order can be executed because of the nature of the order or the client requirements.

VTL or one or other of its affiliates will be used as the execution venue where VTL believes that VTL can trade to the clients advantage or at no disadvantage to the client in accordance with this Policy. Where VTL are, or one of our affiliates is the execution venue, VTL will consider all sources of reasonably available information to obtain the best possible result for the order.

## 6 IDENTIFICATION OF ORDER BOOKS

For equity market products traded within Australia's domestic financial market, trading is presently conducted on the Central Limit Order Book ('CLOB') of the ASX or Chi-X so execution is subject to price-time priority on ASX and Chi-X.

All orders will be entered into the CLOB's manually by a registered DTR.

## 7 MONITORING REVIEW

VTL will monitor the effectiveness of the Best Execution Policy and arrangements to identify and, where appropriate, correct any deficiencies. VTL will carry out the review and assessment above at least annually or whenever a material change occurs that affects VTL's ability to obtain the best result for the client. VTL will notify the client of any material changes to the Best Execution Policy and arrangements

## 8 DEFINITIONS

In addition to terms defined elsewhere in this Policy, the following definitions are used:

**Central Limit Order Book ('CLOB')** means an electronic list of buy orders and sell orders, maintained by or on behalf of a market operator, on which those orders are matched with other orders in the same list. Orders in the central limit order book are matched continuously in price time priority with single price auctions facilitating the opening and closing sessions.

**Equity market product** means:

- (a) a share in a body;
- (b) a financial product referred to in subparagraph 764A(1)(b)(i) or subparagraph 764A(1)(ba)(i) of the Corporations Act;
- (c) a right (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
  - (i) a share covered by paragraph (a); or
  - (ii) a financial product covered by paragraph (b); or
- (d) a CHESS Depository Interest, admitted to quotation on the Listing Market.

**Order** means an instruction to buy or sell a financial an equity market product which is accepted by VTL for execution and which gives rise to contractual or agency obligations to you. Implicit in the instruction received will be the understanding that you are relying on VTL to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how we execute the order. This includes where a trade is not immediately executable, where we are given price and/or time discretion as to the manner of execution and exact terms of the transaction and where the trade can be executed and booked to your account without the need for further reference to you.

**Total Consideration** means:

- (a) for a buy order, the purchase price paid by the client in respect of performance of a client order plus transaction costs
- (b) for a sell order, the sale price received by the client in respect of performance of a client order minus transaction costs.

**Standing Instruction** means an instruction (order) which remains in force until specifically changed or withdrawn.

**Wholesale Client** is where any of the following apply:

- (a) the price or value of the transaction entered into by the client is \$500,000 or more;
- (b) the financial product or service provided to the client is provided for use in connection with a business that is not a small business;
- (c) the client does not receive the financial product or service for use in connection with a business, and a qualified accountant certifies that the client has:
  - (i) net assets of at least \$2.5 million; or
  - (ii) a gross income for each of the last two financial years of at least \$250,000 a year,
- (d) the client is a professional investor (as defined in s9 of the Corporations Act); or
- (e) the client is a sophisticated investor (as defined in s761GA) of the Corporations Act with demonstrated experience in using financial services and investing in financial products.