

BEST EXECUTION POLICY

(June 2020)

In accordance with the ASIC Market Integrity Rules (Securities Markets) 2017 Part 3.8, as a market participant of the Australian Securities Exchange Limited (“ASX”) and Chi-X Australia Pty Limited (“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 take reasonable steps to achieve the best total consideration is known as ‘best execution’.

What is Total Consideration?

Total consideration means:

- 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 CentrePoint and Chi-X (“Venues”).

Order Execution

CMCSB primarily accepts orders to buy and sell securities through CMCSB Automated Order Processing Systems (“Online Service”). In limited circumstances, orders can also be received by telephone or in writing. The way in which CMCSB deals with all instructions and orders is contained in the CMCSB Terms and Conditions.

For orders in ASX listed securities, where an order, or a portion of an order, has not executed immediately, the order will be directed to ASX TradeMatch (or, if selected, Chi-X) where it will remain until it is executed, purged or cancelled. During the opening and closing phase of ASX TradeMatch, CMCSB will send orders to ASX TradeMatch to participate in the auction phase unless instructed otherwise. Orders in Chi-X listed securities will be directed to Chi-X where they remain until executed, purged or cancelled.

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.

When CMCSB receives an order from the client, we will transmit the order to a relevant Venue as soon as reasonably practicable, taking into account CMCSB’s obligation to maintain a fair and orderly market. Client orders will be transmitted to available Venues by an automated marker router or by human intervention. All orders are subject to review and may be rejected or referred to one of the Designated Trading Representatives (“DTR”) for manual verification.

ASX operates normal trading between 10 a.m. and 4 p.m. Sydney time, Monday to Friday, not including some national public holidays. If an order is received from the client when the market is not open for normal trading or where the execution Venue is unavailable (for e.g. due to differing trading hours between Venues or a market outage), the order may be transmitted to the relevant execution Venue(s) for entry on the opening of the markets on the following business day or alternatively, the order may be executed on any remaining open execution Venue(s), where CMCSB believes it is in the interests of achieving its best execution obligation.

Order Instructions from the client

Where the client has provided specific instructions to CMCSB, we endeavour to take reasonable steps to execute such orders in accordance with those instructions, even though, as a result, this may not achieve best execution. We will only do so in circumstances where the client instructions does not 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.

Evidence of Compliance with Best Execution Policy

Where CMCSB receives a reasonable request from a client, we will provide evidence that the order has been executed in line with this Policy and the CMCSB Terms and Conditions. On receipt of a request we will advise the estimated time to provide this information.

Changes to this Best Execution Policy

CMCSB will review this policy and vary it as required, from time to time. CMCSB will notify the client in writing if it makes a material change to this policy, as soon as practicable, by updating this policy on its website and by electronic mail, or in print form by post upon request. For all other changes CMCSB will vary this policy by updating it on its website.