



BEST EXECUTION POLICY

Introduction:

The Australian Government introduced legislation to allow for competitive stock exchanges within Australia. In accordance with Part 3 of the ASIC Market Integrity Rules (Competition Exchange Markets) 2011, D2MX Pty Ltd as a Market Participant has an obligation to obtain the best outcome for its clients when handling and executing client orders in Equity Market Products, where those products relate to trading on the Australian exchange(s). It should be noted that shares, interests in managed investment schemes (including exchange-traded funds), rights to acquire shares or interests in managed investment schemes under a rights issue, and CHESS Depository Interests (CDIs) admitted to quotation on ASX are referred to in this policy as Equity Market Products.

We are also required to establish and implement policies and procedures designed to achieve the best possible outcome for our Retail and Wholesale clients when executing client orders or receiving and transmitting orders for execution. The obligation to obtain the best possible outcome for our clients is referred to in this policy as the “Best Execution” obligation.

This Best Execution policy is designed to provide Clients with a reasonable amount of information in order to allow clients to make an informed decision about whether to instruct D2MX to handle, transmit and execute Orders.

Market Participation and Execution Venues:

D2MX is presently a Market Participant of the Australian Securities Exchange Ltd. We have not become a Market Participant of Chi-X Ltd at this stage as we have chosen to rely on the transitional arrangements permitted by ASIC to meet the Best Execution obligation with all clients. During this transition phase we will rely on the ASX Trade Match, ASX Centre Point and ASX Volume Match platforms to meet the Best Execution obligations.

D2MX anticipates that it will commence executing trades on the Chi-X market within the next 12 months. Until it commences trading on Chi-X, D2MX will not send orders to the Chi-X order book or ASX PureMatch order book.

D2MX will continue to monitor trading levels on the Chi-X execution venue and will bring forward its connections to Chi-X if its retail or wholesale clients are consistently failing to obtain better prices by not being able to access the Chi-X market. Once we extend access to the Chi-X market, then we will direct an order to the appropriate market in accordance with the procedures below depending on whether you are a Retail or Wholesale Client, as those terms are defined in the Corporations Act and will notify clients of this change in writing and via its website at www.d2mx.com.au.

During the transition period and until such time as we commence trading on the Chi-X market (“the interim period”), we may not achieve best execution on your behalf.

Best Execution Obligation:

D2MX will take all reasonable steps to obtain the best possible outcome for its clients. Best outcome means different things for different clients. For retail clients best outcome will mean best total consideration being the purchase price paid by the client plus transaction costs; or the sale price received minus transaction costs. Where transaction costs means all costs paid by a client that are directly related to a particular transaction.

If you are a retail client, this will mean that D2MX will always attempt to obtain the best total consideration for your order unless you instruct us otherwise. For wholesale clients, best outcome will include price, cost, total consideration, speed, likelihood of execution and any other relevant order consideration or instruction. For clarity, any order received on behalf of a client of an Australian Financial Services Licensee that has entered a Wholesale client agreement with D2MX, that order will be treated as a retail client order for the purposes of this policy.

D2MX will generally give price a higher relative importance when obtaining the best outcome but may also take into consideration a range of different factors, including the requirement for timely execution, the liquidity of the market, potential price impact, and the size of the order. As noted above, all orders will continue to be transmitted to ASX markets and accordingly D2MX may not achieve Best Execution for its clients during the interim period.

Order Handling:

When D2MX receives, transmits or executes orders in relation to Equity Market Products on behalf of the Client, D2MX will take all reasonable steps to achieve Best Execution. An order may be received by D2MX via email, telephone, facsimile or via the D2MX automated client order processing system (ACOP). Where a Client (or representative of an Australian Financial Services Licensee on behalf of its client) sends an order to D2MX the order will be subject to the filters on the ACOP system and where it meets all the filters it will be placed into the ASX central order limit order book (or CHI-X upon D2MX commencement of trading post the interim period). Any order sent via ACOP that does not meet these filters will be referred to a Designated Trading Representative (DTR) who is then required to make relevant enquiries of the order placer and manually enter the order into the relevant order book if it has satisfactorily met all due enquiries.

Upon commencement of trading with Chi-X, D2MX anticipates that it will be utilising the Smart Order Router supplied by external vendor IRESS known as Best Market Router (BMR), to manage D2MX's Best Execution obligations across ASX and Chi-X markets for Equity Market Products. In certain circumstances D2MX may also direct orders manually into a specific order book. All orders that will trade fully or partially immediately will be entered into the relevant market by D2MX DTR's, via ACOP or via the Smart Order Router or by being directed to the appropriate order book. Once the available volume has been exhausted within the relevant price parameters then the order will reside with the ASX market subject to specific instructions from the client. Any client orders that are not market orders will be entered into the ASX market, subject to specific instructions from the client. If the price on the Chi-X market changes after the order has been routed to the ASX market the order will not be transmitted to the Chi-X order book unless there is a specific instruction from the client as to do so would mean a loss of priority. Similarly, any Wholesale Client iceberg order relating to new portions of the hidden order that become pre-trade transparent will lose priority.

Specific Client Instructions:

Any specific instructions provided by Clients will be adhered to by D2MX, and by doing so, the Client may not receive Best Execution. Instructions must be given verbally or in writing and must be

provided in a manner that is clear and unambiguous. D2MX will take all reasonable steps to handle and execute client orders in satisfaction with client instructions.

Wholesale Clients are able to provide D2MX with standing instructions and these must be in writing. Wholesale Clients are also able to opt-out of Best Execution by providing D2MX with standing instructions which are applicable for 12 months. Any Wholesale Client wishing to opt-out for any periods extending past the initial 12 month period will need to renew the standing instructions every 12 months.

Venue Availability:

Post the interim period, it is important to note that:

- A. in circumstances where one market (either ASX or Chi-X) will not be available for trading, is unresponsive or disorderly, orders will be routed to the alternative market unless the client gives express instructions to the contrary.
- B. the Chi-X and ASX markets do not operate in a similar fashion and in particular the opening and closing market times vary. Chi-X commences trading at 10am and close at 4.12pm (Australian Eastern Standard Time) with no auction on the open, close or intra-day trading halts as there is for ASX.
- C. The ASX Purematch trading hours are the same as ASX TradeMatch however there is no auction before and after the standard trading. These variances mean that it may be very difficult to determine where the best outcome might be achieved.
- D. orders in Chi-X are "day only" orders and will all be purged at the end of trading for the day. This should only impact those orders that have been specifically transmitted to Chi-X and clients should give instructions to transfer orders from this market if they wish to participate in the end of day ASX auction.
- E. D2MX has chosen to use ASX as the default and therefore all orders will be transmitted to ASX TradeMatch for the auction unless a specific order to the contrary is received.

Any suspension of an equity market product precludes D2MX from transacting or matching on all licensed markets unless such suspension is due to a technical failure.

Crossings:

In addition to crossings on either of ASX or Chi-X markets it is possible for D2MX to operate its own crossing system. Such a system is an automated service provided by D2MX to its clients that matches or executes client orders with orders of D2MX or its clients. D2MX does not currently operate such a market. If it is deemed appropriate to transmit an order for a Wholesale client to an existing crossing market with another Market Participant then that other Market Participant will be required to provide best execution.

Monitoring and Review:

D2MX will monitor the effectiveness of this Policy on a regular basis and at least annually. It will also review this Policy whenever there is a material change that affects the receipt, transmission and execution of a client order to ensure the Policy remains adequate. On receipt of a reasonable request by a client we will provide the client with evidence that the order has been executed in accordance with our Policy and will advise the Client of the estimated time to provide the necessary information.