



BEST EXECUTION  
AND  
ALLOCATION POLICY

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This Best Execution and Allocation Policy (the “**Policy**”) discloses in general terms our policy about how we execute client orders and allocation of executed orders in compliance with the ASIC Market Integrity Rules, Market Operating Rules and the relevant Parts in the Corporations Act 2001 (Cth).

This Policy is dispatched to you together with our Account Opening Form. By signing the Account Opening Form, or placing orders with us, you are deemed to have read and accepted the content in the Policy.

Any material changes to this statement will be made available on our website. You should refer to our website for the latest policy with regard to best execution and allocation.

## Part One

### 1. Best execution obligation

#### 1.1 Overview

- (a) The obligation to take reasonable steps to obtain the best outcome for clients is referred to in this policy as the ‘*Best Execution obligation*’ under which Moelis will seek to ensure that all reasonable steps are taken to achieve a consistent, fair and efficient approach to the handling and execution of all client orders.

#### 1.2 Scope

- (a) This Policy is applicable in respect of both Retail and Wholesale Clients and will apply from the time the order is received until the transaction settles.
- (b) Our obligation to obtain the best outcome for a client, is distinguished in this policy in respect of both Retail and Wholesale Clients.

#### 1.3 Execution venues

- (a) Moelis has been admitted as a market participant of both the ASX Group and Chi-X Australia (“market operators”) and under this policy when executing orders on your behalf intends to connect to both the ASX and the Chi-X markets (“execution venues”) and corresponding order books to achieve the best trading outcome for you.
- (b) Moelis intends to connect to the following execution venues and corresponding ‘Order Books’:
  - i. ASX TradeMatch
  - ii. ASX Centre Point
  - iii. Chi-X Australia
- (c) Our 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 your order or your requirements.
- (d) Moelis does not operate a crossing system.
- (e) We may sometimes execute your order by placing it with an intermediary broker for a number of reasons such as managing market impact or accessing overseas exchange markets based on your specific instruction or at our careful discretion. We are still obliged to provide best execution to you as outlined in this Policy.

### 2. Best execution factors

#### 2.1 Reasonable steps

- (a) When Moelis receives, transmits or executes an order in relation to equity markets on your behalf,

Moelis will take all reasonable steps from receipt of the order and the handling and execution of your transaction to achieve Best Execution across each of the ASX and Chi-X Australia execution venues. Moelis 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), the price of the equity market product, speed, likelihood of execution and settlement, potential price impact, execution certainty, the size of the order and the nature of the financial transaction including whether or not such transactions are executable on a regulated market, off-market, or via either route.

- (b) Best execution is also achieved having regard to whether the client is a Retail or Wholesale Client. This policy is not intended to replace the exercise of judgment by Moelis representatives; however, it is intended to operate as a framework under which our representatives can exercise judgment in a consistent and appropriate manner.

## **2.2 Best execution – Retail Client**

- (a) If you are a Retail Client the best outcome for you means obtaining the best Total Consideration under the ASIC MIR Competition Rules.
- (b) Total Consideration for buy orders is the purchase price plus transaction costs and for sell orders is the sale price less transaction costs (“Total Consideration”).
- (c) In achieving best Total Consideration where there are no material differences in transaction costs between ASX and Chi-X, we will generally consider price as the determining factor as to how we execute the order, including to which Order Book.
- (d) We will consider the execution venue by either manual assessment or by use of a smart order router (SOR) to obtain the best overall price across multiple order books.
- (e) If you choose to provide us with specific instructions (including whether your order should be executed manually or electronically via the SOR) as to how your particular order should be handled and/or executed, we will take reasonable steps to satisfy that instruction as detailed in paragraph 4 below.

## **2.3 Best execution – Wholesale Client**

- (a) For a Wholesale Client the best outcome is determined by Moelis representatives having regard to the circumstances of each particular order and may occur as a result of price, costs, Total Consideration, speed, likelihood of execution, order size, crossings, market stability or any other relevant factors, or any combination of those factors.
- (b) Where a Wholesale Client has given Moelis a specific instruction, the specific instruction will override the best execution requirements under this policy. The specific instructions include:
  - i. Choice of market (ASX or Chi-X);
  - ii. Fast execution;
  - iii. Minimising market impact; and
  - iv. Obtaining greatest execution certainty.
- (c) Best Execution may also occur as a result of Moelis following a specific or standing instruction you have provided to us. If you choose to provide us with specific instructions as to how your order should be handled and/or executed (including whether your order should be executed manually or electronically via the SOR) we will take reasonable steps to satisfy that instruction as detailed in paragraph 4 below.

## **3. Factors for Achieving Best Execution**

### **3.1 Handling of client orders – venue**

- (a) When Moelis receives, transmits or executes an order in relation to equity markets on your behalf Moelis will connect to any one of the execution venues detailed at paragraph 1.3(b), to achieve on a

consistent basis the best possible result for execution of your orders. Moelis will handle your orders subject to and taking into account the nature of your orders, the priorities you place upon us in filing those orders and the nature of relevant markets which will provide the best outcome for you unless you provide us with a direction to execute on a particular venue.

- (b) Moelis may utilise the Smarts Order Router (the “SOR”). The SOR will search for the best available price across all the orders books of licensed markets and transmit orders concurrently to each Order Book. Where the best price (for the volume of the client order) is spread across multiple order books (i.e the ASX and Chi-X order books), the SOR will obtain the best overall price. All orders that are not market orders will be entered into the default market, being ASX TradeMatch, subject to specific instructions from the client. If the price on an alternative market changes after the order has been routed to the default market, the order will not be transmitted to the alternative order book unless there is a specific instruction from the client, as to do so would mean a loss of priority. The SOR currently used by Moelis is the IRESS BMR. This may be changed at any time without prior notice to you.
- (c) All orders where there is discretion as to price or time may not be input immediately into the market due to market conditions.
- (d) Moelis may remove orders placed in one venue or a specific Order Book in response to price movements, exchange systems constraints and liquidity or volume changes. This may result in loss of priority at venues if orders need to be resubmitted and may also result in mixed executions such as: an order may be executed at a substantially different price from the quoted bid or offer, or the last reported sale price at the time of order entry, or an order may be only partially executed or may be executed in several transactions at different prices; and opening prices may differ significantly from the previous day’s close. You may elect to instruct us not to use the SOR for execution of your orders and not to remove them from a venue once placed on the venue.
- (e) As new Order Books and other execution venues are introduced, Moelis may consider the infrastructure costs and monitor their performance and connect only if their addition will reasonably result in enhancing Moelis Best Execution outcome.

### **3.2 Price**

- (a) Moelis will endeavour to execute each order having regard to obtaining the best overall price, unless you have provided specific instructions stating otherwise. We consider that price is an important outcome, however it may not always represent the best outcome at a given point in time as the order book of a licensed market that is displaying the best price may not have sufficient volume. Moelis will consider its approach to each venue and whether it will achieve a price as good as or better than other approaches. This assessment may be made manually by a trader or may be automatic via the use of an SOR.

### **3.3 Aggregation of orders**

- (a) We may aggregate your orders with orders of other clients if we consider it to be in accordance with our obligation to treat your and other clients’ orders fairly and in due turn, and it is appropriate in fulfilling our Best Execution obligation. In those circumstances we may give you and other clients an average execution price.

### **3.4 Speed of execution / execution certainty / order size**

- (a) Speed of execution is often a client priority where a client needs to exit a position quickly or is concerned that the price may move in an adverse direction, however speed may be less relevant for clients that are taking a longer term view of the market, where such clients seek certainty that a large order will be executed.
- (b) Moelis will, either manually or via the use of an SOR, assess the likelihood of being able to complete both a large or small client order in a timely manner.
- (c) Where you place a large order, we assess the liquidity, specifically volumes available at each price point on each Order Book, in addition to the likelihood of completing that order i.e. we will take into account both speed of execution and certainty of execution. Where an order is larger than the

available liquidity on the bid or offer (or several parts thereof), your order may be traded at a certain price on a certain execution venue and the remainder traded at a more or less favourable price dependent on price movements on each execution venue after your order has been executed. Execution certainty will be considered prior to the balance of any large order being resubmitted to an Order Book.

### 3.5 Crossings

- (a) Unless you provide specific instructions stating otherwise, your order may be crossed on market on either the ASX or Chi-X Order Books or affected as an off-market crossing. Moelis will only affect a crossing where it is permitted under the ASIC Market Integrity Rules and where it is consistent with achieving Best Execution for a client in accordance with this policy. Moelis will be entitled to a commission from both sides of the transaction.
- (b) If we deal as principal, your order may match opposite order of our principal account. If you are a wholesale client, you agree we may charge your commission in such transaction. We will not charge you commission if you are a retail client for such transaction.

### 3.6 Trading hours

- (a) Trading hours for both the ASX and Chi-X are currently the same, except that Chi-X will not run an opening or closing auction. Where you provide us with specific client instructions for an order to be submitted "Market on Open" or "Market on Close" we will treat this as a reference to the ASX opening or closing auction prices. Where we have completed your order prior to market open or after market hours, such as overnight or overseas transactions, these will be reported in accordance with the ASIC Market Integrity Rules and ASX Operating Rules.

## 4. Specific Instructions

**(Warning: the use of specific instructions may result in a client not obtaining the best outcome)**

- (a) To the extent you provide us with specific instructions in relation to your order or any part of it (including selection of execution venue or specific Order Book) we will act on your instructions. Where you provide specific instructions in relation to any aspect of your order, you may not necessarily receive the best outcome in relation to Best Execution. Moelis will not take steps to induce you to provide instructions that are inconsistent with obtaining best execution under this policy, however in accordance with this policy will take all reasonable steps to deliver the best outcome for each client in relation to the execution and allocation of client orders in a manner that is honest, fair and efficient.
- (b) If you require your order to be executed in a particular manner including:
  - i. Choice of market (e.g. ASX or Chi-X Australia);
  - ii. Fast execution;
  - iii. Minimising market impact; and
  - iv. Obtaining greatest execution certainty,you must provide clear and unambiguous instructions at the time of placing your order.
- (c) You can provide your specific instructions in writing (i.e. by email). If you give your order verbally (i.e. by telephone) we must record and maintain those instructions for seven years.
- (d) Where you provide specific instructions in relation to any aspect of any order, but are not specific as to other aspects (i.e. only address some aspects of the order handling and execution requirements), we will endeavour to meet your instructions and complete any non-specified aspects in accordance with this policy.
- (e) If you are a Retail Client, you cannot give Moelis standing instructions for all your orders.
- (f) If you are Wholesale Client and you have given us standing instructions for all of your orders we will periodically review them to ensure they remain appropriate for you. If your standing instruction provides that we are not required to comply with the best outcome rule, such instruction is only valid for a period of 12 months.

## 5. Order Execution

### 5.1 Client order priority

- (a) In executing orders and allocating trades, Moelis will at all times act in accordance with our 'Allocation Policy', your instructions, ASIC Market Integrity Rules and Operating Rules (and other relevant regulatory requirements) and our Best Execution obligations as outlined in this policy. Orders may also be executed manually or electronically via our SOR as outlined above.

### 5.2 Submission of order for execution

- (a) Moelis will, subject to any specific instructions or any discretion required in relation to the time, price or quantity of the order, submit your order for execution immediately or as expeditiously as possible. In respect of orders that require discretion, these will be submitted in a manner as Moelis deems appropriate to obtain the 'Best Execution' outcome.

### 5.3 Facilitation

Moelis provides facilitation services to its Wholesale Clients only. Moelis utilises its facilitation service on a discretionary basis to manage risk and provide certainty of pricing and execution for its clients. Once Moelis has taken a position onto its books from a client, it may seek to close out that position as soon as practicable having regard to market impact and relevant regulatory requirements. Facilitation may be used to satisfy the Best Execution obligation for Wholesale Clients, particularly in connection with large client orders. By signing on the Account Application form with us, you agree that Moelis may close a facilitation position while executing like client orders.

## 6. Monitoring and review

- (a) We will monitor the effectiveness of our Best Execution policy and arrangements to identify and, where appropriate, correct any deficiencies.
- (b) We will carry out the review and assessment above at least annually or whenever a material change occurs that affects our ability to obtain the best result for you. Please refer our website [www.moelisaustralia.com.au](http://www.moelisaustralia.com.au) for updated policy.

## 7. Best Execution client enquiries

- (a) You may reasonably request that we review the execution of your Order and demonstrate to you that the order was executed in accordance with the Best Execution obligations set out in this policy. We must respond to your request within a reasonable timeframe, subject to our obligations under the ASIC Market Integrity Rules. For complex requests, our response time may be longer.

## Part Two

### 8. Allocation policy

In allocating sales and purchases to clients, we seek at all times to act in accordance with:

- (a) Any instructions received in that regard from the client;
- (b) Its obligation under the general law to act in the best interests of its clients; and
- (c) Its obligation under the ASIC Market Integrity Rules to deal fairly and in due turn with:
  - i. Client orders; and
  - ii. A client order and an order on our own account

## **9. Submission of order the submission orders for execution**

Moelis Australia applies the following principles to determine the sequence in which orders will be submitted to trading platforms for execution:

- (a) Your specific instruction in this aspect;
- (b) Orders that do not involve the exercise of discretion by Moelis in relation to the time, price or quantity of the order are entered in a Trading Platform in the sequence in which they are received, and otherwise as expeditiously as practicable;
- (c) When we receive client orders that require the exercise of discretion by Moelis in relation to the time, price or quantity of the order, you agree we may enter orders for the same products on the same terms at any given time from the time of receipt of your order until it is fully executed provided we do not place our own interests ahead of yours and we comply with the over-riding obligation to deal fairly and in due turn with your order and an order on our own account.
- (d) If the sequence of entry of orders into a Trading Platform is not clearly established by the time the orders were received, and one of the orders is for our principal account, we will give preference to the order of a client over any order for Moelis principal account.

## **10. General**

Nothing in this Policy should be taken as being a representation by Moelis, and failure to comply with this Policy does not mean, by itself, Moelis has breached any obligation to you. Further, this Policy does not constitute legal advice and must be read in the context of Moelis' Account Terms & Conditions, and the general law, applicable market rules, regulations and custom.

Moelis reserves the right to amend this Policy at its discretion. Updated versions of the Policy are available on the Moelis Australia website.