

# Best execution policy

May 2013

The ASIC Market Integrity Rules (Competition in Exchange Markets) 2011 (Competition Integrity Rules) require that Bridges Financial Services Pty Ltd (Bridges) as a market participant, take reasonable steps to obtain the best outcome for its clients when handling and executing client orders.

This disclosure sets out Bridges' approach to providing the best outcome in executing orders in Equity Market Products in respect of Retail Clients and Wholesale Clients. Equity Market Products, Retail Clients and Wholesale Clients have the meaning given to the in the Competition Market Integrity Rules.

For the purposes of this policy, "reasonable steps" means that Bridges will act in accordance with this policy, given the available resources in order to achieve the best outcome for the client. Bridges does not guarantee that it will always be able to provide best execution on each and every occasion.

Best outcome means different things for different clients as delineated below.

Bridges may decline to accept any instruction or order given by you. A reference to an order in this disclosure is an order which Bridges accepts from you.

## Execution Venues

Bridges may execute or match your order on any of the following trading systems or platforms (Execution Venues) that facilitate trading in quoted securities of entities listed on the Australian Securities Exchange (ASX):

- ASX TradeMatch (ie. ASX's central limit order book);
- ASX PureMatch;
- ASX VolumeMatch.

For orders from both Retail Clients and Wholesale Clients, Bridges will direct the client's order to an execution venue (or execution venues) that satisfies Bridges' obligation to take reasonable steps to obtain the best outcome for the client.

Currently, Bridges is not a participant of, and will not direct orders to the market operated by, Chi-X Australia Pty Ltd (Chi-X) or other alternative execution venues.

Bridges may in the future become a participant of, and/or connect to Chi-X or other execution venues as and when they become available. However, Bridges is currently satisfied that it is able to meet its best execution obligations without becoming a participant of, or connecting to Chi-X or any other execution venue.

## Retail Clients

If you are a Retail Client, best outcome means best total consideration, being the purchase price at which an order is executed plus transaction costs passed on to you, or the sale price at which an order is executed minus transaction costs passed on to you. Bridges will interpret best total consideration solely as the best overall price.

Orders received by Bridges, and not otherwise being rejected by Bridges in its absolute discretion, will be transmitted to an execution venue and will be executed on a price-time priority basis unless a specific instruction to the contrary is received with the order. If a specific instruction (see further below) is received and acted on this may result in the Retail Client not obtaining the best outcome.

## Wholesale Clients

If you are a Wholesale Client, best outcome will include consideration of factors relevant to you as a Wholesale Client when you provide instructions to execute an order. These include, but are not limited to, price, execution costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order in question. The best outcome for a particular transaction will be determined by the relative importance given by Bridges to these factors. In determining the relative importance of these factors, Bridges will take into account the following criteria:

- your own characteristics including your categorisation as a client;
- the characteristics of your order; and
- the characteristics of the Equity Market Products that are the subject of the order.

Although Bridges would ordinarily expect price to have a high degree of importance relative to the other factors, its precise importance in the context of any given order will depend upon the criteria specified above and may also be affected by any specific instructions that you give to us. For an order which is large, relative to market volumes, the timing of execution and the market impact of that order will be a major consideration.

## Aggregation and allocation

Bridges maintains policies about the aggregation of orders within its operating procedures. Where Bridges enters into multiple transactions and the transactions are executed on one or more execution venues you authorise Bridges to accumulate those transactions on a single confirmation and to specify the volume weighted average price for those transactions.

## Specific instructions

If Bridges receives specific instructions from you about how your order should be handled, which is inconsistent with obtaining the best total consideration, and Bridges accepts that order, Bridges will take reasonable steps to handle and execute that order in a way which satisfies your instructions. Any specific instruction must be clear and unambiguous. You should be aware that a specific instruction may result in you not obtaining the best outcome. Bridges reserves the right to refuse any specific instructions.

Where your specific instruction relates to only part of the handling and execution process in relation to an order and Bridges accepts that instruction, Bridges will continue to comply with this policy for the remainder of the factors which are not covered by the specific instruction.

If you are a Retail Client, any such instruction must be specific to a particular order.

If you are a Wholesale Client, any specific instruction may be on an order by order basis or may be a standing instruction.

If Bridges rejects an order that is subject to specific instructions, the order will not be executed by Bridges. It would be a breach of the Competition Market Integrity Rules for Bridges to execute the order ignoring the specific instruction. Accordingly, if you want Bridges to execute the order ignoring those specific instructions, you will need to resubmit the rejected order without the specific instructions.

## “Opt-out” instruction by a Wholesale Client

As a Wholesale Client, you may also in effect give Bridges an “opt-out” instruction that Bridges is not required to use reasonable endeavours to obtain the best outcome when Bridges handles and executes your orders. Bridges reserves the right to not accept any standing or “opt-out” instruction from a Wholesale Client. If Bridges accepts a standing instruction or an “opt-out” instruction, Bridges will act on that instruction for 12 months, after which you must give the instruction again if it is to continue to apply.

## Other requirements

Orders received from you will be dealt with fairly and in turn in accordance with Bridges internal policies and procedures which comply with Rule 5.1.4 of the ASIC Market Integrity Rules (ASX Market) 2010. This means among other things that:

- your orders will be executed in the sequence in which they are received as expeditiously as possible;
- your orders take precedence over a Bridges’ principal order where there is doubt about the timing of orders received; and
- your instructions are never used to your disadvantage.

## Systems failure

If Bridges experiences a system failure or other circumstance that affects its ability to transmit orders to an execution venue, Bridges may execute orders in a manner that differs from the best execution arrangements set out in this disclosure. In that event, Bridges will make every effort to execute orders on the best terms available in the relevant circumstances.