



CLSA Australia Pty Ltd

Best Execution Policy

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1. Purpose

1.1. Reason for Best Execution Policy and Procedure

As a Trading Participant of both the Australian Securities Exchange ('**ASX**') and Chi-X Australia Pty Ltd ('**CXA**') CLSA Australia Pty Ltd ('**CLSA APL**') must comply with the ASIC Market Integrity Rules (Securities Markets) 2017.

Under Part 3.8 of the ASIC Market Integrity Rules (Securities Markets) 2017 CLSA APL is required to have in place a Best Execution Policy.

This Policy and Procedure document has been created in accordance with:

- *Part 3.8 of ASIC Market Integrity Rules (Securities Markets) 2017*
- *Section G – Best Execution chapter of ASIC Regulatory Guide 265 – Guidance on ASIC integrity rules for participants of securities markets.*

1.2. Scope

The scope of this policy is firm wide and covers all financial services and products that CLSA APL provides to its Wholesale clients.

2. What is Best Execution?

In accordance with ASIC Market Integrity Rules (Securities Markets) 2017, Best Execution is the obligation on Participants to take all reasonable steps to obtain the best outcome for clients when executing, receiving and transmitting client orders.

2.1. Best Execution factors

Sufficient steps should be taken to obtain the best available terms when executing client orders, taking into account:

- price
- cost
- speed of execution
- likelihood of execution
- speed of settlement
- likelihood of settlement
- size and nature of the order
- any other relevant considerations

The relative importance of each best execution factor may vary from case to case and best execution of certain types of instruments should be assessed against multiple factors.

2.2. Application of Best Execution

The best execution obligation will exist when CLSA APL:

- Enters into an agency or back-to-back principal transaction with clients where clients rely on CLSA APL to protect their interested in order execution;
- Arranges transactions, including passing the order or acting as manager and placing the order to a broker or affiliate for execution; or
- Provides a quote in response to a RFQ where the client is legitimately relying on CLSA APL to obtain the best available terms. In this regard, the following four factors will be weighed to determine whether the client is legitimately relying on CLSA APL to obtain the best possible result:
- the levels of price transparency within the relevant market – where CLSA has ready access to prices in the market in which it operates but the client does not, it is more likely that the client will be placing reliance on CLSA APL;
- the information provided by CLSA APL to the client about its services and any other existing agreement between CLSA APL and the client that may be relevant.

This best execution obligation will exist irrespective of the financial instrument being executed where the client is legitimately relying upon CLSA to obtain the best possible result.

2.3. Clients specific instructions (standing instructions)

Where the client provides CLSA APL with specific instructions in relation to an order, CLSA will execute in accordance with those instructions.

Clients should be aware that following specific client instructions may prevent CLSA from taking steps it has designed and implemented in this Policy to obtain the best possible execution result for those orders. Where a client's specific instructions only relate to part of an order, this policy will apply to those aspects of the order not covered by the specific instructions. CLSA may be in receipt of specific instructions from clients where it receives orders from clients via a direct market access system which specify the Execution Venue on which such orders are to be executed.

2.4. Factors to be considered in delivering best execution

To achieve the best outcome for clients, CLSAP APL will take into account the following execution factors;

Price – this is the price a Financial Instrument is executed at

Costs – this includes implicit costs such as the possible market impact; explicit external costs e.g. exchange or clearing fees; and explicit internal costs to CLSA APL.

Speed – time it takes to execute a client transaction including settlement

Likelihood of execution and settlement – the likelihood that CLSA APL will be able to complete a client transaction

Size – this is the size of the transaction executed for a client, accounting for how this affects the price of execution

Nature – the nature of the transaction or any other consideration relevant to the execution of the transaction.

3. Method of Execution

3.1. Transmitting of client orders

All orders that CLSA APL receives from its clients are transmitted directly to the Order Book of the relevant Securities Exchange and must be executed in a manner where CLSA APL will take all reasonable steps to achieve Best Execution in accordance with this policy.

3.2. Different methods of execution

The following are the different methods of execution:

1. CLSA APL can choose to execute an order itself, either by placing the order on an external Execution Venue or by executing in a principal capacity (Facilitation services).
2. CLSA APL can place an order as agent with a third party (e.g. another broker).

3.3. Execution Venues

CLSA APL may use one or more Execution Venues as outlined at Schedule A. In selecting these Execution Venues CLSA APL has taken care to select these venues that in CLSA APL's view, enable it to obtain on a consistent basis the best possible results for its clients. The selection process takes into account such factors as price, accessible liquidity, integrity of marketplace and price formation.

4. Governance and management supervision

Sufficient management oversight should be in place to ensure that trade exceptions and other matters related to best execution are brought to management's attention for timely review.

Policies and procedures regarding best execution should be established to cover different types of financial instruments, including both listed and over-the-counter (OTC) products, and should be reviewed and updated on a regular basis.

At a minimum, these policies and procedures should address the following areas:

- factors to be considered in delivering best execution;
- applicability of best execution and carve outs;
- monitoring and control mechanisms to review execution quality of trades; and
- the respective roles of the operational and control functions in ensuring best execution.

Where applicable, these policies and procedures should also address:

- handling clients' orders in cases where multiple quotes exist and where pricing information is insufficient or quotes are absent; and
- disclosure to clients of best execution arrangements including carve outs and the exclusive use of affiliates, connected parties and third parties.

All relevant staff should be provided with periodic training on best execution as well as updates on internal policies and regulatory and technological developments.

5. Responsibilities of execution staff

Execution staff and their supervisors form an important first line of defence in the trade execution process. Reasonable diligence should be demonstrated in handling client instructions, monitoring execution outcomes and, where applicable, taking steps to obtain multiple quotes. In the absence of multiple quotes, execution staff should obtain sufficient pricing information on a best-effort basis to validate quotes provided to clients.

6. Controls and monitoring

CLSA APL has an obligation to monitor the effectiveness of its order execution arrangements and this policy. This obligation has been incorporated into CLSA Group general compliance monitoring process and business procedures and policies.

Controls and monitoring carried out by second and third lines of defence, such as compliance and internal audit functions, are in place to review the quality of execution and to detect and address anomalies.



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7. Review of Policy

At least annually, CLSA APL will review this policy and its execution arrangements. The review will focus on whether CLSA APL would obtain better results for its clients if it was to:

- Include additional or different Execution Venues or Brokers;
- Modify the process by which Execution Brokers and Venues are selected;
- Modify any other aspects of this policy and/or its execution arrangements.

CLSA will also review this policy and/or its execution arrangements whenever a material change occurs that could affect its ability to obtain the best possible result for the execution of its clients' orders on a consistent basis.



8. Schedule A – Execution Venues

Equities

This Instrument Class includes equities and depositary receipts.

CLSA may use the following Brokers and Execution Venues in respect of transactions in financial instruments falling within this Instrument Class:

<u>Country</u>	<u>Brokers</u>	<u>Execution Brokers & Execution Venues</u>
Australia	CLSA Australia Pty. Ltd. CLSA Global Markets Pte Ltd.	Australian Securities Exchange Ltd, (ASX) CHI-X Australia
China	CLSA Limited CLSA Global Markets Pte Ltd.	Fortune CLSA Securities CITIC Securities Shanghai Stock Exchange (SSE) Shenzhen Stock Exchange (SZSE)
Hong Kong S.A.R.	CLSA Limited CLSA Global Markets Pte Ltd.	The Stock Exchange of Hong Kong Limited (HKEX) CLSA Limited (Alternative Liquidity Pool)
India	CLSA India Private Limited CLSA Global Markets Pte Ltd.	Bombay Stock Exchange Limited (BSE) National Stock Exchange of India Ltd. (NSE)
Indonesia	CLSA Limited CLSA Global Markets Pte Ltd.	PT CLSA Sekuritas Indonesia Indonesia Stock Exchange (IDX)
Japan	CLSA Singapore Pte Ltd CLSA Global Markets Pte Ltd.	CLSA Securities Japan Co., Ltd SBI JAPANNEXT Co., Ltd. CLSA Securities Japan Co., Ltd



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		(Internal Crossing Engine). Tokyo Stock Exchange, Inc. (TSE) Chi-X Japan
Korea	CLSA Securities Korea Ltd CLSA Global Markets Pte Ltd.	Korea Exchange (KRX)
Malaysia	CLSA Limited CLSA Global Markets Pte Ltd.	CLSA Securities Malaysia Sdn. Bhd Bursa Malaysia Berhad (KLSE)
Philippines	CLSA Limited CLSA Global Markets Pte Ltd.	The Philippine Stock Exchange, Inc. (PSE)
Singapore	CLSA Limited CLSA Global Markets Pte Ltd.	CLSA Singapore Pte. Ltd. Singapore Exchange Limited (SGX)
Taiwan	CL Securities Taiwan Co. Ltd. CLSA Global Markets Pte Ltd.	Taiwan Stock Exchange Corporation (TWSE)
Thailand	CLSA Limited CLSA Global Markets Pte Ltd.	CLSA Securities (Thailand) Ltd The Stock Exchange of Thailand (SET)
USA	CLSA Americas LLC CLSA Global Markets Pte Ltd.	New York Stock Exchange (NYSE) National Association of Securities Dealers Automated Quotations (Nasdaq) American Express (Amex) New York Stock Exchange Market New York Stock Exchange Archipelago

		<p>Exchange (NYSE ARCA)</p> <p>Investors Exchange (IEX)</p> <p>BATS EDGA</p> <p>BATS EDGX</p> <p>BIDS</p> <p>Level Alternative Trading System (ATS)</p> <p>UBS Alternative Trading System (ATS)</p> <p>Deutsche Bank Super Cross (SuperX)</p> <p>Bank of America Merrill Lynch InstinctX (BAML InstinctX)</p> <p>Morgan Stanley Pool (MS Pool)</p> <p>Credit Suisse Crossfinder (CS Crossfinder)</p> <p>Goldman Sachs Sigma X (Goldman SigmaX)</p> <p>Barclays LX</p> <p>JP Morgan Cross</p> <p>Virtu Matchit (FKA KCG Matchit)</p> <p>Instinet Cross Border Xpress (Instinet CBX)</p> <p>Integrated Technology Group POSIT (ITG Posit)</p> <p>CrossStream (Fidelity Capital Markets crossing network)</p> <p>BlockCross (recently merged with Instinet)</p> <p>Liquidnet</p> <p>Coda Markets Automatic Trading Station – ATS (Parent company is PDQ)</p>
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		enterprises)
New Zealand	CLSA Limited CLSA Global Markets Pte Ltd.	Craigs Investment Partners Limited NZX Limited (NZX)
Bangladesh	CLSA Limited. CLSA Global Markets Pte Ltd.	BRAC EPL Stock Brokerage Ltd. Lanka Bangla Securities Ltd. Dhaka Stock Exchange Limited (DSE)
Sri Lanka	CLSA Limited. CLSA Global Markets Pte Ltd.	John Kheells, Stockbroking Colombo Stock Exchange (CSE)
Vietnam	CLSA Limited. CLSA Global Markets Pte Ltd.	Saigon Securities (SSI) Ho Chi Minh Securities (HCM) Ho Chi Minh Stock Exchange (HOSE or HSX) Hanoi Stock Exchange (HNX)
Pakistan	CLSA Limited. CLSA Global Markets Pte Ltd.	BMA Capital Alfalah Securities Intermarket Securities (IMS) Arif Habib Limited Pakistan Stock Exchange Limited (PSX)
Other Global Markets ADx	CLSA Global Markets Pte Ltd. ITG Europe Limited. Kepler Cheuvreux	The Egyptian Exchange (CAI), Boursa Kuwait (KUW), Bourse De Valeurs Casa blanca (CAS), Muscat Stock Exchange (MUS), Doha Securities Market (DSM), Abu Dhabi Securities Exchange (ADX)

		<p>Dubai Financial Market (DBX),</p> <p>NASDAQ Dubai (DIF),</p> <p>Vienna Exchange (Xetra) (VIE),</p> <p>Euronext – Brussels (ENB),</p> <p>Cyprus Stock Exchange (CYS),</p> <p>Euronext – Amsterdam (PRA),</p> <p>Copenhagen Stock Exchange (CPH),</p> <p>Helsinki Stock Exchange (HEL),</p> <p>Euronext – Paris (ENX),</p> <p>German exchange (Xetra) (GER),</p> <p>Athens Stock Exchange (ATH),</p> <p>Budapest Stock Exchange (BUD),</p> <p>Irish exchange (Xetra) (ISE),</p> <p>Tel Aviv Stock Exchange (TLV),</p> <p>Milan Stock Exchange (MIL),</p> <p>Euronext – Amsterdam (ENA),</p> <p>Oslo Stock Exchange (OSL),</p> <p>Warsaw Stock Exchange (WSE),</p> <p>Euronext – Lisbon (ENL),</p> <p>Bucharest Stock Exchange (BUH),</p> <p>Johannesburg Stock Exchange (JNB),</p> <p>Sistema De Interconexion Bursatil Espanol (MAD),</p> <p>Stockholm Stock Exchange (STO),</p> <p>Swiss Exchange (SWX),</p>
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		SWX Europe (VTX), Istanbul Stock Exchange (IST), BATS Europe(BTE), Chi-X Stock Exchange (CIX), London Stock Exchange (LSE), Turquoise Exchange (TRQ), Equiduct Exchange (EQD), Bulgarian Stock Exchange (BLG), Zagreb Stock Exchange (ZAG), Tallinn Stock Exchange (TLX), Euronext - NYSE Arca Europe (NAE), Sao Paulo Stock Exchange – B3 (SAO) Ljubljana Stock Exchange (LJU), Nordic Growth Market Exchange (NGM), PLUS Markets (PLS), Luxembourg Stock Exchange (BIL)
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The vast majority of equities transactions would be effected by executing through a Broker in the market to which the relevant order relates.

Bonds

This instrument class includes all bonds including but not limited to treasury bonds, corporate bonds, sovereign and quasi sovereign bonds and currency bonds. In respect of transactions in instruments falling within this instrument class, CLSA, through CSIGM will generally be acting in principal capacity. CLSA Limited could also provide broker dealing and other ancillary services as an agent in certain circumstances.

Venues	Other
MarketAxess MTF	OTC voice trades
Bloomberg MTF	
SGX	
Tradeweb	



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Money market instruments

This instrument class includes certificates of deposit. In respect of transactions in instruments falling within this instrument class, CLSA will act in a principal capacity.

<u>Venues</u>	<u>Other</u>
MarketAxess MTF	OTC voice trades
Bloomberg MTF	
SGX	
Tradeweb	