**PERSHING BEST EXECUTION POLICY**

**1. Introduction**

Pershing is required to take reasonable steps to obtain the best possible outcome for clients in accordance with Part 3.1 of the *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*. This document sets out Pershing's approach to providing the best outcome in executing orders in equity market products (**Best Execution**) as required by the Rules.

When Pershing executes orders on behalf of both retail and wholesale clients, Best Execution will be determined on the basis of best purchase or sale price (**Best Price**).

Pershing will consider the respective merits of all order books of all licensed markets and will execute the order on the order book that that offers the best price. As a participant of both the Australian Securities Exchange (**ASX**) and Chi-X Australia (**Chi-X**), Pershing will consider the order book(s) of both ASX and Chi-X and execute on the market that provides the best price. As more licensed markets emerge or order books become available, (i.e. ASX PureMatch). Pershing will also consider the merits of placing orders on these trading venues, always with the aim of achieving the best price for the client.

**2. Best Execution arrangements for retail clients**

Pershing's Best Execution policy for retail clients is to obtain the Best Price for the executed order. This means the best displayed price on all order books.

**3. Best Execution arrangements for wholesale clients**

Pershing will take into account (if directed by the wholesale client) outcomes relevant to a wholesale client when a wholesale client provides instructions to execute an order. These include, but are not limited to, price, execution costs, speed, likelihood of execution and settlement, size, nature or any consideration relevant to the execution of the order (**Relevant Outcomes**). Unless otherwise directed, Pershing's Best Execution policy will be to achieve Best Price. The trade off to a Best Execution policy which offers Best Price is of course some or all of the Relevant Outcomes may not be achieved.

**4. Automated Order Routing**

Commencing within the first half of 2012, Pershing will use automated systems to route orders to the order book that offers the best price. Prior to this all orders will be automatically routed to ASX unless otherwise instructed by the client in which case Pershing will manually submit orders onto the client's preferred trading venue.

In practice, this means that prior to the second half of 2012, if a client wants their trade executed on a trading venue other than ASX's TradeMatch the client must (through their Financial Intermediary) provide these instructions to Pershing. In the second half of 2012, Pershing's infrastructure will allow it to automatically route orders through to the order book that offers the best price.

**5. Instructions that are inconsistent with Best Execution**

Whenever there is a specific instruction from or on behalf of a client, Pershing will take all reasonable steps to execute the order in accordance with the specific instruction. Accordingly, complying with such an instruction may prevent Pershing from taking steps to obtain the best price. Pershing reserves the right to decline any order that includes instructions which are not consistent with obtaining Best Price. In addition, trading rules may however prevent Pershing from following the client's instructions or achieving Best Price.

**6. Order books**

Pershing will provide best execution to both the order books of licensed market operators as well as those internal order books which comply with the pre trade transparency exemption. Initially, Pershing execute orders on both ASX and Chi-X, however as additional order books of licensed market operators (i.e. ASX PureMatch) and/or internal order books (i.e. internally crossing or liquidity pools) become available, Pershing will extend its execution at Best Price to these venues.

**7. Default routing to ASX Trade Match**

In instances where an order cannot be satisfied on an alternative order book (i.e. symbol not available, no available quote/market), the execution of such orders will be routed automatically to ASX TradeMatch.

**8. Trading hours**

Pershing will route orders to available order books to achieve Best Price consistent with the trading phases and market availability of those trading venues.