



SOUTHERN CROSS EQUITIES

## TRADE ALLOCATION POLICY

This is the Firm's allocation policy in respect of financial products traded on the ASX and has been developed to be in accordance with ASX Market Rule 7.7.1;

The Firm aims at all times to:

1. act in its client's best interests,
2. act in accordance with client instructions,
3. treat client orders and subsequent executions fairly and in due turn with other client orders of the Firm (and orders from Prescribed Persons<sup>1</sup>), and
4. meet its obligations to the maintenance of orderly markets.

The Firm, when executing orders and in subsequent allocations, adopts the following procedures.

### 1. ENTRY OF ORDERS FOR EXECUTION

#### (a) No discretion

If an order does not require the exercise of the Firm's discretion then orders are entered in the sequence in which the orders are received by the Firm. For orders that are not immediately able to be executed the Firm will enter the order into the ASX's Trading Platform in a manner and at a time that the Firm considers appropriate, taking into account the client relationship, any specific client instructions and our obligation to act in the client's best interests as well as ensuring the maintenance of orderly markets and the management of conflicts of interest. For all non-discretion orders, the Firm will deal with these orders as expeditiously as possible.

#### (b) Discretion

If the order requires an exercise of discretion by the Firm, e.g. in relation to the timing of execution or price of the order, then the order will be executed in such manner and at a time that the Firm considers appropriate, taking into account the client relationship, any specific client instructions and our obligation to act in the client's best interests as well as ensuring the maintenance of orderly markets and the management of conflicts of interest.

### 2. ALLOCATION OF EXECUTIONS

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<sup>1</sup> "Prescribed Person" is defined in the ASX Market Rules. It includes all of Southern Cross equities' Affiliates, Controllers, Related Bodies Corporate of any Controllers, Employees (including directors, employees, officers, agents, representatives, consultants and advisers) and directors, their immediate family members and any of their family companies or family trusts.

The Firm's general principle is to allocate executions fairly, and for ungrouped orders the Firm will allocate the fills in the sequence received from the ASX Trading Platform following execution of that order.

**(a) Grouped Orders**

The Firm may enter an order jointly with orders from other clients where the orders are on the same terms, provided that the first client in time (and subsequent clients in time) consents to their order being grouped. The Firm does not group retail orders.

In some cases, the Firm may indicate the total size of the grouped orders or the comparative size of the client's order in relation to the total group. However, for regulatory and other reasons, the Firm may decline to give this indication. For client confidentiality reasons, the Firm will not disclose the names of the other client(s) or the size of their individual order(s), unless the client(s) has consented to the disclosure of this information for the sole purpose of market execution.

Grouped orders will be executed in such manner and at a time that the Firm considers appropriate, taking into account the client relationships, any specific client instructions and our obligation to act in the clients' best interests as well as ensuring the maintenance of orderly markets and the management of conflicts of interest.

Executed grouped orders will be allocated, usually pro rata on the relative size of the individual order or on a one-for-one basis, until the orders are filled. If the clients' request that the Firm use its discretion to allocate it will do so on that basis that the Firm believes the allocation is fair in the circumstances.

**(i) Withdrawal of, or changes to, after they have been grouped.**

If a client wishes to withdraw the balance of their order after it has been grouped with other orders and the grouped order has been partially executed, then the withdrawal will not affect any executions allocated to the client up to the point of withdrawal. The client will not participate in any further executions of the grouped order and their order will be treated as an individual order.

If a client wishes to increase their order after it has been grouped with another order(s) and the grouped order has been partially executed, then the change will not affect any executions allocated to the client up to the point of the change. The client's participation in any further executions of the grouped order, on the increased portion of their order, will be subject to the consent of the affected client(s).

If the client wishes to decrease their order after it has been grouped with another order(s) and the grouped order has been partially executed, then the change will not affect any executions allocated to the client up to the point of the change. The client's participation in any further executions of the grouped order, for the balance of their order, will be subject to the discretion of the Firm and what is reasonable in the circumstances.

**(ii) Adding new orders to grouped orders**

A new order may be added to other orders that have been previously grouped and partially executed, subject to the consent of the pre-existing clients.

**(iii) Assumption of continuing consent to group**

Clients that have previously consented to a client relationship that incorporates order grouping will be assumed to have agreed to allow their future orders to be grouped. Clients who do not want their future orders grouped or a specific order grouped must inform Southern Cross Equities of this when placing their order.

**(iv) Order tagging protocols**

The Firm's execution platform incorporates order tagging systems that are electronically networked to some of the Firm's clients to assist those client in manage their orders. The Firm may use its discretion, when utilising electronically networked order tagging protocols, to vary the fills received back from ASX for grouped orders on that basis that the Firm believes the re-allocation is fair in the circumstances.

**(b) Adjustments**

The Firm may make small, reasonable adjustments to the allocations where this will not have a material effect on the client's order and is not contrary to the client's instructions (for example, to ensure shares allocated meet the marketable parcel requirements).

**3. Client Order Precedence**

The Firm reserves the right to execute a Principal Order<sup>2</sup> even though it may have an outstanding order for the same security and on the same terms from a client. The ASX has recognised that persons taking client orders may not be aware of any Principal Orders which have already been placed and it can be impractical for a broker to identify when a Principal Order has been or will be executed before or at the same time as client order. The Firm provides its clients with Client Facilitation Services<sup>3</sup> and it is not appropriate when this service is being offered that a Principal Order should be restricted pending the completion of client orders.

Unless otherwise notified, Southern Cross Equities take it that you have consented to our execution and allocation policy, each time that you place an order with us. This policy is subject to change without notice.

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<sup>2</sup> Principal Order refers to Southern Cross Equities dealing on its "own account" as that term is defined in ASX Market Rule 7.5.1.

<sup>3</sup> Client Facilitation Services means the practice whereby the Firm, in its own name or in the name of a related entity, buys or sells securities with the intention that it subsequently allocates the trade to the client.