



Client Order Priority and Trade Allocation Procedure

FNZ Securities

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2 Purpose

FNZ Custodians (Australia) Pty Ltd ACN 624 689 694 (trading as and hereafter referred to as (“**FNZ Securities**”)) has an obligation under the Corporations Act 2001 and the ASIC Market Integrity Rules (Securities Markets) 2017 made by ASIC in accordance with Part 7.2A of the Corporations Act 2001 (the “**ASIC MIRs**”) to **deal fairly and in due turn** with:

- competing client orders; and
- a client order and an order on its own account.

As set out in the applicable FNZ Securities equities terms and conditions, the purpose of this document is to explain the procedures that FNZ Securities will generally adopt in executing and allocating orders in Cash Market Products (excluding Warrants and CGS Depository Interests) on behalf of its clients and on its own account. FNZ Securities reserves the right to change its Client Order Priority and Trade Allocation Procedure at any time without notice.

3 Dealing with Client Orders and Allocations

In accordance with the ASIC MIRs, FNZ Securities must take reasonable steps to obtain the best outcome (or “**best execution**”) for its clients when handling and executing client orders. Please refer to FNZ Securities’ Best Execution Arrangements for details on how FNZ Securities’ best execution obligation affects the handling and execution of client orders as well as an up to date list of execution venues (including ASX, and Chi-X (each a “**Venue**”)) available to clients: <https://www.fnz.com/fnzsecurities/AUSdisclosures>

FNZ Securities will generally apply the principles detailed below when determining the sequence in which orders will be submitted to a Venue for execution. In the event of any inconsistency between FNZ Securities’ Client Order Priority and Trade Allocation Procedure and its Best Execution Arrangements, the Best Execution Arrangements will prevail.

3.1 **Automated Order Processing Electronic Trading order flow**

Where FNZ Securities receives a client order via Automated Order Processing (“**AOP**”) electronic trading services these will be handled as follows:

- if the client order instructions **do not** require FNZ Securities to **exercise discretion** (e.g. a limit order), then the order will be routed to market in the sequence in which it is received by FNZ Securities; or
- if the client order instructions require FNZ Securities to **exercise discretion** (e.g. an order with instructions to use an algorithm or a market order) the order will be routed in such manner and at such time as determined by the relevant algorithm.

3.1.1 **Allocations**

Orders routed via AOP that are submitted to a Venue for execution will be identified by a unique code and executions will be allocated when received back from the relevant Venue in response to that unique code.

3.1.2 Amendments to AOP Orders

Orders submitted to a Venue for execution will be identified by a unique code. Any amendments to an order will be applied directly to that unique code, the priority for which will then be handled based on the execution venue rules.

3.2 Managed order flow (e.g. Non-AOP order flow)

For the management of aggregated order flow, please refer to the Aggregated Orders section below.

If the client order instructions **do not** require FNZ Securities to **exercise discretion** in relation to the price, time or quantity - the order will be submitted for execution:

- in accordance with any client instructions received in that regard; and
- otherwise, in the sequence in which they are received by FNZ Securities.

If the client order instructions **does** require FNZ Securities to **exercise discretion** in relation to the price, time or quantity - the order will be submitted for execution:

- in such manner and at such time as FNZ Securities deems appropriate, taking into account any client instructions received in that regard and its obligation under the Corporations Act to provide financial services in an efficient, honest and fair manner; and
- otherwise, in the sequence in which they are received by FNZ Securities.

The general principles set out above apply equally as between:

- two or more client orders; and
- a client order and an order for FNZ Securities or one of its affiliates or prescribed person (a 'Principal order').

3.2.1 Allocations

Orders submitted to a Venue for execution will be identified by a unique code and executions will be allocated when received back from the relevant Venue in response to that unique code.

3.2.2 Amendments to Managed Orders

Orders submitted to a Venue for execution will be identified by a unique code. Any amendments to an order will be applied directly to that unique code, the priority for which will then be handled based on the rules of the relevant execution Venue.

4 Aggregated Orders

Aggregated orders from **managed order flow** (as set out at 2.2 above) will follow the principles set out in this section. Orders will only be aggregated if:

- they are for the same security, on the same terms;
- in accordance with the applicable FNZ Securities equities terms and conditions; and
- FNZ Securities considers it appropriate to aggregate for the purpose of meeting best execution.

4.1.1 Allocations

Executions from aggregated client orders will generally be allocated either:

- on a one-for-one basis until their orders are filled; or
- proportionately to the relative size of their individual orders; or
- as FNZ Securities deems fair and reasonable in the circumstances, e.g. FNZ Securities may take into account all relevant factors including, but not limited to, the time at which the orders were received, their relative sizes and the liquidity of the market in the relevant security.

FNZ Securities reserves the right to make de minimis adjustments to the allocations of aggregated orders where to do so will not have a material effect on the client's participation in the aggregated order.

4.1.2 Amendments to Aggregated Orders

If a client wishes to withdraw the balance of their order after it has been aggregated with other orders and the aggregated order has been partially executed, then the withdrawal will not affect any executions allocated to the client up to the point of FNZ Securities effecting the withdrawal. The client will be excluded from participating in any further executions of the aggregated order after FNZ Securities has effected the withdrawal.

Similarly, if a client wishes to change the size of their order after it has been aggregated with other orders and the aggregated order has been partially executed, then the change will not affect any executions allocated to the client up to the point of the change being effected by FNZ Securities. The client's participation in any further executions of the aggregated order will simply be increased or reduced (as the case may be) to reflect the changed size of its order.

A new order may be added to other orders that have been aggregated and partially executed. However, the new order will only participate in executions effected after it has been joined to the aggregated order and will not be allocated any of the executions effected before the order was joined. If a client withdraws from an aggregated order and then subsequently wishes to re-join that aggregated order, then that will be treated as a new order for these purposes.