

Burrell Stockbroking Pty Ltd – Best Execution Policy under a Multi-market Environment

Australia had moved to a multi market environment. Traditionally all orders executed through the Australian Securities Exchange (ASX) have been processed through what they call their TradeMatch order book. The Government has granted Chi-X Pty Ltd a licence to operate an Australian Financial Market from 31 October 2011 in competition to the ASX. In turn, the ASX has developed a new order book called PureMatch to compete with the introduction of Chi-X. The Australian Securities and Investments Commission (ASIC), as regulator of the markets, has developed new rules and regulations to deal with the issues brought on by the introduction of competition between exchange markets. These new rules called the Competition Market Integrity Rules introduce a new best execution obligation on market participants, such as Burrell Stockbroking (BSPL), in addition to our existing obligations. Under the new rules BSPL has an obligation to obtain the best outcome for our clients when handling orders to execute trades on these new markets. This is known as our Best Execution Obligation.

The ASIC offered a transitional period until 1 March 2013 for market participants to connect to the new Chi-X market order book and the new ASX PureMatch order book. During the transitional period it was considered that BSPL met our new Best Execution Obligation by executing orders solely through the existing ASX TradeMatch order book. For example, during the opening and closing phases of the trading day, BSPL will send orders to participate in the ASX TradeMatch opening and closing auctions. The closing price of a security will be determined by the ASX TradeMatch closing price.

BSPL has reviewed the best outcome results during the transition period and has concluded that best execution outcomes are still being achieved by executing orders solely through the ASX TradeMatch order book. As a result BSPL has not connected to either the Chi-x market order book or the ASX PureMatch order book.

BSPL will continue to review best execution outcome results and will connect to whichever of those other services if best execution for our clients is not being met.

BSPL will meet its Best Execution Obligation by taking all reasonable steps to obtain the best possible outcome for its clients. Best outcome means different things for different clients. For retail clients best outcome will mean best total consideration – in other words, the purchase or sale price after brokerage and GST. If you are a retail client, this will mean that BSPL will always attempt to obtain the best total consideration for your order unless you instruct us otherwise. For wholesale clients, best outcome may include price, cost, speed, likelihood of execution and any other relevant order consideration. BSPL will generally give price a higher relative importance when obtaining the best outcome but may also take into consideration a range of different factors, including the requirement for timely execution, the liquidity of the market, potential price impact and the size of the order.

BSPL will also continue to execute wholesale and retail orders through our designated trading representatives. Where we receive *specific instructions* from our clients we will take reasonable steps to execute those instructions, even though they may not achieve the best possible execution outcome; provided they do not conflict with other obligations under the Corporations Act, the Market Integrity Rules or other relevant laws. Wholesale clients may provide standing instructions or execution requirements which can include instructions to opt-out of our Best Execution procedures.

On receipt of a reasonable request by a client we will provide the client with evidence that the order has been executed in accordance with our policies and procedures. On receipt of a request we will advise the client of the estimated time to provide the necessary information.

BSPL will periodically review its Best Execution procedures and practices. We will review annually any opt-out or standard instructions received from a wholesale client.