



## Best Execution Policy

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## Important Information

Document Type	Policy
Primary Reference	ASIC Market Integrity Rules (Securities Markets) 2017
Functional Area	All client advisory staff / Institutional / Designated Trading Representatives (DTRs)
Ultimate Responsibility	Compliance
Assigned to	All Managers
Authorised Access	N/A

## Document Control

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## Contents

Important Information .....	2
Document Control .....	2
Contents .....	3
1 Introduction.....	4
1.1 Background .....	4
1.2 Content of Policy .....	4
2 Order Books.....	4
3 Best Outcome .....	4
3.1 Retail Clients .....	4
3.2 Wholesale Clients.....	5
4 Instructions that are inconsistent with Best Outcome.....	5
4.1 Retail Client Instructions .....	5
4.2 Wholesale Clients Instructions.....	6
5 Handling and Execution of Orders .....	7
5.1 Transmitting Orders to Order Books .....	8
5.2 IRESS BMR .....	8
5.3 Differing trading hours and Opening/Closing Mechanisms .....	<b>Error! Bookmark not defined.</b>
5.4 Price movement after order transmitted.....	10
5.5 Market outages .....	11
5.6 Limit orders.....	11
6 Brokerage .....	11
7 Monitoring Best Execution Arrangements.....	11
8 Review of Best Execution Policy.....	12
9 Evidencing how client orders are executed.....	12
9.1 IOS+ Audit Trail .....	12
9.2 Market Depth Replay .....	12
10 Disclosure to Clients of Best Execution Arrangements.....	12
10.1 Provision of Best Execution Policy.....	12
10.2 Best Execution Disclosure.....	13

## I Introduction

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### 1.1 Background

In accordance with the ASIC Market Integrity Rules (Securities Markets) 2017 ("ASIC MIRs") Wilsons Advisory and Stockbroking Limited's (Wilson's) is required to establish, document and implement adequate policies and procedures with regard to Best Execution for all clients.

### 1.2 Content of Policy

This policy sets out:

- Details of the Order Book to which all Client Orders are transmitted;
- How Client Orders will be handled and executed; and
- Arrangements to monitor this policy and its implementation.

## 2 Order Books

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Wilson's currently enters client orders, matches and/or executes trades on one of the following order books:

- ASX TradeMatch
- ASX CentrePoint
- Cboe (including Cboe CentrePoint)

Wilson's does not operate an internal crossing system.

## 3 Best Outcome

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In accordance with the ASIC MIRs, Wilson's will take reasonable steps to obtain the Best Outcome when handling and executing an order for a client.

### 3.1 Retail Clients

Best Outcome means obtaining the best total consideration. That is, taking reasonable steps to obtain:

- The lowest purchase price plus transaction costs when buying; or
- The highest sale price less transaction costs when selling

Best purchase price means the best available price across all the Order Books. Where the best price (for the volume of the client order) is spread across multiple order books, Wilson's will take reasonable steps to obtain the best overall price. This may include accessing each of the best prices on each order book or it may be that the best price is achieved by transacting against one or a number of price points on a single order book.

There may be occasions when the best price on an Order Book is in an insignificant volume (e.g. one share). In these circumstances Wilson's may not access that price.

## 3.2 Wholesale Clients

For Wholesale Clients the Best Outcome may be price, costs, speed, execution certainty or any combination of these outcomes. The following table provides a description of the factors that may be taken into consideration.

Factors	Description
<b>Price of the relevant product</b>	Price is an important outcome, however, it may not represent the Best Outcome at a given point in time. For example, the order book of a licensed market that is displaying the best price may not have much volume.
<b>Costs</b>	Costs can be both explicit (e.g. connection fees, transaction fees, or clearing and settlement fees) and implicit (e.g. market impact). A transaction may appear to have a higher cost when considering the explicit costs but may in fact be lower when implicit costs are considered. For example, a large order if executed in one lot may be subject to lower overall transaction fees than if the order was broken into many smaller parts. However, smaller transactions executed throughout the course of a day may achieve lower prices, resulting in lower overall costs.
<b>Speed</b>	Speed is an important outcome for some clients. It is important where a client needs to exit a position quickly or is concerned that the price may move in an adverse direction when they are trying to hedge a position. Speed may, however, be less relevant for clients that are taking a longer-term view of the relevant product.
<b>Execution certainty</b>	Where a client seeks certainty that a large order will be executed, likelihood of execution may be an important outcome. The volumes available at each price point on each order book of a licensed market may be relevant. For example, it may be possible to execute smaller orders at the best price on a single order book, but larger orders may involve taking out orders across multiple price points. Executing part of a larger order on a single order book may mean subsequent executions become less favourable.

## 4 Instructions that are inconsistent with Best Outcome

In some circumstances, client may provide instructions that are inconsistent with the Wilsons Best Execution Policy. This section outlines how these instructions must be received.

### 4.1 Retail Client Instructions

Where a retail client provides instructions in relation to handling and executing an order that are inconsistent with Wilsons obtaining the Best Outcome, Wilsons will take reasonable steps to handle and execute the order to satisfy those instructions.

Examples of instructions that a market participant may receive from a retail client include:

- choice of market (e.g. ASX or Cboe)
- fast execution

- minimising market impact
- obtaining greatest execution certainty

Instructions must be:

- clear and unambiguous;
- in writing or, if provided verbally, recorded by Wilsons (see Wilsons Order Execution and Allocation Policy); and
- specific to an order (i.e. not a standing instruction)

<b>Retail client instruction duration</b>	Retail client orders are specific to a single order. They cannot provide a standing instruction.
<b>Best Outcome</b>	Where the instruction is inconsistent with the Best Outcome for the client, best execution obligation applies to those aspects of the handling and execution process not governed by the instruction. For example, if a retail client provides an instruction to execute an order on the ASX, Wilsons will still take reasonable steps to obtain the Best Outcome on the ASX.

## 4.2 Wholesale Clients Instructions

Where a Wholesale Client provides instructions in relation to handling and executing an order that are inconsistent with Wilsons obtaining the Best Outcome, Wilsons will take reasonable steps to handle and execute the order to satisfy those instructions providing:

- The instructions are clear and unambiguous; and
- The instructions are in writing or, if provided verbally, recorded by Wilsons

<b>Wholesale client instruction duration</b>	<p>Wholesale clients may provide specific order by order instructions or a standing instruction in respect of handling and execution of orders.</p> <p>If a wholesale client provides a standing instruction in respect of handling and execution of orders, that standing instruction:</p> <ul style="list-style-type: none"> <li>• must be reviewed by the advisor periodically, to ensure that it remains possible for Wilsons to satisfactorily perform the instruction; and</li> <li>• is only valid for a period of 12 months from receipt.</li> </ul> <p>Wilsons will not encourage or induce a client to agree to provide a standing instruction. ASIC considers any such action by a market participant as a serious breach of the market participant's obligations.</p>
<b>Best Outcome</b>	<p>Where the instruction is inconsistent with the Best Outcome for the client, best execution obligation applies to those aspects of the handling and execution process not governed by the instruction. For example, if a wholesale client provides an instruction to execute an order on the ASX, Wilsons will still take reasonable steps to obtain the Best Outcome on the ASX.</p>
<b>Instruction Renewal</b>	<p>The instruction to opt out of best execution protection applies for up to 12 months from the date the instruction was received by Wilsons. The instruction must be renewed by the client. Wilsons may notify the client that a renewal is required. ASIC does not consider a notification of this type to be a breach.</p>

## 5 Handling and Execution of Orders

Once an order has been received, Wilsons will take reasonable steps to:

- fully understand the client's instructions and the nature of the order (e.g. whether there are time, price or size constraints and type of order e.g. market, limit, fill or kill);
- consider all relevant information about prevailing market conditions;
- ensure appropriate timing of order entry onto an order book or other matching mechanism (for example, it may be necessary to delay the entry of an order in a less liquid stock until there is sufficient liquidity to execute against); and
- choose an order book or other matching mechanism that will achieve the Best Outcome for the client.

## 5.1 Transmitting Orders to Order Books

The table below set out how all Wilsons' client orders (including ACOP orders) will be transmitted to the Order Books

<b>IRESS Best Market Router (BMR)</b>	<p>Generally, client orders will be transmitted to the Order Books via the IRESS BMR. How the IRESS BMR achieves the Best Outcome is discussed below.</p> <p>Wilsons ACOP: Unless an order is submitted to a Wilsons DTR (either manually or via a filter breach), all ACOP order will be passed through the IRESS BMR only.</p>
<b>Manual Entry</b>	<p>Where a DTR or an Adviser has reviewed an order and deems that manually transmitting the order will achieve the Best Outcome (means obtaining the total consideration for Retail clients; or price, costs, speed, execution certainty or any combination of these outcomes for a Wholesale client), the DTR or Adviser will manually transmit the order by choosing either one or more Order Books.</p>
<b>Virtu Algorithm (Institutional Clients only)</b>	<p>Where a DTR has received an Institutional Client order, they may choose to pass the order through a Virtu Algorithm.</p> <p>Virtu Algorithms will utilise their own in-built BMR if a DTR has selected an algorithmic strategy when choosing an Order Book. IRESS BMR will not be utilised in this instance only.</p>

## 5.2 IRESS BMR

The IRESS Best Market Router (BMR) automates routing of orders to achieve the Best Outcome for clients. The BMR utilises real time market depth information from available markets.

The following table outlines the BMR setup.

<b>Order Books</b>	<p>Orders may be sent to one or more of the following Order books:</p> <ul style="list-style-type: none"> <li>• ASX TradeMatch</li> <li>• ASX CentrePoint</li> <li>• Cboe (including Cboe CentrePoint)</li> </ul>
<b>Order Book Priority</b>	<ul style="list-style-type: none"> <li>• ASX CentrePoint</li> <li>• Cboe CentrePoint</li> <li>• ASX</li> </ul>



	<ul style="list-style-type: none"> <li>• CXA</li> <li>• Any remaining volume will be posted to the ASX as a passive order</li> </ul>
<b>Favoured Logic</b>	<p>This setting determines if the BMR will trade on other markets when the default market is not available for trading/booking. The main purpose of the setting is to disable order entry when the default market is unavailable.</p> <p>Wilsons' favoured market has been set to ASX. Consequently, orders will not be sent to any other Order Book when ASX is not in the Normal Trading equity market phase.</p>
<b>Routing Algorithm</b>	<p><b>Spray:</b></p> <p>Spray strategy will send concurrent orders to multiple markets through multiple price levels.</p> <p>The order volume sent to each market is calculated based on the visible volume and is calculated to fill all of the tradable volume of the order without trading through any visible order. If visible liquidity at a price level is more than the orders' remaining volume, the largest volume possible is sent to each market based on the Order Book Priority. Order volume that is not immediately tradable will be placed on the ASX.</p> <p>Spray delivers the fastest execution with no risk of losing priority.</p> <p>Spray will not uncover hidden liquidity on alternate markets (e.g. Icebergs orders are a form of hidden volume. If the visible portion of an Iceberg is matched by a BMR order, it may result in a new order at the same price level. This may cause the BMR to not match against the new order at the same price level.).</p>

## 5.3 Differing trading hours and Opening / Closing Mechanisms

The ASX and Cboe Order Books have different opening and closing mechanisms. This means that one market may be trading whilst the other is not. This section details how orders will be handled in these circumstances.

<b>Manual Entry</b>	Where a DTR uses Manual Entry to transmit an order in line with this policy, they may transmit it to any Order Book during any Market Phase to achieve the Best Outcome.
<b>IRESS BMR</b>	The IRESS BMR will pass all orders (including ACOP) received outside Normal/Continuous Trading hours to the ASX until the ASX is in Normal Trading. The table below further outlines how orders will be handled by the IRESS BMR during different Market Phases.

## Market Phase

ASX		Cboe		
Time	Market Phase	Time	Market Phase	How orders will be treated
7am – 10am	Pre-open	06:35 until 10:00	Pre-Market	All orders sent through the IRESS BMR will be transmitted to ASX
10am*	Open	10:00 until 16:13	Continuous Trading	All orders sent through the IRESS BMR will be transmitted to all Order Books
10am – 4pm	Normal Trading			
4pm – 4:10pm	Pre CSPA			All orders sent through the IRESS BMR will be transmitted to ASX
4:10pm – 4:12pm	Closing Single Price Auction			
4:12pm – 4:42pm	Adjust	16:12 until 16:20	@Last	No IRESS BMR order will be sent to Cboe @Last

\*Random +/- 15 secs

## 5.4 Price movement after order transmitted

As a general rule, order will not be re-transmitted if there is a better price on another Order Book. It is Wilsons' view that attempting to chase a better price across markets opens up the order to gaming opportunities. The following table outlines how orders will be handled.

<b>Manual Entry</b>	Once an order is passive and resting on ASX, a DTR does not actively look to move that order should an executable price become available on an alternative market.
<b>IRESS MBR</b>	Once an order is passive and resting on ASX, the IRESS BMR does not actively look to move that order should an executable price become available on an alternative market.
<b>Virtu Algorithm (Institutional Clients only)</b>	<p>Depending on the algorithm chosen, an order sent through a Virtu Algorithm may be re-submitted where there has been a price movement.</p> <p>As well as taking into consideration a better price, a Virtu Algorithm may consider pre-trade analysis, execution management, trade execution and post-trade evaluation when choosing to re-submit an order.</p>

## 5.5 Market outages

When Wilsons experiences a system failure or other circumstance that affects its ability to transmit orders to an Order Book, Wilsons may execute orders in a manner that differs from the best execution arrangements set out in this policy. Wilsons will make every effort to execute orders on the best terms available in the relevant circumstances.

In the unforeseen circumstance of the outage of an Order Book, the following action will be taken:

<b>Manual Entry</b>	A DTR may transmit an order to any Order Book still open where they believe Best Outcome can still be achieved.
<b>IRESS BMR</b>	The default market configuration for the IRESS BMR is ASX. Therefore, if the ASX is still open, orders will be transmitted to the ASX. If ASX is not available, all orders will not be transmitted to an Order Book. Wilsons may opt to temporarily change the preferencing on the IRESS BMR to Cboe during an extended ASX outage.

## 5.6 Limit orders

Limit orders will be handled as follows:

<b>Manual Entry</b>	A DTR may transmit an order to any Order Book where they believe Best Outcome can be achieved.
<b>IRESS BMR</b>	The default market for the IRESS BMR is ASX. Therefore, all uncompleted orders will be transmitted to the ASX.

## 6 Brokerage

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Wilsons will charge the same brokerage regardless of which market the order is executed.

## 7 Monitoring Best Execution Arrangements

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The IRESS Market Data Trade-Through Analysis tool assists Wilsons to monitor outcomes of this policy. The tool uses market data feeds from all available exchanges to provide an independent view of potential trade-through occurrences.

Trade-throughs are potential instances where best execution has not been achieved. A trade-through occurs when a trade bypasses a better priced order which is displayed in a market.

The tool applies tolerances to quote and trade data to allow for timing issues inherent in the multi-market environment. Timing issues can arise from time-stamp variations between markets, latency in networks and processing times of trading and market systems. Trades are totalled, and the command shows the percentage of best execution occurring inside the National Best Bid and Offer (NBBO).

The key objective of our review is to assess whether Wilsons has achieved a trade price for clients at, or close to National Best Bid Offer (NBBO) ranges across ASX and Cboe.

Wilsons will monitor its Best Execution arrangements on a periodic basis.

## 8 Review of Best Execution Policy

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This policy shall be periodically reviewed by Compliance, as well as:

- a) each time there is a material change in circumstances that affects where Wilsons may transmit client orders; and
- b) when the results of monitoring Best Execution arrangements suggest Wilsons' policies and procedures are not obtaining the best outcome for clients.

## 9 Evidencing how client orders are executed

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On receipt of a reasonable request by a client, Wilsons must demonstrate that the client's order or orders have been executed in accordance with its policies and procedures.

Wilsons consider a "reasonable request" would be to provide evidence of the basis on which an order was executed is reasonable where it is made shortly after the client receives confirmation of the transaction. An example of a scenario where Wilsons may determine that a request is not reasonable is where it relates to every order executed on behalf of the client over a long period of time (e.g. several years).

### 9.1 IOS+ Audit Trail

The IOS Audit Trail will record step by step events for all IOS+ orders and trades. This will assist Wilsons in demonstrating effective end to end handling of orders.

Where the IRESS Best Market Router (BMR) is used, the audit trail will contain a snapshot of market data from the available order books at the time of the order entry or amendment. This provides the consolidated order book view that the BMR used and will allow Wilsons to verify trading outcomes, i.e. that client orders were executed based on the best information at the time.

### 9.2 Market Depth Replay

The IRESS Market Replay will be enhanced to provide a multi-market view across available order books. This will assist in step-by-step analysis of trading scenarios.

Hard copy reports may be created from the data provided by the IRESS Market Replay. These reports may be sent to the Wilsons' clients in response to queries.

## 10 Disclosure to Clients of Best Execution Arrangements

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### 10.1 Provision of Best Execution Policy

In accordance with the ASIC MIRs, Wilsons will disclose certain matters relating to best execution arrangements:

- Before accepting a client order for the first time;

- On the request of the client; and
- When there is a material change to the best execution arrangements.

The disclosure will be in writing and retained by Wilsons for a period of 7 years,

## 10.2 Best Execution Disclosure

In accordance with the ASIC MIRs, the following matters will be disclosed to clients about best execution arrangements:

- Wilsons is required to handle and execute Client Orders in accordance with the ASIC MIRs;
  - How the Best Execution obligation affects the handling and execution of the client's order;
  - The Order Books, and any place other than an Order Book, to which Wilsons may transmit client orders;
  - The circumstances in which client orders will be transmitted to each of these destinations; and
  - Where a client provides Wilsons with instructions that are inconsistent with obtaining the Best Outcome, Wilsons must take reasonable steps to satisfy those instructions and, as a result, may not achieve the Best Outcome for the client.
-