

# J.P.Morgan

## BEST EXECUTION DISCLOSURE

For

### J.P. MORGAN SECURITIES AUSTRALIA LIMITED

The ASIC Market Integrity Rules (Securities Markets) 2017 (the "Rules"), in conjunction with Part 7.2A of the Corporations Act (the "Act"), require J.P. Morgan Securities Australia Limited ("J.P. Morgan") to take reasonable steps to obtain the best outcome for its clients. This obligation is referred to in the Rules and in this document as "Best Execution".

This document (the "Disclosure") sets out information on how, in general terms, the Best Execution obligation affects the handling and execution of client orders. It also sets out information about J.P. Morgan's Best Execution Policy and its approach to providing clients with Best Execution as required by Part 3.8 of the Rules.

#### 1. Scope

- 1.1. This Disclosure applies only to Wholesale Clients (as defined by the Corporations Act 2001 (Cth)) ("You"/"Your"). Best Execution is only owed when J.P. Morgan accepts an order to execute a transaction on Your behalf in relation to Equity Market Products and CGS Depository Interests (each as defined by the Rules and the Act).

#### 2. Identification of Order Books and Other Venues Where Orders May Be Matched or Executed

- 2.1. The following is a list of the standard Order Books of licensed markets and other venues on which an order received from You may be matched or executed to obtain Best Execution, unless a standing instruction is provided by You to opt-out of an available option, as set out in section 5 below:

##### 2.1.1. Order Books

- 2.1.1.1. ASX TradeMatch
- 2.1.1.2. ASX Centre Point
- 2.1.1.3. Chi-X Australia<sup>1</sup>

##### 2.1.2. Internal Crossing System

- 2.1.2.1. JPM-X Australia<sup>2</sup>

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<sup>1</sup> This venue allows both pre-trade transparent and un-displayed liquidity to interact via a central order book.

<sup>2</sup> Details on JPM-X Australia are available from Your J.P. Morgan authorised representative as set out in section 7.

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- 2.2. J.P. Morgan may provide matching and executions via additional alternative liquidity venues outside of the above standard execution offering. Participation in each alternative liquidity venue will be on an opt-in basis<sup>3</sup>. Opting into an additional alternative liquidity venue will be considered a standing instruction and managed via the process set out in section 5 below.
- 2.3. In the situation where an Order Book or other venue, as set out in section 2.1, becomes unavailable, J.P. Morgan will assess factors including, but not limited to, market impact, trading status of other available venues and ability to comply with regulatory requirements to determine if orders may be redirected to other available Order Books, subject to liquidity and any specific instructions provided by You. J.P. Morgan will communicate all changes in the availability of Order Books to You in a timely manner.

### 3. Orders Handled in Accordance with the Best Execution Obligation

- 3.1. In the absence of specific instructions from You and in order to achieve Best Execution, J.P. Morgan will take into consideration a range of different factors including:
- Price;
  - Costs;
  - Total Consideration (as defined by the Rules);
  - Speed;
  - Likelihood of execution or settlement;
  - Size of Your order;
  - Nature of Your order;
  - The execution venues available and their trading status; and
  - Other relevant outcomes including liquidity of the market and potential price impact.

The importance of each factor may vary based on the circumstances. J.P. Morgan will determine the relative importance of these factors in obtaining Best Execution by taking into account conditions including, but not limited to:

- Where multiple execution venues are available, the liquidity provided by each venue;
- Your preferences around participating in the Opening Auction, Closing Auction and Continuous Session;
- Your preferences related to minimum execution quantity or counterparty aggregation;
- Any risk management limits applied to manage Your flow;
- Any exchange specific order types applied to Your flow; and
- Your preferences and Your specific and standing instructions as set out in section 5.

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<sup>3</sup> Further details are available from your J.P. Morgan authorised representative as set out in section 7.

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## 4. Circumstances Under Which Your Orders will be Transmitted

4.1. The circumstances under which Your orders may be transmitted to each Order Book or other execution venues are set out below:

4.1.1. **Orders worked by Designated Trading Representatives (“DTR”)**: Where a DTR is using his/her discretion in executing Your order, the DTR may transmit Your order to the Order Book of one of the licensed markets listed in section 2.1.1, Algo or SOR. This decision will be made taking into consideration one or a combination of the factors noted in section 3.1.

4.1.2. **Algorithmic Orders (“Algo”)**: Where Your order is input into an Algo for execution, the order will typically be divided into child orders and entered into SOR. The type of Algo that is used will be determined by specific instructions from You.

4.1.3. **Smart Order Router (“SOR”)**: Where Your order utilises the SOR for execution, the order will typically be divided into child orders and routed to the Order Books or other execution venues set out in section 2 based on the Best Execution factors set out in section 3. For marketable orders in the continuous trading session the SOR will typically route to crossing systems first, prior to Order Books of licensed markets, for potential price improvement, volume improvement and/or managing market impact. Where You have instructed that speed of execution is the most important consideration, You should discuss the relevant requirements with Your J.P. Morgan authorised representative. Where orders are routed to JPM-X Australia, orders will be matched with a minimum price improvement of 1 tick when comparing against the consolidated National Best Bid Offer Price (“NBBO”). If there is a situation whereby the NBBO spread is 1 tick, execution will take place at the half tick point.

4.1.4. **Directed DMA (“Direct Market Access”)**: Where Your order is a DMA order directed to a specific destination, the order will be transmitted to the Order Book of one of the licensed markets or other execution venues set out in section 2, determined by specific instructions from You. Utilisation of J.P. Morgan’s Directed DMA is considered an advanced product offering. Please contact Your J.P. Morgan authorised representative for further details.

4.1.5. **Directed Low Latency DMA**: Where Your order is a DMA order utilising J.P. Morgan’s Low Latency DMA platform (“JisuDMA”) the order will be directly transmitted to the Order Book of one of the licensed markets or other execution venues set out in section 2, determined by specific instructions from You. Utilisation of JisuDMA is considered an advanced product offering. Please contact Your J.P. Morgan authorised representative for further details.

4.2. **Differing Trading Hours**: Where ASX is in a session state other than “OPEN” (including, but not limited to, when its session state is set to: “PRE\_OPEN”; “PRE\_CSPA”; “ADJUST”; “SUSPEND”;

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“TRADING HALT” etc.), orders routed through SOR will always be routed to ASX regardless of the trading status of any other market.

## 5. Specific and Standing Instructions

- 5.1. You may provide J.P. Morgan with specific instructions on an order-by-order basis or as a standing instruction. Instructions You provide must be clear and unambiguous, provided in writing or verbally and separate to our standard terms and conditions in the client agreement.
- 5.2. Where You wish to provide standing instructions that are inconsistent with J.P. Morgan obtaining best outcome under Part 3.8 of the Rules, these will only be valid for a maximum period of 12 months. J.P. Morgan will review standing instructions on an annual basis, at minimum, to ensure they remain valid and to ensure J.P. Morgan remains able to satisfy them.
- 5.3. When You elect to provide specific or standing instructions, J.P. Morgan will take reasonable steps to handle and execute the order or orders in a way which satisfies Your instructions, even if the result will not obtain Best Execution.
- 5.4. In the absence of express instructions from You, J.P. Morgan will exercise its own discretion, having regard to the terms of Your order in determining the factors that it needs to take into account for the purpose of providing You with Best Execution.

## 6. Material Changes to This Disclosure

- 6.1. J.P. Morgan will notify You in writing if there are any material changes to this Disclosure. The current version of this Disclosure is also available at <https://www.jpmorgan.com/AU/en/disclosures>.

## 7. Contact Us

- 7.1. You may provide a written request to demonstrate to You that Your orders have been executed in accordance with this Disclosure by contacting us in accordance with 7.2. We will endeavor to respond to such a request within a reasonable time.
- 7.2. For further information on any items set out in the Disclosure contact your J.P. Morgan Authorised Representative.