1. Background

This policy outlines the Best Execution requirements for Commodities & Global Markets (“CGM”) businesses operating from Macquarie Bank Limited, Singapore Branch (“MBLSG”) and Macquarie Futures (Singapore) Pte Limited (“MFSPL”) (together refer to as “Macquarie” or “we” in this policy) in relation to dealing in capital markets products with customers (refer to as ‘you’ in this policy) that are regulated under the Singapore Securities and Futures Act (Cap.289)(“Act”).

Macquarie has established and implemented policies and procedures, including this Best Execution policy, which are designed to be sufficient to obtain the best possible results for your orders, subject to and taking into account any specific instructions, the nature of your orders and the nature of the markets and the products concerned.

Macquarie do not owe you any fiduciary responsibilities as a result of the matters set out in this policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed with you.

2. Scope

2.1 Customers

This policy applies to the execution of customer orders relating to capital market products that are received or taken by Macquarie staff in Singapore for execution. We do not define entities that are wholly owned by Macquarie Group Limited, either directly or indirectly, as customers under this policy.

This policy does not apply to transactions which are only booked to Macquarie, but where the order taking activities are carried on exclusively by employees of a Macquarie affiliate outside Singapore.

This policy does not apply to execution of orders originating from customers that are classified by Macquarie as institutional investors, as defined under Section 4A of the Act.

2.2 Products

This policy only applies with respect to Capital Market Products as defined under the Act (“Products”), which include securities (such as equities and bonds), units in collective investment schemes, exchange-traded derivatives, OTC-traded derivatives, spot foreign exchange (“FX”) for the purpose of leveraged FX trading, and any other products as prescribed by the Monetary Authority of Singapore.

3. Best Execution requirements and principles

**Summary of key principles and requirements**

When we place or execute an Order (as defined in section 3.3) in respect of Products (as defined in section 2.2), we must take all sufficient steps to do so on best available terms as well as in accordance with the time of receipt of comparable Orders, taking into account the Execution Factors (the “Best Execution Obligation”)

We are not under an obligation to obtain the best possible result for each individual order, but we must comply with this policy and meet the Best Execution Obligation on a consistent basis.

The Best Execution Obligation applies when we are placing or executing an Orders on your behalf. The Best Execution Obligation also applies when we are transmitting orders on your behalf to a third-party broker for execution.
3.1 Execution Factors

The Execution Factors are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. Specifically, we will consider the following Execution Factors:

- the execution price without any costs charged to you, or our own fees and commissions;
- speed and/or likelihood of execution and settlement;
- the impact on market prices of displaying and/or executing an order or part of an order;
- the availability of price improvement (the opportunity for an order to be executed at a better price than what is currently quoted publicly); and
- any other consideration relevant to the efficient execution of the order.

3.2 Relative Importance of Execution Factors

When executing an Order (as defined under Paragraph 3.3), we must consider the following criteria for determining the relative importance of the Execution Factors in the circumstances:

- the types and characteristics of the customer including the regulatory categorization of the customer;
- the types and characteristics of Products that are the subject of that Order;
- the characteristics of the Order; and
- the characteristics of the Execution Venues to which that Order can be directed.

Subject to any specific instructions, considering the criteria above, we will generally give the highest priority to net price. The remaining execution factors are generally given equal ranking.

Net price is the total consideration paid by you, representing the price of the Product and the costs related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Our commissions and fees can only be considered when calculating the net price if all other factors are equal.

Generally, we do not expect to charge different commissions and fees depending on the choice of Execution Venue. However, if we do charge different commissions and fees depending on the choice of Execution Venue, we will:

- ensure that the commissions and fees are not structured in such a way as to discriminate unfairly between Execution Venues; and
- explain the different commissions and fees to you in sufficient detail in order to allow you to understand the advantages and the disadvantages of the choice of a single venue.

Where there is insufficient immediately available liquidity on the relevant Execution Venues to execute the Order in full, where you instruct us to work an Order over a period of time or by reference to a benchmark calculated over a period of time (such as VWAP) or where we determine that there are other circumstances such that obtaining the best immediately available price may not be the best possible result for you, we may prioritize one or more of the other Execution Factors listed above. In these cases, we will determine the relative priority of each Execution Factor on an order-by-order basis, where the order is executed manually, and by order type (e.g., iceberg, VWAP), where the order is executed using an algorithm.
Whenever there is a specific instruction from you, we will execute the order following the specific instruction – see section 3.5 Impact of a Specific Instruction below.

We have a degree of discretion in how to apply the different Execution Factors and this may result in a range of different permissible approaches to executing your orders. In determining what is the best possible result for you, we will not compare the results that could be achieved for you on the basis of this policy and fees with results that might be achieved for you by another investment firm on the basis of that firm’s execution policy or a different structure of commission or fees, nor will we compare the differences in the commissions or fees that we charge to different customers which are attributable to the nature of the services that we provide to each customer.

3.3 Orders

“Orders” are any instructions from a customer to for the purchase or sale of Products that Macquarie will place or execute on behalf of the customer or execute with the customer that gives rise to contractual or agency obligations owed by us to the customer. Such contractual or agency obligations will arise where we are required to exercise discretion in relation to the execution of your instruction or order and/or you legitimately rely on us in relation to the exercise of that discretion. This would be the case where we are trading on an agency or riskless principal basis except to the extent you have provided us with a specific instruction (see Section 3.5) in relation to the order. In addition, this may include instances where we deal on our own account with you or where we execute orders from different customers against each other on a matched principal basis (back-to-back trading) where you are legitimately relying on us (see Section 3.4).

3.4 Reliance Test

If we have classified you as a “Accredited” or “Expert” Investor as defined under Section 4A of the Act, circumstances in which we consider that you will not generally be legitimately relying on us in relation to the execution of your orders include where we are approached by you for a “request for quote” - i.e., when you ask us to provide it with a quote in a particular Product, or where we will be trading with you as principal “on risk”, in a market where the usual practice of customers is to ask several dealers for quotes, and where your access to prices in the market means you are able to, and in practice can be expected to, assess our quotes against those provided by other dealers.

It is, however, important to note that although in the circumstances described above the Best Execution Obligation will typically not apply; we will still be required to treat you fairly and to manage any conflicts of interest that may arise.

To determine whether you legitimately rely on us to protect your interests, the following factors are relevant:

- which party initiates the transaction - where we approach you and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on us. Where you initiate the transaction, it is less likely that you will be placing reliance on us;
- market practice and the existence of a convention to ‘shop around’ - where the practice in the market in which a business area operates suggests you take responsibility for the pricing and other elements of the transaction (e.g., there is a market convention to “shop around” for a quote), it is less likely that you will be placing reliance on us;
- the relative levels of price transparency within a market - if we have ready access to prices in the market in which we operate, whereas you do not, it is more likely that you will be placing
reliance on us, whereas if our access to pricing transparency is equal or similar or to yours, it is less likely that you will be placing reliance on us; and

- the information provided by us and any agreement reached - where our arrangements and agreements with you do not indicate or suggest a relationship of reliance, it is less likely that you will be placing reliance on us.

The characteristics of the transaction and the manner through which you deal with us are an important factor both in the assessment of whether you are relying on us to deliver Best Execution and in providing best execution.

3.5 Impact of Specific Instruction

If we receive an order from you that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of the order (including selecting a particular Execution Venue, executing at a particular price or time or through the use of a particular strategy) then, subject to our legal and regulatory obligations, we will execute your order in accordance with that specific instruction.

This means that, to the extent of the specific instruction or instructions, our obligation of Best Execution will be satisfied by executing the order in accordance with your specific instruction. Where the specific instruction covers only a portion of an order (for example, as to the choice of venue), and we have discretion over the execution of other elements of the order, then we will continue to be subject to the Best Execution Obligation in respect of the elements of the order that are not covered by your specific instruction.

Please note that any specific instruction provided by you may therefore prevent us from taking steps that we have designed and implemented in our execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by your instructions.

3.6 Mandatory Trading Obligations

Macquarie is subject to the mandatory trading obligation under the Securities and Futures (Trading of Derivatives Contracts) Regulations 2019 when executing trades in specified derivatives contracts on organized markets operated by an approved exchange or a recognised market operator. We are also subjected to applicable trading obligations under US Dodd Frank and EU MiFiR to execute trades in relevant instruments in approved facilities or venues. Such requirements may limit the Execution Venues (as defined under Paragraph 4.1) we may be able to access when we are executing Orders in relevant Products.

4. Execution Venues

4.1 Types of Execution Venues

Execution Venues include:

- regulated markets, exchanges, multilateral trading facilities and organized trading facilities;
- Macquarie and its Affiliates where we internalise Orders (either on risk or as riskless principal); and
- market makers and other liquidity providers.

Execution Venues can include venues of which we are a direct member or participant, and venues that we access through third party brokers or dealers. Macquarie will generally seek to internalise Orders, if we believe we can meet the Best Execution Obligation by doing so.
A list of the Execution Venues for each relevant product is available upon request. This includes those Execution Venues that we believe enable us to obtain on a consistent basis the best possible result for the execution of Orders based on our ongoing monitoring of the effectiveness of our execution arrangements, this policy and execution results.

We may from time to time execute Orders on Execution Venues that are not included in our current list of Execution Venues with a view to satisfying the Best Execution Obligation.

For certain products, we may conclude that we can comply with our Best Execution Obligation by using a single Execution Venue, including using ourselves as the sole Execution Venue.

4.2 Smart Order Routing

We may use smart order routing to access liquidity.

Orders may be executed using smart order routing (algorithms used for optimization of our order execution processes that may determine additional parameters of the order other than determining the Execution Venues where the order should be submitted. Such algorithms are able to slice the original order into “child orders” or determine the time of submission of the order or the “child orders”) and other technology programmed to reflect the methodology set out in this policy. Other Orders may be executed manually by traders subject to this policy.

The use of smart order routing is subject to ongoing monitoring as part of this policy’s governance and review arrangements - see section on “Governance and Review” below.

Where you direct us to use your own smart order router, we will treat this as a specific instruction which will impact our Best Execution Obligations accordingly.

4.3 Tranches

Orders may be executed in tranches over a period of time (up to several days) or on more than one Execution Venue in order to minimize market impact and achieve the best result. Where you have specified parameters (such as guaranteed VWAP or VWAP target execution), we will endeavour to execute a transaction or a series of transactions such that the overall execution is achieved within the specified parameters.

4.4 Programme Trades

Where we execute programme trades on your behalf, we will endeavour to provide the best overall result in relation to the aggregate portfolio rather than in relation to individual transactions within the portfolio.

4.5 Relevant Product Trades on a Trading Venue

Where the relevant product trades on a Trading Venue, we will not execute Orders outside a Trading Venue unless we have obtained your prior express consent. Executing Orders outside a Trading Venue enables you to access additional liquidity sources but doing so may give rise to additional risks from executing outside regulated venues, such as counterparty risk. When applicable, Macquarie seeks to mitigate counterparty credit risk by transacting with counterparties approved as execution venues and brokers. For example, dealing in OTC derivatives will be limited to counterparties with whom ISDA Master Agreements and/or other appropriate or necessary agreements are in place. This includes agreements to facilitate settlement for certain centrally cleared derivatives contracts, and in such cases the perceived operational efficiency of such counterparties will be relevant.
When Macquarie executes trades for customers there are some circumstances where the trade will be subject to a mandatory trading obligation for shares or derivatives. If such an obligation applies Macquarie will be required to execute in‐scope transactions on a trading venue and not OTC. For shares, this means Macquarie may execute trades on a Regulated Market or an MTF. Macquarie can also execute trades with a SI and on an equivalent third country venue, subject to certain requirements being met. For derivatives subject to mandatory trading, Macquarie may execute on a regulated market, an MTF or an OTF.

Subject to the mandatory obligation, Macquarie may execute trades outside a trading venue. If Macquarie does this then you should be aware of the potential consequences. There may be greater counterparty / credit risk when executing OTC because customers will not be taking the credit risk on an intermediary such as a central clearing firm. It may be more difficult for customers to obtain accurate pricing information because OTC trades may be negotiated and priced individually and there is no central source for obtaining price information from competing dealers.

You may request additional information from us about the consequences of our executing in this way outside a Trading Venue, either generally or for specific transactions. Macquarie will be required to obtain your express consent before proceeding to execute an order on your behalf outside of a Regulated Market.

5. Third Party Brokers and Affiliates

We will execute through our Affiliates wherever possible unless you specify otherwise.

Where we execute transactions with a third‐party broker or Affiliate (“Broker”) acting as an Execution Venue, or where we transmit orders to a Broker for execution, Macquarie considers that using these brokers to execute orders we place with / transmit to them will enable it to act in accordance with the best interests of their customers when transmitting customer orders to other entities for execution. The brokers identified are considered by Macquarie to have execution arrangements that enable it to meet the Best Execution requirement on it when it places orders with / transmits orders to those entities for execution.

6. Selection of Brokers and Trading/Execution Venues

We maintain internal procedures for the selection of Brokers, Trading Venues and other Execution Venues, both at the stage of onboarding and throughout the relationship, in order to satisfy ourselves that those selections enable us to obtain Best Execution on a consistent basis. These procedures include undertaking due diligence and performing an assessment of execution factors including quality and cost.

7. Governance and Review

7.1 Best Execution Committee

Best Execution Committees [“Committees”] are to be established to exercise oversight for this policy for the respective business groups within CGM where necessary. The Committees are to be chaired by an appointed business management staff, and comprise members from relevant business units, Business Operation Risk Manager and RMG Compliance.

7.2 Monitoring Program

We monitor Best Execution arrangements on an ongoing basis to identify and implement any appropriate enhancements.
We evaluate, on a risk basis, transactions in Orders to which the Best Execution Obligation applies for Best Execution and compliance with this policy through post-execution benchmarking and analysis. This exceptions-based monitoring program is reviewed by business supervisors.

The Committees receive reports relating to the exceptions-based monitoring program and will approve the qualitative assessment and explanation relating to the noted exceptions. The Committees will consider whether enhancements to this policy, execution quality monitoring and/or Best Execution arrangements are required.

7.3 Policy Review

The Committees will review this policy at least annually to consider whether this policy and our Best Execution arrangements include all sufficient steps to obtain the best possible result for the execution of Orders. Specifically, the review, taking account of relevant data sources, will cover the following considerations:

• whether to exclude or to include additional or different Execution Venues;
• whether to assign different relative importance to the Execution Factors; and
• whether to modify any other aspects of this policy and/or the Best Execution arrangements.

The Committees will also conduct a review whenever a material change occurs that could affect our ability to continue to obtain the best possible result for the execution of the Orders on a consistent basis using the Execution Venues included in this policy.

A material change shall be a significant event that could impact parameters of Best Execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the Order. To the extent a material change has occurred, the Committees shall consider making changes to the relative importance of the Best Execution factors in meeting the overarching Best Execution Obligation.

We will notify you of any material changes to this policy or our Best Execution arrangements. A change will be material where its disclosure is necessary to enable customers to make a properly informed decision about whether to continue utilising our services.

8. Related information

8.1 Breaches

Suspected or actual (including material or repeated) breaches of this policy must be managed in accordance with Macquarie’s Breach, Incident and Escalation Policy. Breaches of this policy should be considered in accordance with Macquarie’s Consequence Management Guideline.

8.2 Exemptions

Exceptions to the requirements of this policy, other than those explicitly stated and provided for in the Policy, must be approved by the policy owner.