



# Global Order Execution Disclosure

Effective from 24 November 2023.

## Westpac's Financial Markets Business.

The Financial Markets business of Westpac Banking Corporation ("Westpac") trades in wholesale fixed income, currency and commodity ("FICC") markets globally through various offices and entities. Our activity in wholesale FICC markets includes price quoting, order taking, transaction execution and other market making and risk management activities.

Westpac is committed to maintaining a high level of integrity, transparency and standards of business conduct in wholesale FICC markets. This disclosure informs you of our key trading practices, including the management of conflicts of interest, order handling and execution, pricing, mark-ups, benchmark orders and confidential information. By continuing to trade with us you do so on the basis of the information contained in this disclosure.

## Relationship.

Unless otherwise agreed with you, we act as principal and enter into transactions with you as a direct counterparty ("customer" or "client") on an arms-length basis. As a principal, we act in our own interests and for our own benefit. We do not act or assume any responsibility as broker, agent, fiduciary, financial advisor or in any similar capacity unless otherwise explicitly agreed to in writing. Accordingly, you must independently evaluate the appropriateness of any transaction that you enter into with us, based on your own assessment of the transaction's merits and having regard to your own circumstances.

## Conflicts of Interest.

The principal-to-principal nature of the wholesale FICC markets and our role as a dealer and market-maker with multiple counterparties give rise to conflicts of interest between us and our counterparties, and amongst our counterparties. Such conflicts may not be able to be completely eliminated.

At any time we may be engaged in transactions with a large number of different counterparties, each of whose interests

may diverge from those of our other counterparties. As part of managing our business, we may take positions in anticipation of overall client demand and in connection with our risk management activities. In such cases, our actions are undertaken on a portfolio basis with the intention of enhancing our market making and risk management activities.

It is possible that our market making and risk management activities may impact the prices communicated to you and the availability of liquidity at levels and/or prices necessary to fill your orders and may result in profit or loss to Westpac. These activities may also affect the execution of certain transactions such as stop loss, or other limit orders (trigger or prevent triggering of stop loss orders, take profit orders, barriers, knock-outs, knock-ins and similar orders or transactions). In conducting trading and market making activities, Westpac will always endeavour to avoid undue market impact.

Conflicts of interest may arise where we engage in pre-hedging, but our policy is to conduct this activity fairly and proportionately to manage our market risk exposure. This is not intended to disadvantage the client or disrupt the market.

Westpac has arrangements in place that aim to manage conflicts of interest that may arise from participation in benchmark activities and reference price transactions (including hedging activity). We also have procedures to manage conflicts concerning personal relationships, gifts and corporate entertainment and personal account dealing by our employees.

## Orders relating to Benchmarks.

We may enter into a transaction with you referencing a third-party benchmark rate. We may provide quotations or other types of submissions that (along with other market quotations or submissions) form an input for the calculation of a benchmark.

Benchmarks can be based on trading activity during a specified time period (commonly referred to as the "Fixing Window"). We manage market execution for WM/REFINITIV 4pm and Non-4pm and BFIX benchmark orders, and any other transactions with counterparties that are priced using those benchmarks, by a segregated process and execution desk so counterparty information is not shared between Westpac Portfolio Managers authorised to conduct benchmark execution and Westpac FICC

traders conducting normal trading and non-benchmark client activity during the Fixing Window.

We manage our risk of accepting and executing orders referencing a benchmark through activities such as executing hedging transactions in the lead up to, during and post the Fixing Window. You should be aware that in addition to these activities, the activities of other market participants as well as Westpac's handling of other unrelated orders during the relevant Fixing Window, may impact market liquidity and the benchmark rate.

## Pricing and Mark-Up.

We strive to offer our counterparties competitive pricing. Unless otherwise expressly agreed, any firm or indicative price quoted is an "all-in" price, inclusive of any mark-up, regardless of the circumstances under which the price is received.

Considerations that may be taken into account in determining a mark-up include, but are not limited to: prevailing market conditions, the risks inherent in the transaction, client credit quality, funding costs, liquidity (including historical and prevailing liquidity), transaction costs, our operational costs, client relationship factors (e.g. the volume transacted by the client, the frequency of such transactions, the aggregate amounts transacted by the client over time with Westpac and in the market, and the level of service to the client), the commercial objectives of Westpac, its affiliates and related entities, and the work and costs incurred by us (and any external advisors) in the preparation and execution of the transaction or order.

The impact of each individual factor upon the price we communicate to you will differ depending upon prevailing market conditions and specific circumstances of that transaction. We may therefore apply a different mark-up to different counterparties for transactions that are the same or substantially similar.

The fact that we fill an order at a specific price does not mean that we held, acquired, or would acquire, inventory to complete the transaction at the order price level or that there exists a tradable market at that level. We may look for market opportunities that allow us to fill an order at your desired price and also earn a reasonable return for that activity, including addition of mark-up and transaction and execution costs to the order.

Unless we have notified you of different pricing terms, when determining whether there is liquidity available at price levels necessary to execute an order, we may take into account the mark up factors set out above in arriving at an "all-in" price. This may impact the amount and/or timing of your fill or increase the slippage or difference between any specified price trigger for the order and the actual execution price. Also, where a transaction or execution instruction is priced or triggered by reference to the market price for a product, we may agree to reference one or more specified sources. Absent such agreement, we will determine the market price using commercially reasonable discretion, which, depending on the circumstances, may be a

bid, offer, mid-market, market-on-close, last-traded, or other price.

## Order Handling.

By placing a request with Westpac, you offer to transact with us on the basis of the parameters set out in your order. We may decline an order in our sole discretion and will always decline an order if we reasonably believe that the purpose of the overall transaction is to disrupt or distort market functioning. When we acknowledge our willingness to "work" an order, we are indicating our willingness to attempt to enter into a transaction with you within the price, time and size parameters requested by you.

Any indication by us that we are working an order does not create a contract between us. No transaction or other contract will result from an order unless we respond to the counterparty that we have filled some or all of the order, at which point the counterparty will assume the risks associated with the filled or executed order. Westpac acts as principal in the market in order to satisfy the requests of all of our counterparties and also to manage our risk. We retain discretion as to whether to, and how to, satisfy the requests of our counterparties, including fill quantity (all or in part), aggregation and priority. In the absence of specific agreement to the contrary with you, we may use any or all execution methods and liquidity sources at our sole discretion (subject to any best execution requirements that may apply in any specific jurisdiction). A number of factors will be taken into consideration when exercising our discretion including our positioning, our risk appetite, prevailing liquidity and market conditions. We will exercise our discretion reasonably, fairly, and in such a way that is not designed or intended to disadvantage you.

Large transactions can have a material impact on markets, we suggest that you discuss with us the preferred execution strategy, management of confidential information and the criteria which should prompt a discussion to pause our working order, which may involve breaking into smaller lots or terminating the transaction.

We record the time at which orders are received, entered into our order management systems and executed.

We are not required to disclose to you that we are handling other counterparties' orders or our own market making trades ahead of, or at the same time as your order.

You should note that orders commonly referred to as "stop loss", "stop limit" or "stop" orders require clear parameters and you should have a clear understanding of the conditions of any such order prior to requesting this order type. Specifically, we will require you to agree to the time validity of the order and whether the stop level is inclusive or exclusive of mark up. Once triggered, you bear the risk of an execution price being different to the requested level, which is of particular significance in stressed markets.

## Pre-Hedging.

We may pre-hedge to manage the risk associated with one or more anticipated transactions, with the aim of providing better pricing. Any pre-hedging will be undertaken in a manner that we consider to be reasonable and proportionate. In assessing whether to undertake pre-hedging, we may consider prevailing market conditions (such as liquidity) and the size and nature of the anticipated transactions. Pre-hedging will be undertaken fairly and with transparency and is not intended to disadvantage the client or disrupt the market.

While undertaking pre-hedging, we may continue to conduct ongoing business, including risk management (such as other hedging activity), market making and execution of other counterparty transactions. Such activity, which will not be taken with the intention of disadvantaging you, may have impacts that are inconsistent with your interests.

## Bond Auctions.

Government and supranational bonds can be issued through a publicly announced auction process. Auctions involve multiple participants including issuers (debt management, offices, agencies, Treasuries), primary dealers, dealers and investors. Depending on the size and jurisdiction, the issuers can adopt different auction price mechanisms (such as Dutch, multi-price or hybrid auctions) and other characteristics (tap, switch or reverse) – we suggest that you read the issuance documentation carefully to understand the issuer’s approach.

Inquiries for bond purchases are often either via a direct order (fixed price/competitive order or a non-competitive order) or by way of a reference price transaction. If Westpac has been appointed as a primary dealer or dealer, then you can only place orders with a member of our Sales team – unless we expressly agree otherwise you should not place an order in a chat involving a Westpac trader as traders may place house bids in the auctions and conduct secondary market activity that can influence auction outcomes.

## Electronic Trading.

Any electronic foreign exchange trading is subject to our Electronic Trading Terms and any associated disclosures including:

- the FX Global Code liquidity provider disclosure cover sheet available at: [https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/cb/FX\\_Global\\_Code\\_Liquidity\\_Provider\\_Disclosure\\_Cover\\_Sheet.pdf](https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/cb/FX_Global_Code_Liquidity_Provider_Disclosure_Cover_Sheet.pdf) ; and
- those relating to the practice known as “last look” available at: [https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/fm/westpac\\_last\\_look\\_disclosure.pdf](https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/fm/westpac_last_look_disclosure.pdf)

Electronic fixed income or interest rate derivative facilitation is subject to platform rule books that are used to facilitate the

trade. No transaction or contract will result from a request for quote from you or the communication of a price by us until and unless you request to trade with us at a specific price and we respond with a confirmation that we accept some or all of the order.

Westpac has algorithmic trading supervisors who monitor and maintain counterparty self-service algorithms. They may have inherent conflicts of interests between their role of monitoring algorithms and other functions they perform, namely market making, managing bank risk or facilitation of other customer activity. Westpac has arrangements in place to manage conflicts of interest that may arise from activities performed by algorithmic trading supervisors.

## Confidentiality.

Protecting the confidentiality and security of confidential information provided to us by counterparties is an important part of how we do business. Westpac has policies, procedures, systems and controls that are designed to protect confidential information.

When consistent with our legal obligations and internal policies, we may disclose confidential information about your orders and transactions to:

- Agents, brokers, trading platforms, credit reference agencies and other internal and/or external parties to the extent necessary for the execution, processing, clearing, novating and/or settling of transactions;
- Advisors and consultants on the understanding that they maintain confidentiality in the same manner as Westpac would in such circumstances;
- Central bank, regulatory or governmental authorities as requested or required; and
- Our Westpac affiliates, on a need-to-know basis.

In addition we may:

- Disclose confidential information where it is required under applicable law or otherwise with your consent;
- Make use of information contained in orders and executed transactions to effect and risk manage the transactions themselves, as well as for portfolio and inventory risk management purposes;
- Analyse information about executed transactions on an individual or aggregated basis for a variety of purposes, including client risk management, sales coverage, interest in a potential secondary transactions or primary issuance and client relationship management;
- Consult across our sales, trading, debt syndicate and relationship management teams with respect to a counterparty’s trading behaviour, expectations, mark-up, spread and any other relationship factor on a need to know basis;
- Analyse, comment on, and disclose appropriately anonymised and aggregated information regarding trade requests, orders or executed transactions and other data, together with other relevant market information to third parties as ‘market colour’; and

- Provide information on secondary trades (including the client/counterparty name and deal details) during the 'grey period' (secondary market trades that occur between allocation and initial settlement of the securities) without prior customer consent as part of the Westpac's ongoing obligations to the issuer in respect of allocations.

## Disputes and Complaints.

Westpac treats customer complaints seriously. If you have a dispute or a complaint regarding an order or transaction you should contact your Relationship Manager.

## Telephone recording.

As part of our compliance with applicable laws and regulations, certain telephone conversations with Westpac personnel may be recorded and monitored. Please note that these recordings may be made with or without the use of a spoken warning, tone or similar notification.

## Context of this Notice.

This notice should be read subject to any:

- Written agreement entered into between us including, but not limited to, any ISDA Master Agreement or Electronic Trading User Agreement;
- Terms of Business agreed between us in any specific jurisdiction;
- Product or jurisdictional specific disclosures and notices including those relating to our algorithmic trading services and associated products; and
- Applicable legal or regulatory requirements (including any duty of best execution) in the jurisdiction in which your relationship is maintained.

## Updates.

We may modify the practices described in this notice from time to time due to changes in law or regulation or because of industry or other developments. Updates will be published at [westpac.com.au/disclosure-documents/wpgc-bus-disclosure-docs/](https://westpac.com.au/disclosure-documents/wpgc-bus-disclosure-docs/).

