

# Westpac Europe GmbH (WEG) Order Execution Disclosure

Date: September 2024



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## Introduction

This disclosure sets out selected details of the order execution policies applicable to Westpac Europe GmbH (WEG). It applies to Orders executed by WEG in Frankfurt am Main, Germany regardless of where the client is located.

This document should be read in conjunction with the Westpac Banking Corporation Global Order Execution Disclosure.<sup>1</sup>

## Overview

Directive 2014/65/EU (MiFID II) introduced common standards of investor protection throughout the European Union, including a requirement to act in accordance with the best interests of the client, promote market efficiency generally and the best possible execution results for investors. MiFID II also introduces additional monitoring and reporting obligations. MiFID II was transposed into German law within the German Securities Trading Act (*Wertpapierhandelsgesetz* – “WpHG”).

## What is our duty of Best Execution?

Where a duty of best execution arises, we must take all sufficient steps to obtain the best possible result for you on a continuous basis, taking into account the relevant Execution Factors (explained below).

## When will we owe you a duty of Best Execution?

We will generally owe you a duty of best execution if:

- you are a “professional client”, but not an “eligible counterparty”<sup>2</sup>; and
- your Order relates to a financial instrument as defined under Section 2(8) sentence 1 No. 1 through 3 WpHG,

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<sup>1</sup> <https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/fm/Global-Order-Execution-Disclosure.pdf>

<sup>2</sup> As defined in Section 67 WpHG

## Execution Factors

In seeking to obtain the best outcome for you, when the obligation to provide best execution applies, WEG recognises the following Execution Factors, and takes account of the relative importance of these factors in the context of each client's instructions:

- price (including time availability and depth of liquidity);
- speed;
- costs;
- the likelihood of execution and settlement;
- the size and nature of the Order, the characteristics of the financial instrument, the nature and prevailing conditions of the relevant market and the risk of market impact; and
- any other consideration relevant to the efficient execution of the order, such as the client's characteristics.

WEG considers the relevant Execution Factors for the financial instrument, and the likely relative importance of each Execution Factor (acknowledging their relative importance must still be assessed in the context of each client's instructions). When determining the relative importance of these Execution Factors, we may apply a wide range of criteria such as characteristics of each Order, client preferences, market conditions, the time or size of Order. In certain circumstances, such as an illiquid market, the likelihood of execution may become the primary Execution Factor.

## The role of price

Generally, the best possible result will be determined by the total consideration paid by you – i.e. the price of the investment and any costs related to the execution such as execution venue fees, clearing and settlement fees.

However, there may be circumstances for some clients, instruments or markets where other factors should have a higher priority because they are instrumental in delivering the best possible results in terms of total consideration. If so, the relative importance of execution factors will depend on the characteristics of:

- you as a client (including your categorisation);
- your Order;
- the financial instruments to which your Order relates; and
- the venues to which your Order can be directed (if there is more than one).

## Compliance with instructions

Where you give us specific instructions in relation to the execution of your Order (or a specific aspect of your Order) and we accept that Order, we will follow those instructions.

We will satisfy our best execution obligations to you where we accept and follow those instructions, although considerations of best execution may apply to other aspects of the Order to the extent that they are not covered by your instructions.

**Any specific instructions you give to us in relation to Orders may prevent us from taking the steps that we have designed and implemented under our order execution policies to obtain the best possible result for the execution of those Orders in respect of the elements covered by those instructions.**

## Execution Venues

Where the instrument can be traded on more than one Execution Venue, WEG will decide where to send each Order. WEG trades on a principal basis so, subject to the instructions and parameters of the Order, the Execution Venue will usually be WEG or our affiliates. We may use other Execution Venues to hedge our own market risk or if we act as a riskless principal to fill a resting order that you have left with us. WEG may also seek execute all of part of an order by matching it with an opposite order from Westpac Banking Corporation, another group company or client.

A list of approved Execution Venues is available at: [Westpac in Germany | Westpac](#) which details the Execution Venues used in respect of each class of financial instrument and the factors affecting the choice of each Execution Venue. Execution Venues include trading venues such as regulated markets, multilateral trading facilities (MTFs) and organised trading facilities (OTFs) as defined under Article 64(1) sentence 2 of Commission Delegated Regulation (EU) 2017/565.

We may also execute your Order outside of trading venues (such as regulated markets, MTFs or OTFs) from time to time. As part of our Terms of Business outreach, we seek our clients' consent to Westpac executing Orders outside of such trading venues.

## Selection of Execution Venues

We will take into account factors such as the costs and benefits of accessing multiple Execution Venues. We will also consider factors such as:

- the general prices available;
- the depth of liquidity;
- the relative volatility in the market;
- the speed of execution;
- the cost of execution;
- the reliability and continuity of trading;
- the creditworthiness of the counterparties on the venue or the central counterparty; and
- the quality and cost of clearing and settlement.

If we have access to more than one approved Execution Venue for an Order, we will try to choose the best Execution Venue for the Order, taking into account the relevant Execution Factors. We will not unfairly discriminate between Execution Venues or types (i.e. brokers) but will make a decision that reflects the Execution Factors and any other qualitative factors relevant to the Execution Venue's characteristics e.g. its clearing schemes, circuit breakers or scheduled actions. These factors will generally be secondary to the general execution factors listed under 'Execution Factors' above.

## How factors may vary between choices of Execution Venue

In some markets, price volatility may mean that timeliness of execution is a priority. In other markets that have low liquidity, the fact of execution may itself constitute best execution.

In other cases, our choice may be limited because of the nature of your Order or your requirements. For example, when investment products are more illiquid, there may be little (or no) choice.

## Review of Execution Venues

We will assess, on a regular basis, whether the Execution Venues on our approved list provide the best possible results for our clients or whether we need to make changes.

## Location of execution

We may execute Orders on a trading venue (these include regulated markets, MTFs and OTFs). There are some circumstances where your Order will be subject to mandatory trading obligation. This means WEG will be required to execute the transaction on a trading venue. On the other hand, where we have received, or subsequently receive, express consent from you to do so, your Orders may be executed outside a trading venue (for example, OTC execution). In some cases, we may be required to execute an Order in a particular place, irrespective of our best execution obligations.

Each execution location may have different consequences. For example, the off-venue transactions will not be subject to trading venue rules and may bear higher settlement risk. In addition, it may be more difficult for you 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. Please ask your relationship contact if you need more information on the different consequences of different execution locations, either generally or for specific transactions.

## Monitoring best execution

We monitor the quality and appropriateness of our execution arrangements in order to enhance the quality of our service offering to our clients and detect circumstances where changes may be appropriate.

For example, we may compare the price achieved for a transaction with the price available in the market for the financial instrument at execution. We may also consider other information such as:

- prices offered for that instrument over time; or
- average costs per trade charged for the type of trade over time.

Our order execution arrangements are reviewed at least annually, as well as whenever a material change occurs that affects WEG's ability to continue to obtain the best possible result for Order execution on a consistent basis using the approved Execution Venues.

## Pricing

Your execution levels may be inclusive of what we believe to be a reasonable bid-ask spread that includes a markup above the price at which Westpac may transact or has transacted with other clients or trading counterparties, in addition to any disclosed fees that may be charged to access particular sources of liquidity.

## Reviewing our Policies

We will review our policies annually and whenever a material change occurs that affects our ability to obtain the best possible results for our clients. We will notify you of any material changes to our order execution arrangements or policies as part of our disclosures.

## Definitions

Terms used in this disclosure have the meanings defined below:

“**Execution Venue**” is a defined term under Article 64(1) sentence 2 of the Commission Delegated Regulation (EU) 2017/565, and includes a regulated market, an MTF, an OTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. A list of approved Execution Venues is available at <https://www.westpac.com.au/about-westpac/global-locations/westpac-uk/wel-regulatory-disclosures/>.

**“Order”** means a request or communication received from a client to enter into a transaction with WEG on a principal to principal basis in relation to a financial instrument. This covers both Orders placed electronically or through recorded media, as well as to market transactions entered into when a client accepts an offer from WEG.

**“Terms of Business”** means WEG’s Terms of Business for Professional Clients and Eligible Counterparties.



