Disclosure

# J.P. Morgan Securities Australia Limited – Client Order Priority and Allocation

## 1. Purpose

This is J.P. Morgan Securities Australia Limited's (JPMSAL) Allocation Disclosure in respect of financial products traded on the Australian Market.

JPMSAL has an obligation under the ASIC Market Integrity Rules (Securities Markets) 2017 (the "Rules") and in conjunction with Part 7.2A of the Corporations Act (the "Act"), to deal fairly and in due turn with client orders; and a client order and an order on its Own Account (as defined by the Rules).

As referenced in JPMSAL's Terms of Business, the purpose of this document is to explain the procedures that JPMSAL will generally adopt in executing and allocating orders on behalf of its clients and on its own account. JPMSAL reserves the right to change its Client Order Priority and Allocation policy at any time without notice. The latest version of the disclosure will be available on JPMSAL's regulatory disclosures website (https://www.jpmorgan.com/AU/en/about-us#local-disclosures).

## 2. General Principles

In accordance with the Rules, JPMSAL must take reasonable steps to obtain the best outcome for its clients when handling and executing client orders. Clients should also refer to JPMSAL's Best Execution Disclosure, which can be found at https://www.jpmorgan.com/AU/en/about-us#local-disclosures.

JPMSAL will generally apply the principles detailed below when determining the sequence in which orders will be submitted to a trading venue for execution.

Client order priority plays a role in achieving the best outcome for clients and is a requirement of the Rules. JPMSAL is required to deal fairly and in due turn with (a) client orders, and (b) a client order and an order on its own account.

Factors taken into account by JPMSAL include:

- The client instruction
- Whether the instruction involves the exercise of discretion as to time, price or quantity

- Whether the allocation of orders is fair

The application of the principles set out below apply equally as between:

- Two or more client orders; and
- A client order and an order for JPMSAL or one of its affiliates or Prescribed Person (a 'Principal order').

## 3. Application of principles

### 3.1. Execution options

- Clients can choose at their discretion to have their order:
  — Worked by a JPMSAL sales representative ("JPMSALSR")
  — Inputted for algorithmic execution using JPMSAL's smart order router
  — Input via Direct Market Access ("DMA")
- All orders are time-stamped, and it is not possible for them to be accepted at the same time within each individual execution platform.

### 3.2. Execution of orders involving the exercise of discretion

#### 3.2.1. Non-Discretionary Execution Orders

- Where an order does not involve JPMSAL exercising discretion as to price, time, or quantity, the order is submitted for execution:
  — In accordance with any client instruction; and
  — Otherwise, in the sequence in which they are received.
- All orders using JPMSAL's DMA platforms do not involve the use of discretion by JPMSAL because the client selects the execution method and parameters.

#### 3.2.2. Discretionary Execution Orders

- Orders that involve the exercise of discretion by JPMSAL in relation to the price, time or quantity will be submitted for execution:
  — In such manner and at such time as JPMSAL deems appropriate, taking into account any client instructions and JPMSAL's obligations under the Rules and the Act; and
  — Otherwise, in the sequence in which they are received.
- Orders that:
  — Are submitted for algorithmic execution will be routed for execution in accordance with the logic of the algorithm. Orders submitted for algorithmic execution (whether client or own account orders) operate independently of each other and are executed in accordance with the logic of the algorithm and the time sequence in which they are received;

— Are worked by a JPMSALSR may be bulked together (see 3.4 below), input by the JPMSALSR for execution using an algorithm, or otherwise executed at the JPMSALSR's discretion.

### 3.3. Allocations and amendments (excluding aggregation)

- Allocations: Orders submitted to a venue for execution are identified by a unique code and executions are allocated using that unique code. Each order submitted by a client or on JPMSAL's own account is separately identifiable, unless the order is aggregated as set out in the circumstances below.

- Amendments: As orders are separately identifiable, amendments to an order submitted for execution are applied directly to that order unless the order has been aggregated as set out below.

### 3.4. Order Aggregation

- Only orders worked by a JPMSALSR may be aggregated or 'bulked' for execution if:
  - They are for the same security and on the same terms; and
  - JPMSAL considers it appropriate to aggregate for the purpose of meeting best execution (including for block orders).

- Bulk order allocations are allocated as JPMSAL deems fair and reasonable in the circumstances.

- Amendments to aggregated orders will be handled in a manner that JPMSAL deems fair and reasonable.

### 3.5. Market Outages

- In a situation where there is a market outage and an order book or other venue becomes unavailable, J.P. Morgan will assess factors including, but no limited to, market impact, trading status of alternate venues and ability to comply with regulatory requirements to determine and communicate to You required actions.

- Where a market outage results in pending active orders that must be re-routed or cancelled, J.P. Morgan may submit new orders to an alternative trading venue. This applies even when existing orders are unable to be matched or cancelled on an order book due to an outage.