

Barrenjoey[®]

Fixed Income Execution Disclosure

Barrenjoey Markets Pty Limited

June 2024

Contents

1	Introduction	3
2	Managing Conflicts.....	3
3	Trading as Principal	3
4	Market Making.....	3
5	Pre-Hedging	4
6	Pricing	4
7	Order Handling.....	4
8	Reference Price Transactions	4
9	Confidential Information Handling	5
10	Bond Auctions	5

Fixed Income Execution Disclosure

1 Introduction

This disclosure relates to Barrenjoey's fixed income services and should be read in conjunction with our [Terms of Business, Conflicts of Interest Disclosure](#), and any other applicable terms of dealing in place between us. This disclosure may be updated from time to time to address changing regulatory, industry and other developments. The current version of this disclosure is available on our [Website](#). Capitalised terms used in this disclosure have the meaning given to them in our Terms of Business.

We ask that you read this disclosure carefully as it provides you with information on our standard business practices when transacting with you.

Barrenjoey is a market maker of Australian dollar and New Zealand dollar fixed income products and transacts in other fixed income products. We are committed to acting with integrity and in accordance with laws, rules and best practices published by relevant international bodies.

2 Managing Conflicts

While conducting market making activities, Barrenjoey may encounter scenarios that give rise to competing interests between you and Barrenjoey or you and Barrenjoey's other counterparties.

Barrenjoey may at any time acquire, hold or dispose of long or short positions (including for market making or hedging purposes, whether as principal or for account of our clients) or arrange for others to do so, which may impact the performance of such products and therefore our interests may conflict with your interests.

Barrenjoey is committed to managing conflicts of interests appropriately. Barrenjoey staff are trained to recognise conflicts of interests and must adhere to policies and procedures that address handling conflicts to ensure fair outcomes for clients, or where that is not possible, avoiding the conflict, in accordance with our [Conflicts of Interest Disclosure](#).

3 Trading as Principal

Unless otherwise agreed, Barrenjoey acts as principal when trading in fixed income markets. This means that we act on an arm's length basis and for our own account in our transactions with you.

We do not act as your broker, agent, fiduciary, advisor or in any similar capacity, nor do we undertake the duties that an entity acting in those capacities would ordinarily perform.

As set out in our [Terms of Business](#), Barrenjoey provides general advice only and does not take into account your particular investment objectives, financial situation or investment needs. You are expected to have independently evaluated the appropriateness of a transaction based on your own circumstances and assessment of the merits of any transaction.

4 Market Making

As a market maker, Barrenjoey offers prices in a variety of fixed income products on a regular basis.

In doing so, Barrenjoey may trade prior to or alongside your transaction or another counterparty's transaction or may modify and/or terminate positions or otherwise trade for our own account to facilitate executions with other counterparties, to manage risk, to source liquidity or for other reasons.

Market making and associated hedging activities can affect the prices we offer you in a transaction and the level of liquidity necessary to execute your orders. Our market activity can also trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions. In conducting these activities, Barrenjoey aims to act reasonably to avoid undue market impact as is practicable in the circumstances.

Barrenjoey may also receive requests for quotes and multiple orders for the same or related financial products. Acting as principal, Barrenjoey may seek to satisfy the requests of all its counterparties and its independent risk management objectives, but it retains discretion with respect to how to satisfy its counterparties, including with respect to order execution, aggregation, priority and pricing. Barrenjoey may decline to trade with you or accept an order from you.

5 Pre-Hedging

Following receipt of an order or an indication of interest from you that is likely to result in a transaction, Barrenjoey may engage in pre-hedging and hedging activities to manage the risk arising from the transaction and to facilitate your transaction.

Barrenjoey retains discretion to determine how, when and where to pre-hedge or hedge. Barrenjoey will undertake any pre-hedging or hedging activities in a manner that is designed to minimise market impact and avoid any disadvantage to you. Such activities will consider prevailing market conditions and be reasonable relative to the size and nature of your transaction. Any pre-hedging and hedging transactions entered into by Barrenjoey could be at different prices from the price at which Barrenjoey executes your transaction, may affect the market price of or liquidity for the products you are buying and/or selling and may result in profit or loss to Barrenjoey. Barrenjoey may continue to conduct on-going business, including market making, risk management and execution of other client orders, which may or may not impact your transaction, whilst undertaking such pre-hedging or hedging activities. Pre-hedging may take place at a portfolio level or otherwise than on an individual transaction or individual client basis.

The types of transactions that Barrenjoey may seek to pre-hedge include reference price transactions (for example, market-on-close orders) and certain other transactions for which the price is not set at the time of accepting your order.

6 Pricing

All prices quoted by Barrenjoey are indicative, unless otherwise stated as a firm price. Unless we inform you otherwise, prices offered to you by Barrenjoey are all-in prices which are inclusive of mark-up.

Mark-up is the spread or charge that may be included in the final price of a transaction to compensate Barrenjoey for risks taken, costs incurred and services provided to you.

When considering the mark-up to be applied to a transaction with you, Barrenjoey will consider a variety of factors including trade size and complexity, market conditions at the time the price is determined, our relationship with you, our risk management requirements, the execution venue and any other costs relevant to the transaction.

As a result, each mark-up is determined using our discretion and tailored to an individual client, which means that different clients may receive different prices for the same or similar transactions.

Barrenjoey has internal policies in place to ensure that mark-ups are fair and reasonable. Our staff are required to act fairly and professionally when determining mark-ups. While Barrenjoey is not obliged to disclose the exact amount of mark-up applied to a particular transaction with you, our staff must not misrepresent any aspect of a mark-up to you.

7 Order Handling

When Barrenjoey accepts an order from you or conveys that we are “working” an order for you, Barrenjoey will attempt, but is not committed, to enter into a transaction with you within the terms (price, time and size parameters) specified by you.

Neither Barrenjoey’s receipt of an order nor any indication given that Barrenjoey is working an order creates a contract with you obligating Barrenjoey to execute the order. No transaction or other contract will result from an order until and unless Barrenjoey responds to you that we have filled or executed against some or all of the order.

Barrenjoey will exercise our discretion appropriately in deciding whether to work an order, which orders we would be willing to execute, when we would be willing to execute them, and how we would execute them, including whether to execute all or part of the order unless we have otherwise expressly agreed to different terms of execution.

8 Reference Price Transactions

Barrenjoey may agree transactions with you in which the price or value of the transaction is linked to a reference price. These transactions may also be known as ‘market-on-close’, ‘closing price’, ‘end-of-day’ or ‘fixing’ trades. Whilst these transactions can help you remove the uncertainty between an execution price and a future reference price, you can still

be exposed to the risk of adverse price movements which may result from Barrenjoey continuing to execute transactions in the market, including hedge transactions, prior to the reference price being determined.¹

As a result, reference price transactions can create conflicts of interest between you and Barrenjoey or the possibility of influencing the reference price. To manage this, Barrenjoey has internal policies and procedures to ensure our counterparties are treated fairly during these transactions. Our policies and procedures include approval requirements for bespoke or non-market standard reference rates and expectations that any hedging should be solely aimed at risk mitigation, take into account any undue pressure it may have on the reference price, and never be conducted for the purpose of influencing or manipulating the reference price.

9 Confidential Information Handling

Protecting counterparty information is of utmost importance to us. Barrenjoey has policies, procedures and controls in place to protect counterparty information.

Confidential information that you disclose to us, including your orders or trading intentions, is not provided to other Barrenjoey divisions or staff or to our third party agents, intermediaries or licensees unless there is a legitimate reason to do so, such as, to enable the provision of services to you and where they have agreed to keep such information confidential. Nevertheless, as Barrenjoey trades with you on a principal basis, we may use information about your orders or transaction requests (but not your identity) to facilitate your transaction by sourcing liquidity in the market or to manage the risk associated with the transaction.

We may also be required to pass on information regarding our counterparties and their transactions externally to regulators and third parties such as trade repositories as required by relevant laws and regulations.

Following execution, your transaction data may be analysed on an individual and aggregate basis and used for various internal purposes, including for business strategy, to determine market interest or your interest in a potential transaction or issuance, counterparty risk management, sales coverage, relationship management or to enhance our pricing methodology so long as there is no disadvantage to you.

Barrenjoey may also analyse, comment on and disclose appropriately aggregated and anonymised information about counterparties' executed transactions, along with other relevant market information, internally or to third parties, as market colour.

Your communications with Barrenjoey staff may be recorded by us in order to retain evidence of transaction requests and to monitor compliance by Barrenjoey staff with Barrenjoey policies.

10 Bond Auctions

Barrenjoey participates in government and semi-government bond tenders as principal. When you ask us to submit a bid on your behalf in a bond auction, we may also be submitting bids for other clients or for our own account at the same time.

To mitigate potential conflicts of interest, Barrenjoey has in place policies, procedures and controls to segregate information on client bids from trading staff who are bidding for Barrenjoey's account. If Barrenjoey traders need to have access to information regarding your bond auction order, for example, to manage the risk associated with a non-conforming bid from you, you will be advised of this either verbally or in writing when you place the order.

¹ It should be recognised that some price pressure might be expected as risk is passed, particularly for large transactions or transactions in less liquid markets.

B*