

Important notice.



Dear Sir/Madam,

Information for our wholesale clients about Westpac's financial markets trading practices.

This notice is intended to inform you of key aspects of the trading practices of our Financial Markets business including:

- Our activities and services.
- How we handle conflicts of interest, particularly in light of the principal to principal nature of wholesale fixed income markets.
- How we price transactions that we enter into with you, and determine our mark up.
- Our order handling and execution policies, as well as how we will engage with any pre-hedging activity.
- Our policies relating to the disclosure of confidential information to third parties such as brokers, consultants and regulators, as well as disclosure to others on an anonymised basis as market colour; and
- Our policies regarding how we may use your confidential information, including that we may use such information internally to assist in the identification of primary market opportunities for others.

The notice is not intended to exclude any mandatory obligations that we owe you under any applicable law or regulation. By continuing to trade with us after receiving this notice, you do so on the basis of the information disclosed in [Westpac's Global Order Execution Policy Disclosure](#) and are deemed to consent to its terms.

We note that this mailbox is not monitored. Please reach out to your Westpac Financial Markets contact should you have any queries about this document.

Yours sincerely,

Westpac Financial Markets

Westpac Protect Security Reminder:

Westpac sent this message to you. These details are included to help provide assurance that this is a genuine email from Westpac.

Westpac NZ will never ask for your login details, such as usernames, passwords, or other security related information by email, and we will never directly link you to Westpac Online Banking from an email. Westpac NZ will always ask you to log in to Westpac Online Banking by visiting westpac.co.nz

If you believe you have received a Westpac NZ related phishing email, report it by forwarding the email to the following address: phishing@westpac.co.nz

Important Information:

Westpac Institutional Bank refers to the brand under which products and services are provided by Westpac Banking Corporation ABN 33 007 457 141 (WBC) or Westpac New Zealand Limited (company number 1763882) (WNZL).

Any product or service made available by WNZL does not represent an offer from WBC or any of its subsidiaries (other than WNZL).

Neither WBC nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit taking institution for the purposes of Australian prudential standards.

This communication is issued in New Zealand and is intended for distribution in New Zealand only. The distribution of this communication may be restricted in certain jurisdictions. If you receive this communication, you must inform yourself about and observe all relevant restrictions. Unless otherwise stated, this communication is confidential. If received in error, please delete and inform the sender. Unauthorised use, copying or distribution of this communication is prohibited.

No product disclosure statements have been produced nor are they available for the product(s) described in this communication. WBC is not making a regulated offer (within the meaning of the Financial Markets Conduct Act 2013 (FMCA)) of the product(s) described in this communication. Product(s) described in this communication will only be offered to certain types of wholesale investors within the meaning of the FMCA. WBC may require evidence of your investor status under the FMCA before issuing or selling any of the products described in this communication.

This communication has been prepared without taking account of your particular financial situation or goals and is not to be construed as an indication or prediction of future results. WBC strongly recommends that you seek appropriate independent advice before acting on this information. The current disclosure statements for the New Zealand division of WBC and for WNZL can be obtained at the internet address westpac.co.nz. Download the Westpac NZ QFE Group Financial Advisers Act 2008 Disclosure Statement at westpac.co.nz

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The Westpac Group, 275 Kent Street, Sydney, NSW 2000, AUSTRALIA.

[Privacy](#)



Global Order Execution Policy Disclosure

Effective from 21st December 2020.

Westpac's Financial Markets Business.

The Financial Markets business of Westpac Banking Corporation ("Westpac") is managed globally through various offices and entities in a number of jurisdictions and covers the wholesale fixed income, currency and commodity ("FICC") markets. As part of our activity in wholesale FICC markets, we engage in price quoting, order taking, transaction execution and other market making and risk management related activities.

Westpac is committed to maintaining the highest degree of integrity and standards of business conduct in wholesale FICC markets. In the interests of promoting transparency in these markets, we also want to ensure we provide clarity regarding our practices and certain terms of dealing. This disclosure is intended to inform you of key aspects of the trading practices of our Financial Markets business, including how we handle potential or actual conflicts of interest when undertaking trading and market making activities, and our policy on order handling and execution, pricing, determination of mark-up, practices regarding benchmark orders and the handling of 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 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. You should be aware of

the risks associated with transactions you request and undertake and should assume that we have an economic incentive when trading as principal.

Conflicts of Interest.

The principal-to-principal nature of the wholesale FICC markets and our role as a dealer and market-maker opposite multiple counterparties give rise to inherent 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 to provide us with sufficient inventory to service our clients.

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. They may also affect the level at which benchmarks are set or the pricing or fill levels in auction or other bidding scenarios. For instance, they may 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.

Client Self-Service Algorithms.

Westpac has Algorithmic Trading Supervisors who monitor and maintain Client 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 that aim to manage any conflicts of interest that may arise from activities performed by Algorithmic Trading Supervisors.

We have policies and procedures that aim to manage other conflicts of interest consistently and appropriately in the jurisdictions in which we operate: for example, personal relationships, gifts and corporate entertainment and personal account dealing by our employees. We always aim to treat our clients and counterparties fairly.

Orders relating to Benchmarks.

We may accept an order from you referencing a contribution or transaction based third-party benchmark rate. We may provide quotations or other types of submissions that (along with other market quotations or submissions) form an input to the determining of contribution based benchmarks. We also act as principal in transactions that refer to the corresponding rate.

Transaction based benchmarks are based on trading during a specified time period (commonly referred to as the "Fixing Window"). Market execution for WMR 4pm and Non-4pm and BFIX benchmark orders are managed by a segregated order process and execution desk. These information barriers are used by Westpac so that client 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 transaction based 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, therefore, the level at which the relevant benchmark is set.

Westpac has arrangements in place that aim to manage conflicts of interest that may arise from participation in benchmark activities.

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 level 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 amount of work carried out by Westpac and associated 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 a counterparty 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 an order, 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 indicate 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 and a counterparty. 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.

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. This is of particular significance in stressed markets.

Pre-Hedging.

We may pre-hedge to manage the risk associated with one or more anticipated orders, 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 order or transaction. We will never undertake pre-hedging with the intention of disadvantaging the client or disrupting the market.

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

Electronic Trading – Foreign Exchange.

Any electronic foreign exchange trading is subject to our Electronic Trading User Agreement and any associated disclosures including those relating to the practice known as “last look”.

Our last look disclosure can be found through the below links:

- westpac.com.au/disclosure-documents/wpgc-bus-disclosure-docs/
- westpac.com.au/disclosure-documents/uk-disclosure-documents/

Electronic Trading – Fixed Income.

Any electronic Fixed Income or Interest Rate Derivative facilitation is subject to that particular platform rule book that was used to facilitate the trade. No transaction or contract will result from a request for quote until and unless we respond with a confirmation that we have confirmed some or all of the order.

Confidentiality.

Protecting the confidentiality and security of confidential information provided to us by customers and/or counterparties is one of Westpac’s highest priorities. Westpac has policies, procedures, systems and controls that are designed to identify and appropriately limit access to confidential information. Where 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/or 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 to be disclosed under applicable law or otherwise with your consent;
- Make use of some 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, aggregated and non-attributable basis for a variety of purposes, including client risk management, sales coverage, and client relationship management;
- Share executed fixed income transactional information including client/counterparty name between Westpac Sales and Syndicate desks for the purpose of analysing secondary market transactional activity and the identification and execution of primary market transactions for the benefit of other clients; and
- Disclose anonymised information regarding executed transactions and other relevant market information as market colour.

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.

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 (for foreign exchange);
- 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;
- 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/

