

### 1. Introduction

1.1 Shaw and Partners Limited (“**Shaw**”) is committed to ensuring a fair and efficient approach to the allocation of securities to clients in both the primary and secondary market. The fair and efficient allocation of securities engenders trust between Shaw and its clients, reduces the risk of client/issuer complaint and ensures Shaw meets applicable obligations as an Australian financial services licensee.

1.2 The following processes are designed to ensure that Shaw meets applicable fiduciary duties owed to clients and regulatory obligations as an Australian financial services licensee and Market Participant. In designing these processes Shaw has considered the following relevant rules, obligations and guidance:

- **Corporations Act 2001 (Cwlth), s912A** general obligations, including the requirement to do all things necessary to ensure that the financial services covered by the licence are provided efficiently, honestly and fairly; and have in place adequate arrangements for the management of conflicts of interest;
- **ASIC Market Integrity Rules (Securities Markets) 2017, Part 5.1** including the requirement to allocate market transactions fairly;
- **ASIC Regulatory Guide 181** Managing conflicts of interest; and
- **ASIC Report 605** allocations in equity raising transactions.

1.3 This allocation policy covers the allocation of financial products by Shaw in both the primary and secondary markets.

1.4 Shaw permits itself and its staff to participate in both primary and secondary market offerings managed by Shaw subject to the restrictions detailed in this policy. Shaw believes this to be appropriate on the following basis:

- It helps an issuer undertaking an IPO to meet the applicable spread requirements (noting the guidance in ASX Listing Rule Guidance Note 1, s3.8 that the spread requirement is “... *not met if spread is obtained by artificial means*”);
- To make up the balance where an offer is undersubscribed; and
- To give clients comfort knowing that their adviser has “*skin in the game*”.

### 2. Primary Market Allocation Process

2.1 To manage the potential conflict of interest in managing allocations for Shaw advisers and employees, their immediate family (spouse and non-adult children) and any related entities (e.g. controlled companies or trusts) (collectively “**Advisers and Employees**”), Shaw (as principal) and Shaw clients, Shaw has adopted the following allocation processes:

## **Bids**

2.2 Bids will be invited from those listed below in the following order:

2.2.1 **Directors of Shaw** - These bids are assigned to Pool A, other than the CEO's bid which is assigned to Pool B;

2.2.2 **Shaw (as principal) including the CEO** - These bids, including any bid of the CEO, is assigned to Pool B;

2.2.3 **Advisers and Employees** – These bids are assigned to Pool A;

2.2.4 **Retail and Wholesale clients (excluding institutional clients)** – These bids are assigned to Pool C; and

2.2.5 **Institutional clients** – These bids are assigned to Pool D.

2.3 Shaw will commonly set an internal closure date for Adviser and Employee bids before the commencement of the bookbuild to ensure bids are received from Advisers and Employees before client interest in the offer is known. Any bids received outside of this period will only be accepted at the CEO (or his delegates') reasonable discretion.

2.4 Bids for Retail, Wholesale and Institutional clients are canvassed contemporaneously, subject to any terms of the offer dictated by the issuer, to avoid preferential treatment of clients.

2.5 If an adviser has bid for an issue they must disclose this to their retail clients before providing financial product advice to the client or inviting a bid from the client. An offer will only be available to retail clients should a disclosure document be issued in accordance with Chapter 6D of the Corporations Act (unless an exemption applies).

## **Scale back and pool limitations**

2.6 Where an issue is scaled back, the scale back will generally be applied pro-rata across all pools. In any instance where the scale back is not pro-rata, Shaw will apply an increased scale back to Pools A and B to ensure Pools C and D are not proportionately disadvantaged.

2.7 To create tension for a strong secondary market, maximum allocations may be collectively agreed by the leads of the pools and the Head of Capital Markets for:

- Retail and Wholesale clients, directors of Shaw, Advisers and Employees; and
- Institutional clients.

## **Firm Allocations**

2.8 The progress of bids into each pool and the final total must not be disclosed to clients or Advisers and Employees, other than directors of Shaw, Head of Equities and the Head of Corporate Finance (or their delegates, e.g. deal team members).

2.9 An individual or company may only bid into one pool.

2.10 Once the pool sizes are determined, allocation within the pools takes place. It is important to note that while Pools C and D receive an overall allocation which is equal to or superior to Pools A and B, this does not mean that every person in those pools will receive a superior allocation or any allocation.

2.11 The discretion as to allocation within the pools is as follows:

Pool A	Pool B	Pool C	Pool D
Directors (excl. CEO) Advisers and Employees	Shaw (as principal) CEO	Retail and Wholesale clients	Institutional clients
<b>Discretion as to Allocation</b>			
CEO	Director, excluding CEO	CEO or Head of Capital Markets	Head of Capital Markets

2.12 The relevant factors for consideration in exercising the discretion include, but is not limited to:

- Best interests of the issuer and the offer as a whole;
- Fairness;
- Quality of the client;
- Likelihood that the bidder will be a long term holder;
- Settlement risk; and
- Perspective of the issuer as to the composition of their share register.

### **Absence**

2.13 Should the CEO and/or Head of Capital Markets be absent or unable to perform any part of the Process as outlined above their responsibilities will be undertaken by the following (in order):

- Delegate of CEO or Head of Capital Markets; or
- Another director.

## **3. Secondary Market Allocation Process**

3.1 Shaw will apply the following principles in allocating executed orders in the secondary market:

- 3.1.1 **Allocation in time order** - Shaw will allocate financial products in the sequence in which the orders for those products were placed (time order priority), unless that allocation is inconsistent with the remainder of this Allocation Policy or applicable market rules. For example, where two orders are submitted for execution at the same price, the earlier order will be allocated first.
- 3.1.2 **Allocation in accordance with client instructions** - Where a number of orders are executed pursuant to the instructions of a single client, they will be allocated according to that client's instructions.

- 3.1.3 **Client order precedence** - Client orders, which are on the same terms as to time and price instructions as orders of Shaw or its connected persons<sup>1</sup>, are given precedence.
- 3.1.4 **Adjustments** - Shaw may make small, reasonable adjustments to allocations where this will not have a material effect on the client's orders and is not contrary to the client's instructions (for example, to ensure shares allocated meet the marketable parcel requirements). Shaw will also make adjustments to allocations to enable it to reverse errors.
- 3.1.5 **Accumulation and price averaging** - Where Shaw is required to provide the client with a confirmation and Shaw enters into multiple transactions for the purpose of completing the client's order, Shaw may accumulate the transactions on a single confirmation and specify the volume weighted average price for those transactions. On request, Shaw will provide the client with a statement of the individual prices.
- 3.2 The general principles set out above apply equally to execution and allocation between two or more client orders as well as allocations between a client order and a connected person of Shaw's order, unless otherwise stated.
- 3.3 The Allocation Policy is made available to clients on its website at [www.shawandpartners.com.au](http://www.shawandpartners.com.au).

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<sup>1</sup> Connected Person is defined in ASIC Market Integrity Rule 5.4.