

CGM Principal Trading Disclosure

Introduction

The following disclosure sets forth our relevant business practices and approach when dealing with the Macquarie Group's Commodities and Global Markets ("CGM") principal sales and trading desks, including how we communicate and transact with our Clients (for the purposes of this disclosure, "Clients" are synonymous with "counterparties" and are referred to as "Clients" throughout) in principal-to-principal transactions. For the avoidance of doubt, this disclosure does not apply to Macquarie's agency businesses. The purpose of this disclosure is to clarify the nature of the trading and sales relationship between you and CGM, providing transparency around how Macquarie prices, manages and executes a range of transactions.

This disclosure is not intended to be an exhaustive statement of Macquarie's pricing, order management practices or related policies and procedures, nor does it supersede any agreements you have entered into with Macquarie applicable to specific activities or as required by applicable regulations. It may be updated from time to time in order to reflect changing regulatory, industry and/or other practices or requirements, with the most up to date disclosure available at www.macquarie.com/about/disclosures/regulatory-disclosures ("Macquarie Regulatory Disclosures"). If you have questions after reading this disclosure, we encourage you to contact your senior Macquarie representative.

To the extent that you continue to discuss and/or enter into transactions with Macquarie, and unless expressly agreed between Macquarie and yourself or as required by applicable regulation, it will be on the basis of this disclosure. In the event of inconsistency between this disclosure and other non-jurisdiction specific disclosure you have received from Macquarie, this disclosure will prevail. In the event of inconsistency between this disclosure and other jurisdiction specific disclosure you have received from Macquarie, the jurisdiction disclosure will prevail. For the avoidance of doubt, this disclosure is not intended to exclude any mandatory obligations that we are required to undertake under any applicable law or regulation.

Principal trading

Macquarie is a dealer, counterparty and market maker in various markets. As such, Macquarie engages in price discovery, price quoting, order taking, transaction execution and other related activities.

Unless we otherwise expressly agree and document clearly that an order is to be managed and executed on an agency basis, Macquarie engages in activities as principal for the benefit of Macquarie and will enter into arm's length transactions with its Clients on a principal basis.

In this capacity, Macquarie does not act as agent, fiduciary, financial advisor or in any similar capacity on a Client's behalf and therefore does not owe any obligations other than as a principal trading counterparty.

Due to the nature of Macquarie's role in its dealings it may at times have divergent or competing interests from those of its Clients.

Any statement Macquarie makes should not be construed as advice regarding investment, tax, accounting, regulatory, legal or other matters. Clients are expected to have evaluated the appropriateness of each transaction based on their own position and circumstances, including an assessment of the associated risks and merits of that transaction.

Pricing

Where Macquarie acts as principal, it does so for its own account and any indicative or firm price provided will be an "all-in" price unless otherwise specified. This means that the price may include a mark-up which may take into account, among other things, the asset(s), the size of the order, market conditions (such as liquidity and price volatility), as well as relevant business costs (such as credit costs, costs of capital, execution venue and settlement costs), which may differ between Clients. In addition, Macquarie may also modify its prices for risk management purposes.

Macquarie and a Client may, from time to time, discuss prices in relation to a bid, offer or order that is constructed of the market price at the time of execution plus a set fee, which may be inclusive of the cost of credit, margin and costs related to the execution of the transaction (referred to here as "market price plus agreed margin"). Macquarie's acceptance of and effort to fulfil such orders does not constitute an agreement that Macquarie is acting as the Client's agent. Consequently, Macquarie, in its capacity as principal, may transact with another Client at a price different than the provided quote and may also earn compensation (such as mark-up from such other Client) in connection with fulfilling any such Client transaction and need not disclose that compensation to its Clients.

Macquarie's sales and trading personnel are not obligated to disclose the amount of revenue Macquarie expects to earn from a transaction, nor are they required to disclose the components of Macquarie's all-in price. While Macquarie does not have any duties to disclose the included mark-up, in the transaction price we will be truthful if we do make a disclosure about whether and how much mark-up is applied.

Order management and execution

When Macquarie agrees to accept an order at a particular price, Macquarie is indicating its willingness to act as a principal counterparty to the trade and will attempt to complete the trade at the indicated price. In so doing, Macquarie accepts market risk on the transaction at the point at which it is executed. Macquarie will handle the order fairly and with transparency, and, unless otherwise specifically agreed with respect to alternate execution terms (e.g. a "fill or kill" order), will exercise reasonable discretion in determining the execution of such orders.

In relation to orders placed with Macquarie, including where Macquarie is provided discretion in execution (including but not limited to limit orders, stop loss orders, or orders worked over a period of time), you should be aware of the following:

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1. **Order parameters:** To effectively manage your orders, Macquarie must be informed of the parameters applicable to each order placed.
 2. **Pre-hedging:** Macquarie may pre-hedge orders when acting in a principal capacity. Pre-hedging involves Macquarie managing the risks associated with one or more Client orders through the establishment of a risk position (“inventory”). The intention in pre-hedging is to facilitate order execution and reduce the potential market impact of filling your order, with the goal of achieving a better price outcome for you than if pre-hedging had not taken place. However, there is no guarantee that the pre-hedging will have the desired outcome. Macquarie will not pre-hedge your order when acting as agent or upon your request.

Pre-hedging is not intended to disadvantage Clients or disrupt the market, and we are committed to undertaking pre-hedging fairly, transparently and in an orderly manner. Prevailing market conditions, as well as the size and nature of any anticipated transactions, will be among the relevant considerations in pre-hedging.

In relation to stop loss orders that you have placed with us, Macquarie may execute transactions that are close to the stop level of any stop loss order that you have placed as part of our pre-hedging approach. These transactions may impact market prices which may result in the stop loss order being triggered, however Macquarie will not transact with the intention of triggering any stop loss orders nor disrupting the market.

Macquarie may continue to conduct on-going business, including risk management, market making and execution of other Client orders, while undertaking pre-hedging.

3. **Management of potentially competing Client orders:** Macquarie may accept orders from multiple Clients at similar price levels in the same or related asset(s), the effect of which has the potential for an order from one Client to conflict or compete with the interests of another Client. Macquarie is committed to acting efficiently when dealing with Client orders, including prioritisation of Client orders and, where required by applicable regulations, taking reasonable steps to achieve best execution and outcomes for Clients.
4. **Order fills and market making activities:** Macquarie will endeavour, but is not obliged, to take reasonable steps to keep you updated as to liquidity and market conditions at the beginning of and throughout the execution of your order (as appropriate). Macquarie will endeavour to wholly fill orders which Macquarie is capable of filling within the parameters of the order, subject to the prevailing market conditions and any other applicable factors disclosed to the Client. Additionally, Macquarie must consider other relevant business factors including, but not limited to, Client instructions, credit lines, costs of execution and order prioritisation. When Macquarie makes a decision on whether and how to fill your order, including partial fills, Macquarie will communicate that decision to you as soon as reasonably practicable.

If Macquarie is unable to execute an order in full, Macquarie will endeavour, but is under no obligation, to notify you as to the reasons why the order could not be completed in full. Partial fill volumes may also be pre-agreed between the Client and Macquarie in the ordinary course of business. If you chose to place an order, Macquarie may not be able to fill your order, in part or full, even where other transactions have been executed in the market at the price or better, or if the market publishes a price at that level, due to various factors which may include insufficient liquidity at a given price point or the inclusion of the aforementioned mark-up.

Macquarie's execution of an order at the order price does not mean that Macquarie 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. Macquarie reserves the right to execute a transaction with a Client using Macquarie's inventory or through acquisition or other hedging activities without disclosing to the Client the cost and liquidity source. As principal, Macquarie will generally attempt to execute an order to make an appropriate and reasonable return on the transaction, taking into account Macquarie's position, including its inventory strategy and overall risk management strategies, its costs, risks and other business factors and objectives, at Macquarie's discretion.

Macquarie may receive multiple requests for price quotations and/or indications of interest in the same or related products. Macquarie endeavours to employ reasonably designed means to avoid undue market impact.

Reference prices

Market data providers may compile reference prices and rates from pricing data submitted voluntarily by market participants like Macquarie. As a dealer, Macquarie may also participate in industry polls or determinations committees or provide quotations that are used to determine reference prices or rates. Where we input into reference prices and rates and also act as principal in transactions that refer to these prices or rates, there is a conflict of interest.

Benchmark orders

A benchmark order is an order to buy or sell a specified amount of the asset(s) at the benchmark rate requested. Orders for transactions whose pricing is set by reference to certain benchmarks can create additional concerns for transaction execution and management of related risks.

Macquarie executes benchmark orders according to the following principles:

1. Macquarie will not disclose information relating to benchmark orders other than on a need-to-know basis to Macquarie staff or third parties; and
2. acceptance and execution of benchmark orders will be undertaken in good faith and in a commercially reasonable manner

In the event that a benchmark that is intended to be used in relation to a Client order is not published on the required pricing date, then, subject to the terms of any agreement between the parties, Macquarie will work with the Client to determine an alternative pricing mechanism.

Where a transaction refers to a benchmark, such as CME Term SOFR, Macquarie may be using that benchmark under license from the benchmark administrator as a source of information for certain products. Where Macquarie is using a benchmark under license, the benchmark administrator has no other connection to the licensee or to the products or services for which the benchmark is being used and does not sponsor, endorse, recommend, or promote products or services offered by Macquarie. The relevant benchmark administrator has no obligation or liability in connection with Macquarie's products or services, does not guarantee the accuracy and/or the completeness of any market data licensed to Macquarie and shall not have any liability for any errors, omissions, delays or interruptions to the benchmark or market data. Macquarie's Client is not a third-party beneficiary of any agreements or arrangements between the relevant

benchmark administrator and Macquarie. The market data provided by the relevant benchmark administrator is the property of that benchmark administrator or its licensors as applicable.

Binary and Barrier options

Binary and Barrier options are a class of option that are either activated or cancelled when a predetermined level of a reference price is reached at a specified date or time (or during a specified date or time range).

Macquarie may execute transactions that are close to the predetermined level of any binary or barrier option order that you have placed in conducting on-going business, including risk management, market making and execution of other Client orders. These transactions may impact market prices which may result in the binary or barrier option order being triggered, however Macquarie will not transact with the intention of triggering any binary or barrier orders nor disrupting the market.

Market making

While acting in a principal capacity as a market maker that manages a portfolio of orders with potentially competing interests, including its own, Macquarie may trade prior to or alongside a Client's transaction to execute transactions for Macquarie or to facilitate executions with other Clients, to manage risk, to source liquidity or for other reasons. In conducting these activities, Macquarie endeavours to employ reasonably designed means to avoid undue market impact.

In addition, as a market maker, Macquarie may receive requests for quotations and multiple orders for the same or related asset(s). Macquarie acts as principal and may seek to satisfy the requests of all of our Clients as well as managing our independent risk management objectives. We retain discretion with respect to how we deal with our Clients, including with respect to order execution, aggregation, priority and pricing.

Macquarie's sales, trading and other personnel will consult, including with respect to a Client's interests, trading behavior and expectations, mark-up, spread, and any other relevant factors, on a need-to-know basis in order to handle Macquarie's market-making positions, and for the benefit of Macquarie's trading positions and the handling of Client transactions and orders.

Information handling

Protecting the confidentiality and security of your information is an important part of how we do business.

Macquarie may utilise anonymised data for use in analysis, commentary and market color to be shared internally and/or to third parties. With regard to executed transactions, Macquarie analyses this information internally on an individual and aggregate basis and may use the information for a variety of purposes, including business strategy, sales coverage, and counterparty risk and relationship management.

Macquarie is also subject to regulatory obligations that may require the disclosure of your information, such as regulatory reporting obligations. Macquarie may also disclose your information, in accordance with applicable law, in the course of regulatory investigations or legal

proceedings or as requested by any legislative, judicial or administrative body of competent jurisdiction.

In some instances, Macquarie may seek to reduce its exposure in various markets by entering into risk participation arrangements with third party investors or insurers. When entering into transactions with Macquarie on a principal-to-principal basis, you agree that Macquarie may disclose information about your agreements and transactions with Macquarie to any actual or prospective risk participant, co-investor, insurer, re-insurer, insurance broker, funding source, assignee or transferee provided that the recipient is under a duty of confidentiality in relation to that information.

Electronic trading

In some instances, Macquarie may provide you with access to an electronic trading platform (including Aurora or other third-party platforms) that enable self-execution of, or the placement of, orders, which may include the use of algorithmic models.

Where this is the case, you should be aware that the prices displayed/quoted may (as per the relevant service agreement or market convention) consist of a core price combined with a mark-up that may take into account multiple factors, including execution costs, availability of credit, market liquidity and volatility. You should also be aware that typically the core price is an aggregated price from Macquarie and/or other external platforms. If a price cannot be sourced by Macquarie, then no price will be shown to you within the platform.

Macquarie reserves the right to accept or reject submitted trade requests at its sole discretion based on risk management controls automatically applied by Macquarie. Pre-trade risk management controls can vary by client and execution method, and are applied for reasons such as credit availability, technology differences, connectivity and latency, or could also seek to protect Macquarie against certain trading behaviours. Controls that may be applied include:

- **Credit checks:** Pre-trade credit check will be performed to confirm there is sufficient available credit capacity for the Client in order to commit to the entire economic consideration contained in the trade request.
- **Validity and Price checks (commonly referred to as 'Last Look'):** Upon receiving a trade request Macquarie will confirm the transactional details are in the appropriate format and within defined risk limits and controls from an operational perspective. In addition, Macquarie will also perform an economic check to confirm that the trade price request is within the pre-defined tolerance threshold of the price at which Macquarie is willing to trade with the client. If the tolerance check deems the trade price request is outside the acceptable distance to the price at which Macquarie is willing to trade due to price movement, the trade request will be rejected.

Unless otherwise notified, Macquarie applies Last Look on a symmetrical basis which means that price requests which are outside of the tolerance thresholds in either direction will be rejected.

Macquarie cannot guarantee the functionality of Last Look logic implemented by third party vendors and questions related to those platforms should be directed to the platform vendor.

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- **Technology checks:** The platforms and technology that Clients utilise can impact Macquarie's ability to accept trade requests in an efficient manner. The duration of the time window through which Macquarie can accept a trade can vary based on several factors including the volume of trade requests, internal latency, and both internal and external throttling and technical disruptions.

Factors such as technical issues and sudden market moves may also cause trade requests to be rejected.

Information from submitted trade requests is not used for any purpose other than to accept or reject the request. While performing the above checks, Macquarie may undertake trading activity, including activity resulting from other Clients and/or internal risk management requirements, however policies and procedures have been implemented to address such potential conflicts of interest. We attempt to accept or reject trade requests as fairly and efficiently as possible, and do not apply any additional hold times other than for the purpose of the controls described above.

In addition to this disclosure, Clients enabled on electronic platforms may also receive separate disclosures specific to the terms and conditions of each platform or enabled functionality. Clients may also request further information on the calculation of the price tolerance and fill ratios from their senior Macquarie representative.

Macquarie's proprietary indices

Macquarie is an Index Administrator and Index Calculation Agent for certain Macquarie proprietary indices (each an "Index") which may be linked to a transaction where Macquarie is also a principal trading counterparty.

As an Index Calculation Agent, it may exercise a degree of discretion or expert judgement in making certain determinations and calculations. Discretion will be exercised in a commercially reasonable manner, but this may have an adverse effect on the Index and any transaction linked to it.

Macquarie may also hedge its obligations under investments linked to an Index, including by trading the components or other instruments linked to an Index. Such hedging activity could affect the value of the components and therefore the level of the Index and any transaction linked to it.

Macquarie may have access to information relating to an Index, components or other instruments linked to an Index which it is not obliged to use for the benefit of any person investing in any financial products linked to the Index. Macquarie may publish research or express opinions or provide recommendations that are inconsistent with investing in products linked to an Index and which could negatively affect the performance of an Index.

Other than Macquarie Bank Limited ABN 46 008 583 542 ("MBL") no other Macquarie entity is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). No Macquarie entity's obligations represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations unless expressly agreed. Further information on entities in the Macquarie Group are available on [Macquarie Regulatory Disclosures](#).