

## Westpac New Issues Policy

Westpac has policy entitled “Employees and Contractors Investing in Group Related New Issues” and is commonly known as the “New Issues Policy”. This document summarises the policy.

Companies in the Westpac Group are regularly involved in developing, structuring, funding and distributing financial products to investors through a “New Issue”. A “New Issue” is where a company or trust offers a new tranche of financial products for purchase by the public. Where Westpac acts as underwriter, Lead, co-lead or can otherwise influence the issue price, we call this a “Group-related New Issue”. When we allow our employees and contractors to apply for financial products in these offerings, conflicts of interest can arise. For example:

- A potential conflict may arise if demand for the offer exceeds supply.
- The use of non-public information and inside information for personal benefit by Group employees and contractors is contrary to the Code of Conduct and contrary to our legal obligations.
- Another conflict may arise where employees or contractors are involved in setting the price of the offer.

We recognise that our employees should be able to participate in Group-related New Issues unless their position puts them in a real or perceived position of conflict with the interests of other customers. We have therefore established a procedure:

- to identify those employees and contractors in a position of direct conflict;
- to manage the conflict by limiting information flows and the number of people involved in New Issue decision making processes, for example through the use of Chinese Walls<sup>1</sup>; and by restricting participation in Group-related New Issues.

The policy applies to an employee’s personal account and any other account where an employee is in a position to influence investment decision-making on the account.

### **Rules applying to different teams**

We place restrictions on employees if they work in teams which are involved in a Group-Related New Issue. Specifically we restrict the following teams from participation:

#### **Deal Team**

Employees who are part of the Deal Team working on a "New Issue" are prohibited from participating in the New Issue.

As a guide, the Deal Team will consist of at least the following:

- key people involved in structuring the transaction;
- the directors of the issuing or underwriting entity;
- members and observers of the due diligence committee; and
- the Structured Investments Syndicate Desk.

The Deal Team is restricted because it is exposed to a depth of knowledge about the deal which is not available to the public. This information may be “inside information” and may impact the market price. Even if this knowledge is not “inside information”, it may be perceived as giving the deal team an advantage which is not available to other customers.

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<sup>1</sup> “Chinese Wall” means where controls are put in place to prevent information flowing from one team to another. The controls might include policies as well as physical separation of the teams and computer systems.

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### **Senior Executives**

Under this policy, Directors and Senior Executives who are members of the Executive Office are prohibited from applying for financial products in Group-related New Issues through any of their personal accounts.

This prohibition is because the public may perceive that our executives may have special knowledge of the deal or may be in a special position to influence the distribution. Therefore there is a significant reputation risk associated with their participation which can only be avoided by prohibiting their participation.

### **Sales Team**

The "Sales Team" refers to employees and contractors involved in selling the financial products, such as financial planners, Structured Investments, the Westpac Institutional Bank Distribution Committee and the business unit Product Development Approval Committee. It does not mean employees and contractors who merely refer sales to other people or hand out documents.

A member of the Sales Team is not permitted to allocate financial products in a Group-related New Issue to his or her personal account. The Sales Team can only participate in a Group-related New Issue in accordance with the "Distribution Approach" agreed for that particular Group-related New Issue.

The policy also covers the process determining the Distribution Approach and Allocation Principles for each Group-related New Issue.

### **Application**

The policy applies to the Westpac Group with the exception of Hastings Funds Management and BT Finance Group, which has its own substantially similar policy. Exemptions from the policy require approval by the Group Operational Risk and Compliance Committee or the Westpac Board.