

## **Best Execution and Order Handling Disclosure**

### **Canadian Equity Markets**

Maison Placements Canada Inc is a registered investment dealer subject to National Instrument 23-101 Trading Rules and the Order Protection Rule (OPR).

The Order Protection Rule requires marketplaces to establish, maintain and ensure compliance with written policies and procedures reasonably designed to prevent inferior-priced orders from “trading through”, or executing before, immediately accessible, visible, better-priced limit orders.

Pursuant to The Investment Industry Regulatory Organization of Canada (IIROC) Rule 3300.10 and in compliance with the Order Protection Rule, Maison Placements Canada does not accept direct-action orders.

### **Best Execution Obligation**

Maison Placements Canada Inc shall diligently pursue the execution of each client order on the most advantageous execution terms reasonably available under the circumstances and in compliance with any regulatory requirements. Maison Placements Canada is registered with the securities regulatory authorities in British Columbia, Alberta, Manitoba, Ontario and Quebec.

### **Best Execution Factors**

Maison Placements Canada Inc subscribes for Smart Order Router Services through IRESS Market Technology and a Direct Electronic Access/Routing Agreement with our Carrying Broker Fidelity Clearing Canada ULC. Client orders are handled by experienced and highly trained equity traders.

In seeking the “most advantageous execution terms reasonably available under prevailing market conditions”, we take into account a number of general factors including:

- the price at which the trade would occur
- the speed of execution
- the certainty of execution; and
- the overall cost of the transaction, when costs are passed on to clients.

These four broad factors encompass more specific considerations, such as order size, reliability of quotes, liquidity, market impact (the price movement that occurs when executing an order) and opportunity cost ( the missed opportunity to obtain a better price when an order is not completed at the most advantageous time). The overall cost of the transaction is meant to include where appropriate, all

costs associated with accessing an order and/or executing a trade that are passed onto a client, including fees arising from trading on a particular marketplace, jitney fees and settlement costs.

Maison Placements Canada may pay marketplace fees or receive marketplace rebates when routing orders to certain marketplaces. These fees and rebates are incurred by Maison Placements Canada Inc when we act as the executing broker and are not passed along to our clients. Routing decisions are not made on fees paid or payments received. The fee schedules of each marketplace are available on their respective websites.

Maison Placements Canada Inc also considers:

- prices and volumes of the last sale and previous trades
- direction of the market for the security
- posted size on the bid and offer
- the size of the spread
- liquidity of the security

In pursuing the best execution of a client order we take into account:

- any specific client instructions regarding the execution of the order
- the reasonable likelihood of liquidity for a specific security relative to the size of the client order and;
- the possible liquidity on marketplaces that do not provide transparency of orders in a consolidated market display if:
- the displayed volume in the consolidated market display is not adequate to fully execute the client order on advantageous terms for the client, and
- the non-transparent marketplace has demonstrated that there is a reasonable likelihood that the marketplace will have liquidity for the specific security.
- If the use of the “long life” order type should be used to enhance the quality of execution for a client who is not speed sensitive; in exchange for committing to a minimum resting time of one second, long life orders receive allocation priority.
- Identifying any material conflicts of interest that may arise when sending orders for handling or execution and how these conflicts are to be managed
- Ensuring there is rationale for accessing or not accessing particular marketplaces; and
- Documenting the circumstances when an order entered on one marketplace is moved to another marketplace
- Considering the fair pricing of Opening Orders when determining where to enter an Opening Order
- Considering when not all marketplaces are open and available for trading
- Considering order and trade information from all appropriate marketplaces, including unprotected marketplaces and foreign organized regulated markets

Maison Placements Canada uses a smart order router through IRESS Market Technology. We receive order, pricing and trade information for protected and unprotected Canadian markets from IRESS Market Technology. The routing strategy used is defined as a “spray” strategy. Spray is a single iteration routing strategy where one order is sent out to each venue that is displaying liquidity up to the limit price. A booking order is sent at the same time if there is not enough volume available to satisfy the order. Spray is designed to minimize information leakage and execution time. The smart order router offers sophisticated surveillance in routing knowing persistently the liquidity profile of individual securities as well as active and passive order distribution across trading venues. IRESS Market Technology adds new markets as mandated by our regulators. Any technical issues relating to marketplace connectivity are communicated immediately by IRESS Market Technology and we in turn notify the affected clients. Additional information regarding marketplace routing is available by contacting your registered representative. Annually we receive an IRESS Best Market Router (BMR) – Quality Assurance Certification. All releases of the BMR undergo a comprehensive test suite comprised of 3000+ individual test cases to ensure that IRESS BMR performs in a manner consistent with our requirements as well as applicable regulatory policy. Markets not accessed through our Smart Order Router are routed through Fidelity Clearing Canada ULC. Our trading is monitored by our carrying broker through a Direct Electronic Access Routing Agreement. Order flow is subject to appropriate risk and credit controls, along with an annual confirmation that the parties are in compliance to the terms of the DEA/RA Agreement. We have reviewed the public best execution disclosure of our carrying broker. If Maison Placements Canada Inc identifies execution results that are inconsistent with Fidelity Clearing Canada’s best execution disclosure, an inquiry will be made and the results will be documented. The Best Execution Policy of our Carrying Broker Fidelity Clearing Canada ULC can be found at: <https://clearingcanada.fidelity.com/app/home> under the heading Policies.

## **Bulk Sending of Orders to Foreign Intermediaries**

Maison Placements Canada Inc will not send orders in listed securities in bulk to a foreign intermediary for execution outside of Canada, without considering other liquidity sources, including liquidity sources in Canada.

*(Amended February 05, 2019)*

## **Fair Pricing of Over-the-Counter Securities**

We do not purchase or sell over-the-counter securities for our own account from or to a client except at an aggregate price (including mark-up or mark-down) that is fair and reasonable, taking into consideration all relevant factors, including the fair market value of the securities at the time of the transaction, the expense involved in effecting the transaction, the fact that we are entitled to a profit, and the total dollar amount of the transaction. We will not purchase or sell over-the-counter securities as agent for a client for a commission or service charge in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transaction, the expense of executing or filling the client’s order, the value of the services rendered and the amount of any other compensation received in connection with the transaction.

## **Review of Best Execution Policies and Procedures**

Maison Placements Canada Inc reviews its best execution policies and procedures annually and specifically whenever there is a material change to the trading environment or market structure that may impact our ability to achieve best execution for our clients. Our governance structure specifies:

- The Compliance Department will conduct the review
- Information sources are market data provided by IRESS Technology Smart Order Router, Bloomberg, Dataphile and any other sources deemed necessary to complete the review
- Review procedures include the assessment of the SOR market access and execution statistics, adherence to our DEA/RA Agreement
- An additional review will be triggered by changes to existing marketplaces, change in the vendor providing Smart Order Router Services, changes in our Carrying Broker or any regulatory update that requires system changes
- Our policies and procedures regarding best execution will be evaluated by client feedback (number or lack of complaints regarding trade execution) and the results of our annual review
- The Board of Directors will receive the annual or additional review reports
- Records, material decisions and changes are retained for seven years
- Any deficiencies identified in our reviews will be promptly addressed

## **Related Marketplaces**

Maison Placements Canada Inc has a minority ownership in Aequitas Innovations Inc., which owns and operates NEO Exchange Inc. and its NEO and Lit trading books. Relating to this investment, Maison Placements Canada Inc also holds a seat on the Board of Directors of Aequitas Innovations Inc.

*(Edited February 05, 2019)*

## **Risk Controls**

To effectively manage financial, operational, market, regulatory and legal risks, Maison Placements Canada Inc orders are subject to pre-trade risk limits. These limits are soft and hard coded through our Smart Order Router and monitored by our Carrying Broker through our Direct Electronic Access (DEA)/Routing Arrangement (RA) Agreement.

## **Hours of Operation for Trading in Listed Canadian Securities**

Our trading staff will be available for order execution between the hours of 9:30 a.m. and 4:00 p.m., Eastern Standard Time ("EST"), Monday through Friday, not including Canadian statutory holidays. Staff may be further available before and after these hours, however, we will not guarantee any order taking and/or trade execution outside of the hours noted above.

## **Principal Marketplace**

The "Principal Marketplace" for all securities listed on the Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange or NEO Exchange Inc., will be the exchange on which the security is listed, whether or not the security is trading on other alternate marketplaces.

All orders will be routed to either the Principal Marketplace or alternative marketplaces as follows, unless specific instructions are received from the customer to do otherwise:

Orders received prior to 9:30 a.m. and intended to trade at the opening price of the security are queued and will be routed to the best marketplace(s) at the opening of the Principal Marketplace that day.

Orders received after 4:00 p.m. are queued and will be routed to the best marketplace(s) at the opening of the Principal Marketplace on the following business day.

Orders received between 9:30 a.m. and 4:00 p.m. will be routed to the marketplace(s) which provide the best opportunity for our clients to obtain Best Execution at the time of entry.

Changes to an outstanding order, or portion of an outstanding order, will be handled the same as a new order received and will be treated according to routing conditions.

*(Edited February 05, 2019)*

## **Types of Orders**

### **Day Orders**

A Day Order ("DO") is an order that is only valid on and for the day it is entered. DO's will only be valid between the hours of 9:30 a.m. and 4:00 p.m. EST. A DO received prior to the opening of the principal marketplace at 9:30 a.m. EST will not route to an alternative marketplace. Instead the order will route into the opening sequence of the principal marketplace. If received after the opening of the principal marketplace, the order will be routed for trading via the Smart Order Router ("SOR"). This will ensure that any immediately executable portion of the order will trade against the best price available on any marketplace we have access to and/or can access for the purpose of best price and best execution. The unexecuted portion of the order will then book on a marketplace according to the specific SOR settings. Any untraded portion of a DO will expire at 4:00 p.m. (unless otherwise agreed to between the client and the Registered Representative).

### **Special Terms Orders**

Special Terms Orders ("STO") are orders with specific terms that are not immediately executable in the regular marketplace. STO's will only post to the Special Terms Market of the principal marketplace unless they are immediately executable on an alternative marketplace at the time of entry. STO's will only be live between 9:30 a.m. and 4:00 p.m., at which time they expire.

### **Good 'Till Cancelled Orders**

Good 'Till Cancelled Orders ("GTC") are orders that the client wants to remain open until a specified date of expiry. These orders will be routed for trading through the SOR. This will ensure that any immediately executable portion of the order will trade against the best price available on any marketplace we have access to and/or can access for the purpose of best price and best execution. Any unexecuted portion of the order will then book on a marketplace according to the specific SOR settings. The order will remain in the system until it is executed or it expires, whichever comes first. It is the client's responsibility to ensure they know what the date of expiry will be and to contact their Registered Representative on the expiry date should they wish that the order be reinstated.

## **Market Orders**

A Market Order ("MO") is an order where the client has instructed a dealer to buy or sell at whatever prices are available in the marketplace to help ensure a complete and full fill. These orders require immediate completion. If the Registered Representative determines, based on market conditions, that immediately trading the entire order would not be in the best interest of the client then the client will be consulted and the trade desk will manage the order accordingly. A MO received prior to the opening of the principal marketplace at 9:30 a.m. will not book to an alternative marketplace. Instead, it will book into the opening sequence of the principal marketplace. If received after the opening of the principal marketplace the order will be routed for trading via the SOR. This will ensure that any immediately executable portion of the order will trade against the best price available on any marketplace we have access to and/or can access for the purpose of best price and best execution. Any unexecuted portion of the order will then book on a marketplace according to the specific SOR settings. Any unfilled portion of the order will expire at 4:00 p.m. (unless otherwise agreed to between the client and the Registered Representative).

## **Market on Close Orders**

A Market on Close ("MOC") order must trade on the close at the calculated closing price of the principal marketplace. Currently the TSX is the only marketplace that offers a MOC facility. All Canadian MOC orders will therefore be entered into the TSX, as the principal marketplace. Please be advised that this is an anonymous price facility. Execution price will only be available after execution is complete. Limit orders are allowed but may, by the nature of a limit order, negate execution. For further details of this facility, please contact your Registered Representative.

## **Limit Orders**

A limit order ("LO") has a specific minimum sale price or maximum purchase price provided by the client. A limit order received prior to the opening of the principal marketplace at 9:30 a.m. will not book to an alternative marketplace. Instead, it will book into the opening sequence of the principal marketplace. A LO received on or after 9:30 a.m. will be routed for trading via the SOR. This will ensure that any immediately executable portion of the order will trade against the best price available on any marketplace we have access to and/or can access for the purpose of best price and best execution. The unexecuted portion of the order will then book on a marketplace according to the specific SOR settings. Any untraded portion of the order will expire at 4:00 p.m. (unless otherwise agreed to between the client and the Registered Representative).

## **Stop Orders**

Stop Orders ("SO") are orders to buy or sell a security when its price surpasses a particular point. Once the price surpasses the predefined entry/exit point, the stop order is triggered. SO's can only be triggered by trading activity on the marketplace on which they are booked. SO's will post on the principal marketplace where they will sit until they are triggered or until they expire. Once triggered, the order will trade at the stop price. Any unexecuted portion will be managed by the trade desk. We do not accept Market Stop Orders.

## Marketplace Disclosure

An order executed on one or more marketplaces or alternative marketplaces in Canada or the US will be reported in a trade confirmation. If multiple marketplaces were used in the completion of the order, the trade confirmation will state that it was "traded or was executed" on multiple markets, details upon request".

The list of Canadian Marketplaces where we might route orders for handling or execution is below:

Marketplace	Status	Reason for Status
CSE	Protected	Meets market share threshold
Nasdaq CXC	Protected	Meets market share threshold
Nasdaq CX2	Protected	Meets market share threshold
Omega	Protected	Meets market share threshold
TSX	Protected	Meets market share threshold
TSX Venture	Protected	Meets market share threshold
NEO-L	Protected	Meets market share threshold
NEO-N	Unprotected	Does not provide automated trading functionality
Alpha	Unprotected	Does not provide automated trading functionality
Lynx	Unprotected	Does not meet market share threshold
Nasdaq CXD	Unprotected	Does not display orders
MatchNow	Unprotected	Does not display orders

### Amended March 26, 2019

Our Best Execution and Order Handling Policy will be reviewed at a minimum on an annual basis. Any updates to this policy will be promptly updated and identified on our website for a period of 6 months after any change.