

## **Instinet Canada Limited Best Execution Policy Disclosure**

### **Best Execution Overview**

In accordance with IIROC Rule 3100 Part C, Instinet Canada Limited (“ICL”) is required to seek to obtain best execution for our clients’ orders. In fulfilling our best execution obligation, we endeavor to obtain the most advantageous execution terms reasonably available under the circumstances.

In this policy we set out information concerning the best execution of Canadian marketplace traded equities orders for Institutional clients.

### **Best Execution Factors**

For the purpose of achieving best execution, we consider factors such as price, the speed of execution, the certainty of execution, the overall cost of the transaction when costs are passed down to clients, size of the order, the potential for price improvement, and how the security typically trades in the marketplace. In addition, prevailing market conditions are taken into consideration when manually handling a client order, such as the direction of the market for the security, the depth of the posted market, the last sale price and volume of previous trades, the size of the spread, and the liquidity of the security.

ICL considers the following additional factors, which encompass more specific considerations of the broad factors listed above:

- the considerations taken into account when determining appropriate routing strategies for client orders;
- the considerations of the fair pricing of opening orders when determining where to enter an opening order;
- the considerations when not all markets are open and available for trading;
- how order and trade information from all appropriate marketplaces, including unprotected marketplaces and foreign organized regulated marketplaces, is taken into account;
- the factors relating to executing client orders on unprotected marketplaces; and
- the factors relating to sending client orders to a foreign intermediary for execution.

## Approach to Best Execution and Order Handling

**Agency Sales Trading Desk.** In making routing decisions for any order, we first act in accordance with any instructions we receive from our clients. The traders on the desk will assess whether the order can be better handled manually or through the use of our trading algorithms or routers. When utilizing ICL algorithms, routing decisions may also be made according to the algorithmic program logic to add or remove liquidity from the orderbook, and whether to trade in dark marketplaces.

**SmartRouter.** One of the key tenets of best execution is obtaining the best price available at a given time. SmartRouter is a proprietary tool that, on receipt of an order, scans all Canadian marketplaces (if applicable, SmartRouter will also evaluate US marketplaces for inter-listed securities) that ICL accesses and determines the venue on which the order will execute on the best terms. The order is then routed to that execution venue. SmartRouter has the ability to post orders on multiple marketplaces, and when a posted order executes on one of the venues, the router has the ability to pull back the remaining orders on other venues and reconsider where best to post the unexecuted portion of the order. As a broker, ICL has an obligation to the marketplace not to trade through better-priced orders and normally achieves this objective through the use of SmartRouter. ICL may reject any client instruction or order which may cause ICL to trade-through any better-priced order. ICL will continue to closely monitor each of the execution venues it accesses for trading Canadian stocks to determine if alternative sources of execution provide a material opportunity to achieve best execution.

**US Marketplaces.** US Marketplaces may be considered for orders in interlisted securities when better liquidity conditions and prices are determined to be available. To facilitate this trading, ICL utilizes its proprietary interlisted router to seek liquidity on US marketplaces. ICL may only conduct trading on US marketplaces that qualify as a foreign organized regulated market as defined in UMIR. All orders in interlisted securities sent to the US markets for execution are handled by our affiliate, Instinet, LLC. These orders are subject to the order handling and routing practices of the Instinet, LLC. ICL has reviewed the order handling practices of Instinet, LLC and is satisfied that they are reasonably designed to achieve best execution.

**Direct Electronic access ("DEA").** A number of ICL clients manage their own orders, and in some cases select their own strategies for posting and actively routing orders. These clients are managing their own order handling through DEA and/or by utilizing an ICL algorithm strategy. ICL takes best execution into account when designing and providing this technology to these clients.

**Intentional Crosses.** From time to time ICL may source natural liquidity from our global client base for the other side of your order and cross the trade internally. The execution price of this cross will depend on your limit, if any, and any other circumstances such as liquidity. ICL will transact at a price within the consolidated best bid and offer.

## Hours of Operation

The hours of operation for marketplaces trading in publicly listed Canadian equities vary by marketplace. Unless otherwise notified by ICL, the “principal marketplace” for all securities listed on the Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange or Aequitas NEO Exchange will be the exchange on which the security is listed, regardless of other marketplaces that allow trading of these securities.

ICL’s hours of operation for trading Canadian listed equities are between 8:30 a.m. to 5:00 p.m., Eastern Standard Time (“EST”), Monday through Friday, not including Canadian statutory holidays.

All orders will be routed to either the principal marketplace or alternative marketplaces as follows, unless specific instructions are received from the client to handle otherwise:

- Orders received prior to 9:30 a.m. and intended to trade at the opening price of the security are queued for execution 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) that provide(s) the best opportunity for the client to obtain best execution at the time of entry.
- Changes to an outstanding order, or portion of an outstanding order, will be handled in the same way as a new order received and will be treated according to the routing conditions listed above.

Market-on-Open and Market-on-Close order types will be routed to the principal marketplace for execution.

If at any time you have questions or concerns about how a particular order was handled, ICL would be pleased to demonstrate how the order was handled and what steps were taken to achieve best execution.

## Marketplaces We Route To

A list of marketplaces to where ICL currently routes orders is provided below. Where ICL is given specific instructions with regards to the destination of an order, ICL will consider the specific instruction(s) when handling and trading the order, subject to compliance with applicable regulatory requirements.

In the absence of specific instructions, ICL will determine where best execution may be obtained. In selecting marketplaces suitable for this execution policy, ICL’s primary considerations will be liquidity, efficient price formation, speed of execution and sound infrastructure to enable efficient trading and settlement. ICL may also route an order to a dark pool marketplace for price improvement opportunities and/or to minimize market impact.

Marketplaces to where Canadian orders may be posted or routed include Instinet Canada Cross Limited, a wholly owned subsidiary of ICL.

<b>Marketplace</b>	
TSX	
TSX Venture	
Alpha Exchange	Alpha
	Alpha-X
	Alpha DRK
Canadian Securities Exchange	CSE
	CSE 2
Aequitas Lit	
Aequitas Neo	
Neo Dark	
Nasdaq	CXC
	CX2
	CXD
Omega	
Lynx	
MatchNow	
Instinet Canada Cross	

### **Treatment of Marketplace Fees and Rebates**

ICL may pay marketplace fees or receive marketplace rebates when routing certain orders to certain marketplaces. Marketplace fee schedules are disclosed on each marketplace's website. Based on client agreements and disclosures, ICL may or may not pass on certain costs or compensation received to its clients. Routing decisions are not primarily made based on fees paid or payments received.

### **Best Execution Policy Disclosure Changes** (from previous update)

The following are recent changes to the Disclosure of Best Execution Policy, which will be noted in this section for your reference, and will be maintained on Instinet Canada Limited's Website for at least the next six months:

- Addition of Alpha X and Alpha DRK
- Removal of Liquidnet ATS Canada