

## **Best Execution and Multiple Marketplace Client Disclosure**

Independent Trading Group (ITG) is committed to using all reasonable efforts to ensure clients achieve the most advantageous execution terms reasonably available under the circumstances, in accordance with the *Universal Market Integrity Rules “UMIR”* and applicable securities laws in Canada.

ITG is also subject to the requirements of *NI 23-101 and OPR, Part 4(1) of NI 23-101* which requires that a dealer such as ITG “acting as agent for a client shall make reasonable efforts to ensure that the client receives the best execution price on a purchase or sale of securities.” Subsection (2) requires that the dealer cannot execute a transaction on a marketplace that could be filled at a better price on another marketplace.

The provision of Best Execution for a client order is also subject to compliance with OPR. Under OPR, dealers such as ITG are required to fill all “protected,” better-priced orders before others at inferior prices, regardless of the marketplace where the order is entered.

In instances where multiple marketplaces are displaying the same quote for a security at the time an order is submitted, ITG will take all reasonable steps to obtain the best possible results for its clients by taking into account best available prices, costs, speed, likelihood of execution and settlement, size, reliability of quotes, liquidity, market impact, marketplace features or any other consideration relevant to the execution of the order. This may include routing to a marketplace that does not display orders or employs a speed bump.

### **Definition of best execution**

Best execution means the most advantageous execution terms reasonably available under the circumstances.

Best execution does not always mean execution at the best possible price. What constitutes best execution will vary with the circumstances of the order and the preferences of the client. Therefore, it may not be possible to achieve what would be judged in hindsight as best execution for every single order.

### **General Factors that ITG Considers in seeking best execution**

In attempting to obtain the most advantageous execution terms reasonably available under prevailing market conditions, ITG takes the following general factors into consideration:

- the price at which the trade will occur;
- the speed of execution;
- the certainty of execution; and
- the overall cost of the transaction, including all costs that may be passed on to the client such as foreign exchange costs or fees arising from trading on a particular marketplace.

In doing so, ITG will also take into consideration any instructions from the client regarding which of these factors is most important, either in general or on a trade-by-trade basis.

These four broad factors encompass more specific considerations, such as order size, reliability of quotes from and the liquidity of different marketplaces, 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).

In considering the circumstances, ITG considers prevailing market conditions: including such factors as:

- prices and volumes of the last sale and previous trades;

- direction of the market for the security;
- depth of the posted market;
- the size of the spread; and
- liquidity of the security.

### Marketplaces Accessed

The Canadian Marketplace has evolved to a multi-marketplace environment, with an increasing number of Exchanges and Alternate Trading Systems (“ATS”) on which to execute equity trades. ITG utilizes Smart Order Routers that are designed to trade in compliance with applicable regulatory requirements, such as OPR.

In response, Canadian regulators, including Investment Industry Regulatory Organization of Canada (“IIROC”) and the Provincial Securities Commissions, have prescribed that all orders on “*protected Marketplaces*” shall not be traded through, as prescribed by the Order Protection Rule (“OPR”) defined in *National Instrument 23-101 Trading Rules (“NI 23-101”)*.

ITG is required under OPR to connect to all “*protected*” marketplaces. However, ITG connects to and considers quotes from all Canadian marketplaces (both protected and unprotected) when routing its client orders, in order to provide its clients with additional sources of liquidity and ensure it meets its Best Execution obligations. A table on the following page summarizes the current equity marketplaces operating in Canada, each marketplace’s status under OPR and hours of operation.

### Canadian Marketplaces

Marketplace	OPR Status	Reason For Status	Hours of Operation
TSX	<b>Protected</b>	Meets market share threshold	7:00am - 5:00pm
TSX Venture	<b>Protected</b>	Meets market share threshold	7:00am - 5:00pm
CSE	<b>Protected</b>	Meets market share threshold	7:00am - 5:00pm
Nasdaq CXC	<b>Protected</b>	Meets market share threshold	8:30am - 5:00pm
Nasdaq CX2	<b>Protected</b>	Meets market share threshold	8:30am - 5:00pm
Aequitas NEO Lit Book	<b>Protected</b>	Meets market share threshold	7:00am - 5:00pm
Omega ATS	<b>Protected</b>	Meets market share threshold	8:00am - 5:00pm
Marketplace	OPR Status	Reason For Status	Hours of Operation
TSX Alpha	Unprotected	Does not provide automated trading functionality	7:00am - 5:00pm
Lynx ATS	Unprotected	Does not meet market share threshold	8:00am - 5:00pm
Aequitas Neo Book	Unprotected	Does not provide automated trading functionality	8:00am - 5:00pm
ICX	Unprotected	Does not display orders	9:30am - 5:00pm
LiquidNet	Unprotected	Does not display orders	8:00am - 5:00pm
MATCHNow	Unprotected	Does not display orders	9:30am - 5:00pm
Nasdaq CXD	Unprotected	Does not display orders	9:30am - 5:00pm
Neo Dark	Unprotected	Does not display orders	9:30am - 5:00pm

*This table summarizes each Canadian marketplace's status under OPR, as well as its hours of operation. All hours of operation are Eastern Standard Time. Please note that the sequence of markets listed above is not intended to indicate the priority of order routing.*

## **Disclosure of Marketplace**

Orders for Canadian-listed securities may be executed on the listing exchange, an ATS which trades the security, or on a foreign organized regulated market. Trade confirmations will indicate whether some or all of an order executed on multiple marketplaces in Canada, the United States or both. Additional detail, such as the marketplace of execution for each underlying trade, is available upon request.

## **Marketplace Fees and Rebates**

ITG may pay marketplace fees or receive marketplace rebates when routing certain orders to certain marketplaces. Marketplace fee schedules are disclosed on the websites of each marketplace.

## **Hours of Operation**

For Canadian listed equities, a member of the High-Touch Desk will be available to review or handle orders for execution between the hours of 8:30 a.m. and 5:00 p.m. Eastern Standard Time, Monday through Friday, not including Canadian statutory holidays. Staff may be further available for assistance before and after these hours. Orders submitted prior to 8:30 a.m. will be queued.

## **Standard Handling of Orders**

Certain types of orders may have specific handling implications. Unless otherwise specified, orders will be handled in accordance with the policies set out in this document.

Client instructions sent via e-mail will not be deemed received as firm orders by ITG. Emails may not be received by an ITG representative due to a number of factors, and as such, there should be no reliance by clients that these e-mails are received or accepted unless and/or until an agent of ITG confirms the order.

ITG uses smart order routers that check for better prices on all marketplaces and alternate trading systems (ATSS), including dark liquidity sources, before executing an order.

## **Primary Marketplace**

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

## **Routing Conditions**

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 ITG's client 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 listed above.

### **Market and Limit Orders**

A *Market Order* is an order to buy or sell a security to be executed upon entry to a marketplace at the best available ask or bid price.

A *Limit Order* is an order to buy or sell a security to be executed at or better than a specified maximum or minimum price set by the client. If a limit order is not immediately executable, ITG will route this order to a marketplace. These orders will remain in the market until the order is filled, corrected, cancelled or expired.

### **Order Types**

Each of the Canadian marketplaces support a variety of order types and features. These include order types or designations required by the regulators, as well as types or designations which impact how an order may trade. A summary document which outlines the order types and features available on each trading venue is available upon request.