

### Background

This disclosure is a summary of Canaccord Genuity Corporation's (CGC) procedures designed to provide best execution of client orders.

The policies and procedures cover all trading in all types of securities and in all markets: listed and unlisted, domestic and foreign. CGC is a participant in all major Canadian marketplaces including dark pools and other unprotected marketplaces.

CGC is committed to pursuing diligently the execution of each client order on the most advantageous execution terms reasonably available under the circumstances. Its policies and procedures for best execution apply equally to orders from retail clients, institutional customers and other dealers to which it provides trading services.

Best execution is governed by the Canadian securities regulators' National Instrument 23-101: *Trading Rules* and Rule ~~3300-3100~~ [Part C](#) of the Canadian Investment Regulatory Organization (CIRO). CGC's policies and procedures are designed to provide reasonable assurance of compliance with those regulations and will be amended to remain compliant with all industry rules and regulatory guidance.

### 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 CGC Considers in seeking best execution

In attempting to obtain the most advantageous execution terms reasonably available under prevailing market conditions, CGC 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, CGC 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 and 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, CGC takes into account 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.

### **The Order Protection Rule**

Notwithstanding any instruction or consent of the client, the provision of “best execution” for a client order is subject to compliance with the “Order Protection Rule” under Part 6 of National Instrument 23-101: *Trading Rules*.

The “order protection rule” prohibits a dealer from executing a sale at a lower price or a purchase at a higher price than, respectively, the best available bid or offer on a protected marketplace. A “protected marketplace” is one that meets certain market share minima and posts orders that are transparent both pre-trade and post-trade because order and trade information is disseminated through an information processor. CIRO provides an annual list of protected marketplaces. CGC uses smart order routers to ensure compliance with the Order Protection Rule.

CGC will not accept client instructions that would result of a trade that violates the order protection rule.

### **Primary Marketplace**

For retail orders, CGC’s smart order router will direct the order to the Primary Marketplace unless all or part of the order can trade against a better priced order posted on another marketplace, whether or not protected. If part or all of an order cannot be executed immediately, the order or unexecuted remainder will be posted in the order book of the primary marketplace for that security.

The Toronto Stock Exchange ([TSX](#)) and TSX Venture Exchange are normally the primary markets for their listed securities. The Canadian Securities Exchange is normally the primary marketplace for the issues it lists exclusively. CGC may determine that a different marketplace is the Primary Marketplace for a particular security based on a history of providing better liquidity or prices.

CGC’s institutional desk uses smart order routers that check for better prices on all marketplaces and alternate trading systems (ATS’s), including dark liquidity sources, before executing on the primary market.

### **Moving orders from one market to another**

CGC does not move resting orders from one market to another.

### **Stop Limit and Stop Loss Orders**

Stop loss and stop limit orders are automatically entered in the primary marketplace order book through the order management system or by the Trade Desk. The Trade Desk executes such orders on a best efforts basis.

### Special Terms Orders

Special Terms Orders are executed by CGC's trading desk and are entered only on the Special Terms Market of the Primary Marketplace, unless they are immediately executable on an alternative marketplace at the time of entry.

### Market-on-Close Orders

The ~~Toronto Stock Exchange~~TSX is the ~~main~~only marketplace ~~that currently accepting accepts for~~ market-on-close (MOC) orders. CGC will accept a ~~market-on-close~~MOC order from a client and enter it on ~~the~~ ~~exchange~~TSX. The execution price and volume of a ~~market-on-close~~MOC order are not known until the order is executed and there is no guarantee that the MOC order will be completed

To participate in the MOC match at 4:~~40-00~~ p.m. orders must be entered ~~by 3:40 p.m. between 3:50 p.m. and the randomized MOC freeze at 3:56-3:57 p.m.~~ Details regarding ~~Please see The New TSX MOC for more information on the modernized MOC facility can be found on the TSX website at the TSX MOC page.-~~ ~~https://tsx.com/trading/toronto-stock-exchange/order-types-and-features/market-on-close.~~

~~The NEO Exchange also provides a closing call for eligible NEO listed securities. Orders may be entered between 7:00 a.m. and 4:05 p.m. The closing auction takes place at 4:05 p.m. Details on NEO's this closing call can be found on their website here. at-~~

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### Orders received outside of core trading hours

Orders received outside of core trading hours are entered as follows:

- Orders received prior to the Primary Marketplace opening (9:30 AM EST) are queued in the smart router and will be routed to the Primary Marketplace for the opening that day.
- Orders received after the Primary Marketplace closes (4:00 PM EST) are queued in the smart router and will be routed to the Primary Marketplace for the opening on the following business day.
- At a client's request a registered representative may ask the Trade Desk for an order to be executed in an afterhours market. CGC will use its best efforts basis to fulfill the client's request provided it can do so at a fair and reasonable price.

### Expiry of Orders

Non-tradable day, limit and expiring good-til-cancelled orders booked to the Primary Marketplace expire when that marketplace closes. Orders booked to the TSX that are at the last traded price on the TSX are eligible to participate in the Last Sale Trading Session, which ends at 5.00 pm Eastern time.

### Stocks Inter-Listed in Canada and the United States

CGC uses the ~~Virtu~~FTG Best Market Server, which compares the quotes for inter-listed securities in both the Canadian and U.S. markets, factoring in the foreign exchange rate ("FX rate"), to identify the best price. If a better quote exists in the Canadian markets, the service will target that Canadian quote prior to targeting the U.S. market quote.

In instances where there is a better price in the U.S. market (after applying the FX rate), the ~~Virtu~~FTG router

sends the order to [Virtu Americas LLC/ITG Inc.](#) for execution. [Virtu Americas LLC/ITG Inc.](#) is an affiliate of [Virtu ITG Canada Corp.](#) and is registered broker dealer and member of the Financial Industry Regulatory Authority ("FINRA"). [Virtu Americas LLC/ITG Inc.](#) is required under the U.S. Securities and Exchange Commission (SEC) rules to ensure that markets to which it sends orders are providing Best Execution.

CGC does not routinely direct orders for inter-listed stocks to foreign markets or dealers, nor do any of the trading systems to which CGC directs orders. Those markets are used only if they provide best execution of a client order.

To comply with the order protection rule, if CGC considers a foreign organized regulated market to provide a client with "best execution", CGC will ensure that any better-priced orders on protected marketplaces are satisfied prior to the execution on the foreign market.

### **Securities listed only in the United States**

CGC sends orders or securities listed only in the United States to a variety of brokers. Most institutional orders are directed to FIS Brokerage and Securities Services LLC. Most retail orders are directed either to Citadel Securities LLC or Virtu Americas LLC.

All U.S. broker-dealers to which CGC directs orders are members of the Financial Industry Regulatory Authority (FINRA) and are required by FINRA Rule 5310 to provide best execution to clients.

Under SEC rules, U.S. broker-dealers provide execution reports on their web sites.

### **Orders for securities traded in other foreign markets**

Institutional Orders for securities traded in foreign markets are sent to CGC's affiliates in Australia and the UK. Retail orders are sent to our UK affiliate.

### **Payment for order flow**

CGC does not accept payment for directing orders to a particular marketplace or correspondent broker.

### **Fair Pricing of Fixed Income and other Over-the-Counter (OTC) Trades**

CGC is committed to ensure that trades in fixed income and other OTC securities (such as some derivatives and structured products) are priced fairly and reasonably.

CGC may fill a client order from inventory or may trade on an agency basis. In either case, the trader must ensure that the transaction is done at a fair and reasonable price considering the following factors:

- the fair market value of the securities and of any securities exchanged or traded in connection with the transaction;
- the availability of the securities involved in the transaction, the expense involved in effecting the transaction;
- that CGC is entitled to a reasonable profit; and

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- the total dollar amount of the transaction.

For hard to price securities, where there is no prevailing market showing recent prices, CGC considers the following factors:

- the price of the most recent transactions in the security
- intervening events that might indicate that the price of the most recent transaction would not represent a reasonable current price, such as material changes in interest rates or announcements by the issuer
- transactions prices for similar issues, considering such factors as yield, credit quality, features and ratings

CGC will where possible consider multiple trading sources including on-line trading platforms and quotes from other brokers.

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

CGC review its best execution policy & procedures quarterly, and whenever there is a material change to the trading environment or market structure that may impact CGC's ability to achieve best execution for its clients, for example the launch of a new market or a material change to the functionality of an existing market.

CGC's has established a best execution committee to conduct these reviews by examining relevant internal and marketplace reports. Annually, the committee reviews this disclosure and the best execution policies, procedures and disclosures of its correspondent brokers domestic and foreign.

In the event of a material change in CGC's best execution policies and procedures, CGC will post a notice of the changes on its website with its best execution policies and procedures. The notice will remain on the website for six months.

#### **Date of this disclosure and material changes**

This disclosure is dated [October 1 2022](#).~~March 8, 2019.~~

When CGC revises this disclosure, it will publish on its web-site both the revised disclosure and a notice outlining the change. The notice will remain on the web site for six months.