

## Background: Political Uncertainty

### TD's view of the political landscape

- The conclusion of the exit process under Article 50 of the Lisbon Treaty ("Brexit") is complex and is expected to change the form of the UK's relationship with the European Union.
- TD remains committed to servicing its European client base both in the UK and in the EU-27 post-Brexit. Please note that as the regulatory environment continues to develop with regard to the post-Brexit landscape, TD may amend its current approach in line with those developments.
- As the outcome of Brexit with respect to financial services remains uncertain, TD continues to plan for all possible outcomes of the negotiations, including an envisaged loss of passporting rights when the UK leaves the European Union.

### How TD will support you?

- TD seeks to minimise disruption to servicing your needs regardless of the outcome of Brexit.
- Whilst there is still considerable uncertainty as to the outcome of the Brexit negotiations, The Toronto-Dominion Bank ("TD") values your business and will be looking to help you with any questions you may have in order for our partnership to continue. TD would like to assist clients in understanding how it envisages operating in Europe post-Brexit. This document sets out TD's plans for Brexit and addresses client concerns. Should you have any further questions please do not hesitate to contact your usual TD representative or [brexitqueries@tdsecurities.com](mailto:brexitqueries@tdsecurities.com).
- This documentation is to be used in supplement to any existing conversations you have had with your TD relationship managers.
- Please note, this document cannot be construed as providing legal, regulatory or tax advice. Clients will have to seek independent advice as to the legal, regulatory and tax implications of their activities with TD entities.

### TD Global Finance

- TD intends to expand the capabilities of its wholly-owned subsidiary TD Global Finance unlimited company ("TDGF") in Ireland. TDGF is a MiFID investment firm authorized and regulated by the Central Bank of Ireland, and plans to expand its trading capabilities to include the following business lines: Fixed Income (bonds and derivatives), Foreign Exchange, Metals, Repo & Funding, Equities and Equity Derivatives.
- The pace at which new business will transition to TDGF will be a function of the ongoing Brexit negotiations, regulatory changes and TDGF's operational readiness. Our expectation is that trading activity in TDGF will be enabled in Q1 2019.
- TDGF is unconditionally and irrevocably guaranteed by The Toronto-Dominion Bank (TDB) which is rated Aa1 (Moody's) and AA- (S&P). Further information on TD Bank is available at our investor relations home page.

### UK and non-EU-27 clients (TD London)

- The London-based entities of TD Bank Group ("TD London") will continue to offer services to UK-based clients and clients from non-EU-27 jurisdictions.
- Clients based in the UK, including UK branches of EU-27 entities will continue to be able to enter into transactions with TD London, provided client interactions take place in the UK and certain other conditions are met.



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## EU-27 clients

- EU-27 clients will be serviced by TDGF.
- TDGF has the following LEI: FI6C7E5PBUB3F9K43B44.

## How will you be contacted?

- TD will issue press releases to ensure our clients are informed and prepared for the impacts of Brexit.

## Who can you speak to?

- TD has a dedicated team who can be contacted for Brexit-related enquiries at [brexitqueries@tdsecurities.com](mailto:brexitqueries@tdsecurities.com). Whilst we endeavour to respond on a timely basis, due to the volume of enquiries, we may not be able to individually respond to detailed questionnaires. The Frequently Asked Questions on page 3 may contain information you may need.
- Your TD representative will also be able to help you with Brexit queries.



## Frequently Asked Questions

| #  | Question  | TD Response   |
|----|---|---|
| 1. | What scenario is TD currently assuming?           | <ul style="list-style-type: none"> <li>■ Whilst the outcome of Brexit with respect to financial services remains uncertain, we are planning for the scenario in which activities conducted in the EU-27 will have to be undertaken by TD's European entities, and continue to plan for all possible outcomes of the negotiations.</li> </ul> <p><b>Dealing with TD from a EU-27 country</b></p> <ul style="list-style-type: none"> <li>■ In order to continue servicing the needs of TD's EU-27 clients, TD is expanding the capabilities of (TDGF) in Ireland.</li> <li>■ TD has secured office space in Dublin and is currently in the process of building its infrastructure in an effort to achieve full operational readiness in Q1, 2019.</li> </ul>  |
| 2. | What EU-27 domiciled entities will be used by TD? | <p><b>Dealing with TD in the UK</b></p> <ul style="list-style-type: none"> <li>■ TD in the UK operates through a number of entities, which will retain their current permission to provide services in the UK. We do not envisage that our dealings with UK counterparties will materially be affected by Brexit, as the services will be provided in the UK under local UK laws and regulations.</li> <li>■ Where clients operate through an entity incorporated in the UK, we will generally be able to service them by using our existing UK-based subsidiaries.</li> </ul>  |
| 3. | Do I have to face a different entity?             | <ul style="list-style-type: none"> <li>■ Due to the complexities of the licensing regime in different EU member states, in the event of a hard Brexit (loss of passporting rights of our UK entities), you may receive services from a different TD entity to the one you face today or a combination of TD entities, depending on where you are incorporated or based and where our services are provided. The general position is as follows:</li> <li>■ If you are incorporated in an EU-27 jurisdiction and we are providing services to you in the EU-27 jurisdiction, you will likely face TDGF.</li> <li>■ If you are incorporated in the UK or in a non-EU-27 jurisdiction, you will continue to face your current TD counterparty - provided that you do not have a branch or an entity located in an EU-27 jurisdiction that we service.</li> <li>■ If we provide services to your branch located in an EU-27 jurisdiction, you will likely face TDGF regardless of whether you are incorporated in the UK or in a non-EU-27 jurisdiction.                             <ul style="list-style-type: none"> <li>- For example, if you are an investment firm incorporated in London/Hong Kong with a branch in France, we will likely consider you as a French counterparty when we provide services to your French branch.</li> <li>- However, we will consider you to be a UK/non-EU-27 client when we provide services to your head office in London or Hong Kong.</li> </ul> </li> <li>■ If you are incorporated in an EU-27 jurisdiction and have a UK branch then when we provide services to your UK branch you may still continue to face your current TD counterparty.                             <ul style="list-style-type: none"> <li>- For example, if you are an investment firm incorporated in France with a branch in London, we will consider you to be a French counterparty if we provide services to you in France.</li> <li>- However, we may consider you as a UK counterparty if we provide services solely to your London branch.</li> </ul> </li> <li>■ Please note that in relation to Brexit we consider asset/fund managers as our client and not their underlying funds/clients, irrespective as to whether they are incorporated as companies (e.g. SICAV) or pool of assets (e.g. mutual funds). For example, if you are a UK asset manager managing a SICAV set up in Luxembourg, we will consider you a UK counterparty and you will continue to face your current TD counterparty.</li> </ul> |
| 4. | Will my counterparty risk change?                 | <ul style="list-style-type: none"> <li>■ Whilst TDGF is a different entity from The Toronto-Dominion Bank (TD), TDGF is unconditionally and irrevocably guaranteed by TD which is rated Aa1 (Moody's) and AA- (S&amp;P). Further information on TD is available at <a href="http://www.td.com/investor-relations/ir-homepage/ir-homepage/investor-index.jsp">www.td.com/investor-relations/ir-homepage/ir-homepage/investor-index.jsp</a>.</li> </ul>   |
| 5. | Do you expect to change your product offering?    | We do not expect to change our product offering as a result of our Brexit preparations.   |



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| 6.  | What are the key steps for our firm to deal with TDGF?   | <ul style="list-style-type: none"> <li>■ Post-Brexit, we expect contracts entered into with EU-27 clients to face TDGF as counterparty.</li> <li>■ We are mindful of the work this will create for EU-27 clients in terms of establishing new credit lines with TDGF and putting in place new documentation.</li> <li>■ TD will contact impacted clients and provide you with the following information to assist you with the process:</li> <li>■ With respect to all trading documentation (including, inter alia, ISDAs and GMRAs), TD will provide EU-27 clients with a TDGF Replication &amp; Amendment Agreement (R&amp;AA), which will establish new trading documentation between EU-27 clients and TDGF based on the existing documentation framework in place with TD.</li> <li>■ TD will provide a copy of its Unconditional and Irrevocable Deed Poll Guarantee. As indicated above, TDGF is unconditionally and guaranteed by The Toronto-Dominion Bank.</li> <li>■ Supplementary TDGF documentation to assist your due diligence process.</li> <li>■ In line with the industry expectations around contract continuity post Brexit, we envisage that existing trades in place with our EU-27 clients will continue to remain under current master agreements with TD, and only new trading activity will be captured under the R&amp;AA. We will endeavour to complete the entire onboarding and documentation process in respect of TDGF and its EU 27 clients by the end of the 1<sup>st</sup> quarter of 2019.</li> </ul> |
| 7.  | Do you plan to change the governing law of your agreements?  | <ul style="list-style-type: none"> <li>■ We do not anticipate the need for any changes to the applicable law of the contracts signed with our EU-27 counterparties. This would include, for example, any ISDA or GMRA agreements.</li> </ul>   |
| 8.  | What will happen to our existing portfolio of trades currently in place with you? Is it possible to novate it to your EU-27 entity?  | <ul style="list-style-type: none"> <li>■ We expect that existing trades will continue to remain under current master agreements with TD, whilst new trading activities with EU-27 entities will be facing TDGF.</li> <li>■ We note that pre-Brexit contracts with the UK-based entities of TD will continue to be valid post-Brexit.</li> <li>■ Please note that certain lifecycle scenarios (e.g. rolling positions) or material amendments may trigger licensing restrictions as and when they occur. We envisage being able to manage these scenarios by novating affected trades to TDGF.</li> <li>■ If you wish to novate your existing positions with the UK based entities of TD in advance of the Brexit date, please advise us as soon as possible as there is a risk that such positions may be subject to mandatory clearing or uncleared margin requirements and may constitute a taxable event. We suggest you discuss with your advisors the impact of novating legacy positions.</li> </ul>   |
| 9.  | There are concerns around the ability of EU-27 clients to access Financial Markets Infrastructure (trading venues, CCPs and CSDs). How do you plan to assist your clients with this issue? | <ul style="list-style-type: none"> <li>■ Based on our analysis, we are concerned that UK entities will lose access to EU-27 Financial Market Infrastructure ("FMI"). In particular, any break-up in clearing concentration will have an impact on initial margin costs or may be restricted altogether if UK FMIs are not considered equivalent by ESMA.</li> <li>■ As part of industry efforts, we are working with the regulators to promote a timely solution to the issue.</li> </ul>  |
| 10. | Will you continue to be a Systematic Internaliser ("SI")?  | <ul style="list-style-type: none"> <li>■ We expect the UK to maintain an equivalent regime to MiFID II, and therefore TD will continue to act as an SI for its UK clients.</li> <li>■ TDGF will have the ability to act as an SI post-Brexit for the same products in which TD qualifies today.</li> </ul>   |
| 11. | How can I mitigate the impact of Brexit on my business?  | <ul style="list-style-type: none"> <li>■ We suggest proactive steps to engage with your key counterparties in order to be onboarded with their EU-27 entities, to participate in industry forums and to maintain an open dialogue with your regulators.</li> <li>■ It is important to assess existing arrangements you rely on and determine whether changes are required.</li> <li>■ It will be important to take into account any upcoming regulatory changes that might affect you (for example, for asset/portfolio managers, any developments around delegation arrangements outside the EU-27).</li> </ul>   |