



## TD Securities

TD Securities Inc.  
TD Tower, 66 Wellington Street West  
Toronto, Ontario M5K 1A2

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Dear Valued Client,

The purpose of this notice (“Notice”) is to clarify the nature of the trading relationship between you and TD Securities, the wholesale division of The Toronto-Dominion Bank, and its affiliates (“TD” or “we”), and to disclose TD’s relevant practices and general terms of dealing when acting as a dealer or counterparty, on a principal basis, in the wholesale financial markets (excluding cash equity products), including transacting in securities, commodities, currencies, derivatives and other related financial products and instruments (“Products”).

We ask that you carefully read this Notice because it sets out our standard business practices and general terms of dealing with our clients (“Counterparties”, and each being a “Counterparty”) in principal-to-principal transactions involving Products. This Notice also applies to both you and your underlying principals when you are acting as agent. It sets forth how we will communicate and transact in relation to requests for quotes, requests for indicative prices, discussion or placement of orders and all other expressions of interests that may lead to the execution of transactions.

TD is a global financial services firm that operates as a dealer and market maker in the financial markets. As such, TD engages in price quoting, order taking, trade execution and other related activities. TD engages in these transactions as principal. TD may be acting for its own account or in response to an “order” or request for quote from a Counterparty. TD and its Counterparties may have divergent or conflicting interests in connection with transactions in the Products. TD is dedicated to taking all appropriate steps to identify and prevent or fairly manage potential or actual conflicts of interests.

TD is signatory to several global industry codes of conduct that set out the best market practices and principles that TD staff abide by. Further disclosures, as applicable to each of these codes, are available under the tab “Statements of Commitment - Industry Codes of Conduct” at <https://www.tdsecurities.com/ca/en/legal>.

To the extent that you continue to discuss and/or transact in Products with TD, and except as required by applicable law or regulation, it will be on the basis of the principles and practices described in this Notice. For the avoidance of doubt, this Notice is not an exhaustive list of the terms applicable to you and TD in connection with transactions involving Products. Where you have entered into a separate Terms of Business or other written agreement with TD (including, but not limited to, any master agreement, Terms of Business issued in accordance with Directive 2014/65/EU - the Markets in Financial Instruments Directive II (“MiFID II”) or similar documentation) that covers transactions in Products, in the event of any inconsistency between this Notice and such Terms of Business or other written agreement, those Terms of Business or other agreement will prevail. This letter may be updated from time to time in order to address changing regulatory, industry or other developments.

### Principal Trading

- When TD acts in a principal capacity, we act as an arm’s-length party to transactions with our Counterparties. TD does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a Counterparty and thus does not undertake any of the duties that an entity acting in that capacity ordinarily would perform. TD will be accurate in its statements about any facts, but its statements should not be construed as recommendations or advice.



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- A Counterparty is expected to evaluate the appropriateness of any transaction based on the Counterparty's own facts and circumstances and its assessment of the transaction's merits. Counterparties should seek their own professional advice.

### Market Making, Conflicts of Interest

- As a market maker or liquidity provider in Products, we transact in positions for multiple Counterparties with competing interests, as well as TD's own interests. TD acts as principal and may trade prior to or alongside a Counterparty's transaction to execute transactions for TD or to facilitate executions with other Counterparties, to manage risk, to source liquidity or for other reasons. These activities can have an impact on the prices TD may offer a Counterparty on a transaction and the availability of liquidity at levels necessary to execute Counterparty orders. These activities may also trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions. In conducting these activities, TD endeavors to employ reasonably designed means to avoid undue market impact and to avoid trading in a way that is against the interests of its clients.
- In addition, as a market maker or liquidity provider in Products, TD may receive requests for quotations and multiple orders for the same or related Products. TD acts as principal and may seek to satisfy the requests of all of its Counterparties and its independent risk management objectives, but, subject to applicable law, it retains discretion with respect to how to satisfy its Counterparties, including with respect to order execution, aggregation, priority and pricing. TD is not required to disclose to a Counterparty when the Counterparty attempts to submit an order with TD that TD is handling other Counterparties' orders or TD orders ahead of, or at the same time as, or on an aggregated basis with, the Counterparty's order. TD is dedicated to acting honestly, fairly and professionally when dealing with Counterparties, and endeavors to ensure that any information it does provide its Counterparties with is accurate.
- During periods of volatile markets, TD endeavours to continue to serve its clients but may not be able to provide the product offering, level of execution, liquidity, or pricing as would be the case under normal market conditions. As such, TD is not responsible or liable for the impact that such constraints may present.

### Order Handling and Pricing

- When TD is willing to work a Counterparty's "order" (as such term is used herein) at a price (such as a limit order), TD is indicating a willingness to attempt to enter into the trade at the price requested by the Counterparty. TD will exercise its reasonable discretion in deciding whether to work an order, which orders it would be willing to execute, when it would be willing to execute them, and how it would execute them, including whether to execute all or part of the order. As such, TD's receipt of an order or any indication of working an order received from a Counterparty does not create a contract between the Counterparty and TD that commits TD to execute any or all of the order in any particular way.
- Where a Counterparty submits an order that is subject to conditions, the fact that any such conditions are satisfied does not mean that TD will complete the Counterparty's transaction at the requested order price or quantity level (after taking into account any spread or similar adjustment reflecting TD's return on the transaction) or that there exists a tradable market at that level.
- There may also be inherent latencies at both internal and external venues that result in delays between the time we receive a Counterparty's order and the time we seek to execute. These latencies and our risk management practices may impact whether we are able to



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execute all or a portion of a Counterparty's order and the price at which transactions are executed. If we determine to execute, the costs or benefits of any price changes arising from these risk management practices may, in our sole discretion, be retained by us or passed on to a Counterparty. As an example, we may reserve, in our sole discretion, a "last look" in order to determine whether there have been any intervening price moves, market disruptions or other unusual market conditions.

- Any firm or indicative price quoted by TD to a Counterparty is an "all-in" price, inclusive of any fair and reasonable markup above the price at which TD may be able to transact, or has transacted, with other Counterparties, regardless of the circumstances under which a Counterparty receives or otherwise learns of a price. Subject to applicable laws, TD's sales and trading personnel are not obligated to disclose the amount of revenue TD expects to earn from a transaction, nor are they required to disclose the components of TD's all-in price. Where we do have an obligation under applicable local laws to provide Counterparties with information about the costs and charges of TD's services and the Products in which it transacts, such information may be published on TD's website at [tdsecurities.com](http://tdsecurities.com) or provided to a Counterparty through such other means in accordance with applicable laws. In all cases, we will be accurate with a Counterparty if we provide disclosure about whether and how much markup is included in the price of a transaction or Product.
- If and when a Counterparty's order can be executed at the order price, it does not mean that TD held, acquired, or would acquire, inventory to complete the transaction at the order price level or that there exists a tradable market at that level. TD reserves the right to execute a transaction with a Counterparty using TD's inventory or through acquisition or other hedging activities without disclosing to the Counterparty the source and TD's cost of the liquidity. As principal and in its sole discretion, TD will execute an order while taking into account TD's position, including its inventory and overall risk management strategies, its costs, its risks and other business factors and objectives.
- Subject to applicable law (including, for example, where TD is a "systematic internalizer" (as such term is defined under MiFID II) with respect to a particular Product), TD, in its sole discretion, may offer different prices or services to different Counterparties for the same or substantially similar transactions. This could be due to various factors that apply differently to each Counterparty and/or transaction, and which in our determination affect the pricing of such transaction. Such factors include, but are not limited to, the prevailing cost of capital, other expenses TD may incur in connection with effecting the transaction (including, but not limited to, transaction processing costs and venue fees associated with execution), and settlement risk with respect to the transaction, operational risk, prevailing market conditions, TD's risk profile, inventory and risk appetite, the level of Counterparty risk and capital risk of a particular Counterparty, relationship pricing, the Counterparty's style of execution, the volume and frequency of trading by the Counterparty with TD and competitiveness.
- It should be expected that TD's sales, trading, and other personnel will consult, including with respect to a Counterparty's interest, trading behavior and expectations, markup, spread and any other relevant factors, on a need-to-know basis, in order to handle TD's market-making positions, and for the benefit of TD's trading positions and the handling of other Counterparty transactions.



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### Pre-hedging

- Prior to the execution of a proposed transaction, TD, only when acting in a principal capacity, may risk-mitigate or hedge any exposure that would be created by such transaction (“Pre-Hedging Transactions”). The intention in pre-hedging is to facilitate order execution and reduce the potential market impact of filling your order, in addition to minimizing our risk of entering into the transaction.
- Any pre-hedging will be undertaken in a manner that we consider to be reasonable and proportionate. In assessing whether to undertake pre-hedging, we may consider prevailing market conditions (such as liquidity), and the size and nature of the anticipated transactions. Pre-hedging will be undertaken fairly and with transparency and is not intended to disadvantage the client or disrupt the market.
- While undertaking pre-hedging, we may continue to conduct on-going business, including risk management (such as other hedging activity), market making and execution of other counterparty transactions. Such activity, which will not be taken with the intention of disadvantaging you, may have impacts that are inconsistent with your interests.
- We may choose to leave a position unhedged or partially hedged and may adjust any hedge from time to time in our sole discretion. In order to unwind a hedge, TD may need to unwind its position by trading in the relevant or related Product. As a result, TD may be unwinding or adjusting hedge positions before the performance date or time for determination of a benchmark, fixing rate or barrier price contained in a Counterparty’s transactions, or TD’s hedging strategy may involve greater and more frequent dynamic adjustments to its hedge as market prices approach a benchmark, fixing rate, stop loss level or barrier price. All of the above dealing, market-making, hedging and hedge unwind activities may affect the market price of the relevant or related instruments, and thus the probability that a particular event as described above will occur. Any profit or loss resulting from any hedging activity may accrue to TD.

### Fixing orders and Benchmarks

- On acceptance of a fixing order, TD is exposed to market risk to the extent that it must fulfil the client order at whatever price is established by the relevant fix. To manage this risk, TD may offset exposures derived from different client fixing orders or may transact as principal directly in the relevant market and with other market participants before, during or after the relevant fixing window.
- As a trading participant on several trading platforms that provide trading data to the fixing administrators (who utilize such data to calculate the fix price), TD’s trading activity during the fixing window may be considered for such fix calculation.
- TD’s trading activity before and during the relevant fixing window may affect the price of the underlying market and consequently the fix price. TD’s trading activity in this period may be at prices different to the relevant fix price and may result in a profit or loss on such trading relative to the relevant fix price. Any profit or loss resulting from that activity will accrue to TD. Any such trading will occur in compliance with applicable laws.
- In the event of the unavailability of a third-party pricing source, materially adverse market conditions, or other exceptional circumstances outside of Td’s control, TD reserves the right to either suspend taking fixing orders or use an alternative reference price that would be determined at the time of such circumstance. TD will endeavour to notify counterparts of any such course of action as soon as reasonably practicable.



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### Communication Methods

- You may provide TD with instructions in writing, via electronic communications or verbally (including by telephone). TD is entitled to act on the instruction of any person authorised on your behalf without further enquiry as to the authenticity or identity of the person giving the instructions. You, as the Counterparty, will be responsible for and bound by all obligations, costs and expenses as a consequence of such instructions, orders or communications.
- TD only uses approved communications channels for communicating orders or trade requests and discourages you from using communication channels, that may not be approved by TD, as advised.
- TD will communicate with you in a way that is fair, clear and not misleading.
- TD may, in its sole discretion, record, retain and monitor all or a portion of its telephone and electronic communications with Counterparties to ensure compliance with all applicable legal and regulatory requirements, and as TD otherwise deems appropriate.

### Information Handling

- Protecting the confidentiality and security of Counterparty information is an important part of how we do business. TD has policies and controls that are designed to prevent misuse of a Counterparty's confidential information. TD also has policies and controls designed to prevent the abuse of price sensitive information. Therefore, while TD will make use of a Counterparty's confidential information provided to it as principal for certain purposes as described further below, we will not use such information in a manner that would constitute misuse of confidential or price sensitive information.
- Some of the purposes for which we use a Counterparty's confidential information include effecting the execution of such Counterparty's transactions and managing our risks. We may use such confidential information to source liquidity and/or execute risk-mitigating transactions, including Pre-Hedging Transactions.
- With respect to wholesale or block futures trades on futures exchanges, TD may disclose a Counterparty's identity and transaction terms to employees at TD, including trading personnel involved in the transaction, to facilitate the execution of the wholesale or block trade (which includes any related Pre-Hedging Transactions).
- TD also analyzes Counterparty information, including information regarding executed transactions, on an individual and aggregate basis for the purposes of Counterparty risk management, sales coverage, and Counterparty relationship management. In addition, TD may analyze, comment on and disseminate anonymized and aggregated information regarding executed transactions involving Products, together with other available information regarding various markets, internally and to its clients as part of its general market commentary and trade ideas. The nature of any such anonymized and aggregated information provided to a Counterparty may differ from that provided to other Counterparties in terms of quantity, scope, methodology or otherwise, and may be changed from time to time without notice to such Counterparty.
- How we use your Personal Information: "Personal Information" means any information relating to an identified or identifiable natural person or as defined by the applicable laws and regulations relating to the processing of Personal Information to which TD may be subject. Further details on how TD, its officers, employees or agents, or affiliates may process Personal Information is available on our website at [tdsecurities.com/ca/en/privacy-security](https://tdsecurities.com/ca/en/privacy-security).



### Electronic Trading and Other Electronic Services

- TD makes available and utilizes various electronic trading services through which its Counterparties may, either directly or through a third-party service provider, obtain information about, and execute transactions (“Electronic Trading Services”). These transactions may be executed with or through TD or may involve the routing by TD of an order or trade request to other trading platforms or venues. TD may also provide a Counterparty with access to one or more electronic systems (together with any related software or devices), either directly or through a third-party service provider, and which permit a Counterparty to view information such as market data, news or research and/or to obtain other online services (“Other Electronic Services”).
- TD is not responsible for ensuring that the Electronic Trading Services or Other Electronic Services are used by only those users that you authorize. TD may request that you provide us a list of your Authorized Users and their countries of domicile. TD will deem all transmissions generated by you via the Electronic Trading Services or Other Electronic Services to be authorized by you and made by your Authorized Users.
- While TD makes commercially reasonable efforts to ensure the quality of its Electronic Trading Services and Other Electronic Services, there always exists the risk of interruption or delay, system failure or errors in pricing, controls, or design of such systems (collectively, a “System Failure”) that could expose a Counterparty to substantial damage, expense or loss. As an example, in the event of a System Failure, it is possible that any new orders or trade requests may not be entered, executed, modified, or cancelled by a Counterparty, or that acceptance or rejection of trade requests or reports of executions may not be communicated to a Counterparty in a timely manner. The Electronic Trading Services and Other Electronic Services are being provided on an “as is” basis. Accordingly, TD will have no responsibility or liability whatsoever for any damage, expense or loss incurred, directly or indirectly, due to a System Failure or otherwise arising out of the use of Electronic Trading Services or Other Electronic Services, even where it may have been advised of the possibility thereof.

Should you have any questions concerning TD’s dealings with you or the contents of this Notice, we encourage you to contact your TD representative. We kindly ask that you please ensure this Notice is forwarded to your applicable Compliance and Legal groups.