



## **Best Execution Policy**

April 2017

### **The Obligation**

The Best Execution Policy (“Policy”) sets out the arrangements The Toronto-Dominion Bank, London Branch, TD Bank Europe Limited and TD Securities Limited (collectively the “Firm” or “we” or “us”) has put in place to meet our obligations to give best execution to professional clients (the “Counterparty”) and to comply with client order handling rules, pursuant to the Markets in Financial Instruments Directive (“MiFID”) and the rules of the Financial Conduct Authority (“FCA”).

Best execution is only owed when the Firm accepts an order to execute a transaction on the client’s behalf or in other circumstances where it has otherwise expressly agreed to accept such Best Execution obligation.

Where we provide you, as a Professional Client, with a quote for the purchase or sale of a financial instrument (as defined in MiFID) in response to a request from you it will not generally be presumed that we are receiving a client order as part of a service where best execution obligations may apply.

Please note that where you provide specific instructions, we will execute orders in accordance with those instructions and this will influence how we fill your orders; this may prevent us (in whole or in part) from taking the steps set out in this statement to obtain the best possible result for the execution of your orders.

### **Relevant arrangements**

We have arrangements in place to enable us to achieve the best possible result taking into account a number of factors which include, amongst others, price, cost of transaction, speed of execution, likelihood of execution and the size and nature of the order. Price will ordinarily be a priority in this assessment but in some circumstances other factors may be given a higher priority in order to ensure the best possible execution result is achieved.

### **Execution Venues**

The Firm may review its execution and other venues from time to time and, if necessary, will update you on any material changes to the policy.

Those possible execution venues include, as appropriate for each product: regulated markets, multilateral trading facilities, systematic internalisers, market makers and other liquidity providers (including the Firm and its affiliates acting as principal).

Additional venues will be selected by considering certain factors such as liquidity and price offered, credit and settlement risk, commercial positioning, market mechanism, resilience, reliability and realised performance. The latter can, but does not exclusively, include – latency, liquidity, price improvements, fill rates and pricing analysis. The Firm will, on request, provide further details to you of the execution venues included in our Execution Policy.



The Counterparty acknowledges that the Firm may choose to deal with it as a principal and execute orders outside a regulated market or multilateral trading facility although when the Firm does so in circumstances where it owes the Counterparty a duty of best execution, the Firm will take into account the prevailing conditions on the relevant market set out above.

Finally, the Firm may also transmit your order for execution to another broker or dealer that may be located outside of the European Economic Area (EEA) and could include both affiliate entities and/or third party brokers. In these instances we will either determine the ultimate execution venue ourselves on the basis described above, instructing the broker or dealer accordingly, or we will satisfy ourselves that the other broker or dealer has arrangements in place to enable us to comply with our Best Execution obligations to you.

## **Products**

### *Equities*

Where your order relates to equities, the Firm will route the order to the most liquid market for the relevant equities. In particular, the Firm may route orders to exchanges including, but not limited to, one or more of the following: the LSE, New Stock Exchange, NASDAQ, Toronto Stock Exchange and AMEX. Further details of the best execution arrangements for equities can be found via accessing the following path:

[http://www.tdsecurities.com/tds/content/CM\\_BestExecution?language=en\\_CA](http://www.tdsecurities.com/tds/content/CM_BestExecution?language=en_CA)

### *Non-equities*

Where you are relying on the Firm to deal with you on a Request for Quotation (“RFQ”) basis, the Firm will consider your instructions within the context of the European Commission’s Four Fold Test. Your reliance on the Firm to achieve best execution and an RFQ is distinguished between - i) where you are legitimately relying on the Firm to achieve the execution outcome – for the Firm to act on your behalf in protecting your interests (an order) and ii) where you merely request or take a price (an RFQ).

Conditions of the Four Fold Test:

- i. which party initiates the transaction
- ii. questions of market practice and the existence of a convention to ‘shop around’
- iii. the relative levels of price transparency within a market; and
- iv. the information provided by the relevant the Firm and any agreement reached.

After consideration of the above if the Firm concludes that you are not legitimately relying on it, then best execution will not apply.

In relation to Financial Instruments, the Firm will take all reasonable steps to achieve Best Execution on your behalf. The Firm possesses a policy and processes designed to obtain consistent best possible execution results subject to, and taking into account, the Financial Instrument, the nature of your orders, the execution venues available (on reasonable commercial terms), and the priorities



you place upon the Firm executing those orders. In the Firm's view, our policy and processes provide the best balance across a range of sometimes conflicting factors.

The Firm will take into consideration a number of different factors when determining how to obtain the best execution of an order. Pricing will take into account factors including but not limited to: the pricing curve/benchmark, interest rates, currency, spread, yield, coupon, cash flows, structure, rate expectations, size, maturity, term, day count, risks, liquidity volatility, market sentiments, ratings, strategy, applicable ICMA pricing structures, applicable fees/commissions/charges, market conventions and settlement.

### *Currencies*

When acting in a principal capacity the Firm will do so as an arm's-length party to transactions with our counterparties. The Firm 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 unless otherwise explicitly agreed in writing between the Firm and the counterparty, and then only where we act with discretion in execution.

When the Firm agrees to work a counterparty's "order" (as such term is used herein) at a price (such as a limit order), the Firm will be indicating a willingness to attempt to enter into the trade at the price requested by the counterparty. Unless otherwise specifically agreed, the Firm will exercise its discretion appropriately 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, unless the Firm and the counterparty have otherwise expressly agreed to different terms of execution. When the Firm is willing to execute an order with a counterparty the price at which the Firm would do so may include a mark-up over the price at which the Firm transacts, or may have been able to transact, with other counterparties.

As a market maker that manages a portfolio of positions for multiple counterparties with competing interests, as well as the Firm's own interests, the Firm acts as principal and may trade prior to or alongside a counterparty's transaction to execute transactions for the Firm or to facilitate executions with other counterparties, to manage risk, to source liquidity or for other reasons. In the course of executing its duties as market maker the Firm's activities can have an impact on the prices the Firm will offer a counterparty on a transaction and the availability of liquidity at levels necessary to execute counterparty orders.

In addition, as a market maker, TD may receive requests for quotations and multiple orders for the same or related currency pairs. TD acts as principal and may seek to satisfy the requests of all of its counterparties and its independent risk management objectives, but it retains discretion with respect to how to satisfy its counterparties, including with respect to order execution, aggregation, priority and pricing.

When solicited for, and prior to the execution of, a transaction, the Firm may risk-mitigate or hedge any exposure that would be created by such a transaction.

### *Highly Structured transactions*

In some cases the application of the Best Execution obligation may be limited by the nature of the order given by you. Such cases include highly structured transactions. The Best Execution obligation applies only in very limited form to highly structured off-exchange transactions where, due to the unique contractual engagement entered into between you and the Firm, it is not possible to provide



any comparisons with other transactions or instruments. MiFID recognises that different considerations apply where the transaction involves a customised OTC Financial Instrument tailored to your circumstances. Although Best Execution technically applies, there is little or nothing against which to compare the transaction. This applies if it is (i) an OTC transaction, which is (ii) highly structured/customised to the particular counterparty and, therefore, (iii) is not one of a series of similar deals to which the firm is a counterparty, and (iv) there is nothing comparable in the market.

### **Monitoring**

We will undertake periodic monitoring to ensure the on-going effectiveness of our arrangements. Material changes to the market or to our business model during the period will also trigger a review.

### **Your Consent**

We are required to obtain prior consent to our Best Execution Policy. Receipt of an order from you will be deemed to be your provision of that consent unless you are classified as a Retail Client where we will need to obtain express, two-way consent from you.

### **Review**

We will notify you of any material changes to the execution arrangements or the Best Execution Policy by posting an updated version of this document on [www.tdsecurities.com](http://www.tdsecurities.com).