

The Toronto-Dominion Bank, London Branch

New Issue Allocation Policy

July 2019

This New Issue Allocation Policy (“**the Policy**”) sets out the arrangements in place in The Toronto-Dominion Bank, London Branch (“**TD**”) to ensure that primary market transactions are allocated as fairly as possible while meeting issuers’ requirements in terms of size, pricing and distribution.

Issuer Roles and Responsibilities

Where TD is the lead manager responsible for billing and delivery, TD will liaise with the issuer on behalf of the syndicate to:

- a. note that lead managers each have their own allocation policies which are likely to be broadly consistent and which are effectively merged into each allocation discussion between lead managers;
- b. note that this is subject to the syndicate’s understanding of specific issuer allocation interests or priorities (or related broad guidelines); and
- c. in this last respect, encourage the issuer to advise any particular allocation or other priorities.

These discussions should take place at the earliest opportunity – prior to transaction announcement where practicable; but at least before draft allocation recommendations are presented to the issuer for their review.

The final decision on bond allocations ultimately lies with the issuer and the issuer’s allocation choices will take precedence on all transactions.

Irrespective of the level of issuer involvement in the process (i.e. the extent to which they delegate their role to the syndicate), allocations on all transactions will be subject to final review and approval by the issuer. Where TD is the lead manager responsible for billing and delivery, TD will be responsible for obtaining the issuer’s approval on behalf of the syndicate.

Allocation Recommendations

Allocation recommendations involve the exercise of judgement based on the particular facts and circumstances of a given transaction to ensure fair treatment of investors.

In addition to issuer priorities (which, as noted above, take priority on all transactions), TD may take the following generic

factors into consideration when preparing draft allocations for recommendation to the issuer¹:

- The level of over- or undersubscription² of the transaction or tranche
- The issuer’s preferred investor profile
- The investor type (e.g. central bank, pension fund, hedge fund, etc.)
- The geographical location of the investor
- Valued long-term investors for the particular issuer, product, currency, tenor, etc.
- Historic trading patterns or behaviour of investors (to identify bids that could impact secondary market performance)
- Early transaction support or early expressions of interest
- First time investors (for diversification of the issuer’s investor base)
- Minimum denominations
- Investor support across transaction tranches
- True investor demand – investor transparency is an important factor in avoiding mischaracterisation in this respect. In particular, investors may find it helpful to explain orders which (i) appear to be out of proportion compared to orders on previous transactions or to apparent assets under management, or (ii) are placed or increased at a relatively late stage during the process (and so appear to be based on perceived levels of demand rather than on transaction fundamentals)
- Late orders – orders received after the books are closed on a transaction that is fully or oversubscribed should ordinarily be declined and should not be allocated. However, late orders may be accepted and allocated where the investor had indicated prior to books closing that they were preparing an order, or at the issuer’s request
- Trading account orders – bona fide client orders generally receive priority over trading account orders. However, subject to issuer preference, allocations may be made to joint lead manager trading accounts on fully or oversubscribed transactions in certain circumstances, such as allocating an

¹ This is not an exhaustive list and is no particular order

² A transaction is oversubscribed when the total orders, excluding joint lead manager orders, received for the transaction exceed the number of securities on offer for that transaction. A transaction is undersubscribed when the total orders, excluding joint lead manager orders are less than the number of securities on offer for the transaction.

anchor order resulting from a reverse inquiry from a joint lead manager trading account, or filling pre-existing short positions. On undersubscribed underwritten transactions the joint lead managers' trading accounts will receive allocations to facilitate completion of the transaction

Certain investors may request "guaranteed allocations" on a given transaction – TD will not make any such commitments to protect orders without the agreement of the issuer and the other joint lead managers.

TD undertakes the allocation process in the best interests of the issuer and will ensure that the allocation recommendations do not result in TD's interests being placed ahead of the interests of the issuer. TD has an obligation to recommend allocations to the issuer that are clear from conflicts and that are not inappropriately influenced by any existing or future personal or commercial relationships.

In particular:

- Allocations will not be made to incentivise the payment of disproportionately high fees or commissions for other services, or disproportionately high volumes of business from the investor as a compensation for receiving an allocation of an issue;
- Allocations will not be expressly or implicitly conditional on the receipt of future orders or the purchase of any other

service from TD by an investor; and

- Persons responsible for providing services to investors will not be involved in decisions about recommendations to the issuer on allocations.

TD makes bona fide efforts to distribute the total amount underwritten to clients on all transactions. Anomalous market circumstances do arise from time to time in which TD Securities accommodates investor need in response to illiquid supply and subsequently a short position is created on the market-making desk. In response to said circumstances, as is common market practice, the interim exposure may be mitigated by the covering of the short position from the issuance of debt in the primary market.

For retention deals, TD will not divulge the names of any clients showing interest in the transaction, or the level of interest, unless there are compelling reasons for doing so and the information is given to the issuer in confidence.

Review

The Policy will be reviewed at least annually. The latest version of this document will be published on TD's website at www.tdsecurities.com.