

Disclosure of Best Execution Policies

FCC Compliance

February 2025

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Introduction

This document sets out Fidelity Clearing Canada's (FCC) obligations, factors, order handling and routing practices intended to achieve best execution for client orders for listed securities, as outlined in the CIRO IDPC (Investment Dealer and Partially Consolidated Rules) 3100 Part C.

As per CIRO Rule, FCC will establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to achieve best execution when acting for a client.

Pursuant to Rule 3120, "Best Execution" means obtaining the most advantageous execution terms reasonably available under the circumstances.

Pursuant to Rule 3128, despite any instruction or consent of the client, achieving best execution for a client order for any listed security is subject to compliance with the Order Protection Rule under Part 6 of the Trading Rules by:

- (i) The marketplace on which the order is entered; or,
- (ii) The Dealer Member, if the Dealer Member has marked the order as a "direct-action order", in accordance with the Universal Market Integrity Rules (UMIR), sub-section 6.2.

Best Execution factors for Listed Security and listed derivative orders

FCC considers the following factors for the purpose of achieving best execution for all client orders, pursuant to Rule 3121, sub-section (1):

- (i) Price of the security or the derivative**
- (ii) Speed of Execution**
- (iii) Certainty of Execution**
- (iv) The overall cost of the transaction, when costs are passed on to clients**

FCC may pay marketplace fees or receive marketplace rebates when routing orders to certain marketplaces. The fee schedules of each marketplace are available on their respective websites.

FCC considers the following sub-factors, which encompass more specific considerations of the broad factors listed above.

- (i) Considerations included when determining appropriate routing strategies for clients,**
- (ii) Considerations of the fair pricing of Opening Orders when determining where to enter an Opening Order**
- (iii) Considerations when not all marketplaces are open and available for trading**
- (iv) How order and trade information from all appropriate marketplaces, including unprotected marketplaces and foreign organized regulated markets (FORMs), is considered**

- (v) Factors related to executing on unprotected marketplaces**
- (vi) Factors related to sending orders to a foreign intermediary for execution**

FCC receives order, pricing and trade information for protected and unprotected Canadian markets and FORMS via market data, OMS/EMS vendors and best execution providers.

FCC may trade actively, by taking liquidity, on unprotected marketplaces. Due to the potential for trade throughs of visible quotes on unprotected marketplaces, FCC may elect to not rest flow passively on these venues. If an unprotected marketplace has shown the ability to positively affect the desired factors FCC considers for best execution, an unprotected marketplace may be used for passive posting, in a routing/order handling strategy

FCC will not send listed securities in bulk to a foreign intermediary for execution outside of Canada without considering other liquidity sources, including liquidity sources in Canada.

FCC considers the following “prevailing market conditions” when manually handling a client order for a listed security or a foreign exchange-traded security that trades on a marketplace in Canada, pursuant to Rule 3121 (3):

- (i) The direction of the market for the security or derivative;**
- (ii) The depth of the posted market;**
- (iii) The last sale price and the prices and volumes of previous trades;**
- (iv) The size of the spread; and**
- (v) The liquidity of the security or derivative.**

In addition to the broad factors listed in subsection 3121(1), the policies and procedures for best execution of client orders for listed derivatives must consider whether the individual order is part of a multiple orders trading strategy and, if so, the broad factors in subsection 3121(1) must be addressed as they relate to execution of the overall strategy.

Order handling and routing practices

Marketplace: FCC may access exchanges, ATS's (protected and unprotected), dark markets and OTC in the pursuit of best execution.

The broad best execution factors, as well as the following considerations, will be used to select and rank venues. More specific factors will be considered when handling orders with unique circumstances, such as market opening and closing, unique client direction and requirements, and venues that may have specific unique attributes that may assist in best execution.

Venues will be selected, ranked and graded based on:

- experience
- analysis
- direct market data consumption
- research

FCC is as member/subscriber of the marketplaces listed in **Schedule A**, and may route orders directly to any of the marketplaces listed.

Intermediaries: FCC utilizes the services of a number of foreign and domestic intermediaries to achieve best execution. These intermediaries offer technology solutions for electronic and algorithmic trading, and specialized liquidity services. FCC may elect to route orders to an intermediary when one or more of FCC's best execution factors are deemed to be improved. FCC may also elect to use an intermediary to access a marketplace where we are not a member/subscriber. FCC will weigh the benefit in using an intermediary against potential settlement or FX exposure risk, if any.

Intermediaries are listed in **Schedule B**.

If any of the orders are routed to any of the above listed intermediaries, pursuant to an arrangement with any such intermediary, the order will be subject to the order handling and routing practices of the intermediary. FCC is deemed to have reviewed the order handling and routing practices of the intermediary and is satisfied that they are reasonably designed to achieve best execution.

FCC may pay marketplace fees or receive marketplace rebates when routing certain orders to certain marketplaces. Marketplace fee schedules are disclosed on the websites of each marketplace. Based on client agreements and disclosures, FCC may or may not pass on certain costs or compensation received to its clients. Routing decisions are not primarily made based on fees paid or payments received.

FCC will consider instructions of a client, subject to compliance with any regulatory requirement.

If specific trading or handling instructions are received from the client, FCC will take these instructions into account when trading and handling the order. If these instructions compromise FCC's obligations, the order may be returned to the client for clarification or may be rejected.

FCC may elect to move an order entered on one marketplace to another marketplace, if the determination is made that best execution can be more readily achieved.

A decision to move one or many orders from the original marketplaces will be weighed against order priority factors and the potential for partial fills.

FCC recognizes that potential or perceived conflicts of interest may have a negative impact on investor confidence. FCC treats seriously the management of all potential conflicts of interest. FCC's relationship with its affiliates represents a potential conflict of interest. FCC Trading operates in a fair, orderly and transparent manner, and pledges to not prioritize one order flow over another. This aim will not be overridden by any commercial interests of either FCC or its affiliates such as FCM. Any potential conflicts of interest will be actively mitigated on an ongoing basis through best execution testing measures (described in greater detail below). Should inferior results be obtained, FCC will amend order handling accordingly to ensure adherence to best execution standards.

Order handling protocols:

Market Trading Sessions

The trading of equities occurs within three sessions of any day when the market is open.

Pre-open: Orders received prior to the open (9:30 AM EST) are queued for execution at the open and will be routed to the primary listing marketplace (or will target the opening price on that marketplace).

Continuous Session: The main session of the primary Canadian listing marketplace, 9:30 AM to 4:00 PM. In Canada, orders in the continuous book can execute in the Extended Trading Sessions from 4:15 PM to 5:00 PM at last sale price of the primary listing marketplace.

Post Close: The session starting with the closing of the primary Canadian listing marketplace. Orders received after 4PM are queued for the primary listing marketplace for the following business day.

On an opt in basis, FCC Trading supports pre-open and the post-close trading sessions in both Canada and the US marketplaces. Trading outside of normal trading hours can carry additional market risk due to high volatility, wider spreads and lower liquidity. Trading in these sessions is handled in accordance with this policy and specific client instructions are required for participation.

By default, orders received in the pre-open are queued for execution at 9:30 AM and will be routed to the primary Canadian listing marketplace or will target the opening price on that marketplace.

By default, orders received in the post-close are queued for the opening of the primary Canadian listing marketplace on the following business day.

An order received during the continuous session is handled following this policy and routed appropriately for best execution at the time of entry.

Holidays

FCC Trading will follow the holiday calendar of the primary Canadian listing marketplace for Canadian

orders and the holiday calendar of the primary US listing marketplace for US orders. Canada and US markets do not always follow the same holiday schedule, there are days during the calendar year in which only one of the two exchanges are open.

Orders entered on a holiday will be queued for the opening of the primary listing marketplace on the following business day.

Order Types:

Each North American marketplace supports a variety of order types to offer choice while ensuring fair and orderly markets.

Day Orders

An order that expires if it is not executed on the day it is entered and booked to a marketplace. All day orders expire, if not filled in full, at the close.

Good Til Date Orders (GTD)

FCC will accept orders with an expiry date and can remain open for up to 90 days. These orders remain open until executed, cancelled or expiry.

Market Orders

An order to buy or sell a security at current market prices at time of entry of the order. Market orders are expected to complete immediately but FCC Trading may choose to execute the order in the best interest of the client and the marketplace.

Limit Orders

A Limit Order sets the minimum sale price or maximum purchase price. If not marketable upon entry, a limit order is booked to the default exchange.

Iceberg Orders

An iceberg indicates the quantity of an order to display in the visible market book and replenishes as executions are received. Iceberg quantity is a multiple of the security board lot size and is subject to change depending on the price. In the event minimum iceberg quantity size changes on a booked order, FCC Trading may be required to amend the iceberg quantity to the board lot size.

Stop Loss Orders

Stop Loss Orders become a limit order when a board lot executes at the trigger price. FCC Trading does not permit stop loss market orders and mandates a secondary limit is placed on each on-stop order. Triggered on stop orders are not guaranteed to execute.

Special Handling of Orders

Special instructions such as Market On Close (MOC), VWAP or Volume Restrictions can be added to orders. The ability to use these trading strategies are subject to the acceptance by FCC Trading, exchanges and/or executing brokers.

Corporate Actions:

In the event of a cash dividend, open orders will not be reduced to account for the dividend.

In the event of a stock split or consolidation, open orders will be cancelled.

Handling of other corporate actions on open orders will be handled by FCC Trading based on the specifics of the security and situation. Please contact the desk for more information.

Over the Counter Securities (OTC):

At all times, FCC pricing of US OTC securities will be fair and will reflect the size, the total cost and difficulty of the particular transaction. Markups and markdowns and total pricing will reflect the scarcity of the issue, the work that is required to trade, clear and settle the overall transaction as well as market forces.

Execution Details:

Trade execution details are available via trade confirmation, electronically via FIX and/or upon request. This includes marketplace execution details, execution capacity and average price details.

Governance:

Best execution, as well as order routing table maintenance, is governed and reviewed by FCC's Trade Review Committee (TRC). The TRC meets monthly at a minimum, or periodically as needed, and is responsible for the oversight and supervision of all items relating to trading at FCC.

Membership includes representation from senior executive members as well as department heads of Trading, Compliance and Operations and is chaired by the Compliance Manager.

Changes to order routing procedures, the ranking of marketplaces for active and passive routing, along with other trading, risk and regulatory topics are discussed and approved by the TRC.

For additional information or any questions regarding above document, please email FCC.Compliance@fidelity.ca.

Schedule A

Marketplaces where Fidelity Clearing Canada ULC is a member/subscriber (as at January 1, 2024).

Marketplace	Website	Status	Reason for status	Hours of operation
The CSE	thecse.com	Protected	Meets Marketplace Threshold	9:30am - 4:00pm
Nasdaq CXC	business.nasdaq.com/trade/canadian-equities/Overview/	Protected	Meets Marketplace Threshold	8:30am - 5:00pm
Nasdaq CX2	business.nasdaq.com/trade/canadian-equities/Overview/	Protected	Meets Marketplace Threshold	8:30am - 5:00pm
Omega	Tradelogiq.com	Protected	Meets Marketplace Threshold	8:00am - 5:00pm
TSX	TMX TSX TSXV - Toronto Stock Exchange and TSX Venture Exchange	Protected	Meets Marketplace Threshold	9:30am - 4:00pm
TSX Venture	TMX TSX TSXV - Toronto Stock Exchange and TSX Venture Exchange	Protected	Meets Marketplace Threshold	9:30am - 4:00pm
Aequitas Lit	Home Cboe	Protected for Aequitas listings	Meets Marketplace Threshold	9:30am - 4:00pm
Aequitas Neo	Home Cboe	Unprotected	Does not provide automated trading functionality	9:30am - 4:00pm
Alpha	TMX Group of Companies	Unprotected	Does not provide automated trading functionality	8:00am - 5:00pm
Lynx	About Lynx ATS - Tradelogiq	Unprotected	Does Not Meet Marketplace Threshold	8:00am - 5:00pm
MatchNow	Cboe CA Equities Overview	Unprotected	Does not display orders	9:30am - 4:00pm
Nasdaq CXD	business.nasdaq.com/trade/canadian-equities/Overview/	Unprotected	Does not display orders	9:30am - 4:00pm
Perimeter CBID	www.pfin.ca/			

Schedule B

FCC Intermediaries (as of January 1, 2024).

Firm Name
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Citadel Securities LLC
Citigroup Global Markets Inc.
Colliers Securities LLC
Fidelity Capital Markets
Fidelity Digital Asset Solutions
GTS Securities LLC
ICE - Intercontinental Exchange
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Mirabaud Canada Inc.
Morgan Stanley Canada Limited
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Shorcan Brokers Ltd
StoneX
Sumridge Partners
TD Securities Inc.
Velocity Trade Capital
Virtu Americas LLC
Virtu Canada Corp.
WallachBeth Capital LLC

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