

TD Waterhouse  
Canada Inc.  
Conflicts of Interest  
Statement



**The words “we”, “us” and “our” refer to TD Waterhouse Canada Inc., including its divisions, TD Direct Investing (including TD Easy Trade™), TD Wealth Financial Planning (including TD Wealth Financial Planning Direct which is a service of TD Wealth Financial Planning) and TD Wealth Private Investment Advice. TD Waterhouse Canada Inc. is a subsidiary of The Toronto-Dominion Bank. The words “you”, “your” and “yours” means the client and any other individuals with authority over the client’s account.**

TD Waterhouse Canada Inc. (TDWCI) and its representatives may have interests that are inconsistent with your interests. This may give rise to an actual or perceived risk that we favour our interests over yours as our client.

**We act fairly, honestly and in good faith with you and our other clients. To this end, we avoid material conflicts of interest that we cannot effectively address and conflicts that are prohibited by law.**

We have adopted policies and procedures to identify and address all remaining material conflicts in your best interests, including:

- Conflicts from our being a subsidiary of The Toronto-Dominion Bank and a member of TD Bank Group (TD)
- Conflicts where we, or our affiliates, earn revenue related to your investments, in addition to the fees you pay us
- Conflicts arising out of competing interests among our clients
- Conflicts caused by compensation practices and incentive programs
- Conflicts due to our representatives’ personal interests
- Conflicts related to referral arrangements with TD

Further details on each of the conflicts summarized above are set out below. Certain conflicts that apply to only one of our divisions are identified. Individuals are also subject to TD Code of Conduct and Ethics and TDWCI policies and procedures.

### **Conflicts arising from our being a subsidiary of The Toronto-Dominion Bank and a member of TD**

TD, including TDWCI, offers a wide array of financial products and services to meet our clients’ financial needs. We may invite you to do more business with us and the other members of TD but will do so in a manner that is fair, honest and appropriate for you.

*Distribution activities of TD Securities Inc.:* We may offer, recommend or take investment actions for your account in securities that are underwritten, distributed or researched

by, or purchased from our securities dealer affiliate, TD Securities Inc. We address this conflict by separating our businesses from the corporate finance and research activities of TD Securities Inc.; our individual representatives are not incented to recommend or invest you in securities underwritten or distributed by TD Securities Inc. instead of other securities. Individual representatives who provide investment advice have access to tools, resources and training to support recommendations or investments for you. Policies and procedures are in place to restrict the transfer of material non-public and other confidential client information between TDWCI and TD Securities Inc.

*Investing in TD products, including TD Mutual Funds, TD ETFs, TD GICs, TD HISAs and TD Structured Notes:* We may offer, recommend or take investment actions for your account in securities of related or connected issuers, or in securities of an issuer that is managed by TD (collectively referred to as “TD products”).

We describe and explain our related and connected issuers, including how we address these conflicts, on our website at [td.com/to-our-customers/](https://td.com/to-our-customers/).

Within certain divisions of TDWCI, we may only offer TD products for certain types of investment. To address the material conflicts of interest where we offer TD products, we regularly assess available TD products to meet our clients' financial needs and to align with each division's offering:

### ***TD Wealth Private Investment Advice***

TD Wealth Private Investment Advice offers a comprehensive range of products and services including TD and non-TD products. We recommend or invest you in TD products if we consider them to be suitable for your account. Individual representatives have access to tools, resources and training to support recommendations or investments for you, including in TD products. Neither our individual representatives nor TDWCI are incented to recommend or cause your account to be invested in TD products instead of other non-TD products that may be available.

### ***TD Wealth Financial Planning and TD Wealth Financial Planning Direct***

TD Wealth Financial Planning (including TD Wealth Financial Planning Direct, a service of TD Wealth Financial Planning) solely recommends TD products. Individual representatives have access to tools, resources and training to support recommendations or investments for you in TD products. Because TD Wealth Financial Planning does not recommend

non-TD products, the suitability determination conducted by the firm and its representatives on new investments in your account will not consider non-TD products or whether those non-TD products would be better, worse, or equal in meeting your investment needs and objectives. We address the conflicts inherent in investing in TD products by assessing those products and their suitability for you.

### ***TD Direct Investing***

TD Direct Investing provides order execution accounts with access to a broad range of products including TD products and non-TD products. For certain types of products (such as principal protected notes, principal-at-risk notes, investment savings accounts and short term GICs), TD Direct Investing may offer only TD products. We address this conflict by assessing the products we make available to our clients.

### ***TD Easy Trade™ (a service of TD Direct Investing)***

TD Easy Trade™ offers access to TD ETFs and qualifying securities (other than ETFs) listed on select North American exchanges. We address the conflict of only offering TD ETFs through disclosure to you as part of our digital onboarding under the section called "Is this account right for you". TD Easy Trade™ conducts periodic reviews of the TD ETFs and uses an independent product performance process to assess them.

*Service arrangements with TD:* We enter into arrangements with affiliates for banking, custody, brokerage, derivatives and foreign exchange, and registered plan administration and trusteeship services. TD may earn commissions, fees and/or revenue in connection with providing these services. To address potential conflicts of interest, we review these service arrangements to confirm that the services are provided at market rates or better.

For discretionary managed accounts only, we or our affiliate, TD Asset Management Inc. (TDAM), as part of our service arrangements with them, may conduct proxy-voting on behalf of our clients. There may be a material conflict of interest related to voting at shareholder meetings held by certain issuers of securities within your investment account. We and TDAM maintain proxy voting policies and procedures under which we or TDAM generally vote in accordance with automated voting recommendations provided by an independent proxy voting service provider. We or TDAM override those recommendations, in our discretion, where the automated voting recommendations would not be in the best interests of clients. We and TDAM abstain entirely from voting on matters relating to TD and affiliated issuers.

*Routing trading to affiliates:* We may route client orders to our affiliates for trade execution, including orders for fractional shares, also referred to as partial shares. In Canada, rebates may be provided to us, and in the U.S., payment for order flow may be paid to us or our affiliates by trading destinations (including electronic communication networks, market makers and exchanges) when we direct client orders to them. We monitor and oversee our executing dealers to ensure that you receive best execution and fair pricing of orders. More information about our trading is contained in the TDWCI Best Execution and Fair Pricing Client Disclosure at [td.com/ca/en/investing/documents/pdf/direct-investing/Client-Disclosure-for-TDWCI-Best-Execution-and-Fair-Pricing.pdf](https://td.com/ca/en/investing/documents/pdf/direct-investing/Client-Disclosure-for-TDWCI-Best-Execution-and-Fair-Pricing.pdf).

*Mind and management:* Directors and officers of TDWCI may also be directors and officers of another member of TD. Our directors and officers are typically not directors or officers of our affiliates that manufacture investment products distributed through TDWCI. Further, we do not compensate our directors or officers in a way that might cause them to prefer one TD entity over another.

**Conflicts where we, or our affiliates, earn revenue related to your investments, in addition to the fees you pay us.**

TDWCI and our affiliates earn revenue from the products and services we provide clients. In addition to the revenue referred to above:

- TDWCI earns commissions, including trailing commissions, on certain investment funds you purchase (paid by investment fund managers). TDAM earns revenue when you invest in TD investment funds.
- TDWCI earns fees on investment products such as GICs, principal protected notes and other structured notes that you purchase (paid directly or indirectly by issuers). TD earns revenue when you invest in certain TD products.
- TDWCI earns commissions on segregated funds and insurance policies that you purchase. Insurance affiliates of TD also earn revenue when you buy such products.
- TDWCI or TD earns fees in connection with new issues of securities, takeover bids, corporate reorganizations, proxy solicitation and other corporate actions (paid directly or indirectly by issuers, offerors or others).
- TDWCI or TD earns revenue in connection with trade execution, including fractional share trading.
- TDWCI or TD earns fees and spreads in connection with various other services and transactions with affiliates, including registered plan administration and trustee services, securityholder account maintenance and reporting, securities lending, as well as services described under *Services Arrangements* with TD (above).

- TDWCI or TD earns interest or revenue on the uninvested cash balances in your account and may retain excess amounts that we earn over the amount of interest we pay to you, if any.
- TD may earn interest or revenue on cash balances held in TD investment funds that are transferred into TD bank accounts for the funds' interest earning purposes.
- TDWCI or TD earns income and/or spreads on foreign exchange transactions.
- TDWCI or TD earns revenue and/or commissions on the sale of fixed income securities that TD owns (principal trading).

The commissions, fees and other compensation received by TDWCI are set out in the Commission Schedules and the Statements of Disclosure of Rates and Fees, trade confirmations and managed account agreements provided to clients and are, where required, included in our regular client reporting under the Fees and Charges section.

All fees and charges earned by TDWCI and TD on products and services we provide clients are calculated with reference to market terms and conditions. TDWCI follows a selection and oversight process to monitor that our product and service offerings continue to meet the needs of our clients.

**Conflicts arising out of competing interests among our clients:**

*Allocation of New Issues:* TDWCI may need to determine which clients will be offered certain securities if availability is limited. We allocate new issues to clients who express an interest. Generally, if our clients' expressions of interest cannot be satisfied in full, we will apportion the issue to clients using an automated allocation method that we determine to be fair and reasonable.

*Side by Side Management of Different Accounts:* TDWCI and its representatives service a number of different accounts, including accounts containing long-short positions and other investment strategies that may have differing or conflicting views of expected market performance. These conflicts are addressed by making recommendations and investment decisions for an account that are based solely on the investment objectives, strategy, guidelines and other relevant factors of that individual account, without reference to any other accounts.

*Recommending investment products connected to other clients:* Investment advisors in TD Wealth Private Investment Advice may recommend or invest you in investment products that are issued by other clients or significantly connected to

them. Investment advisors will only recommend or invest you in these investment products if they consider them suitable for your account.

### **Conflicts caused by compensation practices and incentive programs**

*Revenue Earned by Representatives:* We may compensate our representatives by a combination of one or more of the following:

- base salary
- compensation based on the value and/or types of assets under administration
- bonus based on various performance criteria
- compensation based on a client's purchase of products or services from parties related to TDWCI and others, and
- percentage of sales commissions, spreads, and trailer fees received by TDWCI (different products may have differing levels of compensation).

Representatives may also receive compensation or benefits based on referrals to other members of TD (see Conflicts related to referral arrangements with our affiliates, below). When assessing the overall performance of our representatives, we may consider referrals and/or include referrals when calculating a representative's overall sales/revenues.

We address the conflict inherent in the compensation and incentives received by our representatives through a comprehensive approach to compensation design that incentivizes our representatives to put your interests first ahead of their own.

Different products may have differing levels of compensation, and different account types (fee-based and transactional) may have differing fees. Our compensation plans do not incent our representatives to recommend specific products or services, including any particular type of account. Where both transactional and fee-based accounts are available, we regularly review whether a fee-based account is appropriate, given your circumstances and investment needs and objectives. Further, to avoid duplicate fees being charged in fee-based accounts, products with embedded commissions will be excluded from your assets for the purpose of calculating fees.

### **Conflicts due to our representatives' personal interests**

*Outside Activities:* At times, our executives and representatives may participate in outside activities such as participating in community events, pursuing personal outside interests or

serving on a board of directors of a charity. Before engaging in any outside activity, our policies require these individuals to disclose situations where a conflict of interest may arise and to determine how such conflicts may be addressed. Our employees may only engage in such outside activities if approved by their supervisor under our policies. The approval may be subject to terms and conditions that help address perceived or actual conflicts of interest. Our employees are also required to annually review their outside activity submission for accuracy and completeness.

*Gifts and Entertainment:* Our executives and representatives are not permitted to accept gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum thresholds for permitted gifts and entertainment to avoid any perception that the gifts or entertainment will influence decision-making.

*Personal Trading:* Our policies and code of conduct require our representatives to act in accordance with applicable laws that prohibit insider trading, front running and similar conduct. Individuals may be required to obtain prior approval before making trades in their personal securities accounts. Our employees are prohibited from accessing non-public information for their direct or indirect personal benefit. We place securities on a “restricted list” to avoid trading when we have non-public information.

*Personal Dealings with Clients:* From time to time, our executives and representatives may have additional relationships or dealings with our clients. Conflicts of interest can arise where an employee has personal financial dealings with you, such as acquiring assets outside of your investing relationship, borrowing money from or lending money to you, or exercising control over your financial affairs. To address these conflicts, TDWCI has policies and procedures in place which prohibit personal financial dealings with clients who are not family members.

### **Conflicts related to referral arrangements with TD**

We and our affiliates may refer you to another TDWCI division or to another TD entity. The purpose of these internal TD referrals is to better align your financial goals with the TD entity or TDWCI division that is best placed to provide the specific services or products that may benefit you. All registerable activities will be provided by the registrant receiving the referral.

We may pay a referral fee to the TD entity that refers you (a “**Referring Entity**”) and/or to an employee of the Referring Entity (a “**Referring Employee**”). Likewise, we or our Referring

Employees may receive referral fees when we refer you within TD. We may also pay our own representatives for referring you to another TD entity or another of our divisions. A representative receiving a referral from another TD entity or TDWCI division may earn a reduced amount on the business that is referred. These payments are designed primarily to address any financial disincentive associated with referring you to another TDWCI division or TD entity so that we put your interests first.

**You do not pay any additional charges and fees in connection with these internal TD referrals and are not obligated to purchase any product or service in connection with a referral.**

Details of these referral arrangements are set out below:

### **Entity Receiving Referral**

TDWCI is registered as an Investment Dealer in all provinces and territories of Canada and a Derivatives Dealer in the province of Quebec, and provides trading and/or advising services through its divisions:

- TD Direct Investing (“**DI**”) – Self-directed brokerage services
- TD Wealth Financial Planning (“**FP**”) and TD Wealth Financial Planning Direct – Advisory services
- TD Wealth Private Investment Advice (“**PIA**”) – Advisory services and portfolio management services

### **Referral Fee Paid**

*Referrals from DI to PIA:* Referring Employee may receive from PIA \$250 per referred client.

*Referrals from FP to PIA:* Referring Employee may receive a one-time payment from TDWCI equal to 0.3% of referred client’s assets under administration (AUA) at the end of the third month after account opening.

*Referrals from PIA to FP:* Referring Employee may receive from TDWCI a one-time payment equal to 0.36% of referred client’s AUA at the end of the third month after account opening.

*Referrals from PIC to FP or PIA:* Referring Employee may receive from PIC a one-time payment equal to 0.185% of referred client’s AUA at the end of the third month after account opening.

*Referrals from The Toronto-Dominion Bank<sup>1</sup> to TDWCI:* Referring Entity will receive 0.55% of value of new relationship to a maximum fee of \$55,000. Referring Employee may receive non-monetary benefits such as team lunches and/or TD Appreciate Points.<sup>2</sup>

## **Entity Receiving Referral**

TD Waterhouse Private Investment Counsel Inc. (“**PIC**”) is registered as an Exempt Market Dealer and a Portfolio Manager in all provinces and territories of Canada and provides discretionary portfolio management services.

### **Referral Fee Paid**

*Referrals from FP to PIC:* Referring Employee may receive a one-time payment from TDWCI equal to 0.3% of referred client’s AUA at the end of the third month after account opening.

*Referrals from PIA to PIC:* Referring Employee may receive from TDWCI a one-time payment equal to 0.36% of referred client’s AUA at the end of the third month after account opening.

## **Entity Receiving Referral**

The Toronto-Dominion Bank provides the following financial products and services:

- Banking and credit products and services
- Mortgage products
- Guaranteed investment certificates (GICs)
- Credit insurance enrollment

### **Referral Fee Paid**

*Referrals from TDWCI to The Toronto-Dominion Bank:* Referring Entity (i.e., division of TDWCI) may receive 0.55% of value of new relationship to a maximum fee of \$55,000.

## **Entity Receiving Referral**

TD Wealth Private Trust (“**PT**”), offering the products and services of The Canada Trust Company, provides trust and estate services.

### **Referral Fee Paid**

*Referrals from TDWCI to PT:* For estate services (executor and power of attorney services), Referring Employees from FP or PIA may receive a one-time payment equal to 10% (5% in the case of power of attorney services) of fees generated from the referral, up to a maximum of \$25,000. For wills, trust and tax preparation services, Referring Employees from FP or PIA may receive a one-time payment of \$250 (\$125 in certain cases for wills services) for each client referred. For investment management and financial care, powers of attorney and trustee services, Referring Employees from FP may receive a one-time payment equal to 0.3% of referred client’s AUA at the end of the third month after account opening. Referring Employees from PIA may receive a one-time payment equal to 0.36% of referred client’s AUA at the end of the third month after account opening.

## **Entity Receiving Referral**

TD Waterhouse Insurance Services Inc. ("**WISI**") provides insurance advisory services.

### **Referral Fee Paid**

*Referrals from FP to WISI:* FP will receive 70% of the revenue generated on the policy. Referring Employees that are licensed life insurance advisors may receive a commission (based on payout grid) as a portion of the revenue paid to FP by WISI for each policy. Referring Employees that are not licensed life insurance advisors may receive a one-time award based on the amount of sales commission received by WISI.

*Referrals from PIA to WISI:* Referring Employees that are licensed life insurance advisors may receive 70% of sales commission received by WISI for each policy sold. Referring Employees that are not licensed life insurance advisors may receive 50% of sales commission received from WISI for each policy sold.

## **Entity Receiving Referral**

TD Life Insurance Company ("**TDI**") provides life insurance services.

### **Referral Fee Paid**

*Referrals from FP to TDI:* For each successfully referred client, TDI will pay to FP an amount that is correlated with the annual premium TDI receives based on the product(s) purchased by the referred client. FP may then pay to the Referring Employee a one-time payment which is equal to the amount FP receives for the referral minus 5%.

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<sup>1</sup> Referrals by employees of The Toronto-Dominion Bank, including representatives of TD Investment Services Inc.

<sup>2</sup> TD Appreciate is an employee rewards and recognition program where employees can redeem points for merchandise or gift cards.

TD Direct Investing is a division of TD Waterhouse Canada Inc. TD Wealth represents the products and services offered by TD Waterhouse Canada Inc., TD Waterhouse Private Investment Counsel Inc., TD Wealth Private Banking (offered by The Toronto-Dominion Bank) and TD Wealth Private Trust (offered by The Canada Trust Company). TD Easy Trade™ is a service of TD Direct Investing, a division of TD Waterhouse Canada Inc., a subsidiary of The Toronto-Dominion Bank. TD Bank Group means The Toronto-Dominion Bank and its affiliates, who provide deposit, investment, loan, securities, trust, insurance and other products or services.

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