

TD Waterhouse Canada Inc.
Best Execution and Fair Pricing
Client Disclosure



Purpose of this Document

This document describes the arrangements put in place by TD Direct Investing, TD Wealth Financial Planning and TD Wealth Private Investment Advice, which are divisions of TD Waterhouse Canada Inc. (together, “TDWCI”), to provide best execution and fair pricing for client orders.

TDWCI is a non-Executing Dealer Member of the Canadian Investment Regulatory Organization (“CIRO”). TDWCI’s best execution obligations under Investment Dealer and Partially Consolidated Rules 3119-3129 are therefore met by engaging the execution services of other broker/dealers. TDWCI directs client orders to TD Securities Inc. (“TDSI”), an Executing Dealer Member of CIRO, for Canadian and U.S. order flow. For international order flow, TDWCI directs client orders to a third party CIRO Dealer Member that is subject to the best execution obligations. International orders are manually handled by TDWCI on a best effort basis.

Details about the execution of your order are available upon your request.

Best Execution and Fair Pricing

Best execution means obtaining the most advantageous execution terms for a client order that are reasonably available under the circumstances. CIRO Dealer Members are obligated to establish policies and procedures that are designed to achieve best execution when acting for a client. These policies and procedures must take into consideration factors such as price, speed of execution, certainty of execution and the overall cost of the transaction, when costs are passed on to clients.

As a non-Executing Dealer Member, TDWCI maintains policies and procedures to oversee the best Execution of its clients’ orders. TDWCI is committed to reviewing its best execution and fair pricing policies and procedures at least annually to ensure they remain effective and will correct any deficiencies identified during its review.

The TDWCI Best Execution and Fair Pricing Committee (the “Committee”) has oversight of the *TDWCI Best Execution and Fair Pricing Policy*. The Committee undertakes to oversee TDSI’s fulfillment of its best execution and fair pricing obligations on behalf of TDWCI client orders. This includes a review of publicly available client disclosure and order routing practices and an annual attestation from TDSI that it has complied with and tested TDSI’s best execution policies and procedures.

1. TDSI and TDWCI Order Routing Arrangement

TDWCI is affiliated with TDSI. TDWCI has entered a routing arrangement¹ with TDSI with a view to the perceived execution quality provided by market centres², evaluated on the basis of price improvement performance, liquidity enhancement and speed of execution. All client orders that are subject to this order routing arrangement are sent to market centres that are subject to the principles of best execution. For U.S. order flow, TDWCI receives payment in the form of a rebate from TDSI. TDWCI has an obligation to monitor performance of TDSI, and to exercise its right to route client orders to other brokers, as appropriate, in order to ensure it continues to obtain best execution for TDWCI clients.

¹ Routing Arrangement means an arrangement under which a Participant that is a member, user or subscriber permits an investment dealer or a foreign dealer equivalent to electronically transmit an order relating to a security containing the identifier of the Participant:

a) through the systems of the Participant for automatic onward transmission to a marketplace; or
b) directly to a marketplace without being electronically transmitted through the systems of the Participant.

² Market Centre is an order fulfillment point. For the securities industry, the market centres are comprised of the floor of a stock exchange (via a specialist), market makers and electronic communication networks (ECNs).

To address its best execution and fair pricing obligations, TDSI has established written policies and procedures and a Best Execution Committee and a Canadian OTC Best Execution Committee. TDWCI has members on these Committees to provide an oversight function for best execution and fair pricing for its client orders.

For more information, please refer to TDSI's best execution and fair pricing disclosures:

tdsecurities.com/tds/content/CM_BestExecution?language=en_CA

tdsecurities.com/tds/content/CMkt_BestExecution?language=en_CA

2. OTC Securities

TD Direct Investing and TD Wealth Financial Planning apply commissions to OTC debt securities based on predetermined pricing grids. TD Wealth Private Investment Advice has discretion over commissions based on recommended pricing grids on OTC corporate bonds. TDWCI monitors and reviews spreads on OTC corporate bond transactions to ensure they align with the *TDWCI Fixed Income Pricing Policy*. If spreads are over the allowable threshold set out in the *TDWCI Fixed Income Pricing Policy*, the commission is subsequently cancelled and amended. Standard commission rates apply to non-debt OTC securities.

3. Inter-listed Securities

The securities of certain reporting issuers are listed on both Canadian and U.S. marketplaces ("inter-listed securities"). It is possible that, after giving effect to currency conversion, the price of an inter-listed equity could be better achieved in one market as compared to the other. Unless the client or the client's advisor directs otherwise, orders for inter-listed securities are routed for execution in the Canadian market if settled in CAD or to the U.S. market if settled in USD. Where the client or the client's advisor directs an order for inter-listed equities to either the Canadian or the U.S. market, the order will be routed as directed and will not be screened to determine whether a better price is available on a market not chosen by the client or the client's advisor.

