



Canada – November 2017

CONTACT

Asia Pacific
+852.2846.3500

Canada
+1.416.874.0900

EMEA
+44.20.7670.4000

United States
+1.212.588.4000

info@itg.com
www.itg.com

Order Handling and Execution Policies

Thank you for choosing ITG. We value our clients and look forward to doing business with you. This document is intended to provide its clients with an overview of how ITG Canada Corp. (“ITG”) handles client orders when trading on multiple Canadian marketplaces. Unless provided with specific instructions to the contrary, the following policies apply to all client orders executed by ITG.

ITG is an Investment Dealer registered with the securities regulatory authorities in each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan, and Dealer-Member of the Investment Industry Regulatory Organization of Canada (“IIROC”). ITG is a member of the Canadian Investor Protection Fund.

MARKETPLACES ACCESSED

The Canadian Marketplace has evolved to a multi-marketplace environment, with an increasing number of Exchanges and Alternate Trading Systems (“ATS”) on which to execute equity trades. In response, Canadian regulators, including IIROC and the provincial Securities Commissions, have prescribed that all orders on “protected Marketplaces” shall not be traded through, as prescribed by the Order Protection Rule (“OPR”) defined in National Instrument 23-101 *Trading Rules* (“NI 23-101”). ITG’s trading execution products are designed to trade in compliance with applicable regulatory requirements, such as OPR. This includes the ITG Algorithms suite and ITG Smart Order Router.

ITG is required under OPR to connect to all “protected” marketplaces. However, ITG connects to and considers quotes from all Canadian marketplaces (both protected and unprotected) when routing its client orders, in order to provide its clients with additional sources of liquidity and ensure it meets its Best Execution obligations. A table on the following page summarizes the current equity marketplaces operating in Canada, each marketplace’s status under OPR and hours of operation.

Disclosure of Marketplace

Orders for Canadian-listed securities may be executed on the listing exchange, an ATS which trades the security, or on a foreign organized regulated market. Trade confirmations will indicate whether some or all of an order executed on multiple marketplaces in Canada, the United States or both. Additional detail, such as the marketplace of execution for each underlying trade, is available upon request.

Marketplace Fees and Rebates

ITG 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.



Canadian Marketplaces

	OPR Status	Reason for Status	Hours of Operation
CSE	Protected	Meets market share threshold.	7:00 a.m. – 5:00 p.m.
Nasdaq CXC	Protected	Meets market share threshold.	8:30 a.m. – 5:00 p.m.
Nasdaq CX2	Protected	Meets market share threshold.	8:30 a.m. – 5:00 p.m.
Omega ATS	Protected	Meets market share threshold.	8:00 a.m. – 5:00 p.m.
TSX	Protected	Meets market share threshold.	7:00 a.m. – 5:00 p.m.
TSXV	Protected	Meets market share threshold.	7:00 a.m. – 5:00 p.m.
Aequitas Lit Book	Protected for Aequitas-listed securities only	Exchange protected for its listed securities	7:00 a.m. – 5:00 p.m.
	Unprotected for securities other than Aequitas-listed securities	Does not meet market share threshold.	
Lynx ATS	Unprotected	Does not meet market share threshold.	8:00 a.m. – 5:00 p.m.
Aequitas NEO Book	Unprotected	Does not provide automated trading functionality.	8:00 a.m. – 5:00 p.m.
TSX Alpha	Unprotected	Does not provide automated trading functionality.	7:00 a.m. – 5:00 p.m.
ICX	Unprotected	Does not display orders.	9:30 a.m. – 4:00 p.m.
Liquidnet	Unprotected	Does not display orders.	8:00 a.m. – 5:00 p.m.
MATCHNow	Unprotected	Does not display orders.	9:30 a.m. – 4:00 p.m.
Nasdaq CXD	Unprotected	Does not display orders.	9:30 a.m. – 4:00 p.m.

This table summarizes each Canadian marketplace's status under OPR, as well as its hours of operation. The status under OPR is effective April 1, 2017 through March 31, 2018. All hours of operation are Eastern Standard Time.



Related Marketplaces

MATCHNow is operated by TriAct Canada Marketplace LP, a wholly owned subsidiary of ITG. In addition, ITG has a minority ownership in Aequitas Innovations Inc., which owns and operates Aequitas NEO Exchange and its NEO and Lit trading books. In connection with this investment, ITG also holds a seat on the Board of Directors of Aequitas Innovations Inc.

HOURS OF OPERATION

For Canadian listed equities, a member of the High-Touch Desk will be available to review or handle orders for execution between the hours of 7:00 a.m. and 5:00 p.m. Eastern Standard Time, Monday through Friday, not including Canadian statutory holidays. Staff may be further available for assistance before and after these hours. Orders submitted prior to 7:00 a.m. will be queued.

STANDARD HANDLING OF ORDERS

Certain types of orders may have specific handling implications. Unless otherwise specified, orders will be handled in accordance with the policies set out in this document.

Client instructions sent via e-mail should not be deemed received firm orders by ITG. These e-mails may not be received by an ITG representative due to a number of factors, and as such, there should be no reliance by clients that these e-mails are received or accepted unless and/or until an agent of ITG confirms the order.

Principal Marketplace

The “Principal Marketplace” for all securities listed on the Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange or Aequitas NEO Exchange, will be the exchange on which the security is listed, whether or not the security is trading on other alternate marketplaces.

Routing Conditions

All orders will be routed to either the Principal Marketplace or alternative marketplaces as follows, unless specific instructions are received from the customer to do otherwise:

- Orders received prior to 9:30 a.m. and intended to trade at the opening price of the security are queued and will be routed to the best marketplace(s) at the opening of the Principal Marketplace that day.
- Orders received after 4:00 p.m. are queued and will be routed to the best marketplace(s) at the opening of the Principal Marketplace on the following business day.
- Orders received between 9:30 a.m. and 4:00 p.m. will be routed to the marketplace(s) which provide the best opportunity for ITG’s client to obtain Best Execution at the time of entry.
- Changes to an outstanding order, or portion of an outstanding order, will be handled the same as a new order received and will be treated according to routing conditions listed above.

Market and Limit Orders

A market order is an order to buy or sell a security to be executed upon entry to a marketplace at the best available ask or bid price.

A limit order is an order to buy or sell a security to be executed at or better than a specified maximum or minimum price set by the client. If a limit order is not immediately executable, ITG will route this order to a marketplace. These orders will remain in the market until the order is filled, corrected, cancelled or expired.



Order Types

Each of the Canadian marketplaces support a variety of order types and features. These include order types or designations required by the regulators, as well as types or designations which impact how an order may trade. A summary document which outlines the order types and features available on each trading venue is available upon request.

BEST EXECUTION

ITG is committed to providing its clients with Best Execution. Under Universal Market Integrity Rule 5.1, ITG is required to execute its clients' orders on "the most advantageous execution terms reasonably available under the circumstances." This requirement is met by taking into account, at a minimum, the following: the price at which the trade would occur, the speed and certainty of execution, and the overall cost of the transaction.

ITG is also subject to the requirements of NI 23-101 and OPR. Part 4(1) of NI 23-101 requires that a dealer such as ITG "acting as agent for a client shall make reasonable efforts to ensure that the client receives the best execution price on a purchase or sale of securities." Subsection (2) requires that the dealer cannot execute a transaction on a marketplace that could be filled at a better price on another marketplace. The provision of Best Execution for a client order is also subject to compliance with OPR. Under OPR, dealers such as ITG are required to fill all "protected," better-priced orders before others at inferior prices, regardless of the marketplace where the order is entered.

In instances where multiple marketplaces are displaying the same quote for a security at the time an order is submitted, ITG will take all reasonable steps to obtain the best possible results for its clients by taking into account best available prices, costs, speed, likelihood of execution and settlement, size, reliability of quotes, liquidity, market impact, marketplace features or any other consideration relevant to the execution of the order. This may include routing to a marketplace that does not display orders or employs a speed bump.

ITG performs ongoing research on ITG order flow, vendors, marketplaces, and quote and fill latency to identify where there is adverse selection or competitive advantages, and ultimately ensure clients are achieving Best Execution.

RISK CONTROLS

ITG employs robust policies, procedures and controls to effectively manage its financial, operational, market, regulatory and legal risks. This includes a series of risk checks that are applied to all orders handled and/or executed by ITG or through its systems.

- Single Order Value Check – employs a maximum notional limit for a single order that is based on two characteristics: (1) the available liquidity of the relevant security measured by its average daily volume, and (2) order characteristics, such as order type and execution venue.
- Limit Price Check – prevents the submission of an order with a limit price that exceeds an allowed combination of a dollar amount and percentage band away from the aggressive quote of the national best bid and/or offer. The allowed percentage is 9.9% for stocks greater than \$1.00. This will include all stocks in the IIROC Single Stock Circuit Breaker.
- Daily Aggregated Value Check – prevents our clients from trading above their assigned credit limits, by establishing a daily dollar-amount limit, per customer, of the total notional value of all executed and outstanding orders submitted by the customer.

Additional pre-trade risk limits may be applied to your order flow at ITG's discretion. For more information on the risk controls currently in place for your firm, please contact your ITG representative.



RESTRICTIONS ON SECURITIES TRADED

ITG has imposed restrictions on certain securities for which the firm will accept orders. An order may be rejected if the order is for a security which falls under the following categories.

Securities under a Cease Trade Order

A cease trade order (“CTO”) is an order issued by a provincial or territorial securities regulatory authority or similar regulatory body against a company or an individual. Orders are issued for reasons such as failing to meet disclosure requirements or as a result of an enforcement action that involves an investigation of wrongdoing.

Presently, all equity and fixed income marketplaces in Canada have retained IIROC as their regulation services provider. Under IIROC Rules, if a securities regulator issues a CTO with respect to an issuer whose securities are traded on a marketplace, IIROC imposes a regulatory halt on trading of those securities on all marketplaces for which IIROC acts as the regulatory services provider. Such action is taken whether or not the regulator that issued the CTO is the principal regulator of the issuer. Once the halt is imposed by IIROC, no person subject to these rules may trade those securities on any marketplace in Canada, over-the-counter or on a foreign organized regulated market.

Certain Over-the-Counter Securities

ITG will not accept orders in Over-the-Counter Securities (“OTC”) which lack sufficient financial or other critical information or that pose other risks to the firm or its customers or counterparties. This policy came into effect July 31, 2017.

All orders for securities traded on OTC Pink (The Open Market) with the following designations (as applied by OTC Markets Inc.) will be rejected:

- Limited Information

Designed for companies with financial reporting problems, economic distress, or in bankruptcy to make the limited information they have publicly available. This category can also include companies that may not be troubled, but are unwilling to provide disclosure pursuant to the prescribed guidelines of OTC Markets Inc.

- No Information

Indicates companies that are not able or willing to provide disclosure to the public markets - either to a regulator, an exchange or OTC Markets Inc. This category also includes defunct companies that have ceased operations as well as 'dark' companies with questionable management and market disclosure practices.

- Caveat Emptor

This category applies to securities where there is a public interest concern associated with the company, security, or control person which may include but is not limited to a spam campaign, questionable stock promotion, investigation of fraudulent or other criminal activity, regulatory suspensions, or disruptive corporate actions. This category is also referred to as “Buyer Beware.”

- Grey Market

Applied to securities that are not currently traded on the OTCQX, OTCQB or Pink markets. Broker-dealers are not willing or able to publicly quote OTC securities because of a lack of investor interest, company information availability or regulatory compliance.



Orders for securities traded on OTC Pink that are categorized as “Current Information” will not be rejected. In addition, orders for securities traded on OTCQX and OTCQB will not be rejected.

CONTACTS

If you are unsure about a trade, how to enter an order, or if there are any potential regulatory risks with respect to a trade, the trade should not be entered. Feel free to contact ITG’s High-Touch Desk at 416-874-0700. Our traders would be happy to assist with order entry or provide guidance on rules and regulations.

Any questions regarding this document or application of a trading rule can be referred to our Chief Compliance Officer, Kuno Tucker, via phone at 416-874-0830 or via e-mail at can-compliance@itg.com.

© 2017 Investment Technology Group, Inc. All rights reserved. Not to be reproduced or retransmitted without permission

Broker-dealer products and services are offered by: in the U.S., ITG Inc., member FINRA, SIPC; in Canada, ITG Canada Corp., member Canadian Investor Protection Fund (“CIPF”) and Investment Industry Regulatory Organization of Canada (“IIROC”); in Europe, Investment Technology Group Limited, registered in Ireland No. 283940 (“ITGL”) (the registered office of ITGL is Block A, Georges Quay, Dublin 2, Ireland). ITGL is authorized and regulated by the Central Bank of Ireland; in Asia, ITG Hong Kong Limited (SFC License No. AHD810), ITG Singapore Pte Limited (CMS License No. 100138-1), and ITG Australia Limited (AFS License No. 219582). All of the above entities are subsidiaries of Investment Technology Group, Inc. MATCHNow is a product offering of TriAct Canada Marketplace LP (“TriAct”), member CIPF and IIROC. TriAct is a wholly owned subsidiary of ITG Canada Corp.

These materials are for informational purposes only, and are not intended to be used for trading or investment purposes or as an offer to sell or the solicitation of an offer to buy any security or financial product. The information contained herein has been taken from trade and statistical services and other sources we deem reliable but we do not represent that such information is accurate or complete and it should not be relied upon as such. No guarantee or warranty is made as to the reasonableness of the assumptions or the accuracy of the models or market data used by ITG or the actual results that may be achieved. These materials do not provide any form of advice (investment, tax or legal). ITG Inc. is not a registered investment adviser and does not provide investment advice or recommendations to buy or sell securities, to hire any investment adviser or to pursue any investment or trading strategy. The positions taken in this document reflect the judgment of the individual author(s) and are not necessarily those of ITG.

All trademarks, service marks, and trade names not owned by ITG are the property of their respective owners.