



Introduction

This document sets out Cantor Fitzgerald Canada Corporation's ("CFCC") obligations, factors, order handling and routing practices intended to achieve best execution for client orders for listed securities.

CFCC will establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to achieve best execution when acting for a client. "Best Execution" means obtaining the most advantageous execution terms reasonably available under the circumstances.

CFCC employs Smart Order Router ("SOR") functionality on the Fidessa trading platform in order to obtain best execution. The SOR's primary objective is to attain best execution by employing router logic that adjusts to market conditions. When manually handling a client order the Firm's trade desk may elect to by-pass the SOR and instead ticket an order directly to a particular marketplace, subject to regulatory requirements, in order to obtain best execution.

Best Execution Factors

CFCC considers the following factors for the purpose of achieving best execution for all client orders:

- The size and type of transaction
- Price
- Speed of execution
- Likelihood of execution
- Terms and conditions of the client order as communicated by the client

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

- Considerations taken into account when determining appropriate routing strategies for clients
- Considerations of the fair pricing of Opening Orders when determining where to enter an Opening Order
- Considerations when not all marketplaces are open and available for trading
- How order and trade information from all appropriate marketplaces, including unprotected marketplaces and foreign organized regulated markets ("FORMs"), is taken into account
- Factors related to executing on unprotected marketplaces
- Factors related to sending orders to a foreign intermediary for execution

CFCC receives order, pricing and trade information for protected and unprotected markets via market data, Order Matching System (“OMS”) and Algo vendors.

CFCC 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:

- The direction of the market for the security;
- The depth of the posted market;
- The last sale price and the prices and volumes of previous trades;
- The size of the spread; and
- The liquidity of the security.

Order Handling and Routing Practices

Marketplace

CFCC may access exchanges, ATSS (protected and unprotected), dark markets and OTC for the purpose of best execution. The broad best execution factors listed above are used to select and rank trading venues. Specific factors will be considered when handling orders with unique circumstances, such as market opening and closing, client instructions, and venues that may have specific attributes (i.e. extended hours trading or dark pools).

CFCC may pay transaction fees or receive transaction rebates when routing certain orders to certain marketplaces. Any compensation that CFCC receives from a marketplace reduces the execution cost and does not accrue to a client’s account. Routing choices are not primarily based on transaction fees paid or rebates received from trading venues.

CFCC is a member/subscriber of the following marketplaces:

Protected Marketplaces	Unprotected Marketplaces
TSX	TSX Alpha
TSXV	TSX Alpha-DRK
CSE	TSX Alpha-X
Nasdaq CXC	NEO-N
Nasdaq CX2	NEO-D
NEO-L	Nasdaq CXD
Omega	Lynx
	Cboe MATCHNow
	CSE2

CFCC 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 more orders from the original marketplace will be weighed against order priority factors and the potential for partial fills.

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

Intermediaries

CFCC utilizes the services of a number of foreign and domestic intermediaries to achieve best execution. The Firm may elect to route orders to an intermediary in order to access a marketplace where the Firm is not a member/subscriber, this may include foreign affiliates of CFCC.

Client orders routed to an intermediary are subject to the order handling and routing practices of the intermediary. CFCC has reviewed the order handling and routing practices of the intermediaries it has arrangements with and is satisfied that they are reasonably designed to achieve best execution.

List of intermediaries utilized by CFCC:

- Cantor Fitzgerald & Co. (“CF&Co.”)
- Virtu ITG Canada Corp
- Fidelity Clearing Canada ULC

CF&Co. is an affiliate of CFCC, order flow for U.S. listed securities may be sent to CF&Co. to obtain best execution on U.S. marketplaces. CFCC does not receive payment for providing order flow to CF&Co.

Client Instructions

All orders will be handled on a not held basis, unless specific instructions are received from the client. A “not held” order means a client is giving CFCC discretion over the time and price at which the order is executed. CFCC does not accept the following orders: (i) stop orders; (ii) Good-Till-Cancel (GTC) orders, with the exception of a Good-Till-Date order (GTD).

If specific trading instructions are received from the client, CFCC will take these instructions into account when executing the order. If these instructions compromise CFCC’s regulatory obligations (including the Order Protection Rule), the order may be returned to the client for clarification or may be rejected.

A specific instruction from a client may prevent CFCC from taking steps necessary to obtain customary best execution, to the extent that such a client order is not complete, CFCC will apply this policy in order to determine any non-specified part of trade execution.

Order Handling Protocols

Pre-Market, Regular Trading and Post-Market Sessions

For the purposes of this section, “regular trading hours” generally means the time between 9:30 AM and 4:00 PM EST; and “extended hours trading” means trading outside of regular trading hours.

CFCC may accept client orders outside of regular trading. Such client orders will be handled based on specific order instructions including, but not limited to, limit price and timeframe to

which the order is eligible for execution (e.g. regular / extended trading hours). Unless specifically stated within the order instructions, all orders received prior to 9:30AM EST, including post-market orders received the day before, will be handled and eligible for execution in the regular trading hours session of that day.

CFCC Trading will follow the holiday calendar of the primary Canadian listing marketplace for Canadian orders, and the holiday calendar of the primary U.S. listing marketplace for U.S. orders.

Clients should consider the following points before engaging in extended hours trading:

- **Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity for such security. Liquidity is important because with greater liquidity it is easier for market participants to buy or sell securities, and as a result, market participants are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular trading hours. As a result, your order may only be partially executed, or not at all.
- **Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.
- **Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular trading hours, or upon the opening the next morning. As a result, you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.
- **Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.
- **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular trading hours. Similarly, important financial information is frequently announced outside of regular trading hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
- **Risk of Wider Spreads.** The “spread” refers to the difference in price between what you can buy a security for, and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

OTC Securities

At all times CFCC's pricing of 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.

Best Execution Committee

CFCC's Best Execution Committee ("Best Ex Committee") ensures the Firm is meeting its obligation for best execution of customer orders. The Best Ex Committee meets annually at a minimum, or periodically as needed. Membership is composed of senior management, including Trading and Compliance.

The Best Ex Committee reviews SOR performance statistics, along with other trading and regulatory topics and approves, if required, changes to the Fidessa trading platform's order routing table configuration and order routing procedures.

Disclosures Regarding Best Execution

Disclosures relating to best execution are reviewed on an annual basis, or periodically as required. Prior iterations of the best execution disclosure will be made available for a period of 6 months following any changes thereto.

Updates are posted at <https://www.cantor.com/global/canada/>

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