



# Scotiabank

## Central Securities Depositories Regulation (CSDR)

### Article 38 (5) Client Asset Segregation Cost Disclosure

#### 1. Introduction

The purpose of this document is for The Bank of Nova Scotia Trust Company (referred to as we or us) to disclose the costs associated with the different levels of segregation that we provide in respect of securities that we hold directly for clients with central securities depositories within the EEA and the UK (each a CSD).

This disclosure is required under Article 38 (5) of the EU Central Securities Depositories Regulation (CSDR), in relation to CSDs in the EEA and UK.

***Article 38 (5). A participant shall offer its clients at least the choice between omnibus client segregation and individual client segregation and inform them of the costs and risks associated with each option***

This Cost Disclosure provides an indication of the cost structure associated with supporting the account types described below.

The applicable fees are available upon request.

This document is to provide information and support for your decision regarding the choice of account type that is best suited to your activity profile and needs.

The material is provided as additional information for the client's decision regarding the choice of account type (OSA or ISA) that is best suited to client's activity profile and needs. Whilst this document may be helpful to you when making this decision, it does not constitute legal or any other form of advice and must not be relied on as such. You may need additional information to make your decision on which account type or level of segregation is suitable for you. It is your responsibility to review and conduct your own due diligence on the relevant rules, legal documentation and any other information provided to you. You may wish to appoint your own professional advisors to assist you with this.

## **2. Overview**

Whether the client chooses an OSA or ISA, we record each client's individual entitlement to securities that we hold for that client in one or more client securities accounts established and maintained for such client in our own books and records pursuant to the terms of the custodial services agreement between the client and us.

We also open accounts with the CSDs in which we hold clients' securities.

Previous to CSDR, Scotia offered only one type of account with the CSDs available to clients: **Omnibus Client Segregated Accounts (OSAs)**

An OSA is used by Scotia to hold the securities of a number of clients on a collective basis. However, we do not hold our own proprietary securities in OSAs.

As part of CSDR Article 38, in addition to the offering of OSAs we also offer clients the option to open an Individual Client Segregated Accounts (ISA). An ISA is used to hold the securities of a single client, and therefore are held separately from the securities of other clients and/or our own proprietary securities.

This document provides a high-level overview of the potential costs associated with the ISA and OSA account structures with CSDs we make available to clients, which could include Scotia's costs and third party fees and costs (such as those charged by CSDs) and how such costs could vary between ISAs and OSAs.

This cost disclosure is for information purposes. The actual costs to you associated with any CSD account structure will vary depending on individual circumstances and requirements.

Please contact your Scotiabank relationship manager to discuss any fees and other costs for establishing and running various account structures at relevant EEA and UK CSDs.

## **3. Cost Factors**

The below section is intended as an overview of the main factors influencing timing and the cost structure when establishing, maintaining and operating accounts at CSD level. Such factors are likely to include:

- Account type: depending on the account type opted for, i.e., OSA or ISA. The cost of us setting up and maintaining an ISA on behalf of clients is typically higher compared to the OSA option. This is due to the additional complexity and expenditures both for us and for the CSD in order to set up ISAs and maintain them on an ongoing basis. Any future costs incurred by us will be passed on to the client.
- Number of accounts: the number of accounts requested has an impact on the time and resources required at Scotia and at the relevant CSD to set up these accounts and service them on an ongoing basis.
- Technical setup at the CSD: set-up and maintenance cost and fees (if any and if applicable) charged by the CSD will be passed on to clients. These include CSD and third-party costs mentioned in section 5 below.

- Incremental operational overhead: this is with respect to clients' account(s) (which may be affected by the above three factors as well as by your trading behaviour, e.g., trading volume and asset types traded).
- Technical setup internally: such set-up and maintenance costs and fees as well as cost and expenses associated with potential migrations from a current OSA setup into an ISA setup will be charged to clients.
- Initial set-up fee for ISAs: where an ISA is requested for the first time, an initial set-up fee may be applicable.
- Running costs for ISAs: additional costs may be applicable on an ongoing basis for the running costs of ISA account(s).

The charging structure may be adapted in exceptional cases and is subject to change over time.

#### **4. Potential Scotia cost**

Scotia account fees may apply in relation to the separate client account(s) that Scotia opens on its books and records. The client account(s) opened on Scotia's books and records correspond to the relevant CSD account in which the client's securities are held, whether that be an ISA or OSA. Scotia's account fees would typically consist of:

- (a) a fixed one-off account opening fee charged per account; and
- (b) a fixed monthly account maintenance fee charged per account.

In addition to these Scotia's account fees, there are a number of other fees and costs and charges that Scotia may charge its clients for the provision of securities services, irrespective as to whether the client elects to hold its securities in an ISA or OSA at the CSD. These may include:

- (a) custody and safekeeping fees.
- (b) asset servicing fees.
- (c) transaction fees.
- (d) fails management fees.
- (e) special transaction fees (such as cancellation and amendment fees).
- (f) out of pocket expenses.
- (g) tax reclaims fees; and
- (h) transaction specific taxes or registration charges.

These CSD fees may vary depending on the type of CSD account chosen and the specific CSD. Clients are encouraged to review the CSD fee schedule published on the applicable CSD website.

**5. The following indicative information shows our charging structure for OSA vs. ISA:**

	<b>Fee type charged</b>	<b>OSA</b>	<b>ISA</b>
One-time cost	Initial setup fee charged for every new segregated account request		✓
	Migration fee charged for the migration of the existing portfolio (Including pending trades) in case of a switch request from OSA to ISA		✓
Recurring cost	Monthly maintenance fee covers technical, legal, operational support of segregated accounts	✓	✓
	Third party charges if applicable and as incurred		✓