

Allocation of Callable Securities – FINRA Rule 4340

Customers who maintain their accounts at Scotia Capital (USA) Inc. (“**SCUSA**”) that hold securities that by their terms may be redeemed or called prior to maturity (collectively, a “**Partial Call**”) will be subject to the following impartial allocation process.

Determination of Favorable / Unfavorable

To determine whether a Partial Call is ***favorable*** or ***unfavorable***, SCUSA will compare the price at which the security is to be called or redeemed (the “**Call Price**”) with the current market price of the subject security as of the close of business on the day SCUSA is notified by an issuer, depository or sub-custodian of a securities being called or redeemed.

Determination of Favorable or Unfavorable is based on the Call Price vs. Current Market Price.

Determination Accounts eligible to participate in the Partial Call

Securities in the following types of accounts are eligible to participate in a Partial Call:

- i. Customers’ custodial accounts carried by SCUSA;
- ii. Custodial accounts of SCUSA’s arranged financing customers. Securities in such accounts will be eligible for inclusion in a Partial Call based on the amount of the securities in the customer account on the books of SCUSA, without regard to re-hypothecation.
- iii. Securities held accounts in connection with certain repurchase agreements on the security to be called or redeemed.
- iv. In addition, proprietary accounts of SCUSA and those of its personnel and affiliates will participate in favorable and unfavorable Partial Calls as follows. Where the Partial Call is ***unfavorable*** to investors, SCUSA accounts will participate in the Partial Call to the same extent as other accounts. However, where the Partial Call is ***favorable***, SCUSA accounts will only participate in the Partial Call if there are any remaining securities to be called or redeemed after all other positions in the security have been called or redeemed.

SCUSA will make available to its customer copies of our detailed allocation procedures upon request. Please contact your SCUSA representative for further details.