

Scotiabank U.S. Treasury Auction Disclosure

At Scotiabank, we strive to provide our customers and their representatives with transparency on our business practices. This letter contains a summary of our practices and policies for handling bid information from customers bidding in U.S. Treasury auctions through Scotiabank.

Protecting the confidentiality and security of order, execution, position, revenue, and other related information (“Trading Information”) is an important part of how we conduct our business, and we have implemented controls that are reasonably designed to protect such information. We may use Trading Information for a variety of purposes, including customer coverage, supervision, risk management, surveillance, liquidity provision, and business strategy, and may disclose such information in connection with our regulatory obligations, customer instructions, and normal course brokerage functions. Additionally, Scotiabank may provide customers Trading Information on an aggregated and anonymous basis for purposes such as market color.

Scotiabank has in place policies designed to protect confidential customer information and the barriers, both physical and virtual, to control the flow of the information. The policies incorporate a “need-to-know” principle, limiting access to customer confidential information to those employees who have a need-to-know the information to perform their duties and carry out the purpose for which the information is provided.

U.S. Treasury Auctions

The Bank of Nova Scotia, New York Agency (“BNS NYA” or the “Firm”) has been designated as a primary dealer by the Federal Reserve Bank of New York (the “FRBNY”). The FRBNY expects primary dealers such as BNS NYA to make markets for the FRBNY on behalf of its counterparties and to bid on a pro-rata basis in all U.S. Treasury auctions at reasonably competitive prices. The Firm may submit one or more bids for the Bank of Nova Scotia (“House Bids”) in each auction. In conducting normal trading activity, the BNS NYA traders submitting House Bids may have discussions with customers and other external parties as well as with traders on other internal trading desks and senior management.

BNS NYA imposes information barriers to prevent the exchange of information relating to U.S. Treasury auction bidding where there is no need-to-know. BNS NYA employees responsible for receiving and/or submitting customer bids are not permitted to share any customer bid information with trading desk personnel responsible for submitting House Bids. Following an auction, traders responsible for submission of House Bids will have a need-to-know the customer bid information for that auction to facilitate client flow and post-auction trading. If customer orders are found to be entered incorrectly after auction close, Scotiabank may share customer bid information with the Head of US Rates.

Scotiabank is dedicated to demonstrating a high level of integrity in its dealings with customers, counterparties, and markets. We adhere to published industry best practices, including as those published by the Treasury Market Best Practices Group. Please contact your sales representative if you have any questions regarding Scotiabank’s handling of customer orders and/or U.S. Treasury auction bids.

™ Scotiabank, together with “Global Banking and Markets,” is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital (USA) Inc., a broker-dealer registered with the SEC and a member of FINRA, NYSE and SIPC.