



**Scotia**RED

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# Electronic Execution Services FAQs

Scotia Capital Inc.

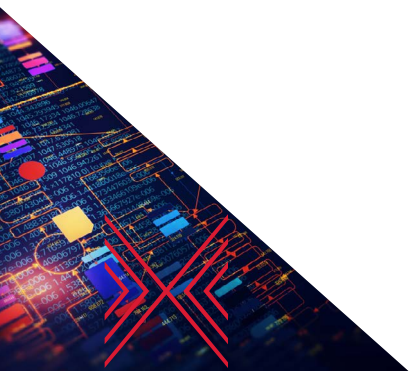
September, 2022

**Scotiabank**<sup>TM</sup>  
GLOBAL BANKING AND MARKETS

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## 1. CONFIDENTIALITY OF CLIENT INFORMATION

- Access to customer order information is limited to account coverage, personnel handling customer orders, and supervisors, as well as certain other support personnel in the performance of their responsibilities.
- Protecting the confidentiality and security of order, execution, position, revenue, and related information is an important part of how Scotia conducts business. Scotia may use such information for a variety of purposes, including customer coverage, supervision, risk management, liquidity provision, and business strategy, and may disclose such information in connection with our regulatory obligations, customer instructions, and normal course brokerage functions. To the extent that third party technology is involved in the execution of an order, information about the underlying client is anonymized<sup>1</sup>. In the event that client trade data is disseminated or published, it will always be done on an aggregated and anonymous basis.
- Trades are not visible other than to necessary staff. Data walls are in place to ensure anonymity for EES clients.
- Scotia has established policies and procedures including: the Scotiabank Code of Conduct, Managing Confidential Information and Managing Inside Information, Internet and Email Code of Conduct, and the Clean Desk Policy. See the [Code of Conduct](#) for further information.

## 2. TECHNOLOGICAL PLATFORM IN USE AND/OR IN DEVELOPMENT

- The Scotia EES platform offers a variety of class leading algorithms and routes to the market leveraging both internal technologies and 3rd party vendors.
- EES clients have access to a combination of routers depending on their preferences and strategies. This includes direct use of vendor and exchange based routers, but order flow is routed primarily through the proprietary Scotia Cross-Market Order Routing (“SCOR”) platform which is also used by our algorithmic trading engine. This is a complex event processing engine with access to market data feeds and numerous downstream execution connections.

## 3. COMPLIANCE WITH BEST EXECUTION POLICIES AND PROCEDURES

- Scotia Capital Inc. has established a written best execution policy which is in line with IIROC Rules and Universal Market Integrity Rules (UMIR) regarding best execution. See the [Best Execution Policy for Institutional Customers](#) for further information.

## 4. EXECUTION AND VENUE TRANSPARENCY

- Scotia leverages a sophisticated analytics platform to evaluate algorithm and smart order router performance. The Execution Consulting team provides execution quality reporting as well as actionable product recommendations and market structure commentary to clients.
- Bespoke TCA reporting capabilities include:
  - Detailed analysis of performance by algorithm and urgency
  - Order-level trade review
  - Venue-specific analysis

<sup>1</sup> This may be overridden with explicit consent from the client.



## 5. CUSTOMIZATION

- Algorithms and smart order routing strategies are highly customizable at the client, strategy and trader level. Scotiabank frequently analyzes TCA data by measuring fill rates, reversion, participation rates, opportunity costs, and parent-level performance metrics to offer custom enhancements to specifically designed to maximize performance for different trading challenges.

## 6. BROKER PREFERENCING

- Scotia Capital Inc. offers routing to a variety of marketplace in Canada including venues which allow broker preferencing. There may be non-intentional matching due to broker preferencing on different venues.

## 7. INTERLISTED SECURITIES

- Any eligible securities are subject to potential cross border trading for price improvement or additional liquidity.
- We have capabilities to provide custom routing solutions as needed for any cross-border trading requirements.

## 8. SCOTIA ROUTING

- Scotia Capital Inc. utilizes an advanced and flexible suite of vendor routers from an internally developed router of routers ("SCOR").
- SCOR utilizes Machine Learning and AI models to select the optimal route for the order at hand. The active routing strategy is designed to minimize liquidity fade and maintain strong fill rates over time, while our enhanced posting model dynamically allocates orders based on fill speed, queue length, and real time book depth.

## 9. INTERNAL ALGORITHM USE

- Internal Scotia desks leverage the same platform and algorithm suite available to our clients.

## 10. TYPES OF ORDERS

- Scotia's Strategy Matrix is available [here](#).

## 11. IRREGULAR SETTLEMENT OF SECURITIES

- Special settlement of securities is supported where applicable.

## 12. SETTLEMENT INSTRUCTIONS

- Reach out to your coverage person for settlement instructions. Settlement details available [here](#).





### 13. RISK LIMITS

- Scotia enforces a variety of risk checks to safeguard trading, including:
  - Single order notional value and share volume risk checks
  - Daily aggregate value risk checks
  - Price away checks
  - %ADV checks
  - Duplicate order checks
  - Order type restrictions
- If a risk check is triggered, Scotia may either reject or execute it on a delayed basis after further review. Where a Scotia EES trader reviews an order, they may contact the client to request more information about the transaction to verify that the transaction was not erroneous. Reach out to your coverage person for further information on your risk limits.



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