



ScotiaRED

RESPONSIVE. EFFICIENT. DYNAMIC.

Electronic Execution Services FAQs

Scotia Capital (USA) Inc.

November, 2023

ScotiabankTM
GLOBAL BANKING AND MARKETS

Table of contents

1. Confidentiality of client information	3
2. Technological platform in use and/or in development.....	3
3. Compliance with best execution policies and procedures	3
4. Execution and venue transparency.....	3
5. Customization	3
6. Interaction with Scotiabank US Liquidity	4
7. Internal algorithm use	4
8. Types of orders	4
9. Payment for order flow	4
10. Irregular settlement of securities.....	4
11. Settlement instructions.....	4
12. Risk limits.....	4



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 handling or analysis of an order, information about the underlying client is anonymized¹. In the event that client trade data is disseminated or published, it will always be done on an aggregated and anonymous basis.

2. TECHNOLOGICAL PLATFORM IN USE AND/OR IN DEVELOPMENT

- The Scotia EES platform leverages both internally built algorithms and algorithms from a variety of brokers/technology providers to deliver a full suite of liquidity seeking and benchmark algorithms, with customization available.

3. COMPLIANCE WITH BEST EXECUTION POLICIES AND PROCEDURES

- Scotia seeks to execute customers' orders at the most favorable terms reasonably available under prevailing market conditions. In seeking best execution for orders, a number of factors are taken into consideration in determining how to execute and where to route orders, including, among other things, the size and the type of order, the terms and conditions of the order, the trading characteristics of the security, the character of the market for the security, the accessibility of quotations, transaction costs, the opportunity for price or size improvement, the speed of execution, the availability of efficient and reliable order handling systems, the level of service provided by the venue or broker, and the overall investment objectives. See the [Scotia USA Order Handling Letter](#).

4. EXECUTION AND VENUE TRANSPARENCY

- Scotia leverages a sophisticated in-house analytics platform to evaluate algo and smart order router performance. Our 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 algo and urgency
 - Order-level trade review
 - Venue-specific analysis

5. CUSTOMIZATION

- Algorithms and smart order routing are highly customizable at the client and strategy level – including adding and removing specific venues from our routing table. Scotiabank frequently analyzes venues by measuring fill rates, reversion, participation rates, opportunity costs, and parent-level performance metrics.

¹This may be overridden with explicit consent from the client.



6. INTERACTION WITH SCOTIABANK US LIQUIDITY

- Through the use of various Scotia algorithmic offerings, clients can interact with unique liquidity flows from Scotia's global customer base, as well as other sources of institutional and retail flow, via a dedicated matching room within Level ATS.
- Scotia principal desks are not eligible to access this matching facility.

7. INTERNAL ALGORITHM USE

- Internal Scotia desks leverage the same platform and algorithm suite as our clients, inclusive of Scotia developed and third-party algorithms.

8. TYPES OF ORDERS

- Scotia's Strategy [Matrix is available here](#). We have also to swap capabilities in the US market.

9. PAYMENT FOR ORDER FLOW

- Scotia does not engage in Payment for Order Flow relationships, for a discussion of pass-through arrangements see the [Scotia USA Order Handling Letter](#).

10. IRREGULAR SETTLEMENT OF SECURITIES

- Special settlement of securities is supported where applicable.

11. SETTLEMENT INSTRUCTIONS

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

12. 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.

ScotiabankTM

GLOBAL BANKING AND MARKETS

TM Trademark of The Bank of Nova Scotia, used under license (where applicable). Scotiabank 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 in the countries where they operate, including Scotia Capital Inc. (Member-Canadian Investor Protection Fund and regulated by the Investment Industry Regulatory Organization of Canada). Scotia Capital (USA) Inc. is a broker-dealer registered with the SEC and a member of FINRA, NYSE, NFA and SIPC. The Bank of Nova Scotia is authorized and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is supervised by the Board of Governors of the Federal Reserve System and applicable Federal Reserve Banks, and licensed and supervised by New York, Texas and Florida regulators. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority. The Bank of Nova Scotia and certain of its affiliates are subject to regulation by regulators in Australia, Singapore, Hong Kong, Korea, The People's Republic of China, Japan, Malaysia and India, including by the Hong Kong Monetary Authority, the Hong Kong Securities and Futures Commission and the Monetary Authority of Singapore. Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat; Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities. Banco Colpatria Multibanca Colpatria S.A. is duly authorized by the Colombian Financial Superintendencia to promote and advertise The Bank of Nova Scotia's (Scotiabank) products and services by Resolution 058 of 2014. Scotia-bank Chile is regulated by the Superintendencia de Bancos e Instituciones Financieras. Scotia Corredora de Bolsa Chile S.A. and Scotia Administradora General de Fondos Chile S.A. are each regulated by the Superintendencia de Valores y Seguros. Not all products and services are offered in all jurisdictions. Services described are available only in jurisdictions where permitted by law. This information is not directed to or intended for use by any person resident or located in any country where its distribution is contrary to the laws of such country. Full disclaimers, and terms and conditions may apply to individual products and banking services.

Not for Retail: No Assurances as to Results: Trading in securities involves risks, including the risk of loss. This document and the products and strategies described herein (collectively, the "Products") are intended for use only by sophisticated professional and institutional investors. Investors should trade utilizing the Products only after consultation with their financial, legal and tax advisors and only after making a determination that the Products are suitable for their risk tolerance and investment objectives. Scotiabank cannot provide any assurances that the Products will achieve their intended results or that the Products will outperform alternative similar products or strategies. While this document describes how the Products are intended to work under normal market conditions, the actual performance of the Products may not achieve their intended results, particularly during periods of unusually high volatility, unusually low liquidity and/or other extraordinary market conditions. Nothing in this document should be construed as tax advice and no description of the Products contained herein takes into account the tax consequences of executing transactions utilizing the Products.