

## ***Best Execution Policies and Procedures for Echelon Wealth Partners Inc.***

### **1. Best Execution Obligation**

According to IIROC Rule 3119 (1) ``best execution`` means obtaining the most advantageous execution terms reasonably available under the circumstances.

Echelon Wealth Partners Inc. (EWP) must establish, maintain, and ensure compliance with written policies and procedures that are reasonably designed to achieve best execution when acting for a client in accordance with IIROC Rule 3120 (1).

### **2. Best Execution Factors considered**

EWP considered the following factors when establishing and maintaining its' written policies and procedures for all client orders:

- a. Price;
- b. The speed of execution;
- c. The certainty of execution;
- d. The overall cost of the transaction, when these costs are passed on to clients;

and EWP considered the following additional factors which encompassed specific considerations for listed securities and foreign-exchange traded securities such as:

- e. Considerations taken into account when determining appropriate routing strategies for clients;
- f. Considerations of the fair pricing of Opening Orders when determining where to enter an Opening Order;
- g. Considerations when not all marketplaces are open and available for trading;
- h. How order and trade information from all appropriate marketplaces, including unprotected marketplaces and foreign organized regulated markets , is taken into account;
- i. Factors related to executing on unprotected marketplaces; and
- j. Factors related to sending orders to a foreign intermediary for execution,

and in addition EWP has identified several other factors used to achieve best execution when manually handling a client order for a listed or foreign exchange-traded security that trades on a marketplace in Canada and they include:

- k. The direction of the market for the security;
- l. The depth of the posted market;
- m. The last sale price and the prices and volumes of previous trades;
- n. The size of the spread; and liquidity of the security.

### **3. Additional Factors taken into consideration in achieving Best Execution**

- a. For all client orders:
  - i. EWP considers client instructions subject to compliance by EWP with any regulatory requirement; and

- ii. EWP will describe any material conflicts of interest to the client that could arise when sending certain orders for handling or execution and how these conflicts are to be managed.
- b. For the execution of orders for listed securities and foreign exchange-traded securities that trade on a marketplace in Canada:
  - i. EWP will identify its order handling and routing practices intended to achieve best execution; and
  - ii. EWP will take into account order and trade information from all appropriate marketplaces; and
  - iii. EWP will also ensure there is rationale for accessing or not accessing particular marketplaces ; and
  - iv. EWP will document the circumstances under which a Dealer Member will move an order entered on one marketplace to another marketplace.

**4. Certain Practices not allowed in the execution of the Best Execution of client orders**

- a. EWP will not send:
  - i. Client orders in listed securities in bulk to a foreign intermediary for execution outside of Canada, without considering other liquidity sources, including liquidity sources In Canada; and
  - ii. EWP will not purchase over-the-counter securities for its own account from a client or sell over-the-counter securities for its own account to a client except at an aggregate price (including mark-up or mark-down) that is fair and reasonable, taking into consideration all relevant factors, including the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that EWP is entitled to a profit, and the total dollar amount of the transaction; and
  - iii. EWP will not purchase or sell over-the-counter securities as agent for a client for a commission or service charge in excess of a fair and reasonable amount, taking into consideration all relevant factors, including the availability of the securities involved in the transaction, the expense of executing or filling the customer's order, the value of the services rendered by the Dealer Member, and the amount of any other compensation received by the Dealer Member in connection with the transaction.

**5. Disclosure of Best Execution Policies and Procedures of Fidelity Clearing Canada ULC(FCC)**

EWP employs Fidelity Clearing Canada ULC to provide execution services on its behalf for all orders entered through the Echelon Dataphile order entry system for the majority of retail trades.

In addition to providing the following link ( <https://clearing.fidelity.ca/fcc/en/home>) to FCC's best execution disclosure to comply with the following sections of IIROC Rules 3122(1)(ii), 3126, and 3129. EWP will also ensure that the following is performed;

- a. An initial review of the public best execution disclosure of FCC and a review when changes to the disclosure are made, to ensure the policies and procedures are complete and appropriate for its clients; and
- b. Obtaining an annual attestation from FCC that FCC has complied with and tested its best execution policies and procedures in accordance with IIROC Dealer Member Rule 3120(1); and
- c. EWP will follow up with FCC if it identifies execution results that are inconsistent with the executing Dealer Member's best execution disclosure and these inquiry results will be documented.

#### **6. The Review of Best Execution Policies and Procedures**

EWP will review its best execution policies and procedures as required under IIROC Dealer Member Rule 3126(1) at least annually, and specifically whenever there is a material change to the trading environment or market structure that may impact EWP's ability to achieve best execution for its clients. EWP will consider whether more frequent reviews of its best execution policies and procedures are necessary taking into account the scope and size of its business.

EWP will have a process in order to review its best execution policies and procedures, and this process will consist of the following details;

- a. The review will be conducted by the compliance department under the direction of the Best Execution Oversight Committee (BEOC);
- b. The information sources to be used will include, market data provided by the vendors used by EWP, FCC provided data, Dataphile and Fidessa Smart order Router (SOR) and related data, and any other sources deemed as necessary to complete the review;
- c. Review procedures employed would include, the assessment of the key SOR market access and execution statistics, assessment of the efficiency of marketplace trading metrics, and any additional compliance department tests and assessments deemed appropriate;
- d. An additional review would be triggered by the addition or loss of another marketplace (ATS or Exchange), a change in an EWP key vendor connected to the best execution process at EWP such as Dataphile, Fidessa, or the change in use or vendor providing SOR services;
- e. EWP will evaluate whether its policies and procedures are effective through assessment of- i) client feedback (e.g. number or lack of complaints regarding trade execution), and ii) results generated through the annual review process;
- f. Reports of the annual or additional required review will be presented to the Best Execution Oversight Committee and subsequently the BEOC will present the findings to

the EWP Board of Directors at the quarterly meeting after the annual or required review is completed. In addition, these Best Execution reviews and any decisions made and changes to the Best Execution Policies and Procedures will be maintained for at least 7 years by the CCO. Finally all deficiencies identified in the course of its best execution policies and procedures review will be promptly corrected.

#### **7. Training Obligations of EWP**

EWP will have reasonable assurance that all employees involved in the execution of client orders know and understand the application of EWP's written best execution policies and procedures that they must follow.

#### **8. Best Execution and the Order Protection Rule**

Despite any instruction or consent of the client, achieving best execution for a client order of any listed security requires that EWP is subject to compliance with the Order Protection Rule under Part 6 of UMIR Trading Rules by:

- a. The marketplace on which the order is entered; or
- b. EWP, if EWP has marked the order as a directed action order in accordance with UMIR 6.2.

#### **9. Disclosure of Best Execution Policies**

EWP will provide in writing to its clients through the EWP Important Client Information Booklet:

- a. A description of EWP's obligations under IIROC Dealer Member Rule 3120(1);
- b. A description of the factors that EWP considers for the purpose of achieving best execution;
- c. A description of EWP's order handling and routing practices intended to achieve best execution for client orders for listed securities , including:
  - i. The identity of any marketplace to which EWP might route the orders for handling and execution;
  - ii. The identity of each type of intermediary (foreign and domestic) to which EWP might route the orders for handling or execution;
  - iii. The circumstances in which EWP might route the orders to a marketplace or intermediary identified or referred to in the disclosure made under (a) and (b);
  - iv. The circumstances, if any, under which EWP will move an order entered on one marketplace to another marketplace;
  - v. The nature of any ownership by EWP or an affiliated entity of EWP in, or arrangement with, any marketplace or intermediary identified or referred to in the disclosure made under (a) and (b);
  - vi. If any of the orders may be routed to an intermediary referred to in the disclosure made under (b), pursuant to an arrangement with any such intermediary,

1. A statement that the order will be subject to the order handling and routing practices of the intermediary;
  2. A statement that EWP has reviewed the order handling and routing practices of the intermediary and is satisfied that they are reasonably designed to achieve best execution;
- d. A statement as to:
- i. Whether fees are paid or payments or other compensation is received by EWP for a client order routed, or traded resulting from a client order routed, to any marketplace or intermediary identified or referred to in the disclosure made under (a) and (b);
  - ii. The circumstances under which the costs associated with those fees paid or the amounts or compensation received will be passed on to the client; and
  - iii. Whether routing decisions are made based on fees paid or payments received;
  - iv. When providing market data as a service to clients, a description of any missing market data, including an explanation of the risks of trading with incomplete trading data provided.

#### **10. EWP Disclosure Requirement regarding applicability to clients**

EWP will make the required best execution disclosure for each class or type of client when the factors, order handling and/or routing practices used for such clients materially differ. EWP will specifically identify the type/class of client and the type/ class of securities to which each disclosure applies. In addition, the disclosure will include the date of the most recent changes made in accordance with IROC Rule 3120(1).

#### **11. EWP Disclosure Policy for Best Execution of Client Orders**

EWP will make the best execution policy disclosure on its public website and will clearly identify to clients where on the website this disclosure is found. In addition, the disclosure will be included in the Important Client Information Booklet which is given out to all clients at account opening.

In addition, EWP's compliance department will review the disclosure at a minimum on an annual basis and will promptly update the disclosure to reflect EWP's current practices. Finally, EWP will identify and maintain the disclosure change on the website for a period of 6 months after any change has been made.

#### **12. Echelon Wealth Partners Inc. (EWP) Best Execution Policy Scope and Obligation**

This Policy applies to the business conducted with Retail and Institutional clients of EWP. In addition this Policy applies to listed securities and Over-the-counter ("OTC") securities. This document will be published on our public website at [www.echelonpartners.com](http://www.echelonpartners.com) and updated as necessary on our website.

Best Execution means obtaining the most advantageous execution terms reasonably available under the circumstances. Therefore, it is the requirement to take all reasonable steps to obtain the best possible result for you when you trade through our firm.

### **13. Retail Clients**

When dealing with an order on behalf of a retail client, our delivery of best execution concentrates on several factors that are all considered (see section 2 above).

EWP executes retail client orders through 3 different execution venues: A) Direct order entry into the Dataphile's OMS system; B) through the Croesus terminal and C) through the Retail Special Handling Desk. A description of each is described in more detail below;

- a. The direct order entry of orders into the Dataphile OMS system goes through our intermediary carrying broker, Fidelity Clearing Canada ULC (see appendix 1 for the description of Fidelity Clearing Canada ULC's best execution policies). Our Investment advisors use this system to enter client orders from their computers. EWP has reviewed the best execution policies noted in appendix 1. EWP is of the opinion that these intermediary carrying broker's policies are reasonably designed to achieve best execution when acting for EWP on behalf of our clients.
- b. The Croesus system is used only by certain Portfolio Managers at EWP and this system routes the retail orders that uses the Fidessa Trading engine/ smart order router (SOR) to achieve best execution (see appendix 2 for the description of the marketplaces that the Fidessa SOR uses for its order routing methodology).
- c. The Retail Special Handling Desk is the third retail execution option available to the Investment Advisors at EWP. These orders could require special handling for a variety of reasons (size, liquidity of the issue traded, etc.) Phone calls are placed with the designated trader responsible for handling retail orders and the trader executes the trades through the Fidessa Trading terminal/smart order router (SOR) to achieve best execution (see appendix 2 for the description of the marketplaces that the Fidessa SOR uses for its order routing methodology). Since these orders are manually handled by the trader, sections 2 (k) (L) (m) (n) are additional factors that are taken into consideration.

### **14. Institutional Clients**

When dealing with an order on behalf of an institutional client, our delivery of best execution concentrates on several factors that are all considered (see section 2 above).

EWP executes institutional client orders through 3 different execution delivery methods. Most of the institutional orders are called into the institutional trade desks to the traders, while there are other orders that come in through a "FIX" connection. The 3<sup>rd</sup> execution delivery method involves EWP's Institutional Direct Electronic Access (DEA) trading. These orders are entered onto the respective markets by EWP's DEA Institutional clients directly. In most cases, all the Institutional client trades noted above are then routed through the Fidessa trading engine using the SOR in order to achieve best execution.

When considering the factors noted in section 2 above, EWP will also take into account the prevailing market conditions. Therefore, since some of these orders are manually handled by traders, sections 2 (k) (L) (m) (n) are additional factors that are taken into consideration.

#### **15. Instructions from Clients**

When the client provides EWP with instructions specific to an order, relating to one or more of the factors noted in section 2, EWP will execute the order in accordance with those instructions as reasonably possible. However, we will respect the marketplace rules and the regulatory environment while doing so (see section 3).

If the client instructions relate to only part of the order, in following those instructions, and while considering section 3, we will be deemed to have taken all appropriate steps to provide best execution in respect of that part of the order. However, regarding those aspects of the order that is not covered by the clients' instructions, we will apply the best execution policy.

#### **16. Application of Best Execution when dealing with Multiple Financial Instruments**

Since the obligation to provide best execution applies to all financial instruments, the differences in markets and /or the structure of the financial instruments themselves means that EWP applies best execution factors taking into consideration the different circumstances related to the execution of the particular financial instrument.

Therefore, the relative importance of the execution factors to be considered in section 2 above is variable and changing depending on the circumstances involved in the order. In making judgement on the relative importance of these factors, EWP makes market assessments and applies its market expertise, in light of the market conditions at that time.

Factors as noted in section 2, and characteristics specific to your order, will be taken into account in obtaining best execution for your order. Although, price will always merit a high relative importance in obtaining best execution, there may be circumstances where we judge other factors more important than price.

#### **17. Market Disruptions and Accountability**

There are situations, system failure, disrupted markets, power outages or other catastrophic occurrences that may result in your order being executed in a different manner than is documented in this policy.

EWP will in any such circumstance as noted above, seek to achieve the best possible result available. EWP will continue to apply this policy on a best efforts basis when faced with any of the extenuating circumstances noted.

## **18. Execution Venues /Marketplaces**

With respect to each category of securities EWP offers to its clients, appendix 3 lists those execution venues that allow EWP to offer consistent best execution. This list may be updated from time to time and any new execution venues will be selected in accordance with the Policy.

It is important to note that the factors that went into the selection, relative ranking and priority of usage of these venues included historical trading activity, system reliability, depth of liquidity, the likelihood of execution, speed of execution.

EWP may route orders directly to any of the venues listed in appendix 3, if it is deemed to be in accordance with this Policy. In most cases, this will only occur when executing retail special handling and institutional orders.

There are certain venues that pay EWP a rebate when the firm routes orders to their marketplace. In addition, EWP can at times pay a fee to a marketplace in order to execute orders according to this Policy. EWP does not pass on additional cost or any compensation received to its clients regarding compensation or payments.

EWP does not own or have any affiliation, other than being a member, with any of the exchanges and marketplaces that it executes transactions on. In addition, EWP is not a market maker on any of these venues, but will trade for its own account on these venues from time to time. This is important to note, since there is no inherent conflict of interest in EWP's routing of orders to any of the various venues utilized.

Transactions executed in the US or a non-Canadian marketplace will be handled by another broker which does not include an affiliate of EWP. In these cases, orders will be required to be executed in accordance with the local rules and regulations and could result in the executing broker applying different criteria on the assessment of execution quality. The executing broker may act as principal or agent.

## **19. Governance of this Policy**

EWP has a Best Execution Oversight Committee (the "BEOC") that has responsibility for this policy. The BEOC is made up of the CCO, CEO, CFO and the Managing Director of Institutional Trading.

The BEOC monitors the financial landscape concerning best execution on an ongoing basis to ensure EWP is always providing best execution to our clients. The BEOC directs the compliance department to conduct any additional reviews they feel are necessary. This could occur if there is a material change to the trading environment or market structure that may impact EWP's ability to achieve best execution for its clients. In addition, the



Committee reviews the annual best execution review prepared by the compliance department and prepares the report that is presented to the EWP Board of Directors.

## **20. Multiple Marketplaces and additional order handling information applicable to client orders**

In the execution of your order, EWP may decide to aggregate your order with a transaction that includes EWP's own account and/or that of another client. Aggregation will only occur if it is likely that the aggregation will work to your advantage, such as providing a better price and/or full order execution.

In addition, EWP will generally execute your order as soon as possible, unless we feel that by delaying your order execution is in your best interest. We will also take into consideration your specific client order instructions, subject to section 15 above, taking into account the need to manage any potential conflicts of interest that may exist between you, ourselves and our other clients.

Multiple marketplaces exist in Canada and therefore a listed security can be executed on a number of Canadian venues. The principal marketplace, unless noted otherwise, is the default marketplace for all securities and it is the TSX. For further reference please see appendix 4 that details how the principal markets apply to the handling of orders.

For the hours of operation and the special handling of orders, EWP has established standard hours of operation and other policies regarding the handling of certain order types for listed securities. Please refer to appendix 4 for more reference to the details surrounding these policies and procedures.

Orders received after the 4 PM close may be held and entered the next business day in the pre-opening on the principal marketplace or entered on a marketplace that offers afterhours trading, but this must be specified and requested by the client. Please see appendix 4 for more details.

There are certain factors that make trading outside the regular hours of trading more risky (e.g. lower liquidity, higher possible volatility, etc.). Please discuss these factors with your EWP salesperson before deciding on the entry of an afterhours order.

## **21. Additional information or clarification of this Policy**

Should you have any questions or need clarification of the policies contained in this document please contact your established business contact and/or the compliance department at EWP.