

# EMERGING EQUITIES INC.

## HANDLING OF ORDERS

There are a variety of marketplaces on which orders to trade listed securities can be placed and executed. Emerging Equities Inc. (“EEI”) provides this guidance to inform clients about the types of orders offered by EEI and how such orders will be handled.

Since 2006 Alternative Trading Systems (ATS) have operated in Canada, providing an alternative marketplace for the trading of securities. Until the introduction of ATS, trading was solely on traditional exchanges, such as the Toronto Stock Exchange (TSX) and the TSX Venture Exchange (TSXV). A multiple market environment brings many benefits to investors such as the potential for improved pricing and liquidity as well as technological and market structure innovation. However it also brings a certain level of complexity and challenges that were not present in a single market environment. Under Canadian regulation, EEI has an obligation to secure the best price and the best execution for its clients orders. To do so, EEI, through its carrying broker, employs certain automated systems coupled with its understanding and expertise in trading and market structure to provide clients with an execution that meets their requirements.

### 1. BEST PRICE

During regular market hours EEI achieves best price execution by using automated systems that will source the best price for the execution of a client order from the multiple Canadian marketplaces. All available markets are considered during the sourcing process including both visible markets and markets that offer no pre-trade transparency (Dark Pools).

### 2. HOURS OF OPERATION FOR TRADING IN LISTED CANADIAN SECURITIES

#### Hours of Operation

Most Exchanges and ATS’s in Canada offer trading between the hours of 9:30 A.M and 4:00 P.M., Eastern Standard Time (EST), Monday through Friday, not including statutory Canadian holidays. Client orders placed during normal business hours will be transmitted to EEI’s trading staff or trading systems and executed based on the instructions of the client and in accordance with the hours of operation on the market where the order is placed.

Clients who place orders with their Investment Advisors when Canadian markets are closed should be aware that such orders will be held by EEI until the opening of trading the following business day and entered into a market place in the manner described in this document.

#### Extended Hours Trading

Some marketplaces provide additional order execution facilities outside of their normal trading hours. Clients should consult the web sites of the marketplace where they intend to trade or speak to their Investment Advisor if they wish to execute outside of normal business hours. Please be advised that price determination and liquidity may vary from market to market during these trading sessions.

### 3. STANDARD HANDLING OF ORDERS

Marketplaces typically operate according to a schedule of trading sessions or market states. The following points are intended to clarify how EEI will process the described client orders during these sessions.

#### Pre Open Sessions

Clients who choose to participate in a pre-open session, either passively or actively, should be aware of the following:

- A pre-open session is typically held where a market supports an opening auction.
- Typically only a very small percentage of the daily trading volume of a security is executed in the pre-opening period. Duration orders such as GTC or GTD (see below) entered the day prior will roll into the pre-open session the next day and be available for trading.
- Orders entered into pre-open sessions are held until the opening auction is executed. Buy and Sell order prices may overlap, which in-turn helps drive the price discovery of the opening auction
- In a multiple markets environment there is no standard opening price set across all markets which trade securities. Furthermore, not all market places open at the same time which may impact the price and volume executed for a client order entered in the pre-opening time period. **Price discrepancies between markets may occur.**

For these reasons automated order handling systems may not be relied on for best price or best execution of client orders. If a client chooses to enter an order in the pre-open session then, unless otherwise directed by the client EEI/NBCN, will select a marketplace where, based on its analysis and experience, it feels the client will secure the best execution. Duration orders that have rolled over from the night before into the Pre-open will be considered to be passively participating. If a client does not want to passively participate in the Pre-open session they should enter Day orders only or cancel unfilled duration orders at the end of each day.

#### Opening Auction- EEI must call the NBCN Traders in Toronto

For marketplaces that support an opening auction, e.g. TSX, TSXV, Alpha and Pure trade allocation and imbalance/price volatility management methodology may differ.

Markets that do not support an opening auction typically open “shotgun” style at a predetermined time. Please consult each specific marketplace for more information.

#### Post-open/Continuous Auction- EEI must call the NBCN Traders in Toronto

Where markets support an opening auction, unfilled orders from the auction will rollover to the Post-open market session of the market that they were entered upon unless specified as Market on Open (MOO) orders.

Market and Limit orders received by EEI during the post-open session will be sent through an automated system that will route the order to the best market available at the time of receipt. Any unfilled portion of the order will be directed to a default recognizable exchange and will remain on that market until the order is filled, modified, cancelled or expires.

#### 4. ORDER EXECUTION

In a multiple marketplace environment, certain types of orders may have specific handling implications. Unless otherwise specified, orders will be handled in accordance with the description provided in this document.

- **PRICING**

**Market Order**

A market order is an order to buy or sell a security at whatever prices are available in a marketplace to help ensure a complete and full fill. EEI cautions clients from entering market orders given the different treatment that market orders receive in a multiple market environment. Please consult each specific marketplace for more information. EEI/NBCN will route market orders through its automated system that examines each available marketplace and enters the order in the market that secures the best price.

**Limit Order**

A limit order is an order for a security at a specific minimum sale price or a maximum purchase price set by the client. If a limit order is not immediately executable, EEI/NBCN will book limit orders to a market that in its judgement offers the best chance of execution. These orders will remain in that market until the order is filled, cancelled or expired.

In a multiple market environment, Clients should be aware that once their limit order is booked on a market place it is possible for the security to trade in other markets without the client's booked order participating.

- **DURATION**

Duration refers to the lifespan of the order within a trading system. Different markets may offer different duration values and options. For market specific details please refer to the web site of the market in question. Below are a number of the most commonly used duration types.

**Day Orders**

A Day order instructs the receiving marketplace to automatically expire the order if it is not executed in the same trading day.

**Good Till Cancel Orders**

Good Till Cancelled Orders (GTC) specify that the order remains active until the client cancels the order, or until the order exceeds its set duration and thus expires.

EEI will only allow the entry of orders with a 30 calendar day maximum GTC. It is the client's responsibility to ensure they know what the date of expire will be and to contact their Investment Advisor on or before the order's expiry date should they wish the order to be re-instated.

### *Good Till Date Orders*

Good Till Date Orders have an order duration that specify that the order remains open until it is either cancelled by the client, filled or until it expires at a specified date.

### *Special Terms Orders (STO)*

For EEI STO are orders with specific terms which can not be traded in the regular marketplace. STO orders will only post to the special terms market on which they are entered.

Please note that the use of special term orders can delay or decrease the chance of execution, as the receiving market must ensure the “special terms” of the order are satisfied prior to executing the order.

### *Market-on-Close Orders (MOC) - EEI must call the NBCN Traders in Toronto*

Market on Close is an order designation which specifies that the entire order is to be executed at the official closing price of the marketplace it is entered upon. Not all markets support this order type in their system.

- **DISCLOSURE OF MARKETPLACE**

An order executed on more than one marketplace or alternative marketplaces will be reported to the client using a trade confirmation that will generally read “**Traded on Multiple Markets**.”

All orders executed on more than one marketplace or ATS in Canada will receive a confirmation listing the transactions on the different marketplaces.

Alpha Trading Systems Limited Partnership (Alpha) is an ATS operating in Canada offering a broad range of trading services and options. As part of EEI’s regulatory obligations to secure best execution for all client orders NBCN/NBF, EEI’s carrying broker is a subscriber to Alpha and our automated trading systems probe its available liquidity on all orders.

NBF is a limited partner of Alpha and a shareholder of Alpha Trading Systems Inc., the general partner of Alpha, and also has representation on the Board of Directors of Alpha.