Introduction

This document sets out Macquarie Capital Markets Canada Ltd. (MCMC) obligations, factors, order handling and routing practices intended to achieve best execution for client orders for listed derivatives.

MCMC will establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to achieve best execution when acting for a client. “Best Execution” means obtaining the most advantageous execution terms reasonably available under the circumstances.

The majority of orders come in through electronic means, in which case trades are routed through the Fidessa trading engine using the Smart Order Router (SOR) in order to achieve best execution. Clients who trade electronically may select several algo service providers from Macquarie’s third-party vendors.

Institutional client orders can also be called or messaged into the institutional trade desks, which are manual orders. Subject to client instructions, these are entered into Fidessa using the SOR for best execution purposes.

Where clients provide specific instructions, MCMC will execute trades in accordance with those instructions subject to compliance with all regulatory and marketplace requirements. MCMC may return an order to the client for clarification or reject an order if those instructions compromise MCMC’s obligations. Providing MCMC with specific instructions may prevent us from taking some or all of the steps that are designed to obtain the best possible result for the execution of your orders.

MCMC’s best execution policies and procedures are reviewed and updated at least annually and approved by the Head of Listed Derivatives. The results of these reviews are reported to the Board of Directors at least annually.

Best Execution Factors

MCMC considers the following factors for the purpose of achieving best execution for all client orders:

- Price
- Speed of Execution
- Certainty of Execution
- The overall cost of the transaction, when costs are passed on to clients
- Likely market impact
- Any other consideration deemed relevant to the execution of an order
MCMC considers the following sub-factors, which are more specific considerations of the broad factors listed above.

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

MCMC receives order, pricing and trade information for protected and unprotected markets via market data, OMS and Algo vendors and best execution providers.

MCMC considers the following "prevailing market conditions" when manually handling a client order for a listed security or a foreign exchange-traded security that trades on a marketplace in Canada:

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

Order Handling and Routing Practices

Marketplace

MCMC only executes trades in listed derivatives for which it accesses the exchanges for the purpose of best execution. The broad best execution factors listed above are used to select and rank venues in addition to the following factors: experience, analysis, and market data. Specific factors will be considered when handling orders with unique circumstances, such as market opening and closing, client instructions, and venues that may have specific attributes (e.g. after-hours trading or dark pools). MCMC may pay marketplace fees or receive marketplace rebates when routing orders to certain marketplaces. These are not a primary factor in determining market routing.

MCMC will not send listed securities in bulk to a foreign intermediary for execution outside of Canada without considering other liquidity sources, including liquidity sources in Canada.

Intermediaries

MCMC may use the execution services of its affiliates or third-party brokers, to execute in foreign and domestic markets.

MCMC may also to route orders to an intermediary when one or more of MCMC’s best execution processes are impaired.

MCMC will review the order handling and routing practices of the intermediary or third-party algorithm provider to ensure that they are reasonably designed to achieve best execution. Each such
service provider is required to provide annual certification that its procedures meet best execution requirements.

Client Instructions & Order Protection Rule

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

- The marketplace on which the order is entered; or
- MCMC if we have marked the order as a “direct-action order”, in accordance with the Universal Market Integrity Rules (UMIR) Section 6.2.

Trading Sessions

The trading hours for each product are subject to change at the MX’s discretion. Please refer to following link for most updated product trading hours:

https://m-x.ca/yourtime/en/#:~:text=Trading%20Hours,
Our%20extended%20trading&text=Investors%20from%20around%20the%20world,to%204%3A30%20p.m.%20ET

Bond Market Derivatives Trading hours:

Pre-Opening session begins at 7:30 pm. until 8:00 pm. ET.

With the Montreal Exchange’s Continuous Trading Hours initiative, the Regular Trading session begins at 8:00 pm. ET(t-1) up until 16:30 pm.

Index Futures:

Pre-Opening session begins at 7:30 pm. to 8:00 pm. ET.

Regular session begins at 9:30 am to 4:30 pm ET.

Share Future Derivatives:

Pre-Opening session begin at 5:30 a.m. to 6:00 a.m. ET.

Regular session begins at 9:30 am to 4:00 pm ET.

MCMC supports trading in both the pre-open and the post-close. Trading in these sessions is performed by designated traders of an affiliate and are handled in accordance with this policy and specific client instructions are required for participation.

MCMC Trading will follow the holiday calendar of the primary Canadian listing marketplace for Canadian orders, and the holiday calendar of the primary US listing marketplace for US orders. Each Canadian marketplace supports a variety of order types.

Trade execution details are available via trade confirmation, electronically via FIX and/or upon request. This includes marketplace execution details, execution capacity and average price details.

Best Execution Oversight

Best execution, as well as order routing table maintenance, is reviewed by MCMC’s Head of Listed Derivatives on at least an annual basis. Reviews to best execution policies and procedures may be
performed more frequently where conditions dictate. The results of these reviews are presented to MCMC’s Board of Directors at least annually.

**Disclosures Regarding Best Execution**

Disclosures relating to best execution are prepared and reviewed on a periodic basis. Prior iterations of this policy will be made available for a period of 6 months following any changes thereto. Updates are posted at [https://www.macquarie.com/ca/about/disclosures/regulatory-disclosures](https://www.macquarie.com/ca/about/disclosures/regulatory-disclosures)