



Policy on Multiple Marketplace Trading – Best Execution

With the emergence of multiple competitive marketplaces in Canada, Hampton Securities Limited (“Hampton”) prepared this policy to inform its clients of the conditions and activities that could affect them in this trading environment.

Best Execution Changes

The following are changes to the Hampton Best Execution public disclosure statement, which will be noted in this section for your reference.

01/02/2018 – New Amendments, IIROC Rule 3300 Best Execution of Client Orders, incorporated into the new NBF Best Execution Policy and public disclosure statement.

Hampton Best Execution Public Disclosure Statement

For clients who do not have access to the online Best Execution public disclosure statement, a hardcopy version is available upon request. All clients who request a hardcopy version, will be placed on a distribution list and will receive updates of this Best Execution public disclosure statement within 90 days of the update. All new clients will receive a copy at account opening or account update.

Please contact your Investment Advisor or Compliance for further information.

Best Execution Overview

Hampton Securities Limited (Hampton) is committed to using all reasonable efforts to ensure that clients achieve Best Execution of their orders in respect to all securities, including listed securities, foreign-exchange traded securities and transactions in OTC securities. At Hampton, our main goal is to constantly strive to achieve Best Execution for all clients, while providing consistent liquidity to all Canadian marketplaces.

This Policy meets IIROC requirements under Rule 3300 – Best Execution of Client Orders:

- Outlines the process designed to achieve Best Execution for all clients
- Explains how Hampton follows the instructions of the client
- Explains the process for taking into account order and trade information from all appropriate marketplaces and FORM
- Describes how Hampton evaluates whether or not Best Execution was obtained from an overall perspective.

Best Execution represents the obligation on marketplace participants to diligently pursue the execution of each client order on the most advantageous execution terms reasonably available under prevailing market conditions at the time of execution. Best Execution includes, but is not limited to, the best price available at the time of execution. It also includes optimizing liquidity, minimizing order signaling effects, speed and certainty of execution.

Best Execution Criteria Considerations:

- Price at which the trade would occur
- Speed of execution
- Certainty of execution / % Fill Criteria
- Overall cost of execution
- Market disclosure/signaling
- Prices and volumes of the last sale and previous trades
- Prevailing market conditions at the time of execution
- Direction of the market for the security
- Posted size on the bid and offer
- Size of the spread
- Liquidity of the security



- Execution quality over the order duration determines the price at which the order was executed relative to the time of entry and average execution price over the time in which the order was actively traded in the market
- Client instructions when received, are always considered and orders will be executed in accordance with those instructions, so far as reasonably possible

Hampton meets its Best Execution obligations to client orders through:

- **Use of SOR technology:** Hampton endeavors to employ the most technological advanced SOR technology available relevant to the trading application and execution venue. Hampton is responsible for adjusting our own SOR strategies, utilizes Third-Party SOR's, and typically uses a spray strategy.
- **Provision of client liquidity:** In order to minimize price, certainty of execution, and adverse market signaling impacts of large client order types, NBF may, at its discretion, enhance visible market liquidity through the provision of principal liquidity facilitation.
- **Marketplace access/information:** NBF is a member of all Canadian marketplaces. Information from all appropriate marketplaces (including unprotected marketplaces, protected marketplaces, and FORM) are taken into account in accordance to the Best Execution criteria considerations.
- **Unprotected Marketplaces:** Unprotected Marketplaces are taken into account if that marketplace has demonstrated a reasonable likelihood of liquidity for a specific security relative to the size of the client order.
- **Speed Bumps:** Marketplaces with Speed Bumps are taken into account if that marketplace has demonstrated a reasonable likelihood of liquidity for a specific security relative to the size of the client order.
- **Access dark liquidity:** Hampton accesses dark liquidity facilities when market factors indicate a reasonable likelihood of material liquidity for a security in these trading venues.
- **Monitoring order execution quality:** Hampton performs periodic systemic reviews of order routing criteria to ensure optimum routing for client orders and by order execution performance against relevant quantitative metrics.
- **Personnel:** Hampton is committed to employing professional and experienced trading personnel capable of evaluating market characteristics and suitable execution strategies in the context of market conditions. Trading personnel are registered with IIROC, where required, and have a responsibility to comply with their continuing education requirements.

Order Handling

In a multiple market environment, Order Execution may have specific handling implications for certain types of orders. Unless otherwise specified, orders will be handled in accordance with the description provided in this document. Duration refers to the lifespan of the order within a trading system.

1. Principal Marketplace

Unless notified otherwise by Hampton, the principal marketplace for all securities listed on the Toronto Stock Exchange ("TSX"), whether or not the security is trading on other alternate marketplaces, will be the TSX.

The TSX operates between 9:30 am (Toronto local time) and 4:00 pm (Toronto local time), Monday through Friday, not including statutory holidays in Ontario. All references to time in this document are references to Toronto local time, which is Eastern Standard Time or Eastern Daylight Savings Time, when in effect.



2. Hours of Operation for Trading in Listed Canadian Securities

Hampton's trading staff and systems will be available for order execution during principal marketplace hours. Staff may be available outside of principal marketplace hours; however, Hampton will not guarantee order taking and/or trade execution outside of the hours of 9:30 am to 4:00 pm.

3. Standard Handling of Orders on Listed Markets

All orders received will be handled as follows:

a) an order received prior to principal marketplace open (9:30 am) will book to the pre-opening of the principal marketplace (TSX) for booking or execution at the opening. Orders received prior to marketplace open will not route to an alternative marketplace; and

b) an order received after the principal marketplace close (4:00 pm) will be entered into the pre-opening of the principal marketplace (TSX) on the **following business day**. Orders received after marketplace close will not route to an alternative marketplace, and

c) an order received during the principal marketplace operating hours will be entered into the best market at the time of entry. The "best market" is the marketplace with the best bid (buy price), ask (sell price) or where Hampton feels the order has the highest probability of being executed. This may be any marketplace that Hampton has access to and/or can access for the purpose of best execution, and

d) any portion of an order that cannot be immediately filled will be booked to the principal marketplace and will remain in the booked marketplace until the order is filled, expired, changed or cancelled.

4. Order Execution

Certain types of orders have specific handling implications in a multiple marketplace environment. These have been addressed as follows:

a. Day Orders

A Day Order is an order to trade that expires if it is not executed the day that it is booked to the marketplace. Day Orders will be handled in accordance with the "Standard Handling of Orders". All Day Orders expire, if not filled in full, upon the close of the marketplace where the last portion of the order remains live, unless otherwise agreed to between the client and the Investment Advisor.

b. Good Til Cancelled Orders

Good Til Cancelled orders are orders that will remain open until a specified date of expiry. These orders will be entered in the principal marketplace (TSX) if they are not immediately executable on an alternative marketplace at the time of entry. The order will remain in the principal marketplace until executed or expiry, whichever comes first.

c. Market Orders

A Market Order is an order to buy or sell a security at whatever prices that are available in the marketplace to help ensure a complete and full fill. Upon entry to the marketplace, these orders require immediate completion. Market Orders will be handled in accordance with the "Standard Handling of Orders". These orders will expire, if not filled in full, on the marketplace where the last portion of the order remains live, at the close of the marketplace.

d. Limit Orders

A Limit Order is an order for a security at a specific minimum sale price or maximum purchase price that is not to be exceeded. Limit Orders will be handled in accordance with the "Standard Handling of Orders". The order will expire, if not filled in full, upon the close of the marketplace where the last portion of the order remains live.

e. Special Terms Orders

Special Terms Orders are orders with specific terms that are not executable in the regular marketplace. Special Terms Orders will only post to the Special Terms Market of the principal marketplace, unless they are immediately executable on an alternative marketplace at the time of entry. Special Terms Orders will expire at the close of the principal marketplace.



f. Stop Loss Orders

Stop Loss Orders are orders that become limit orders when a board lot is traded at, or superior to, the stop loss price on the marketplace in which the order has been booked. These orders will only be directed to the principal marketplace (currently the TSX) until executed or expiry, whichever comes first.

g. Market on Close Orders

Market on Close (MOC) Orders are intended to trade at the calculated closing price of the principal listed marketplace. To participate in the MOC, orders must be received by 3:40 p.m. and can be both Market and Limit MOC Orders. Offsetting MOC Limit orders can be entered to satisfy the imbalance published from 3:40 p.m. until 4:00 p.m. The principal listed marketplace will then calculate the closing price and publish it at 4:10 p.m. There is no guarantee that the MOC Order will be completed. The TSX MOC is an anonymous price facility, so the price and volume information will not be known until after executions have completed.

Hampton Treatment of Marketplace Trading Fees, Rebates, and Payment for Order Flow

Hampton does not charge marketplace trading fees or pass on marketplace rebates onto clients.

Best Execution Governance

Hampton Senior Management has annual periodic meetings as required (new marketplace, change in liquidity patterns, change in fees, technology, and marketplace events, etc.). The principal purpose of the meeting is to ensure the ongoing integrity of Hampton's Best Execution regime.

Mandate

- Ensure Hampton's Best Execution Policies remain current in the context of market and regulatory developments.
- Ensure order routing logic is consistent between trading applications, where applicable.
- Ensure that order routing criteria is consistent with the goal of optimizing client order execution
- Review order routing assignments on a periodic basis to ensure the assignments are consistent with optimized client order execution.
- Review Best Execution quality criteria and metrics on an ongoing basis and re-evaluate quantitative and qualitative valuation criteria as required.
- Review trading technology to ensure most appropriate applications are implemented.
- Review Hampton Best Execution Policy and public disclosure statement at least annually and/or after each material change to the trading environment or market structure that warrants a review
- Ensure pricing for OTC securities are considered "fair and reasonable"

Order Routing Criteria

Hampton evaluates order routing based on the criteria noted below. It is our philosophy that marketplace liquidity, primarily defined by traded volume, represents the single, best indicator of the potential for superior client order execution. However, Hampton believes technology considerations and innovation as well as other factors are an important consideration in determining the most appropriate default order routing criteria. Marketplace liquidity combined with subjective evaluation of factors noted below are used to determine the appropriate order routing destination for individual securities:

- Volume
- Order to trade ratios
- Technology and support
- Broker attribution
- Market making and primary markets
- Costs and rebate models

Other criteria influencing Retail & Institutional Routing Strategy

- Latency of execution
- Latency of data
- Client preference
- Potential crossing



Technical and Self-Help

This Policy dictates the diligent pursuit of the execution of client orders on the most advantageous terms reasonably available. Part of this Policy necessitates the execution of client orders at the best price available at the time of execution and based on the client instructions. Consistent with our Best Execution obligations Hampton endeavors under all circumstances to access visible liquidity on all marketplaces at the best price available at the time of execution. Hampton management may invoke “Technical-Help” in the event there are reasonable grounds to believe client executions may be adversely affected by system malfunctions or excessive latency originating from a marketplace system malfunction, vendor infrastructure or proprietary systems. When dealing with a marketplace that is experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data of a temporary or longer-term nature, NBF may rely on “Self-Help” in these particular circumstances.

If either “Technical-Help” or “Self-Help” is invoked, the affected marketplace may be removed from existing SOR systems until such time as the cause of the malfunction has been determined and there are reasonable grounds to believe that the identified issues have been resolved. In addition, Hampton Compliance will advise the marketplace, IROC Market Surveillance and any relevant application vendors. Hampton will endeavor to limit the impact of “Technical-Help” or “Self-Help” to affected systems and SOR’s with the primary consideration being the preservation of Best Execution on behalf of our clients.

Execution on Foreign Marketplaces

Orders for Canadian and non-Canadian listed equities to be traded on marketplaces outside of Canada may be executed by third party broker dealers (“Third Parties”). Third Parties may execute such orders as either agent or principal. The fees or commissions charged to us by Third Parties for such orders may be reported as a net price.

Third Parties who may execute order flow on behalf of Hampton in which the following steps are taken to ensure that each Third Party has policies and procedure in place that are reasonably designed to achieve Best Execution for our clients (Third Party Best Execution Policy):

- Hampton will perform an initial review of each Third Party Best Execution Policy and any subsequent changes to it. A determination is made whether it will effectively achieve Best Execution for our clients.
- Hampton obtains an annual attestation from each Third Party to confirm it has complied and tested its Hampton Best Execution Public Disclosure Statement January 2018

Third Party Best Execution Policy.

- Hampton will follow up with each Third Party should Hampton identify any execution results that are inconsistent with the Third Party Best Execution Policy.

Hampton accesses foreign market liquidity in a security when market factors indicate this can be accomplished on terms advantageous to the client in the context of both price and other Best Execution factors with considerations given to Canadian marketplace conditions. Conversions to Canadian dollar currency are processed at current FX rates to ensure that the required conditions are met beneficial to the client.

Hampton does not have any agreements regarding the sending of orders outside of Canada.

Over the Counter (OTC) Fair Pricing

An aggregate fair and reasonable price will be used for executing over the counter securities (OTC) including fixed income and foreign exchange.

“Reasonable efforts” must be made to provide or procure a fair market price for each order under the circumstances of the prevailing market conditions. Markup/down, commissions, and services charges cannot be excessive. A markup/down refers to remuneration on a principal transaction. It is an amount added and subtracted from the price in the case of a purchases and sale respectively. Commissions and service charges are forms of compensation for agency transitions.

Conflicts of Interest Relating to Best Execution

Hampton considers a conflict of interest to be any circumstance where the interests of different parties, such as the interests of a client and those of Hampton, are inconsistent or divergent. Hampton takes reasonable steps to identify all existing material conflicts of interest, and those reasonably expected to arise with regards to Best Execution.



Neither Hampton nor any of our affiliates owns or controls an equity interest in TMX Group Limited. Hampton is a wholly-owned subsidiary of Hampton Financial Corp., (HFC), which is listed on the TSX-V.

Request for additional information

If you have any questions about this policy please contact your Investment Advisor or Compliance.

Disclaimers

The information contained in this document were obtained from sources which we believe to be reliable but are not guaranteed and may be incomplete. This document has been prepared solely for informational purposes only and is not intended to provide financial, legal, accounting or tax advice and should not be relied upon in that regard. The information provided is as of the date hereof and is subject to change without notice.

Hampton Securities Limited. (Hampton) is a Canadian investment dealer and a wholly-owned subsidiary of Hampton Financial Corporation, a publically traded issuer under the symbol HFC on the Venture exchange. Hampton. is registered in certain Canadian provinces and territories and a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

The following tables provide a summary of this policy.

Standard Handling of Orders	
Orders received prior to principal marketplace open (9:30 am, Toronto time)	Order will be entered into the pre-opening of the principal marketplace (TSX)
Orders received after principal marketplace close (4:00 pm, Toronto time)	Orders will be entered into the pre-opening of the principal marketplace (TSX) on the following business day.
Orders received during principal marketplace operating hours (between 9:30am and 4:00pm, Toronto time)	Orders will be entered into the best market at the time of entry.

Order Type	Standard Handling?	Specific Details
Day Orders	YES	Day Orders will expire at close of the marketplace to which the order has been booked
Good Till Cancelled Orders		Good Till Cancelled orders that cannot be immediately executed will be booked to the principal marketplace
Market Orders	YES	
Limit Orders	YES	
Special Terms Orders	Only if immediately executable	Special Terms Orders that cannot be immediately executed will be booked to the principal marketplace
Stop Loss Orders	NO	All Stop Loss orders are booked to the principal marketplace