
REGISTRATION OF PICTET CANADA L.P. (PC)

PC is NRD Firm no: 7090

- ◆ In Quebec, PC is an Unrestricted Practice Dealer that may deal in Equities, Options, Managed Accounts & Futures Contracts and Futures Contract Options.
- ◆ In Ontario, PC is registered as an Investment Dealer with the same products as Quebec, however excluding Managed Accounts & Futures, as PC is not registered with the Ontario Merchant Commission for the latter.
- ◆ In British-Columbia, PC is registered as an Investment Dealer in Securities and Exchange Contracts that may deal in the same products as in Quebec, however excluding Managed Accounts.
- ◆ In Manitoba, PC is registered as an Investment Dealer in Securities, Options & Managed Accounts, however excluding Futures Contracts and Future Contract Options.
- ◆ In New Brunswick, PC is registered as Investment Dealer in Securities, Options, Managed Accounts & Futures Contracts and Future Contract Options.
- ◆ PC is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and is under their prime audit jurisdiction for Equities, Options, Managed Accounts & Futures Contracts and Futures Contract Options.

BEST EXECUTION PRACTICES OF PC

Please find enclosed a summary of the Best Execution requirements and practices for Pictet Canada L.P. (PC)

Best execution refers to a reasonable period of time during which the order is handled, not merely the precise moment in time that it is executed.

It must be accomplished either:

- By execution of client order on marketplaces where PC has access, or;
- By arranging to access marketplaces where PC does not have access through another dealer.

Any price improvement must benefit the client, so that he can trade as close as possible to the Bid when buying and to the Ask when selling.

Best execution requirements may be waived exceptionally. VWAP, special Terms orders and the Self Regulatory Organization only may waive this requirement. PC does not act as principal on VWAP anymore. Moreover, the client CANNOT waive its best execution privilege implicitly; however, it can be done if the client gives its agreement explicitly, usually in writing or by e-mail. For greater certainty, such situations must be referred to the Head Trader or the compliance officer.

Best price obligation: no trade-through of marketplaces

PC considers having access to all the main marketplaces to evaluate the best price available for its clients and trade for its clients on such marketplace without trading through another marketplace.

The obligation to obtain the best price is only related to the “visible” portion of a “better priced” order on another marketplace.

PC OMS which will be of assistance to find and seek the best marketplace price is an additional feature to ensure that no trade-through occurs, on top of the trader input on the subject.

Client priority

The goal of this rule is to prevent the appropriation of trading opportunity by PC or its employee when such opportunity belongs to the client, ahead of PC own interest in principal trades or non-client orders.

Employees are not allowed to trade ahead of a client order in their personal accounts or along a client.

PC acts exclusively as an agency broker for institutional clients, therefore preventing client priority issues since PC does not have principal orders or non-client orders.

PC does not act as principal on VWAP. It has established safeguards to ensure that its clients are given priority orders over all of its non-client or principal orders in the same security and on the same side of the market.

The client cannot waive its client priority privilege implicitly. However, it can be done if the client gives its agreement explicitly, usually in writing or by e-mail.

Order entry & exposure

i) Routing

Normally, orders for less than 50 standard trading units must be immediately routed to a marketplace except:

- a) if the order is for more than 50 standard trading units of CAD\$100,000.00
- b) the client has ordered differently
- c) PC determines that based on market conditions, entering such order would not be in the best interest of the client.
- d) PC executes the order upon receipt at a better price.

However, if PC is the instigator of the withholding of the order, it must result in the client receiving a price at least as good as to what he would have received, had the order not been withheld.

ii) Markers

Appropriate markers must be used when entering orders on a Canadian marketplace.

iii) Order display on fragmented marketplaces.

Upon account opening (and at inception of Pure Trading facility), PC notifies its clients of the following rules for order display of various types of orders.

- All "Market Orders" are handled exclusively between 9h30 All Day orders expire at 4h00 PM ET.
- Good Till Cancelled orders are exclusively traded during historic trading hours that is 9h30AM to 4h00PM.
- Clients who want their orders traded outside 9h30AM to 4h00PM may only do so by giving directed limit orders to be placed and represented exclusively on the marketplace where the client wishes to benefit from the extended hours.

iv) "Off-market trading"

PC does not effect any trade "off-market" and all of its transactions on Canadian securities are reported to exchanges that publicly disseminate details of the trades in Canada.

GUIDANCE REGARDING NATIONAL INSTRUMENT 24-101

For any Canadian security that you trade with PC, it must confirm that it is aware and undertakes to meet settlement matching deadlines imposed by Canadian Securities Regulators to ensure the integrity of the Canadian clearing processes. Therefore, all transactions that you carry out that must settle on a delivery against payment (DAP) or receipt against payment (RAP) basis must be matched as soon as practicable after the trade has been executed, and any event no later than the deadline per geographical location imposed by the Canadian National Instrument 24-101.

Main Definitions as per Canadian National Instrument 24-101:

DAP/RAP trades: Trades executed for a customer trading account that permits settlement on a DAP or RAP basis through a clearing agency and for which settlement is made on behalf of the customer by a custodian other than the dealer that executed the trade. DAP/RAP trades, including "cash on delivery" (COD) accounts, whether settled by a non-dealer or dealer custodian, are generally included.

Institutional investor: A customer to whom a broker has granted DAP/RAP trade privileges.

Matching: The process by which the details (sometimes called data elements) and settlement instructions of an executed DAP/RAP trade are:

- reported by the broker;
- verified by the investment manager or institutional investor;
- confirmed by the broker;
- affirmed by the custodian or otherwise agreed to among the trade-matching parties and, if the process is not effected through the facilities of a clearing agency such as the Canadian clearing corporation CDS Clearing and Depository Services Inc., reported as matched details and settlement instructions to the clearing agency.

North American Region: Means Canada, the United States, Mexico, Bermuda and the countries of Central America and the Caribbean.

BUSINESS CONTINUITY PLAN

PC has developed a Business Continuity Plan (“BCP”) on how it will respond to events that significantly disrupt its business. Since the timing and impact of disasters and disruptions are unpredictable, PC will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

PC’s Business Continuity Plan – PC plans to quickly recover and resume business operations after a significant business disruption and respond by safeguarding its employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing its customers to transact business. PC’s business continuity plan is designed to permit the firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

PC’s business continuity plan addresses: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees and regulators; alternate physical location of employees; impact on critical suppliers, contractors, banks and counterparts.

PC backs up its important records in a geographically separate location. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, PC’s objective is to restore its own operations and be able to complete existing transactions and accept new transactions within 24-48 hours. Customer orders could be delayed during this period.

Varying disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to our firm, the building housing our firm or the firm’s business district, PC will operate in a fully work from home setup when needed and expect to recover and resume business within 24-48 hours. If the significant business disruption is so severe that it prevents PC from remaining in business, PC will do everything under its control to cancel unexecuted orders and ensure settlement of DVP trades through its clearing firms.

Contacting us during BCP– If after a significant business disruption you cannot contact us as you usually do, for information you should contact our affiliate Banque Pictet & Cie SA in Geneva at 011 41 58 323 2323 or via their website at www.pictet.com.

For more information – Should you have questions about PC’s business continuity planning, please contact the Compliance Department at 514-288-8161, by email at mtl_compliance@pictet.com, or by fax at 514-288-5472

PRIVACY POLICY

To protect your personal information from unauthorized access and use, we use security measures that comply with federal and provincial laws. These measures include computer safeguards and secured files and buildings. We use physical, electronic and procedural measures to safeguard your non-public personal information. Access to such information is restricted to a limited number of employees who are knowledgeable and duly authorized to properly handle client data. As part of the Pictet Group, PC has always applied the strictest measures in verifying and safeguarding clients’ non-public personal information.

ELECTRONIC COMMUNICATION

If you request to receive information about securities transactions conducted with PC by e-mail, you acknowledge and agree that:

- A. E-mail transmissions cannot be guaranteed to be reliable, secure, confidential or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late, incomplete, or contain viruses;
- B. The Internet as a communication medium is subject to computer bugs, power failure, privacy breaches, forgery, hacking and any other technological nuisances that may evolve through time and may affect an e-mail transmission;
- C. You fully accept and assume the inherent risks related to e-mail transmissions and the Internet, including but not limited to, receiving unencrypted electronic communications if you have requested to receive trade confirmations via e-mail;
- D. PC is not liable for any damage you may suffer that is related, directly or indirectly, to any of the possibilities described in items above or the consequences of any action taken on the basis of the information provided by e-mail;
- E. A paper confirmation mailed by PC constitutes the only legal binding document with regards to any securities order transmitted to PC. Any data or information transmitted by e-mail only has an indicative value and should not be relied upon unless verified with PC via another communication medium.