

Order Handling Policies & Procedures on Multiple Canadian Equities Marketplaces

1. For equities that trade on multiple Canadian marketplaces, as a matter of policy, IB will mandate SMART order routing and thus will route the orders to the best visible price during regular trading hours (RTH) (i.e., between the hours of 09:30 and 16:00). To comply with applicable market rules, customers cannot direct an order to the market of their choice during RTH. Outside RTH, IB developed a functionality to provide its customers with the choice of routing orders to the pre-opening of the Toronto Stock Exchange ("TSE") (Before 09:30 EST).
2. IB will not accept customer instructions to prefer a marketplace over another during RTH however, IB customers can choose to trade during RTH or outside RTH. IB is providing clients with the choice of execution venue outside RTH by choosing the outside RTH trade functionality.
3. Pursuant to Canadian marketplace regulations, IB will deal with better-priced orders on another marketplace if that marketplace disseminates order data in real-time and electronically through one or more information vendors, permits dealers to have access to trading in the capacity of agent, provides fully-automated order entry and provides fully-automated order matching and trade execution.
4. IB is of the view that the displayed volume in the consolidated market display will generally be adequate to fully execute the order on advantageous terms for IB clients although IB may consider possible liquidity on marketplaces that do not provide transparency of orders in a consolidated market display. Effective September 7, 2012, IB, when routing its customer orders, considers liquidity on the Alpha Intra Spread facility which does not provide transparency of orders in a consolidated market display.
5. IB does not, intentionally or otherwise trade as principal against its Customers orders. IB's affiliates principal orders are automatically generated by a proprietary algorithm based on pre-determined order and trading parameters established, programmed and enabled for trading prior to the receipt of the client order and thus should be exempted from the application of the client-priority rule as prescribed by Canadian marketplace regulations.
6. Day orders for Canadian equities submitted as RTH orders will expire at the close of the TSE which is designated as the principal market on which such equities trade.
7. Day orders for Canadian equities submitted as outside RTH will expire at the end of trading on the last opened marketplace.
8. GTC orders, Market orders and Marketable Limit orders submitted as outside RTH will NOT be routed for execution to the principal market's pre-open facility but to the visible market opened at the time of order receipt, with the implication to the customer that these orders may be filled at a price different from the opening price on the principal market. If customers submit an order before 09:30 EST (which is the opening time of the principal market) and this order is either a market order or a limit order which is, or becomes, a marketable order on another Canadian equities marketplace prior to 09:30 EST, it will be IMMEDIATELY EXPOSED to this marketplace for execution and customer may receive a confirmation of trade execution on this marketplace UNLESS customer specifically chooses to participate in the pre-opening facility of the TSE (which can only be done by submitting an order as a RTH order prior to 09:30 EST).
9. GTC orders, Market orders and Marketable Limit orders submitted as outside RTH WILL be routed for exposure to the principal market's extended trading session for execution and customers may receive a confirmation of trade execution on this extended session.
10. IB customers cannot direct an order to the market of their choice after 16:00 EST. If an IB customer submits an order after 16:00 EST (which is the closing time of the principal market) or if the order is a valid GTC order submitted prior to 16:00 EST which is, or becomes, a marketable order either on the extended trading session of the TSE or on another marketplace after 16:00 EST, it will be IMMEDIATELY EXPOSED for execution on both the TSE extended trading session and the relevant marketplace and customer may receive a

confirmation of trade execution on either marketplace. REMINDER, customer cannot direct an order to the market of their choice after 16:00 EST.

Appendix A

IB Routing Logic

1. IB mandates SMART routing and transmitted orders use IB SmartRouting during Regular Trading Hours (“RTH”).

All orders for Canadian stocks received between the hours of 09:30 and 16:00, Eastern Standard Time (“EST”), Monday through Friday, not including statutory Canadian holidays (“Regular Trading Hours”), will be transmitted for best execution via IB SmartRouting. To comply with applicable market rules, customers cannot direct an order to the market of their choice during RTH.

Outside RTH, IB developed a functionality to provide its customers with the choice of routing orders to the pre-opening of the TSE (before 09:30 EST). **IB does NOT support trading in the extended trading session of the TSE after 16:00 EST.**

2. Is the order marketable?

A BUY order is marketable if the buy price is greater than or equal to the Best Offer (BO). A SELL order is marketable if the sell price is less than or equal to the Best Bid (BB). Market orders are always considered marketable.

3. Route to default exchange/ECN.

Non-marketable orders are routed to the Toronto Stock Exchange (TSE). IB SmartRouting logic checks changes in the NBBO to see if an order has become marketable. If it has, the order begins the routing decision process.

4. Cap to NBBO (National Best Bid/Offer) range.

IB SmartRouting always searches for the best price in the market. In addition, to provide protection for market and through-the-market limit orders while increasing the probability of an execution, a price capping range is created.

5. Route order to best destination based on price.

Currently available routing destinations include TSE, PURE, OMEGA, LYNX, ALPHA, CHI-X, CX2 and TMX Select. If customers submit an order before 09:30 EST and this order is either a market order or a limit order which is, or becomes, a marketable order between 09:00 and 09:30 EST, it will be IMMEDIATELY EXPOSED to the relevant marketplace for execution and customer may receive a confirmation of trade execution on such marketplace **UNLESS customer chooses to participate in the pre-opening of the TSE.**

If customer submits an order after 16:00 EST and this order is either a market order or a limit order which is, or becomes, a marketable order on another marketplace between 16:00 and 17:00 EST, it will be IMMEDIATELY EXPOSED to this marketplace for execution and customer may receive a confirmation of trade execution on such marketplace. **REMINDER, customer cannot direct an order to the market of your choice after 16:00 EST nor select a specific market for the purpose of participating in such market’s closing price.**

6. Does the order fully execute?

If the order fully executes, transaction is complete. If none or part of the order executes, the balance continues through the routing process.

7. Transaction complete.

The full order has been executed.

8. Has order become non-marketable at this destination?

As the market data changes, the order may no longer be marketable at its current destination. If it remains marketable, the order is left at the current destination. If it becomes non-marketable, the algorithm checks to see whether it is marketable at other destinations.

9. Have 10 seconds elapsed?

If the order remains marketable at a venue for more than 10 seconds without executing, and it is also marketable at other destinations, the order is cancelled at its current venue, the venue is removed from routing consideration, and the order routing decision process begins again.

10. Is it marketable at another destination?

If the order is marketable on at least one other eligible venue, it is cancelled at its current destination and starts the routing decision process again. If the order is not marketable at any other venue, it remains at its current destination. The routing algorithm continues to monitor market data and scan all venues for a marketable destination.

11. Has a better price become available?

If a better price becomes available at another destination, the unexecuted balance of your order is cancelled and the order-routing decision process begins again.

12. Cancel balance of order and restart routing decision process.

The unexecuted balance of a customer order is cancelled at the current destination and the routing decision process starts again. If an order is cancelled because it "times out" (10 seconds elapse), the algorithm checks to see whether it has been routed through all eligible venues. If it has, then all venues are included for consideration. If it hasn't been routed through all venues, the current destination is removed from consideration until all other venues have been exhausted.