

BofA SECURITIES



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Canada Best Execution Obligations

Merrill Lynch Canada Inc. (the “Firm”) values your continued business and is pleased to provide this letter to outline our best execution obligation under the Investment Industry Regulatory Organization of Canada (“IIROC”) Rule 3100 Dealing with Clients, Part C: Best Execution of Client Orders (the “Rule”). Under the Rule, best execution is defined as “obtaining the most advantageous execution terms reasonably available under the circumstances”.

Best Execution Factors

When determining how an order should be executed, or how a system should be configured, in order to achieve the best possible results for clients in accordance with their instructions, the Firm must consider the following factors:

- price
- speed of execution
- certainty of execution
- the overall cost of the transaction (costs passed through clients, fees arising from trading on a particular marketplace, jitney fees, and settlement costs)

These four elements encompass other best execution factors such as: order size, reliability of quotes, liquidity (including the liquidity for a particular security at the opening of trading), market impact (the price movement that occurs when executing an order) and opportunity cost (the missed opportunity to obtain a better price when an order is not completed at the most advantageous time).

Order Handling and Routing Practices

The IIROC Rule requires that the Firm disclose the venues to which we route our customers’ orders for equity securities. External venues to whom we route our orders for execution may include but will not be limited to national exchanges, over-the-counter markets, multi-lateral trading facilities, Broker Crossing Networks (“BCNs”), Alternative Trading Systems (“ATs”), or other broker-dealers or counterparties. While the Firm, or



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an affiliate acting on its behalf, maintains relationships and connectivity to a variety of such venues as part of its routing and transaction execution processes, the Firm does not represent that it has access to all such venues that potentially may be available at any given point in time. To the extent we route orders to an external venue or counterparty, it is possible that such venues or counterparties may rely on their own trading systems and tools, including but not limited to electronic or algorithmic trading systems that the Firm cannot control, in determining the price at which an order or transaction is executed.

The Firm has the capability to route orders to a wide variety of marketplaces both domestically (including without limitation to Aequitas NEO Exchange (NEO-N, NEO-L, Crossing Facility), Canadian Securities Exchange (CSE), Instinet Cross Canada (ICX), Nasdaq CXC Limited (NCXL) [CXC, CX2, CXD], Omega ATS (Omega) and Lynx ATS (Lynx), TMX Group (Toronto Stock Exchange (TSX), TSX Venture Exchange (TSXV), TMX Alpha Exchange), and Triact Canada Marketplace (Match Now)) and internationally.

The Firm may route orders for handling or execution to affiliated and non-affiliated domestic and foreign broker-dealers and counterparties, including Bank of America Securities.

Inter-listed securities entered into the Firm's agency algorithms may execute at either US or Canadian venues. The routing decision is based on algorithm objectives and utilizes foreign exchange rates, historical data and real-time order book data.

Order amendments by the client or Firm may result in an open order being cancelled and subsequently re-submitted. The re-submission may result in the order being routed to a different venue than where it was resting initially. In addition, a change in marketability may result in an order moving from one venue to another venue in an attempt to execute at its limit price and in accordance with the order protection rule.

Aside from holdings that the Firm may acquire from time-to-time as part of its ordinary market making, block positioning, client facilitation and related hedging activities, the Firm (or an affiliate under common control) may acquire equity stakes in market centers as part of a strategic investment. As of this date, the Firm or an affiliate owns a minority equity investment stake in the following market centers and therefore stands to participate as a shareholder/investor in the profits that each market center realizes in part from the execution of securities transactions, including transactions that may involve orders for the accounts of the Firm's customers: (i) BATS Global Markets (including BZX, BYX, EDGX and EDGA), (ii) BIDS ATS, (iii) Chicago Stock Exchange, and (iv) eBX/Level ATS.

If an order is routed to an intermediary, such order will be subject to the order handling and routing practices of that intermediary. The Firm has reviewed the order handling



and routing practices of its intermediaries and is satisfied that they are reasonably designed to achieve best execution.

The Firm routes customer and proprietary orders in listed securities to national securities exchanges, alternative trading systems, electronic communications networks, and broker-dealers. The Firm does not receive payment for order flow from venues to which the Firm routes its client orders in listed securities. The Firm may receive rebates from and pay fees to certain registered securities exchanges for providing or taking liquidity on those exchanges, according to those exchanges' fee schedules. In some cases, the rebates received by the Firm from an exchange may over a period of time exceed the fees paid to the exchange.

The Firm's agency algorithmic offering provides clients a suite of strategies designed to support the execution of a variety of trading objectives. Objectives include benchmark performance as well as position liquidation and acquisition. The algorithms pursue these different trading objectives via the creation of child orders that are then sent to a smart order router for submission to external trading venues. The algorithms monitor executions, market data while monitoring execution vs. client supplied parameters to adjust child order creation and placement. Strategy objectives may include order completion, but order completion is never guaranteed. Embedded within the algorithms are checks that monitor for adverse price movement and order participation that may result in order cancellation.

This disclosure (1) applies to all of the Firm's clients; (2) applies to listed securities, over-the-counter securities and foreign exchange-traded securities, each as defined under the Rule; and (3) was last updated on the date identified on page 1 of this disclosure letter.