

RTS 28 Quality of Execution Annual Report

Firm: *The Bank of Nova Scotia (BNS)*

Calendar Year Disclosure Period: *1 January 2017 to 31 December 2017*

Date: *30 April 2018*

Summary of classes of instruments included in this report, and class of instruments not included in this report (because the Firm has not executed client orders in that class of instruments):

| Classes of instruments included in this report | Classes of instruments not included in this report |
|---|--|
| <ul style="list-style-type: none"> • <i>Equities – Shares & Depositary Receipts - Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)</i> • <i>Commodities derivatives and emission allowances Derivatives - Other commodities derivatives and emission allowances derivatives</i> • <i>Currency Derivatives - Swaps, forwards, and other currency derivatives</i> • <i>Interest rates derivatives - Swaps, forwards, and other interest rates derivatives</i> • <i>Equity Derivatives - Swaps and other equity derivatives</i> • <i>Securities Financing Transactions</i> | <ul style="list-style-type: none"> • <i>Equities – Shares & Depositary Receipts - Tick size liquidity band 3 and 4 (from 80 to 1999 trades per day)</i> • <i>Equities – Shares & Depositary Receipts - Tick size liquidity band 5 and 6 (from 2000 trades per day)</i> • <i>Debt instruments – Bonds</i> • <i>Debt instruments - Money markets instruments</i> • <i>Interest rates derivatives - Futures and options admitted to trading on a trading venue</i> • <i>Currency Derivatives - Futures and options admitted to trading on a trading venue</i> • <i>Commodities derivatives and emission allowances Derivatives - Options and Futures admitted to trading on a trading venue</i> • <i>Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)</i> • <i>Equity Derivatives - Options and Futures admitted to trading on a trading venue</i> • <i>Credit Derivatives - Futures and options admitted to trading on a trading venue</i> • <i>Credit Derivatives - Other credit derivatives</i> • <i>Structured finance instruments</i> • <i>Securitized Derivatives - Warrants and Certificate Derivatives</i> • <i>Securitized Derivatives - Other securitized derivatives</i> • <i>Contracts for difference</i> • <i>Emission allowances</i> • <i>Other instruments</i> |

| | |
|---|---|
| Class of instrument | <i>Equities – Shares & depositary receipts - Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)</i> |
| (a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution; | <p><i>The Bank of Nova Scotia London Branch (BNSL) determines the relative importance of each execution factor in light of the following criteria:</i></p> <ul style="list-style-type: none"> <i>• the characteristics of the Client including the categorisation of the Client as retail or professional;</i> <i>• the nature of the order;</i> <i>• the characteristics of the Financial Instruments that are subject of that order; and</i> <i>• the characteristics of the execution venues to which that order can be directed.</i> <p><i>In the ordinary course of business, price will have a relatively high importance. However, the overall value of a particular transaction may be affected by the other factors listed above. The diversity in markets and Financial Instruments and the kind of orders Clients may place with BNSL means that different factors will have to be taken into account. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, choice of venue may be limited (even to the extent that there may only be one platform/market upon which orders can be executed) because of the nature of an order or a Client's specific instructions.</i></p> <p><i>Please refer to appendix A of the Summary of Scotiabank London Best Execution Policy for asset class specific factors - http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders; | <p><i>BNSL may use connected parties including affiliates for the execution of orders on behalf of Clients. Use of connected parties is permitted provided they are not placed in a privileged position vis-a-vis other execution venues and the selection is based on application of the execution factors as set out in the Best Execution Policy.</i></p> <p><i>BNSL is subject to the overarching requirement to identify and manage conflicts of interest. Where a conflict of interest cannot be managed it must be disclosed. This requirement applies to potential conflicts of interest that may arise between BNSL and its Clients as a result of its execution arrangements which could prevent it from satisfying its Best Execution Obligations.</i></p> <p><i>BNSL uses a number of affiliates (connected parties) to execute Client orders on its behalf and BNSL business lines may execute Client orders against internal positions where this achieves the best possible result for the Client. BNSL trades executed through internalisation or connected parties are subject to the same monitoring and testing arrangements as trades executed on external venues or through non-connected firms.</i></p> |
| (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received; | <p><i>Payment for order flow is the historical practice whereby an investment firm that executes Client orders receives commission from both the Client as well as the counterparty that executed the trade. The FCA has stated that it considers that payment for order flow arrangements create a conflict of interest between the firm and its clients and as such these arrangements are unlikely to be compatible with the FCA rules on inducements.</i></p> <p><i>BNSL is prohibited from entering into any payment for order flow arrangements.</i></p> |

| | |
|--|---|
| | <i>All required disclosures of arrangements with execution venues can be found here – http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i> |
| (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm’s execution policy, if such a change occurred; | <i>N/A no such change occurred during the disclosure period.</i> |
| (e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements; | <i>The Best Execution Obligation only applies to orders received from Retail and Professional Clients, not Eligible Counterparties as defined in FCA Handbook COBS 3 Client categorisation. However, Eligible Counterparties may request to be treated as a Professional Client if the request is made in writing indicating whether the request is for one or more particular services, transactions or products. BNSL does not undertake activity with any Retail Clients, so Best Execution is provided to Professional Clients or Eligible Counterparties who have requested to be treated as Professional Clients, but not Eligible Counterparties.</i> <i>BNSL only traded with one category of client where Best Execution was owed during the disclosure period, Professional Clients. As such no differential treatment can occur across client categories.</i> |
| (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client; | <i>N/A BNSL did not trade with any Retail Clients during the disclosure period.</i> |
| (g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 27; | <i>N/A RTS 27 reporting is not available until 30 June 2018.</i> |
| (h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. | <i>N/A a consolidated tape provider was not established during the disclosure period.</i> |
| Use of Direct Electronic Access (DEA) | <i>N/A BNSL has not provided DEA during the disclosure period.</i> |
| Summary of execution monitoring results | <i>Best Execution monitoring and testing results for the year provides assurance that transactions were executed in adherence to the Scotiabank London Best Execution Policy.</i> |

| | |
|---|--|
| Class of instrument | Commodities derivatives and emission allowances Derivatives - Other commodities derivatives and emission allowances derivatives |
| (a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution; | <p><i>BNSL determines the relative importance of each execution factor in light of the following criteria:</i></p> <ul style="list-style-type: none"> • <i>the characteristics of the Client including the categorisation of the Client as retail or professional;</i> • <i>the nature of the order;</i> • <i>the characteristics of the Financial Instruments that are subject of that order; and</i> • <i>the characteristics of the execution venues to which that order can be directed.</i> <p><i>In the ordinary course of business, price will have a relatively high importance. However, the overall value of a particular transaction may be affected by the other factors listed above. The diversity in markets and Financial Instruments and the kind of orders Clients may place with BNSL means that different factors will have to be taken into account. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, choice of venue may be limited (even to the extent that there may only be one platform/market upon which orders can be executed) because of the nature of an order or a Client's specific instructions.</i></p> <p><i>Please refer to appendix A of Summary of Scotiabank London Best Execution Policy for asset class specific factors - http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders; | <p><i>BNSL may use connected parties including affiliates for the execution of orders on behalf of Clients. Use of connected parties is permitted provided they are not placed in a privileged position vis-a-vis other execution venues and the selection is based on application of the execution factors as set out in the Scotiabank London Best Execution Policy.</i></p> <p><i>BNSL is subject to the overarching requirement to identify and manage conflicts of interest. Where a conflict of interest cannot be managed it must be disclosed. This requirement applies to potential conflicts of interest that may arise between BNSL and its Clients as a result of its execution arrangements which could prevent it from satisfying its Best Execution Obligations.</i></p> <p><i>BNSL uses a number of affiliates (connected parties) to execute Client orders on its behalf and BNSL business lines may execute Client orders against internal positions where this achieves the best possible result for the Client. BNSL trades executed through internalisation or connected parties are subject to the same monitoring and testing arrangements as trades executed on external venues or through non-connected firms.</i></p> |
| (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary | <p><i>Payment for order flow is the historical practice whereby an investment firm that executes Client orders receives commission from both the Client as well as the counterparty that executed the trade. The FCA has stated that it considers that payment for order flow arrangements create a conflict of interest between the firm and its clients and as such these arrangements are unlikely to be compatible with the FCA rules</i></p> |

| | |
|--|--|
| benefits received; | <p><i>on inducements.</i></p> <p><i>BNSL is prohibited from entering into any payment for order flow arrangements.</i></p> <p><i>All required disclosures of arrangements with execution venues can be found here – http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred; | <i>N/A no such change occurred in the disclosure period.</i> |
| (e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements; | <p><i>The Best Execution Obligation only applies to orders received from Retail and Professional Clients, not Eligible Counterparties as defined in FCA Handbook COBS 3 Client categorisation. However, Eligible Counterparties may request to be treated as a Professional Client if the request is made in writing indicating whether the request is for one or more particular services, transactions or products. BNSL does not undertake activity with any Retail Clients, so Best Execution is provided to Professional Clients or Eligible Counterparties who have requested to be treated as Professional Clients, but not Eligible Counterparties.</i></p> <p><i>BNSL only traded with one category of client where Best Execution was owed during the disclosure period, Professional Clients. As such no differential treatment can occur across client categories.</i></p> |
| (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client; | <i>N/A BNSL did not trade with any Retail Clients during the disclosure period.</i> |
| (g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 27; | <i>N/A RTS 27 reporting is not available until 30 June 2018.</i> |
| (h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. | <i>N/A a consolidated tape provider was not established during the disclosure period.</i> |
| Use of Direct Electronic Access (DEA) | <i>N/A BNSL has not provided DEA during the disclosure period.</i> |
| Summary of execution monitoring results | <i>Best Execution monitoring and testing results for the year provides assurance that transactions were executed in adherence to the Scotiabank London Best Execution Policy.</i> |

| | |
|---|--|
| Class of instrument | Currency Derivatives - Swaps, forwards, and other currency derivatives |
| (a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution; | <p><i>BNSL determines the relative importance of each execution factor in light of the following criteria:</i></p> <ul style="list-style-type: none"> • <i>the characteristics of the Client including the categorisation of the Client as retail or professional;</i> • <i>the nature of the order;</i> • <i>the characteristics of the Financial Instruments that are subject of that order; and</i> • <i>the characteristics of the execution venues to which that order can be directed.</i> <p><i>In the ordinary course of business, price will have a relatively high importance. However, the overall value of a particular transaction may be affected by the other factors listed above. The diversity in markets and Financial Instruments and the kind of orders Clients may place with BNSL means that different factors will have to be taken into account. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, choice of venue may be limited (even to the extent that there may only be one platform/market upon which orders can be executed) because of the nature of an order or a Client's specific instructions.</i></p> <p><i>Please refer to appendix A of the Summary of Scotiabank London Best Execution Policy for asset class specific factors - http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders; | <p><i>BNSL may use connected parties including affiliates for the execution of orders on behalf of Clients. Use of connected parties is permitted provided they are not placed in a privileged position vis-a-vis other execution venues and the selection is based on application of the execution factors as set out in the Scotiabank London Best Execution Policy.</i></p> <p><i>BNSL is subject to the overarching requirement to identify and manage conflicts of interest. Where a conflict of interest cannot be managed it must be disclosed. This requirement applies to potential conflicts of interest that may arise between BNSL and its Clients as a result of its execution arrangements which could prevent it from satisfying its Best Execution Obligations.</i></p> <p><i>BNSL uses a number of affiliates (connected parties) to execute Client orders on its behalf and BNSL business lines may execute Client orders against internal positions where this achieves the best possible result for the Client. BNSL trades executed through internalisation or connected parties are subject to the same monitoring and testing arrangements as trades executed on external venues or through non-connected firms.</i></p> |
| (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received; | <p><i>Payment for order flow is the historical practice whereby an investment firm that executes Client orders receives commission from both the Client as well as the counterparty that executed the trade. The FCA has stated that it considers that payment for order flow arrangements create a conflict of interest between the firm and its clients and as such these arrangements are unlikely to be compatible with the FCA rules on inducements.</i></p> |

| | |
|--|--|
| | <p><i>BNSL is prohibited from entering into any payment for order flow arrangements.</i></p> <p><i>All required disclosures of arrangements with execution venues can be found here – http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred; | <i>N/A no such change occurred during the disclosure period.</i> |
| (e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements; | <p><i>The Best Execution Obligation only applies to orders received from Retail and Professional Clients, not Eligible Counterparties as defined in FCA Handbook COBS 3 Client categorisation. However, Eligible Counterparties may request to be treated as a Professional Client if the request is made in writing indicating whether the request is for one or more particular services, transactions or products. BNSL does not undertake activity with any Retail Clients, so Best Execution is provided to Professional Clients or Eligible Counterparties who have requested to be treated as Professional Clients, but not Eligible Counterparties.</i></p> <p><i>BNSL only traded with one category of client where Best Execution was owed during the disclosure period, Professional Clients. As such no differential treatment can occur across client categories.</i></p> |
| (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client; | <i>N/A BNSL did not trade with any Retail Clients during the disclosure period.</i> |
| (g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 27; | <i>N/A RTS 27 reporting is not available until 30 June 2018.</i> |
| (h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. | <i>N/A a consolidated tape provider was not established during the disclosure period.</i> |
| Use of Direct Electronic Access (DEA) | <i>N/A BNSL has not provided DEA during the disclosure period.</i> |
| Summary of execution monitoring results | <i>Best Execution monitoring and testing results for the year provides assurance that transactions were executed in adherence to the Scotiabank London Best Execution Policy.</i> |

| | |
|---|--|
| Class of instrument | Interest rates derivatives - Swaps, forwards, and other interest rates derivatives |
| (a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution; | <p><i>BNSL determines the relative importance of each execution factor in light of the following criteria:</i></p> <ul style="list-style-type: none"> • <i>the characteristics of the Client including the categorisation of the Client as retail or professional;</i> • <i>the nature of the order;</i> • <i>the characteristics of the Financial Instruments that are subject of that order; and</i> • <i>the characteristics of the execution venues to which that order can be directed.</i> <p><i>In the ordinary course of business, price will have a relatively high importance. However, the overall value of a particular transaction may be affected by the other factors listed above. The diversity in markets and Financial Instruments and the kind of orders Clients may place with BNSL means that different factors will have to be taken into account. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, choice of venue may be limited (even to the extent that there may only be one platform/market upon which orders can be executed) because of the nature of an order or a Client's specific instructions.</i></p> <p><i>Please refer to appendix A of the Summary of Scotiabank London Best Execution Policy for asset class specific factors - http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders; | <p><i>BNSL may use connected parties including affiliates for the execution of orders on behalf of Clients. Use of connected parties is permitted provided they are not placed in a privileged position vis-a-vis other execution venues and the selection is based on application of the execution factors as set out in the Scotiabank London Best Execution Policy.</i></p> <p><i>BNSL is subject to the overarching requirement to identify and manage conflicts of interest. Where a conflict of interest cannot be managed it must be disclosed. This requirement applies to potential conflicts of interest that may arise between BNSL and its Clients as a result of its execution arrangements which could prevent it from satisfying its Best Execution Obligations.</i></p> <p><i>BNSL uses a number of affiliates (connected parties) to execute Client orders on its behalf and BNSL business lines may execute Client orders against internal positions where this achieves the best possible result for the Client. BNSL trades executed through internalisation or connected parties are subject to the same monitoring and testing arrangements as trades executed on external venues or through non-connected firms.</i></p> |
| (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received; | <p><i>Payment for order flow is the historical practice whereby an investment firm that executes Client orders receives commission from both the Client as well as the counterparty that executed the trade. The FCA has stated that it considers that payment for order flow arrangements create a conflict of interest between the firm and its clients and as such these arrangements are unlikely to be compatible with the FCA rules</i></p> |

| | |
|--|--|
| | <p>on inducements.</p> <p>BNSL is prohibited from entering into any payment for order flow arrangements.</p> <p>All required disclosures of arrangements with execution venues can be found here – http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</p> |
| (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred; | N/A no such change occurred during the disclosure period. |
| (e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements; | <p>The Best Execution Obligation only applies to orders received from Retail and Professional Clients, not Eligible Counterparties as defined in FCA Handbook COBS 3 Client categorisation. However, Eligible Counterparties may request to be treated as a Professional Client if the request is made in writing indicating whether the request is for one or more particular services, transactions or products. BNSL does not undertake activity with any Retail Clients, so Best Execution is provided to Professional Clients or Eligible Counterparties who have requested to be treated as Professional Clients, but not Eligible Counterparties.</p> <p>BNSL only traded with one category of client where Best Execution was owed during the disclosure period, Professional Clients. As such no differential treatment can occur across client categories.</p> |
| (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client; | N/A BNSL did not trade with any Retail Clients during the disclosure period. |
| (g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 27; | N/A RTS 27 reporting is not available until 30 June 2018. |
| (h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. | N/A a consolidated tape provider was not established during the disclosure period. |
| Use of Direct Electronic Access (DEA) | N/A BNSL has not provided DEA during the disclosure period. |
| Summary of execution monitoring results | Best Execution monitoring and testing results for the year provides assurance that transactions were executed in adherence to the Scotiabank London Best Execution Policy. |

| | |
|---|--|
| Class of instrument | Equity Derivatives - Swaps and other equity derivatives |
| (a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution; | <p><i>BNSL determines the relative importance of each execution factor in light of the following criteria:</i></p> <ul style="list-style-type: none"> • <i>the characteristics of the Client including the categorisation of the Client as retail or professional;</i> • <i>the nature of the order;</i> • <i>the characteristics of the Financial Instruments that are subject of that order; and</i> • <i>the characteristics of the execution venues to which that order can be directed.</i> <p><i>In the ordinary course of business, price will have a relatively high importance. However, the overall value of a particular transaction may be affected by the other factors listed above. The diversity in markets and Financial Instruments and the kind of orders Clients may place with BNSL means that different factors will have to be taken into account. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, choice of venue may be limited (even to the extent that there may only be one platform/market upon which orders can be executed) because of the nature of an order or a Client's specific instructions.</i></p> <p><i>Please refer to appendix A of the Summary of Scotiabank London Best Execution Policy for asset class specific factors - http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders; | <p><i>BNSL may use connected parties including affiliates for the execution of orders on behalf of Clients. Use of connected parties is permitted provided they are not placed in a privileged position vis-a-vis other execution venues and the selection is based on application of the execution factors as set out in the Scotiabank London Best Execution Policy.</i></p> <p><i>BNSL is subject to the overarching requirement to identify and manage conflicts of interest. Where a conflict of interest cannot be managed it must be disclosed. This requirement applies to potential conflicts of interest that may arise between BNSL and its Clients as a result of its execution arrangements which could prevent it from satisfying its Best Execution Obligations.</i></p> <p><i>BNSL uses a number of affiliates (connected parties) to execute Client orders on its behalf and BNSL business lines may execute Client orders against internal positions where this achieves the best possible result for the Client. BNSL trades executed through internalisation or connected parties are subject to the same monitoring and testing arrangements as trades executed on external venues or through non-connected firms.</i></p> |
| (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received; | <p><i>Payment for order flow is the historical practice whereby an investment firm that executes Client orders receives commission from both the Client as well as the counterparty that executed the trade. The FCA has stated that it considers that payment for order flow arrangements create a conflict of interest between the firm and its clients and as such these arrangements are unlikely to be compatible with the FCA rules</i></p> |

| | |
|--|--|
| | <p>on inducements.</p> <p>BNSL is prohibited from entering into any payment for order flow arrangements.</p> <p>All required disclosures of arrangements with execution venues can be found here – http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</p> |
| (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred; | N/A no such change occurred during the disclosure period. |
| (e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements; | <p>The Best Execution Obligation only applies to orders received from Retail and Professional Clients, not Eligible Counterparties as defined in FCA Handbook COBS 3 Client categorisation. However, Eligible Counterparties may request to be treated as a Professional Client if the request is made in writing indicating whether the request is for one or more particular services, transactions or products. BNSL does not undertake activity with any Retail Clients, so Best Execution is provided to Professional Clients or Eligible Counterparties who have requested to be treated as Professional Clients, but not Eligible Counterparties.</p> <p>BNSL only traded with one category of client where Best Execution was owed during the disclosure period, Professional Clients. As such no differential treatment can occur across client categories.</p> |
| (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client; | N/A BNSL did not trade with any Retail Clients during the disclosure period. |
| (g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 27; | N/A RTS 27 reporting is not available until 30 June 2018. |
| (h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. | N/A a consolidated tape provider was not established during the disclosure period. |
| Use of Direct Electronic Access (DEA) | N/A BNSL has not provided DEA during the disclosure period. |
| Summary of execution monitoring results | Best Execution monitoring and testing results for the year provide assurance that transactions were executed in adherence to the Scotiabank London Best Execution Policy. |

| Class of instrument | Securities Financing Transactions |
|--|--|
| <p>(a) an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;</p> | <p><i>BNSL determines the relative importance of each execution factor in light of the following criteria:</i></p> <ul style="list-style-type: none"> • <i>the characteristics of the Client including the categorisation of the Client as retail or professional;</i> • <i>the nature of the order;</i> • <i>the characteristics of the Financial Instruments that are subject of that order; and</i> • <i>the characteristics of the execution venues to which that order can be directed.</i> <p><i>In the ordinary course of business, price will have a relatively high importance. However, the overall value of a particular transaction may be affected by the other factors listed above. The diversity in markets and Financial Instruments and the kind of orders Clients may place with BNSL means that different factors will have to be taken into account. For example, there is no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, choice of venue may be limited (even to the extent that there may only be one platform/market upon which orders can be executed) because of the nature of an order or a Client's specific instructions.</i></p> <p><i>Please refer to appendix A of the Summary of the Scotiabank London Best Execution policy for asset class specific factors - http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| <p>(b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;</p> | <p><i>BNSL may use connected parties including affiliates for the execution of orders on behalf of Clients. Use of connected parties is permitted provided they are not placed in a privileged position vis-a-vis other execution venues and the selection is based on application of the execution factors as set out in the Scotiabank London Best Execution Policy.</i></p> <p><i>BNSL is subject to the overarching requirement to identify and manage conflicts of interest. Where a conflict of interest cannot be managed it must be disclosed. This requirement applies to potential conflicts of interest that may arise between BNSL and its Clients as a result of its execution arrangements which could prevent it from satisfying its Best Execution Obligations.</i></p> <p><i>BNSL uses a number of affiliates (connected parties) to execute Client orders on its behalf and BNSL business lines may execute Client orders against internal positions where this achieves the best possible result for the Client. BNSL trades executed through internalisation or connected parties are subject to the same monitoring and testing arrangements as trades executed on external venues or through non-connected firms.</i></p> |
| <p>(c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;</p> | <p><i>Payment for order flow is the historical practice whereby an investment firm that executes Client orders receives commission from both the Client as well as the counterparty that executed the trade. The FCA has stated that it considers that payment for order flow arrangements create a conflict of interest between the firm and its clients and as such these arrangements are unlikely to be compatible with the FCA rules on inducements.</i></p> |

| | |
|--|--|
| | <p><i>BNSL is prohibited from entering into any payment for order flow arrangements.</i></p> <p><i>All required disclosures of arrangements with execution venues can be found here – http://www.gbm.scotiabank.com/AboutUs/AB_Global_Presence.htm</i></p> |
| (d) an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred; | <i>N/A no such change occurred during the disclosure period.</i> |
| (e) an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements; | <p><i>The Best Execution Obligation only applies to orders received from Retail and Professional Clients, not Eligible Counterparties as defined in FCA Handbook COBS 3 Client categorisation. However, Eligible Counterparties may request to be treated as a Professional Client if the request is made in writing indicating whether the request is for one or more particular services, transactions or products. BNSL does not undertake activity with any Retail Clients, so Best Execution is provided to Professional Clients or Eligible Counterparties who have requested to be treated as Professional Clients, but not Eligible Counterparties.</i></p> <p><i>BNSL only traded with one category of client where Best Execution was owed during the disclosure period, Professional Clients. As such no differential treatment can occur across client categories.</i></p> |
| (f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client; | <i>N/A BNSL did not trade with any Retail Clients during the disclosure period.</i> |
| (g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under RTS 27; | <i>N/A RTS 27 reporting is not available until 30 June 2018.</i> |
| (h) where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. | <i>N/A a consolidated tape provider was not established during the disclosure period.</i> |
| Use of Direct Electronic Access (DEA) | <i>N/A BNSL has not provided DEA during the disclosure period.</i> |
| Summary of execution monitoring results | <i>Best Execution monitoring and testing results for the year provide assurance that transactions were executed in adherence to the Scotiabank London Best Execution Policy.</i> |