

Velocity Trade Capital Ltd. (“Velocity”, “VTC” or “the Firm”) is committed to providing its clients with best execution as well as transparency surrounding its order handling and routing practices. As required by CRO Rule 3120, the purpose of this Best Execution Policy is to provide an overview of the Firm’s established policies and procedures that are reasonably designed to achieve best execution when acting for a client.

This document also sets out the approach Velocity takes to achieve best execution for customers in accordance with Universal Market Integrity Rules (UMIR) and applicable securities laws in Canada. National Instrument 23-101 Trading Rules (NI 23-101), Part 4(2) specifically requires that “a dealer and an adviser must make reasonable efforts to achieve best execution when acting for a client”.

CRO Rules Section 3100 (Part C) defines Best Execution as obtaining the most advantageous execution terms reasonably available under the circumstances. Furthermore, in compliance with Rule 3126, Velocity will review its best execution policies and procedures at least annually, and specifically whenever there is a material change to the trading environment or market structure that could impact Velocity’s ability to achieve best execution for its clients.

Overview

Velocity operates an electronic order execution desk as well as a high-touch order handling desk. The majority of client trades are received as electronic orders through a “FIX” connection, whereby orders are directed through the Smart Order Router (SOR) in order to achieve best execution. Customers who trade electronically may select several algorithm service providers from Velocity’s third-party vendors. A limited number of institutional client orders are called in or messaged into the high-touch order handling desk. These manual orders, which are generally subject to specific client order instructions, are also entered into the trading engine using the SOR for best execution purposes. Please see below for additional details about manually handled orders.

Best Execution Factors

Velocity considers the following factors for the purpose of achieving best execution for all client orders:

- Best available price
- Speed of execution
- Certainty of execution
- The overall cost of the transaction, when costs are passed onto clients
- Likelihood of available liquidity based on order size

Velocity also takes into account the following sub-factors, which are more specific considerations of the broad factors listed above:

- Reliability of quotes
- Market impact – The price movement that occurs when executing an order
- Opportunity cost – The possibility of missed opportunity to obtain a better price if an order is not completed at the most advantageous time

- Considerations taken into account when determining appropriate routing strategies for clients
- How order and trade information from all appropriate marketplaces – including unprotected marketplaces and foreign organized regulated markets – is taken into account
- Marketplace features, which includes – at a minimum – consideration of the following:
 1. Opening and closing times
 2. Opening mechanisms, including considerations of the fair pricing of Opening Orders when determining where to enter an Opening Order
 3. Considerations when not all marketplaces are open and available for trading
 4. Order types accepted
 5. Whether the marketplace is protected or unprotected
 6. Treatment of marketplace trading fees and/or rebates
 7. Factors related to sending orders to a foreign intermediary for execution

Velocity considers the following “prevailing market conditions” when manually handling a client order for a listed security or a foreign exchange-traded security that trades on a marketplace in Canada:

- The direction of the market for the security;
- The depth of the posted market;
- The last sale price and the prices and volumes of previous trades;
- The size of the spread; and
- The liquidity of the security

Velocity receives order, pricing and trade information for protected and unprotected markets via market data, OMS and algorithm vendors and best execution providers. Velocity monitors SOR performance on an ongoing basis, noting any potential trade-through violations, where the execution price of a trade occurs outside the best bid or offer available (protected or unprotected) at the time of execution.

Best Execution Policies & Procedures Review

The Firm’s best execution policies and procedures will be reviewed by the Best Execution Committee (BEC) at least annually or whenever there is a significant change in the trading environment, such as a new marketplace, a change in functionality or the closing of an existing marketplace. The BEC will also review Canadian marketplaces volume, value and transaction tables, hit reports, any new regulations or rules, results of best execution testing, and comments from clients and Firm traders on their ability to execute on a specific marketplace. The Firm will also conduct a review whenever there is a significant change in the Firm’s trading technology.

The Best Execution Committee is made up of the Head Trader and Chief Compliance Officer, as well as representative(s) from Trading and/or Trading Operations. The Committee is responsible for evaluating whether Velocity’s policies and procedures for best execution are effective in achieving best execution for clients. The Committee considers factors that might improve best execution, such as trading technology, testing procedures, possible access to an additional marketplace, plus changes to the Firm’s SOR settings. The Committee’s review and any recommendations will be documented in meeting minutes, with a list of attendees also recorded. A copy of the Best Execution Committee meeting minutes will be sent to the Chief Executive Officer/Ultimate Designated Person within a reasonable time period following the meeting. Best Execution Committee meeting minutes will be filed by the Chief Compliance Officer and kept for seven years.

Order Handling and Routing Practices

Marketplace

Velocity is registered as an investment dealer in the provinces of Ontario, Quebec, British Columbia, Alberta and Manitoba. The firm is a member of the Canadian Investment Regulatory Organization (CIRO), the Canadian Investor Protection Fund (CIPF) and a participating organization of the Toronto Stock Exchange and TSX Venture Exchange. In addition to these Exchanges, Velocity may access Alternative Trading Systems (protected and unprotected), dark markets and OTC for the purpose of best execution. Generally, all listed equity market securities transactions can be publicly monitored on the consolidated market display under Velocity's Participating Organization number 55.

Velocity is subject to NI 23-101 Trading Rules and the Order Protection Rule (OPR) as a registered investment dealer that trades in Canada. Under the OPR, Velocity is required to fill all better-priced orders on protected marketplaces before other orders at inferior prices, regardless of the marketplace on which the order is entered. Velocity ensures transactions comply with the OPR via the SOR, which utilizes robust and intelligent order-handling logic to target multiple quotes across marketplaces, adjusting trading based on market conditions. The SOR sprays orders to multiple destinations to minimize gaming, and exhausts all displayed volumes at the best available price, on both protected and unprotected venues, before moving to the next price level. Orders that are rejected by a marketplace, but are immediately tradeable, are routed by the SOR to the venue with the next best available price.

Velocity does not handle "directed action" orders in the normal course of business. However, should a "directed action" order be specifically required for best execution or to accommodate exceptional circumstances, approval to override the SOR will be required from the Velocity's Head Trader. For more information, please refer to NI 23-101 Trading Rules Part 6(4).

The current settings for the SOR place the TSX as the default market for resting orders while the following markets (except ICX and LiquidNet) are available for Best Execution:

Marketplace	OPR Status	Marketplace	OPR Status
Alpha Exchange Inc.		NEO Exchange Inc. (Cboe Canada)	
· Alpha	Unprotected	· NEO-N	Unprotected
· Alpha-X	Unprotected	· NEO-L	Protected
· Alpha DRK	Unprotected	· NEO-D	Unprotected
Canadian Securities Exchange		Toronto Stock Exchange	Protected
· CSE	Protected	TSX Venture Exchange	Protected
· CSE2	Unprotected	Tradelogiq Markets Inc.	
MatchNow (Cboe Canada)	Unprotected	· Omega	Protected
Nasdaq (CXC) Limited		· Lynx	Unprotected
· NCX	Protected	Other – No direct connectivity:	
· CX2	Protected	· Instinet Canada Cross Ltd.	Unprotected
· CXD	Unprotected	· Liquidnet Canada Inc.	Unprotected

Evaluation of Marketplaces

While Velocity is required under OPR to connect to all "protected" marketplaces, the firm also connects and considers quotes from all Canadian marketplaces when routing client orders (except ICX and LiquidNet, which have no direct connectivity). The ability to access additional marketplaces enables Velocity to provide its clients with supplementary sources of liquidity and further ensures the firm achieves its best execution obligations. In the event of a situation where the same quote is available on more than one marketplace, the SOR targets the quote on the venue that is higher on Velocity's Standard Routing Table.

Marketplaces are placed in preferential order on the Standard Routing Table based on an evaluation of the available Canadian marketplaces, which takes into consideration the following factors:

- The likelihood of available liquidity based on historical volume, value and transaction volume;
- Hit rate;
- Each marketplace's status under the Order Protection Rule (whether protected or not protected);
- Speed of execution, including whether a marketplace employs a speed bump;
- Certainty of execution; and
- Reliability of quotes

Conflicts of Interest and Disclosure

- Canadian provincial and territorial securities laws require that when registered firms trade in or advise with respect to their own securities or securities of certain issuers to which they are related or connected, it must be done in accordance with particular disclosure and other rules. Velocity has established procedures that are designed to identify and manage such conflicts of interest. There are no related or connected issuers to disclose, and Velocity does not have ownership interest in any marketplace. Velocity is not aware of any material conflicts of interest.
- Velocity may be eligible for rebates or financial incentives from certain marketplaces for giving or taking liquidity, but fees are not a significant factor in determining where Velocity directs an order.

Overall Cost of the Transaction

Velocity periodically reviews all marketplaces and firm activity to ensure optimal trading outcomes for its clients. Velocity also assesses the impact of any announced marketplace changes to determine whether adjustments are required to the Standard Routing Table. The firm also reviews both protected and unprotected markets to optimize liquidity and overall execution prices for its clients. Using historical trading data and marketplace behaviour, Velocity may route to unprotected marketplaces if displayed volumes are insufficient to complete the order, and if the unprotected venue has demonstrated sufficient liquidity for comparable orders.

The comprehensive best execution factors listed above are used to select and rank venues in addition to the following factors: experience, analysis and market data. Specific factors will be considered when handling orders with unique circumstances, such as market opening and closing, client instructions, and venues that may have specific attributes (eg, after-hours trading or dark pools). Velocity may pay marketplace fees or receive marketplace rebates when routing orders to certain marketplaces. However, these are not a primary factor in determining market routing.

Velocity may elect to move an order entered on one marketplace to another marketplace, if the determination is made that best execution can be more readily achieved. A decision to move one or many orders from the original marketplaces will be weighed against order priority factors and the potential for partial fills.

Velocity will not send listed securities in bulk to a foreign intermediary for execution outside of Canada without considering other liquidity sources, including liquidity sources in Canada.

Intermediaries

Most of Velocity's institutional client orders are executed through Instinet or ITSys (Trafix). These orders are subject to a SOR, which can direct orders to all protected and all unprotected Canadian marketplaces available to Canadian investment dealers. Velocity has experience with these trading systems and has confidence that our providers offer a robust system to achieve best execution.

Velocity Trade Capital may use its affiliates for foreign market trades as well as the following third parties for execution services:

1. Fidelity Clearing Canada ULC, the carrying broker for Velocity (Domestic, US and foreign trading)
2. Instinet Canada Limited
3. Itiviti (Broadridge Trading and Connectivity Solutions)
4. Société Générale (London)
5. Clearpool (US trading only)
6. Citadel (US trading only)
7. Two Sigma (US)
8. GTS
9. CLSA (APAC)
10. Scotia Capital USA (LATAM)
11. XP Investments (LATAM)

Velocity may also route orders to an intermediary in cases when one or more of Velocity's best execution processes are impaired. Velocity will review the order handling and routing practices of the intermediary to ensure that they are reasonably designed to achieve best execution.

As a courtesy, we provide the following links to company disclosures:

Instinet LLC: <https://www.instinet.com/statement-order-routing-and-execution-practices>

Société Générale: <https://www.societegenerale.co.uk/en/legal-information/>

Clearpool Group: <https://clearpoolgroup.com/solutions/venue-analysis/>

Citadel Securities LLC: <https://www.citadelsecurities.com/disclosures/mifid-ii-rt27-bestex-report/>

Two Sigma: <https://www.twosigma.com/businesses/securities/tss-disclosures/execution-quality-statistics-including-rule-605-statements/>

GTS: <https://gtsx.com/order-handling-disclosures/>

CLSA: <https://www.clsa.com/terms-of-business/>

XP Investments: <https://www.xpi.us/disclosures>

Client Instructions and Order Protection Rule

Velocity will consider specific trading and order handling instructions received from a client, subject to compliance with any regulatory requirement. However, the order may be returned to the client for clarification or may be rejected if these instructions compromise Velocity's regulatory obligations.

Despite any instruction or consent of the client, achieving best execution for a client order for any listed security is subject to compliance with the OPR by:

- The marketplace on which the order is entered; or
- Velocity, if we have marked the order as "directed action" or a Special Terms Order, in accordance with UMIR Section 6.2.

Order Handling Protocols

The trading day consists of three sessions:

1. Pre-open: the session ending with the opening of the primary Canadian listing marketplace at 9:30am ET
2. Continuous Session: The main session of the primary Canadian listing marketplace, 9:30am to 4:00pm, plus Extended Trading Session from 4:15pm to 5:00pm. Trades conducted at last sale price of primary Canadian listing marketplace.
3. Post Close: The session starting with the closing of the primary Canadian listing marketplace.

Velocity supports trading in both the pre-open and the post-close. Trading in these sessions is handled in accordance with this best execution policy. Specific client order handling instructions are required for participation.

By default, orders received in the pre-open are queued for execution at 9:30am and will be routed to the primary Canadian listing marketplace or will target the opening price on that marketplace. By default, orders received in the post-close are queued for the opening of the primary Canadian listing marketplace on the following business day. An order received during the continuous session is handled in accordance with this policy and routed appropriately for best execution at the time of entry.

Client instructions and orders should not be sent to Velocity via email given these messages may not be received by the firm due to many factors. Thus, these emails are not considered to be received or accepted unless and/or until an agent of Velocity confirms the order. Velocity cannot execute client order instructions if they would cause Velocity to contravene any regulatory requirements. If the high-touch order handling desk receives instructions that may cause Velocity to violate a trading rule or requirement if immediately executed, Velocity reserves the right to reject the order and seek clarification from the client.

Trading by Velocity will follow the holiday calendar of the primary Canadian listing marketplace for Canadian orders and the holiday calendar of the primary US listing marketplace for US orders. Each Canadian marketplace supports a variety of order types.

Trade Confirmation

Trade execution details are available via trade confirmation, electronically via FIX and/or upon request. This includes marketplace execution details, execution capacity and average price details.

Order Handling Disclosure

Order Type	Order Handling Description
Market Orders	A market order is immediately sent to the SOR for execution on the trading facility or marketplace offering best execution. The SOR generally uses sweep or spray technology to route orders. Should your order be executed on multiple marketplaces, Velocity will indicate on your trade confirmation as "Traded on Multiple Marketplaces". Similarly, "May Be an Average Price" will be listed on your confirmation, if part or all of your client order were executed at different prices. The specific details of the execution of your trade are available upon request.
Day Orders	<p>If your order was booked on the TSX and unless you have instructed otherwise:</p> <ul style="list-style-type: none"> (i) An unfilled day order on the TSX that has not priced at the last trade price on the TSX will expire at the close of trading at 4:00 pm ET, and (ii) If an order is priced at the last trade price on the TSX, the order will remain eligible for trading on the TSX until the extended trading session is over at 5:00 pm ET. If your order was initially booked on a trading facility or marketplace other than TSX, it will expire at the close of trading for that facility or marketplace.
Good until Cancelled (GTC) Orders	Client orders specified as GTC will be entered and will remain on a trading facility or marketplace until they are executed or expire. Velocity's carrying broker, Fidelity Clearing Canada ULC, will only allow the entry of orders with a 30 calendar-day maximum. It is your responsibility as the client to ensure what the date of expiry will be on an outstanding order and to contact your representative on or before the order's expiry date should you wish to have the order re-instated.
Market-on-Close (MOC) Orders	All orders must be entered on the TSX's MOC facility prior to 3:40 pm ET and will be executed at the calculated closing price for that security on the TSX. The TSX MOC is an anonymous price facility, so you will not know the price and volume of your execution until after execution has completed. Please note that trading on the MOC facility will be executed at the same time as other trading facilities or marketplaces will be offering quotes on their order book and Velocity cannot guarantee that the order will be executed at the best price for an MOC trade.
Limit-on-Close (LOC) Orders	MOC imbalance is published at 3:40 pm ET after which LOC orders opposite to the imbalance side are accepted (subject to a price collar) into the non-displayed TSX MOC facility. LOC orders execute if the security's closing price is at or above the limit price for sell orders, or at or below the limit price for buy orders. If the specified conditions are not met at market close, the LOC order is cancelled. Similar to MOC orders, other trading facilities or marketplaces will offer quotes on their order books up to closing and Velocity cannot guarantee that the order will be executed at the best price for an LOC trade.
All-or-None (AON) Orders	Orders will not book to a marketplace unless they can be immediately filled in their entirety at the time of receipt. AON orders can be booked on any trading facility or marketplace offering sufficient liquidity.
"Fill or Kill" Orders	Velocity will execute these orders on the trading facility or marketplace which will provide the best price. All trading facilities and marketplaces will be reviewed for "fill" opportunities before the order will be "killed."
Limit Orders	Where a client limit order is received between the hours of 9:30am and 4:00pm ET but is not immediately executable (ie, the minimum sale price is below the best bid or the maximum purchase price is above the best offer), the order will be entered in accordance with Velocity's policies in effect at the time. Where a limit order is received outside of the hours of 9:30am and 4:00pm ET or on a day when the TSX is not open for trading, the order will not be released until the TSX opens its regular trading (regardless of which trading facility or marketplace's order book will be utilized). Please be aware that once a limit order is booked on a marketplace it is possible for the security to trade in other markets without that order participating in a multiple market environment.
Stop-Loss Orders	Stop-Loss orders will be entered in the order book of a transparent trading facility or marketplace and will become an active market order once the trigger price is achieved on the trading facility or marketplace. Once triggered, Velocity will undertake, on a best-efforts basis, to ensure that the best possible fill price is obtained taking all available trading facilities and marketplaces into consideration at the time.

Risk Controls

Velocity Policies and Procedures identify the preventative and detective controls instituted by our firm to adequately safeguard client assets and information. Risk assessments are conducted to evaluate significant systems relied upon by our firm. Robust procedures and controls are designed to effectively manage our financial, operational, market, regulatory and legal risks.

Risk checks are applied to all orders handled and/or executed by the firm or through its systems:

- **Single Order Value Check:** Intended to operate as a control to limit the entry of an order that may be in error because the order is larger in dollar value or in number of shares than the threshold set for the client and/or is a size that has the potential to disrupt trading in a security. The check is designed to reject any single order that exceeds the defined threshold. All clients adhere to the same constraints.
- **Limit Price Check:** Intended to prevent the submission of an order with a limit price that exceeds an allowed combination of a dollar amount and percentage band away from the aggressive quote of the national best bid and/or offer (NBBO). This includes stocks in the Single Stock Circuit Breaker (SSC) list.
- **Daily Aggregated Value Check:** Intended to prevent Velocity's clients from trading above their assigned credit limits by establishing a daily dollar-amount limit, per customer, of the total notional value of all executed and outstanding orders submitted by the customer. Additional pre-trade risk limits are applied to a client's order flow, which is established at Velocity's discretion.

Credit Control

Preservation of Velocity's capital is a primary objective in establishing credit and capital policies. While every attempt is made to remain competitive in the management of credit in margin accounts, the underlying philosophy of Velocity is to limit exposure and risk. Velocity reviews credit exposure regularly and unconditionally reserves the right to change policies or limits as market conditions dictate. Credit and capital policies address the following areas:

- maximum loan exposure on an individual account group
- maximum security concentration in an individual account group, including depth of market, liquidity, price volatility
- margin rates by security class
- management of margin accounts
- management of cash accounts
- New Account policies
- general credit practices.

Capital and Credit Limits

New institutional DEA & RA clients must have pre-determined credit limits established prior to gaining access to trade. An overall credit approval is established for each new client within Velocity with the maximum limit being extended being 10% of AUM. The credit limit is established by the Head Trader and reviewed for reasonability according to the identified AUM. Institutional Traders and trading support staff also have the ability to monitor credit limits in real time within their order management system.

The image shows two screenshots from a trading system. The top screenshot is a 'Day Limit' configuration window. It features a dropdown menu for 'Breach action' set to 'Authorized Orders'. Under 'Value Limits', there are three rows: 'Net day limit' (checked) with 'CAD' currency and a value of '1500000'; 'Gross day limit' (unchecked) with a value of '0'; and 'Position limit - Gross' (unchecked) with a value of '0'. Each row has an 'Extra breach message' field and an 'Alert' checkbox. The bottom screenshot shows a 'General Limits' table with the following data:

Destination	Exch	Breach action	Security type	Account type	Min order value limit	Max order value limit	Order volume limit	C
<ALL>	<ALL>	Fat Message	<ALL>	<ALL>		Limit: 1,500,000,	Limit: 400,000,	

Restrictions on Securities Traded

An order may be rejected if the order is for a security that falls under the following categories:

Securities under a Cease Trade Order (CTO)

A CTO is an order issued by a Canadian provincial or territorial securities regulatory authority or similar regulatory body against a company or an individual. A CTO can be issued for failing to meet disclosure requirements; failure to submit financial filings; or an enforcement action that involves an investigation. Equity marketplaces in Canada have retained CIRO as their regulation services provider. Under CIRO Rules, if a securities regulator issues a CTO with respect to an issuer whose securities are traded on a marketplace, CIRO imposes a regulatory halt on trading of those securities on all marketplaces for which CIRO acts as the regulatory services provider. Such action is taken regardless of whether the regulator that issued the CTO is the principal regulator of the issuer. Once the halt is imposed by CIRO, no person subject to these rules may trade those securities on any marketplace in Canada. In some cases, Compliance may be asked to review the terms of a CTO to confirm the impact on trading in other foreign organized regulated markets.

For more information, consult the SEDAR+ website: <https://www.sedarplus.ca/landingpage/>

Certain Over-the-Counter Securities

Velocity will not accept orders in certain OTC securities that lack critical information such as sufficient financial filings, or that pose other risks to the Firm or the Firm's customers or counterparties.

Within the Pink Market of OTC securities, the financial disclosure or deficiency of issuers is classified by OTC Markets Group as having Current Information, Limited Information, or No Information. 'Pink Current Information' is preferred, therefore requests to trade shares with other classifications may be denied.

Internal Testing

The Firm will conduct a periodic sample of client orders to determine if they received best execution. This will include the following:

- A sampling of unfilled Day and GTC orders;
- Opening orders should be sampled to determine whether a fair price was achieved;
- Effectiveness of SOR settings; and
- Marketplace liquidity analysis should also be conducted.

Velocity also regularly reviews a trade analytics platform to ensure that price, timing, quantity and market executed is consisted with best execution obligations.

Any material findings from testing will be discussed at the Best Execution Committee meeting and will be filed together with the Committee's meeting minutes.

Training

Velocity has trained its employees involved in the execution of client orders to have the proper knowledge and understand the application of the firm's written best execution policies and procedures. All Velocity sales and trading staff will receive best execution training at least annually.

Velocity will also assist clients with order entry and provide guidance on rules and regulations. If you are a customer and are unsure about a trade, how to enter an order, or if there are any potential regulatory risks with respect to a trade, the trade should not be entered – please feel free to contact a member of our trading desks for assistance.

Business Continuity Plan and Information Security

Velocity does maintain a business continuity plan, which is tested at least on an annual basis. The firm policy is to respond to a Significant Business Disruption (SBD) by safeguarding employees' lives and firm property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records, and allowing our customers to transact business. In accordance with CRO Rule 4700, in the event of a SBD, Velocity Trade Capital is required to provide all clients access to their assets within 48 hours following the event. Access to assets means the ability of our clients to buy, sell or redeem securities and have assets, including cash, delivered out based on the clients' instructions. In the event that we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities.

Velocity has an uninterruptible power supply system to deal with temporary power outages, which includes battery backup and surge protection. We also have redundant internet connections should our main connection go down. Both lines have firewalls, one line proving connectivity to the servers, the other serves as a backup, activated automatically if the primary line experiences a disruption.

Contacts

Any questions regarding this document, application of a trading rule or customer complaint can be referred to our Chief Compliance Officer, Andrew Morton.

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Trade Matching Statement

Velocity Trade Capital Ltd. confirms that we have established, maintain and enforce policies and procedures designed to achieve matching in accordance with National Instrument 24-101 – Institutional Trade Matching and Settlement and Companion Policy 24-101 CP.

Regards,



Simon Grayson

Chief Executive Officer / Ultimate Designated Person,
Velocity Trade Capital Ltd.

February 4, 2025