

# CONFLICTS OF INTEREST STATEMENT

ATB Securities Inc. (ATBSI) adheres to the highest ethical standards in our dealings with clients when addressing actual, potential and perceived conflicts of interest, which are inherent in many business relationships. We consider a conflict of interest to be any situation where the interests of a client and those of ATBSI or one of our advisors may diverge. It is important for you to be informed about how we identify and respond to conflicts of interest, as our goal is to provide you with trusted advice and personalized financial solutions that help you achieve your financial goals.

**The general types of conflicts of interest that can arise are:**

- Conflicts of interest between you and ATBSI;
- Conflicts of interest between you and your advisor;
- Conflicts of interest between you and our other clients; and,
- Conflicts of interest between ATBSI and other ATB subsidiaries or business lines.

## **Management of conflicts of interest**

Our goal is to address conflicts in a fair, equitable and transparent manner, consistent with the best interests of our clients. We will avoid conflict where possible, and in all other cases disclose the conflict while managing it by applying internal controls and review processes. Conflicts that are material and cannot be managed in your best interest through controls will be avoided. As conflicts can arise throughout our relationship with you, disclosures will be made in a timely, meaningful and prominent manner.

We are providing you the enhanced disclosure below to assist you in understanding and assessing material conflicts of interest, both existing or reasonably foreseeable, including how we will address them in your best interest. This is an overview of a complex subject. If you ever have any questions or concerns, whether they involve conflicts of interest or anything else, please reach out to your advisor for an explanation and more information.

*Please note reference to "ATB Wealth" includes ATBSI, ATB Investment Management Inc. (ATBIM), and ATB Private Banking. These three affiliates operate under the trade name "ATB Wealth".*

Conflict of interest	Potential impact and risk	How conflict has been, or will be, addressed
<p>Proprietary products &amp; related/connected Issuers</p>	<p>ATBSI is a subsidiary of ATB Financial and an affiliated company to ATBIM. ATB Private Banking and ATB Capital Markets are divisions of ATB Financial and ATBSI, respectively. Our proprietary investment funds are manufactured by ATBIM and distributed for sale through ATBSI. While we offer a wide range of investment products, we are connected to our own proprietary products and benefit financially from their sale.</p> <p>We may also offer you securities that are related/connected to ATBSI, which may result in increased direct or indirect revenue to the firm.</p> <p>ATB Financial offers an incentive program which provides an investment opportunity to certain employees. Though this incentive program is based on the success of ATB Wealth, we may be perceived to be financially motivated to recommend our proprietary products over other investment products that we offer.</p>	<ul style="list-style-type: none"> <li>i. Proprietary products, related/connected and non-proprietary products are all subject to the same due diligence, selection and ongoing processes.</li> <li>ii. We consider your investment needs and objectives and put your interest first by only making suitable investment recommendations, regardless of whether the product is proprietary or not. Our compliance team conducts regular reviews of the suitability of the products in your portfolio, meaning the use and level of proprietary products in your portfolio are being monitored.</li> <li>iii. We disclose to you the nature of our service offering, which includes disclosure that our investment funds are proprietary products and that Advisors could be biased towards proprietary products. This enables you to independently assess whether you would like to invest in our proprietary products.</li> <li>iv. As required by regulation, we will inform you of a related/connected relationship before any recommendation, transaction or account opening and there are no compensation differences for registrants advising on these products.</li> </ul>
<p>Compensation arrangements and incentive programs</p>	<p>We earn compensation by selling products and services to you for which you pay us a fee. Different products, services and account types have differing levels of compensation. We and our advisors may be incentivized to recommend a service or product to you that results in higher compensation for us over a product that more closely meets your investment needs or objectives.</p> <p>To encourage growth of our business, advisors may receive rewards through incentive programs that measure specific key performance indicators. These contests and other incentives could encourage advisors to recommend or sell a certain product, asset class or account type that may not be in your best interest</p>	<ul style="list-style-type: none"> <li>i. We will inform you of fees, commissions and other compensation in advance, so that you know what you will be paying.</li> <li>ii. We can only make suitable investment recommendations to you, regardless of product. Our compliance team conducts regular reviews of the suitability of the products in your portfolio. The compensation of our compliance and supervisory staff is not tied to sales or revenue.</li> <li>iii. We value the securities in your account (the value of which may impact our compensation) using policies and procedures that are designed to address any potential conflicts of interest. The value of securities in your accounts are obtained from a qualified third party.</li> <li>iv. Contests and other incentive programs are based on client experience scores and not just on new revenue or assets gathered, so that advisors are not solely rewarded based on the type of products they recommend. Our compliance team reviews all contest and incentive program criteria, and regularly conducts suitability reviews of your accounts to monitor for situations where we fail to act in your best interest. All contests contain terms and conditions that outline the consequences for violations of our code of conduct.</li> </ul>

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<p>Fee-based versus commission-based accounts</p>	<p>Fee-based accounts generally charge a fixed fee as a percentage of the total assets in your portfolio, while commission-based accounts generally charge fees on a transaction basis. There are conflicts of interest inherent in offering these two types of accounts.</p> <p>Fee-based accounts may include securities with embedded commissions. Embedded commissions in a fee-based account mean you could be doubly charged fees, at the security level and at the account level.</p> <p>Commission-based accounts may encourage us or your advisor to recommend more frequent trades, which may not be in your best interest.</p>	<ul style="list-style-type: none"> <li>i. A fee schedule is provided to you when you open an account and when there is a change to our fees. Controls are in place to verify you are receiving services consistent with the terms of a fee-based or commission-based account.</li> <li>ii. Accounts are monitored on an ongoing basis. If you have a commission-based account and we determine that you may be better off in a fee-based structure (or vice versa), we will flag your account to your advisor so they may discuss your account options with you.</li> </ul>
<p>Referral arrangements</p>	<p>We have entered, or may enter, into referral arrangements with third parties whereby we may receive a referral fee for referring you.</p> <p>In addition, our advisors receive fees for referring clients to another ATB affiliate for products and services not offered through ATBSI. An advisor that refers you to another ATB affiliate may have a conflict of interest between their own financial interests and your best interest.</p>	<ul style="list-style-type: none"> <li>i. Any referral arrangement with a third party will be set out in a formal agreement, which must meet regulatory requirements and be approved by ATB Wealth leadership.</li> <li>ii. We have an obligation to ensure our services are suitable for you if you are referred to us by a third party.</li> <li>iii. Details of all referral arrangements, including the fee paid to us, are disclosed to you if you are referred to or from another ATB affiliate.</li> <li>iv. Prior to referring you to an ATB affiliate, we will satisfy ourselves that the affiliate has the appropriate qualifications to provide the specific services to you.</li> <li>v. We perform regular audits of all advisors in order to detect any issues, such as conflicts of interest for referral arrangements.</li> </ul>

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Client segmentation	<p>We provide our services in different tiers, based on the total value of your portfolio (called “segmentation”), to seek to provide the best service for you according to where you are on your investment journey. We offer you the option to combine portfolio assets with other individuals in your household (called “fee grouping”), so that an increased total portfolio value may qualify you for reduced fees. An increase in total portfolio value may result in your transition to another service tier with a different representative more suited to serve you. Your advisor may be financially incentivized to retain you as a client and prevent you from transitioning to a different service tier.</p>	<ul style="list-style-type: none"> <li>i. Your advisor is required to inform you about the fee grouping option and the possibility of reduced fees. We oversee your advisor to confirm you are in the most appropriate segmentation and fee grouping based on your situation.</li> <li>ii. We maintain policies and procedures that outline our expectations for segmentation and fee grouping, when a transition should occur, the breakdown of the services and fee differences offered in each service tier and why it is beneficial to you.</li> <li>iii. We disclose to you the differences between service tiers if a transition to a different segment should occur.</li> </ul>
Outside business activities	<p>Our advisors may perform outside business activities such as participating on advisory boards for companies or holding volunteer positions. Engaging in these activities could create competing interests with our duties to you, such as; insider trading opportunities, access to material non-public information and the ability to exert inappropriate influence over you.</p>	<ul style="list-style-type: none"> <li>i. We have a code of conduct that sets out our standards for business conduct which seeks to prevent personal interests of our advisors from conflicting with your best interests.</li> <li>ii. All employees must disclose, in writing, relevant outside business activities and affiliations. Such outside business activities and affiliations are evaluated by our compliance team to determine if a potential conflict of interest could exist and, if so, whether such conflict can be resolved in a manner that is in your best interest. If we determine that there is a potential conflict and it cannot be resolved, then we do not permit our employee to engage in such outside business activity.</li> </ul>

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Personal trading	Our advisors may have access to privileged and confidential client information that could result in a personal or financial advantage when conducting their own personal trading activities, to your potential detriment.	<ul style="list-style-type: none"> <li>i. We comply with legal and regulatory requirements that impose restrictions on personal trading.</li> <li>ii. We have established policies and procedures to supervise the personal trades of all employees, including those who have access to information about your portfolios and our proprietary investment funds.</li> <li>iii. Personal trading activity is monitored and approved by our compliance team.</li> </ul>
Gifts and entertainment	Our advisors may be offered or receive gifts and entertainment, which could influence or give the impression of influencing their decision making in the course of performing their duties to you.	<ul style="list-style-type: none"> <li>i. We have established policies and procedures for when the receipt of gifts and entertainment is acceptable.</li> <li>ii. We track and approve gifts and entertainment received by an advisor that are over a certain value threshold.</li> </ul>
Account errors	We have an obligation to resolve any account errors that occur. There is a potential conflict of interest when determining when and how to deal with errors, due to the time, processing cost and reimbursement cost involved.	<ul style="list-style-type: none"> <li>i. We have an error correction policy that establishes standards for the correction of discrepancies in a consistent and industry aligned manner. Our policy is to make an investor whole where possible, subject to a minimum threshold (or value).</li> <li>ii. The decision to rectify any pricing or account error will be made by individual(s) not involved in causing the error.</li> </ul>
Client Priority	If availability is limited on a new issue or secondary financing, we may need to select which clients will be offered allocation and in what amounts. While we strive for fair allocation based on factors like timing and demand, you may not receive any or all of a request for a particular security.	<ul style="list-style-type: none"> <li>i. Individual advisors make the determination on allocation based on individual client relationships. Suitability, client credit and client risk profile are key determinants. Allocations cannot be influenced by guarantees of future business.</li> </ul>

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Investment Banking & Underwriting Fees	<p>We are paid by issuers of securities when we advise on or underwrite a new issue which we may recommend to you. When we advise on or underwrite a new issue, we are acting for the issuer that wants to obtain the highest price while recommending the investment to purchasers who are interested in obtaining the lowest price.</p>	<ul style="list-style-type: none"> <li>i. We have structurally segregated our institutional corporate finance and retail advisory businesses, which prevents the sharing of non-public information by our institutional corporate finance business (with the relationship with the issuer) with our retail advisory businesses (with the relationship with clients like you).</li> <li>ii. The offering documents provide full disclosure of all relationships we may have with the issuer.</li> </ul>
Material Non-public and Insider Information	<p>As a result of business relationships with issuers of securities, our advisors may be exposed to non-public information that they may not disclose nor act upon.</p> <p>Similarly, our investment bankers have direct access to commercially sensitive or inside information.</p>	<ul style="list-style-type: none"> <li>i. We have structured our corporate finance and retail advisory businesses such that information is tightly controlled and not shared between the two divisions.</li> <li>ii. Our internal information barriers are designed to ensure regulatory requirements are complied with and retail advisory employees do not have access to any non-public information that may be available to our corporate finance businesses.</li> <li>iii. We may decline to provide a service to avoid a direct or perceived breach of insider trading regulations.</li> <li>iv. We have specific procedures for responding to conflicts of interests that involve inside information and for complying with insider trading provisions</li> </ul>