



Disclosure – Reporting Requirements

Changes to Over-the-Counter Derivatives in Canada

There have been important changes governing the regulation of over-the-counter (“OTC”) derivatives in Canada. **These changes may require you to take action prior to commencing your trading relationship with EncoreFX.**

What are the Changes?

Since October 31, 2014, OTC derivative trades (such as a forward, option or other similar type of contract with its value linked to underlying markets or rates) involving a “local counterparty” in Ontario, Manitoba or Quebec must be reported to an approved trade repository. Such trade repository maintains all such information and will make it available to the securities regulatory authorities in Canada upon request. Other provinces are expected to put similar rules in place in the near future, and EncoreFX wishes to ensure that all of its clients are prepared to comply with such rules.

Who is Affected?

Any “local counterparty” in any Canadian province will be affected, as well as any entity trading with these local counterparties. A “local counterparty” with respect to a province is any:

- person or company, other than an individual, organized under the laws of that province or that has its head office or principal place of business in that province;
- affiliate of a person or company described in the point above, where such person or company is responsible for the liabilities of that affiliated party; or
- entity registered in that province as a derivatives dealer or in an alternative category as a consequence of trading in derivatives.

Note that an entity can be a local counterparty in more than one jurisdiction. For example, if a corporation is incorporated in Manitoba but has its head office in Ontario, it will be a local counterparty in both Manitoba and Ontario.

What do I have to do?

For trades between an end user and a derivatives dealer, the derivatives dealer has the obligation to report the trade. As EncoreFX expects to be considered a derivatives dealer, certain information is required from its clients to facilitate trade reporting which includes your jurisdiction of operations, incorporation and where your head office is located. In addition, you are required to provide your Legal Entity Identifier or LEI each time a trade is transacted. An LEI is a 20 digit code used to identify the parties to a trade that must be included on trade reports required to be reported by EncoreFX. **It is your responsibility to obtain an LEI.** To obtain an LEI, go to any approved LEI provider, such as the Global Markets Entity Identifier (“GMEI”) (<https://www.gmeiutility.org>) It may take several days to obtain an LEI, and it costs \$200 (USD) for issuance and \$100 (USD) annually for maintenance (fees subject to change). For further information on this process please visit the FAQ section of the GMEI website.

Please take the above steps as soon as possible, as an LEI will be required prior to commencing any trading activity with EncoreFX.

Note that this document is provided for general information and not as legal advice. If you have questions, please contact your EncoreFX representative.