| | |
|---|---|
| **CANADA**<br><br>**PROVINCE OF QUÉBEC**<br>**DISTRICT OF MONTRÉAL**<br><br>N° 500-06-001137-211 | **SUPERIOR COURT**<br>(Class Action Division)<br><br>**NICOLAS SALKO**<br>Plaintiff<br><br>v.<br><br>**FINANCIÈRE BANQUE NATIONALE INC.**<br>-and-<br>**RBC PLACEMENTS EN DIRECT INC.**<br>-and-<br>**TD WATERHOUSE CANADA INC.**<br>-and-<br>**VALEURS MOBILIÈRES DESJARDINS INC.**<br>-and-<br>**SERVICES INVESTISSEURS CIBC INC.**<br>-and-<br>**QUESTRADE INC.**<br>Defendants |

---

**DEFENCE OF DEFENDANT QUESTRADE INC.**
(Art. 170 C.C.P.)

---

**IN DEFENCE TO PLAINTIFF'S MODIFIED APPLICATION TO INSTITUTE PROCEEDINGS DATED MARCH 30, 2026, DEFENDANT QUESTRADE INC. ("QUESTRADE") SUBMITS THE FOLLOWING :**

## I. EXECUTIVE SUMMARY

1. The authorizing judge identified as a principal issue to be dealt with collectively, the determination of whether, in connection with transactions involving a security denominated in a currency other than the currency in which settlement of the transaction is recorded, the Defendants charge a currency conversion fee not properly disclosed to Class members (par. 150a of the authorization judgment dated September 9, 2022) ;

2. More specifically, Plaintiffs allege that, although Defendants disclose that in connection with transactions involving a security, they may earn a revenue based on the difference between the applicable bid and ask rates for the currency and the rate at which it is offset either internally, with a related third party, or in the market (“**Spread Based Revenue**” referred to by Plaintiffs as “**conversion fees**”), they do not properly disclose what such Spread Based Revenue consists of ;

3. Questrade respectfully submits that it has always adequately disclosed any Spread Based Revenue. Moreover, without admission and as part of a continuous improvement process, Questrade improved its disclosure process on or about August 19th, 2021, to disclose the conversion charge (currently 1,5%), i.e., the Spread Based Revenue, applicable to currency conversions, which is fully embedded in the exchange rate applied to the transaction ;

4. In any event, when a client trades a U.S. or Canadian listed security in a margin account without having sufficient cash balance in the appropriate currency, Questrade lends to the client the necessary amount, hence avoiding any currency conversion fee. It is only when a client places a similar trade in a cash account (without margin) or in a registered account, while holding an insufficient balance in the currency needed to complete the trade, that Questrade would earn a Spread Based Revenue. Again, Questrade submits that the Spread Base Revenue is, and has always been, properly disclosed ;

5. For these reasons, Questrade submits that the Application is unfounded in fact and in law as far as it is concerned and should, therefore, be dismissed against it ;

## II. RESPONSES TO THE ALLEGATIONS IN THE AMENDED APPLICATION (“APPLICATION”)

### A. Allegations in the introduction of the Application

6. Questrade denies the allegations contained in paragraphs 1 and 2 of the Application ;

7. Paragraph 3 of the Application contains no factual allegations ;

8. It admits the allegations contained in paragraphs 4 and 5 of the Application ;

9. It denies as drafted the allegations contained in paragraphs 6 to 9 of the Application ;

10. With respect to paragraphs 10 and 11 of the Application, Questrade refers to Exhibit P-2 and denies any allegations inconsistent therewith ;

11. It denies the allegations contained in paragraph 12 of the Application ;

12. Paragraph 13 of the Application contains no factual allegations ;

13. With respect to paragraphs 14 and 15 of the Application, Questrade refers to the Authorization Judgment of September 9, 2022, and denies any allegations inconsistent therewith ;

14. It denies the allegations in paragraphs 16 and 17 of the Application ;

**B. Allegations relating to the defendants**

15. Questrade ignores the allegations concerning the other defendants (paras. 18 to 84 and 98 to 108 of the Application) ;

16. With respect to paragraphs 85 and 86 of the Application, Questrade refers to exhibits 31 and 32 and denies any allegations inconsistent therewith ;

17. It denies the allegations contained in paragraphs 87 to 91 of the Application ;

18. It takes note of the admissions contained in paragraphs 92 and 94 of the Application ;

19. It denies the allegations contained in paragraph 93 of the Application ;

20. It denies the allegations contained in paragraphs 95 to 97 of the Application ;

**C. Allegations relating to the plaintiff**

21. Questrade ignores the allegations concerning the Plaintiff's case (paragraphs 109 to 155 of the Application) ;

**D. Allegations relating to damages and collective recovery**

22. Questrade denies the allegations contained in paragraphs 156 to 161 of the Application ;

23. Paragraphs 162 to 165 of the Application contain no factual allegations ;

24. Questrade ignores the allegations contained in paragraphs 166 and 167 of the Application ;

25. Paragraphs 168 and 169 of the Application contain no factual allegations ;

26. It denies the allegations contained in paragraph 170 of the Application.

**AND FOR FURTHER PLEA, QUESTRADE SUBMITS THE FOLLOWING :**

## III. QUESTRADE

27. Questrade is an online brokerage firm founded in 1999 ;

28. It carries on discount brokerage activities and provides clients with electronic platforms through which they may trade and hold securities, including equities and options, in accordance with their individual financial objectives and risk tolerance ;

29. Questrade makes available to its clients electronic trading platforms accessible via web, desktop and mobile applications, including the Questrade Trading and Questrade Edge platforms ;

30. These platforms enable clients to place, modify and monitor trades, access market information, and manage their accounts in a secure digital environment. They operate on an execution-only basis and are designed to facilitate client-directed transactions without the provision of investment advice ;

## IV. FULL AND CONTINUOUS DISCLOSURE OF THE SPREAD BASED REVENUE

31. Prior to August 19th, 2021, Questrade's Spread Based Revenue was disclosed as follows :

> If you make a trade involving a Security which is denominated in a currency other than the currency of the Account in which the trade is to settle, a conversion of currency may be required. (…). We and the parties related to us may earn revenue, in addition to the commission applicable to such a trade, <u>based on the difference between the applicable bid and ask rates for the currency and the rate at which the rate is offset either internally, with a related third party, or in the market.</u> Conversion of currency, if required, will take place at the trade date unless otherwise agreed. Questrade will not automatically convert currencies to cover debit balances between different currency Accounts and interest will be charged on all debit balances.
>
> [Our underlining]

as it appears from section 1.32 of the Account Agreement (Exhibit P-33) ;

32. It was also disclosed in a similar fashion and explained on Questrade's website ;

33. Furthermore, any currency conversion would appear on clients' statements ;

34. Questrade submits that the Spread Based Revenue was properly disclosed to, and accepted by, its clients ;

35. Since the system nets all transactions executed during the day in the relevant currency and performs a single conversion on the resulting end-of-day net balance, it is not possible for Questrade to determine or disclose in advance the exchange rate applicable to a transaction requiring a currency conversion, as such rate is dependent, inter alia, on prevailing foreign exchange market conditions, the precise timing of execution of the transaction, and the specific parameters of the client's order ;

36. Despite the above, on or about August 19th, 2021, without admission of fault and as part of a continuous improvement process, Questrade improved its disclosure process to disclose the conversion charge (currently 1.5%), i.e., the Spread Based Revenue ;

37. Questrade properly discloses the Spread Base Revenue through, *inter alia,* the following :

   a) Questrade's website, on the following pages :

      i) "Exchanging funds in registered and non-registered accounts", **Exhibit Q-1** ;

      ii) "Transaction Fees", as evidenced by the screenshot of the online version as of August 19, 2021, **Exhibit Q-2A**, and by the screenshot of the online version as of November 2023, **Exhibit Q-2B** ;

      iii) "Self-Directed Investing Pricing", as evidenced by the screenshot of the online version as of August 19th, 2021, **Exhibit Q-3A**, and by the screenshot of the online version as of November 2023, **Exhibit Q-3B**, as well as Exhibit P-35 **;**

   b) The client portal, on the "Exchange Fund Page", as evidenced by the screenshot of the online version as of November 1st, 2024, and its earlier update from January 20th, 2022, **Exhibit Q-4** ;

38. By Plaintiffs' own admission, Questrade's disclosure of the Spread Based Revenue in the form of a percentage-based currency conversion charge

complies with the law, as appears from paragraphs 10, 94, and 95 of the Application ;

39. Consequently, even assuming Questrade failed to properly disclose Spread Based Revenue at any point in time, which is denied, the period covered by the Plaintiffs' claim should end as of August 19th, 2021, as it relates to Questrade and no damages should be awarded for the subsequent period ;

## V. CURRENCY CONVERSION IS LIMITED

40. All Questrade accounts are dual currency. This means that clients can hold U.S. dollars in their accounts and are not forced to exchange currency for every transaction, provided that they have sufficient cash in that currency for the transaction and, for registered accounts, have not elected to settle all transactions in CAD ;

41. Furthermore, when a client trades a U.S. or Canadian listed security in a margin account without having a sufficient cash balance in the appropriate currency, Questrade lends to the client the necessary amount. Therefore, Questrade does not earn a Spread Based Revenue in such circumstances, as appears, among other things, from Questrade's webpage "Exchanging funds in registered and non-registered accounts", Exhibit Q-1 ;

42. With respect to cash accounts (without margin) and registered accounts, Questrade performs a currency conversion when the client holds Canadian dollars and purchases securities denominated in U.S. dollars, while holding an insufficient USD balance, or vice versa. In these specific circumstances, Questrade performs a currency conversion given that the client cannot borrow funds in a cash or registered account as he or she would do in a margin account ;

43. Importantly, this conversion is not performed on each transaction individually. Rather, the system nets all transactions executed during the day in the relevant currency and performs a single conversion on the resulting end-of-day net balance. This netting mechanism avoids multiple conversions and therefore prevents the application of multiple spreads on offsetting transactions ;

44. For example, where a client purchases and subsequently sells the same U.S. denominated security within the same day, any gain or loss is first netted in USD, and only the residual amount, if negative, is converted into CAD. In such circumstances, the conversion charge (currently 1.5%) is only applied to the net loss, rather than on both the purchase and the sale transactions ;

45. Conversely, if the client ends the day with a positive balance in the foreign currency, no conversion is required and no Spread Based Revenue is earned by Questrade ;

## VI. SUBSIDIARILY

46. The Spread Based Revenue earned by Questrade in the limited circumstances described above is consistent with prevailing market practices in the online brokerage industry and reflects competitive conditions, taking into account the nature, volume and timing of the transactions executed ;

47. As a result, Questrade's clients do not suffer any economic disadvantage compared to the position they would have been in had they used other realistically available currency conversion options ;

**FOR THESE REASONS, MAY IT PLEASE THE COURT TO :**

**GRANT** Defendant, Questrade Inc.'s Defence ;

**DISMISS** Plaintiff's Modified Application to institute proceedings dated March 30, 2026, against Defendant, Questrade Inc. ;

**THE WHOLE** with legal costs.

Montréal, May 20, 2026

LCM Attorneys Inc.

**LCM ATTORNEYS INC.**
M[tre] Sébastien C. Caron, Ad. E., IAS.A | ICD.D
M[tre] Marianne Paquet

600, De Maisonneuve West blvd.
Suite 2600
Montréal (Québec) H3A 3J2

T 514.375.2680 | 514.447.9206
F 514.905.2001
scaron@lcm.ca | mpaquet@lcm.ca

Lawyers for Defendant Questrade Inc.

| | |
|---|---|
| **CANADA**<br><br>**PROVINCE OF QUÉBEC**<br>**DISTRICT OF MONTRÉAL**<br><br>N° 500-06-001137-211 | **SUPERIOR COURT**<br>(Class Action Division)<br><br>**NICOLAS SALKO**<br>Plaintiff<br><br>v.<br><br>**FINANCIÈRE BANQUE NATIONALE INC.**<br>-and-<br>**RBC PLACEMENTS EN DIRECT INC.**<br>-and-<br>**TD WATERHOUSE CANADA INC.**<br>-and-<br>**VALEURS MOBILIÈRES DESJARDINS INC.**<br>-and-<br>**SERVICES INVESTISSEURS CIBC INC.**<br>-and-<br>**QUESTRADE INC.**<br>Defendants |

## LIST OF EXHIBITS

*(In support of the Defence of Questrade Inc.)*

**EXHIBIT Q-1.** Questrade's website: « *Exchanging funds* in registered and non-registered accounts ».

**EXHIBIT Q-2A** Questrade's website: « *Transaction Fees* », as evidenced by the screenshot of the online version as of August 19, 2021.

| | |
|---|---|
| **EXHIBIT Q-2B** | Questrade's website: « *Transaction Fees* », as evidenced by the screenshot of the online version as of November 2023. |
| **EXHIBIT Q-3A** | Questrade's website: « *Self-Directed Investing Pricing* », as evidenced by the screenshot of the online version as of August 19, 2021. |
| **EXHIBIT Q-3B** | Questrade's website: « *Self-Directed Investing Pricing* », as evidenced by the screenshot of the online version as of November 2023. |
| **EXHIBIT Q-4** | Questrade's website: *The client portal*, on the « Exchange Fund Page », as evidenced by the screenshot of the online version as of November 1st, 2024, and its earlier update from January 20th, 2022, *en liasse*. |

Montréal, May 20, 2026

LCM Attorneys Inc.

**LCM ATTORNEYS INC.**
Mtre Sébastien C. Caron, Ad. E., IAS.A | ICD.D
Mtre Marianne Paquet

600, De Maisonneuve West blvd.
Suite 2600
Montréal (Québec) H3A 3J2

T 514.375.2680 | 514.447.9206
F 514.905.2001
scaron@lcm.ca | mpaquet@lcm.ca

Lawyers for Defendant Questrade Inc.

No. 500-06-001137-211

**SUPERIOR COURT**
(Class Action Division)
District of Montréal

**NICOLAS SALKO**

Plaintiff

v.

**FINANCIÈRE BANQUE NATIONALE INC.**

**-AND- AL.**

Defendants

**DEFENCE**
**(Art. 170 C.C.P.)**

**ORIGINAL**


M[tre] Sébastien C. Caron, Ad. E., IAS.A | ICD. D
scaron@lcm.ca | 514.375.2680

M[tre] Marianne Paquet
mpaquet@lcm.ca | 514.447.9206

BL5788
Our ref. : 71261.1

**LCM ATTORNEYS INC.**
600, de Maisonneuve W. blvd.
Suite 2600
Montréal (Québec)  H3A 3J2
F 514.905.2001