NOTICE OF PUBLIC CONSULTATION

APPLICATION RELATED TO PROPOSED TRANSACTION BETWEEN TMX GROUP INC. AND LONDON STOCK EXCHANGE GROUP PLC AND APPLICATION RELATED TO RECOGNITION OF CANADIAN DERIVATIVES CLEARING CORPORATION AS A CLEARING HOUSE

In connection with the proposed transaction between TMX Group Inc. ("TMX Group") and London Stock Exchange Group PLC ("LSEG") (the "proposed transaction"), the Québec *Autorité des marchés financiers* (the "AMF") is submitting the application filed on May 13, 2011 by TMX Group, LSEG and Bourse de Montréal Inc. (the "Bourse") as part of a public consultation.

In addition, as part of the consultation, the application filed on May 13, 2011 with the AMF by the Canadian Derivatives Clearing Corporation ("CDCC") is being submitted.

The AMF is seeking comments on these applications and in particular on the following issues presented as questions in this Notice:

- Public interest
- Share ownership
- Governance
- Clearing and settlement of transactions
- Accessibility to capital markets
- Consequences of proposed transaction
- Undertakings

Information about the process for submitting written observations and about the public hearings which the AMF will hold with respect to the proposed transaction is available at the end of this document.

BACKGROUND AND PRESENTATION

APPLICATION RELATED TO PROPOSED TRANSACTION BETWEEN TMX GROUP INC. AND LONDON STOCK EXCHANGE GROUP PLC

On February 9, 2011, TMX Group and LSEG announced that they had reached an agreement[1] to combine their respective exchange groups as part of an all-share transaction (the "Agreement").

The transaction will be implemented by means of a court-approved plan of arrangement pursuant to the Ontario *Business Corporations Act*. Under the terms of the plan of arrangement, TMX Group shareholders will receive 2.9963 ordinary shares of Mergeco (defined below) for each TMX Group share they hold. At closing, LSEG shareholders will therefore own 55 per cent and TMX Group shareholders 45 per cent of Mergeco, which will be renamed after closing. In

[1] The full version of the Agreement is available on the SEDAR website at www.sedar.com and on the TMX Group website at www.tsx.com.

this Notice, “Mergeco” means LSEG, the U.K. incorporated holding company, which will continue to be the holding company of the group after the closing. Its shares will be listed on the London Stock Exchange, trading in pounds sterling, and will also be listed on Toronto Stock Exchange, trading in Canadian dollars.

On May 13, 2011, LSEG, TMX Group and the Bourse (collectively, the “Applicants”) filed an application with the AMF seeking:

1. an order approving the beneficial ownership by Mergeco of all the common shares of TMX Group;
2. an order with respect to the Bourse amending decision No. 2008-PDG-0102 dated April 10, 2008 recognizing the Bourse as a self regulatory organization and authorizing it to carry on business as an exchange in Québec;
3. an order with respect to TSX Inc. (“TSX”) amending decision No. 2004-PDG-0012 dated February 27, 2004 (the “TSX exemption order”); and
4. an order with respect to TSX Venture Exchange Inc. (“TSXV”) amending decision No. 2004-PDG-0076 dated June 28, 2004 (“TSXV exemption order”);

(collectively, the “Bourse application”).

The AMF will issue decisions sought as part of the Bourse application where it is of the opinion that it is in the public interest to do so. Accordingly, the AMF must, in particular, ensure that the Bourse continues to meet the recognition criteria for an exchange, appended hereto as Schedule 6. Furthermore, the AMF may impose conditions in these decisions that will enable it to adequately carry out one of its principal roles as a regulator, namely, overseeing the activities of these entities.

Accordingly, the AMF is publishing the following documents:

1. The Bourse application, which includes the undertakings of Mergeco to the AMF (Schedule 1);
2. Decision No. 2008-PDG-0102 dated April 10, 2008 recognizing the Bourse as a self-regulatory organization and authorizing it to carry on business as an exchange in Québec, including the undertakings of TMX Group to the AMF (“Decision 2008-PDG-0102”), as well as decision No. 2010-PDG-0207 dated November 22, 2010 in reference to the lifting, subject to certain conditions, of the condition set out in paragraph IX *Ratios et rapports financiers* (collectively, the “Bourse order”) (Schedule 2);
3. TSX exemption order (Schedule 3);
4. TSXV exemption order (Schedule 4);
5. Certain legislative provisions applicable to self-regulatory organizations that the Bourse must satisfy given its recognition as a self-regulatory organization (Schedule 5);
6. The exchange authorization criteria that the Bourse must satisfy given its authorization as an exchange in Québec (Schedule 6).

APPLICATION FOR RECOGNITION OF THE CANADIAN DERIVATIVES CLEARING CORPORATION AS CLEARING HOUSE

At the time of the announcement of the proposed transaction, CDCC, a wholly owned subsidiary of the Bourse, had undertaken the filing process with the AMF in respect of an application for recognition as a clearing house.

On May 13, 2011, CDCC filed an application with the AMF seeking recognition as a clearing house pursuant to section 14 of the *Derivatives Act*, R.S.Q., c. I-14.01, and the revocation of its recognition as a self-regulatory organization (the "CDCC application").

The AMF will issue decisions sought as part of the CDCC application where it is of the opinion that it is in the public interest to do so. Accordingly, the AMF must, in particular, ensure that CDCC complies with the requirements of the *Derivatives Act*. Furthermore, the AMF may impose conditions in these decisions that will enable it to adequately carry out one of its principal roles as a regulator, namely, overseeing the activities of these entities.

The AMF is publishing the CDCC application as Schedule 7 to this Notice.

A. PRINCIPLES GUIDING AMF DECISIONS IN CONNECTION WITH PROPOSED TRANSACTION

In connection with the proposed transaction, the AMF will examine the Bourse application and the CDCC application (collectively, the "applications") in light of the following principles in particular:

1. Ensure that the Bourse satisfies all the requirements enabling it to fully assume its role as a self-regulatory organization and a derivatives exchange;

2. Ensure the jurisdiction and the exercise of regulatory powers of the AMF with respect to exchange and clearing activities;

3. Foster market efficiency;

4. Foster the efficiency, sustainability and growth of the Bourse and CDCC as entities specialized in managing derivatives markets, including regulatory, oversight, clearing and central counterparty activities for trading in derivatives and related products such as fixed income securities;

5. Ensure efficient representation of the derivatives markets of the Bourse and of CDCC clearing and central counterparty services as well as of their participants and service users within all entities of Mergeco;

6. Ensure efficient representation of financial industry interests in Québec within all entities of Mergeco;

7. Ensure that the Bourse and CDCC will have sufficient financial and human resources to promote their sustainability and continue their growth and development in the derivatives market as well as in the related clearing and central counterparty activities;

8. Ensure sound prudential management of risks related to Bourse and over-the-counter derivatives markets as well as to clearing and central counterparty activities in respect of financial instruments;

9. Foster the creation of capital in Québec, access to the capital markets by Québec-based companies and the participation of investors and other players in the equity and derivatives markets;

10. Ensure the protection of investors.

B. SPECIFIC ISSUES

In addition to general comments regarding the applications, the Agreement and the proposed transaction, the AMF is seeking comments on the specific issues presented below. Several of these issues relate to the role of the AMF with respect to the framework to be implemented to ensure adequate oversight of the Bourse and CDCC in connection with the proposed transaction. The AMF therefore asks that commenters support their observations with appropriate facts.

I. Public interest

Under the *Derivatives Act,* no regulated entity may carry on derivatives activities in Québec unless it is recognized by the AMF as an exchange or a clearing house, and the AMF must exercise its discretion in the public interest. Prior to issuing its decision, the AMF must ensure, in particular, that the entity applying for recognition as an exchange or clearing house satisfies the criteria set out in law and the criteria applicable to the entity. The criteria applicable to an exchange are provided in Schedule 6 of this Notice. In exercising its discretion, the AMF has established guiding principles for its examination, which are set out in section A above.

Question:

1. **For the purpose of reviewing the responses relating to legal requirements, exchange recognition criteria and the public interest, should the AMF consider other guiding principles in addition to those set out in section A of this Notice in exercising its discretion?**

II. Share ownership

i. Restrictions on Mergeco share ownership

Pursuant to an undertaking to the AMF on April 9, 2008, TMX Group, as the parent of an exchange group, is subject to the restriction that no person or company and no combination of persons or companies acting jointly or in concert may beneficially own or exercise control or direction over more than 10 per cent of any class or series of TMX Group's voting shares without the prior authorization of the AMF. In the Bourse application, the Applicants propose that the AMF limit its prior authorization to the legal or effective change of control of the parent of the future group, namely, Mergeco.

Moreover, the Bourse application states that the authorization of the Financial Services Authority ("FSA"), the financial services regulator in the U.K., will be required through a formal process for the acquisition of shares or voting power in Mergeco at the level of 10 per cent and at other higher levels. Prior authorization of the FSA, following the same process as for acquisitions of control, will also be required where a person wishes to increase their control over Mergeco above certain additional thresholds, being 20 per cent or more, 30 per cent or more, 50 per cent or more, or to become a parent undertaking (if different from the increase to more

than 50 per cent). In assessing the request to acquire, or increase, control, the FSA must consider the suitability of the proposed acquiror based on a range of criteria and the influence that the proposed acquiror will have over the U.K. regulated subsidiaries of Mergeco.

Questions:

2. **In the event of a change in the level of share ownership of Mergeco, would the authorization limited to a legal or effective change of control of Mergeco, as proposed, help ensure an effective regulatory framework for the activities of TMX Group, the Bourse and CDCC in Québec as well as foster their development and efficient operation of the markets, particularly with respect to prudential management, and protect the public interest with respect to any business combination subsequent to the proposed transaction?**

3. **Where the suitability of the acquiror proposing to acquire, or increase, control of Mergeco could have an impact on the continuing ability of not only the U.K. regulated subsidiaries of Mergeco, but also of their Québec regulated subsidiaries, to continue to meet their obligations, should the AMF exercise control with respect to a proposal to acquire or increase control of Mergeco? If so, at what level of acquisition of control or increase in control?**

ii. Share ownership restrictions in respect of TMX Group, Bourse and CDCC

The Applicants propose maintaining ownership restrictions in respect of the shares of TMX Group in accordance with the undertaking to the AMF dated April 9, 2008 and a condition imposed on the Bourse under the Bourse order. Pursuant to this undertaking and the Bourse decision, TMX Group acknowledged that it is subject to the restriction that no person or company and no combination of persons or companies acting jointly or in concert may beneficially own or exercise control or direction over more than 10 per cent of any class or series of TMX Group's voting shares without the prior authorization of the AMF, except for TMX Group or an affiliate of TMX Group.

With respect to the Bourse, the Applicants propose to maintain the undertaking they made to the AMF whereby prior AMF authorization is necessary for any transaction that would result in any person or company, or any combination of persons or companies acting jointly or in concert, owning or exercising control or direction over more than 10 per cent of any class or series of voting shares of the Bourse. The Applicants also propose to continue to exercise control or direction over more than 50 per cent of all classes or series of voting shares of the Bourse.

Moreover, the Agreement proposes that Mergeco not sell or otherwise dispose of any voting or equity securities of TMX Group or TSX (except to their direct or indirect wholly owned subsidiaries) without the prior authorization of the Ontario Securities Commission ("OSC"). This proposal will enable the OSC to examine the possible impact of a potential acquiror of TMX Group or TSX on the ability of these entities to continue to meet their obligations and on their activities. This examination could result in an authorization or a refusal by the OSC.

Questions:

4. **In the event of a change in share ownership of TMX Group, the Bourse or CDCC, will the proposed authorization help to protect the financial industry in Québec with respect to any transaction occurring subsequent to the proposed transaction, ensure an effective regulatory framework, foster its development and efficient operation as well as protect the public interest?**

5. **Should the AMF exercise control similar to that of the OSC with respect to the ownership of the shares of TMX Group, the Bourse and CDCC?**

III. GOVERNANCE

i. Governance of Mergeco

The Bourse application sets out the proposed governance structure of Mergeco and related undertakings made exclusively to the OSC.

Essentially, it is proposed that until the fourth anniversary of the undertakings, the board of directors of Mergeco will consist of 15 directors, seven of whom will be "Canadian Directors," as defined in the Agreement. Under the Agreement, "Canadian Directors" means:

i) the most senior executive officer of Mergeco (the "Senior Canadian Officer") (excluding the Chair of the board of directors) who is ordinarily resident in Canada;

ii) at least four independent Canadian Directors (who may include the Chair of the board of directors of Mergeco), at least three of whom will be independent directors of TMX Group at the relevant time;

iii) residents of Québec in a number equal to 25 per cent of the independent Canadian Directors (rounded down).

This composition is permitted to be adjusted either if Mergeco expands its operations through a transaction with another party and, as a result of the transaction, adds directors to its board of directors or if Mergeco adds directors who are resident outside Canada or Europe, on the basis that, after the addition:

i) Canadian Directors represent at least the same proportion of those individuals who both were directors of Mergeco before the change and continue as directors of Mergeco after the change (rounded down) as Canadian directors represented of directors of Mergeco before the change, subject to a minimum of three Canadian Directors;

ii) one of the Canadian Directors will be the Senior Canadian Officer;

iii) at least 50 per cent of the Canadian Directors will be independent directors (who may include the Chair of the board of directors of Mergeco) who will be independent directors of TMX Group at the relevant time;

iv) 25 per cent (rounded down) of those independent Canadian directors will be residents of Québec.

The number of Canadian Directors who will be members of committees of the board of directors of Mergeco will be substantially proportionate to the percentage of Canadian Directors from time to time, and at least one standing committee of the board of directors of Mergeco will be chaired by an independent Canadian Director.

After the fourth anniversary of the date of the undertakings, the number of Canadian Directors on Mergeco's board of directors will be permitted to be reduced to a minimum that is the greater of:

i) the number that the Mergeco board of directors determines to be appropriate given various factors; and

ii) three;

and:

iii) at least 50 per cent of those Canadian Directors will be independent directors who will be independent directors of TMX Group at the relevant time;

iv) 25 per cent (rounded down) of those independent Canadian Directors will be residents of Québec.

Where as a result of a material change it is inappropriate to have representation of at least three Canadian Directors, Mergeco could apply to the OSC to have this requirement amended. The OSC may then review such request taking into account the public interest.

Moreover, the representation of Canadian directors on committees of Mergeco's board of directors will be determined by Mergeco's board of directors.

Questions:

6. **Are the governance undertakings under the proposed transaction sufficient? Moreover, do they sufficiently represent the interests of the financial industry in Québec within Mergeco?**

7. **With respect to Mergeco's board of directors, should the AMF require:**
   - **that a minimum number of directors be residents of Québec, given that this number could be zero if the board of directors were composed of the minimum of three Canadian directors?**
   - **that the representation of Québec residents be permanent?**
   - **that fair and meaningful representation of directors with derivatives, clearing and central counterparty expertise be assured?**
   - **that it approve any reduction in the number of Canadian directors to fewer than three?**

ii. Governance of TMX Group, Bourse and CDCC

The Bourse application does not provide for any representation of the interests of the Bourse or CDCC on TMX Group's board of directors or board committees.

The Bourse application proposes amending the existing condition of the Bourse order that independent directors represent at least 50 per cent of the board of directors and its committees, so that 50 per cent of the directors would be independent and ordinarily resident in Canada. Moreover, Mergeco undertakes to do everything within its control to cause the Bourse to comply with the terms and conditions in its recognition order. Therefore, the conditions stipulating that 25 per cent of the Bourse board of directors will be composed of residents of Québec and that there be fair and meaningful representation of directors with expertise in derivatives will be maintained. The Applicants state that the decision as to whether TMX Group and the Bourse will continue their practice of having mirror boards has not yet been made.

As regards CDCC, the Bourse application states that a minimum of 50 per cent of the members of the board of directors and of the committees of the board will be both ordinarily resident in Canada and independent. Mergeco also undertakes to do everything within its control to cause CDCC to comply with the terms and conditions in its recognition order.

Questions:

8. **Would it be appropriate to provide for representation of the interests of the Bourse and/or CDCC on TMX Group's board of directors and board committees? Should conditions governing the composition of the board of directors of the Bourse be similar to those applicable to TMX Group? Should the current practice of having mirror boards be maintained?**

9. **Does the proportion of 50 per cent of independent directors ordinarily resident in Canada that will serve on the boards of directors of the Bourse and CDCC as well as on their respective board committees seem sufficient to ensure that the interests of the Bourse and CDCC are adequately represented?**

IV. Clearing and settlement of transactions

Clearing and settlement of transactions are critical components of an exchange's activities. Accordingly, the criteria that the Bourse is required to satisfy for authorization to carry on business as an exchange in Québec, listed in Schedule 6, relate to clearing agreements with an authorized clearing house, adequate oversight of the clearing house, clearing of all transactions by the authorized clearing house, and restrictions on foreign members.

CDCC is a wholly owned subsidiary of the Bourse and is therefore held indirectly by TMX Group. CDCC provides clearing and central counterparty services for all transactions carried out on the Bourse. As well, CDCC has been selected to develop a central counterparty service for the Canadian fixed income securities market.

TMX Group owns Natural Gas Exchange Inc. ("NGX"). NGX is an exchange and clearing house for natural gas, electricity and crude oil contracts.

In addition, TMX Group owns an 18% interest in CDS Clearing and Depository Services Inc. and its parent company, Canadian Depository for Securities Limited (collectively, "CDS"). CDS provides clearing and settlement services for debt and equity securities.

LSEG holds an interest in clearing houses in Europe. Cassa di Compensazione e Garanzia S.p.A and Monte Titoli S.p.A. are majority owned subsidiaries of LSEG. They provide clearing services for a wide range of assets and derivatives traded on exchanges and platforms in Italy and the UK.

CDCC activities are crucial to ensure the sound management of systemic risks related to derivatives markets and the clearing of derivative products. They are fundamental to ensuring the integrity of the Bourse's market and the efficient operation of the Canadian derivatives market. In addition, the reliability of CDCC's systems is instrumental to its operations. Therefore, any material change to CDCC, including to its share ownership structure, governance, systems or business processes, may have significant repercussions on Canadian derivatives markets. AMF oversight in this respect is therefore essential.

The Bourse application states that Mergeco intends to make CDCC the clearing house for all Bourse products and for over-the-counter ("OTC") equity related derivatives as well as for CDCC's planned interest rate swap offering and repo clearing service. The Applicants state that London will be established as the headquarters of the global post-trade unit for the combined entity.

Questions:

10. **In your opinion, would the fact that CDCC is held or controlled indirectly by foreign interests raise issues that could affect the integrity and efficient operation of Canadian derivatives markets? If so, what measures or conditions should the AMF impose?**

11. **Given LSEG's ownership interests in other clearing houses, do you believe that it is necessary to impose a condition that all derivatives transactions executed on a Canadian exchange be cleared by a recognized Canadian clearing house?**

12. **Given LSEG's interest in other clearing houses, what conditions should the AMF impose, if any, to foster the competitiveness of CDCC and the growth of its activities in Canada, Europe and other markets?**

V. Accessibility to capital markets

The Bourse application indicates that the proposed transaction would open new pathways to Canadian markets and streamline access to these markets for a broader cross-section of international investors. The increase in visibility of and accessibility to TMX Group's markets is therefore expected to lead to deeper liquidity pools attracting more international order flow. The larger pool of issuers is also expected to provide Canadian investors with new opportunities. In addition, the Bourse application states that it will benefit from this larger pool of issuers, given that new TSX listings will generate trading opportunities for new derivatives products.

The Bourse application states that no changes will be made to the listing standards set by TSX and TSXV, and dual-listing between LSEG and TMX Group exchanges will not occur automatically as a result of the proposed transaction. An issuer will make its own determination as to whether it would derive benefit from a dual-listing. An issuer will be required to follow local rules and regulations to qualify for a listing on a particular exchange.

Moreover, the conditions of the TSX and TSXV orders pertaining to the following will remain unchanged:

- a wide range of services will be offered in French and English to Québec-based issuers, including listing, continued listing and monitoring of issuers, and these services will be of equivalent quality to what is offered in Toronto;
- TSX and TSXV staff working in Montréal will actively participate in the decision-making process with respect to the issuers served by the two exchanges;
- the TSX and TSXV information documents intended for Québec-based issuers and participating organizations duly registered in Québec must be available in French and English.

Questions:

13. **What are the risks and issues arising from the proposed transaction with respect to accessibility to markets?**

14. **What benefits could the proposed transaction generate with respect to improving liquidity and accessibility to markets?**

VI. Consequences of proposed transaction

Part III of the Bourse application sets out various benefits expected to result from the proposed transaction. It states in particular that, in addition to enhancing TMX Group's competitiveness and activities on an international basis, the profile of Montréal as a financial centre will be consolidated. As well, it is stated that the transaction would generate a more effective capital market, thereby underpinning a strengthened Canadian economy and driving innovation and jobs, and at the same time improve the Bourse's global competitive position.

The Applicants also state that, as a result of the proposed transaction, Canadian expertise in trading software will flourish, the Bourse's SOLA technology will be enhanced and access to a wider customer base will be gained. Staff will report to the global head of technology in London.

In addition, the application mentions the possibility of developing FTSE index-based derivative products to be traded on the Bourse.

With respect to market participants, the Applicants maintain that issuers, investors and market intermediaries will benefit from new worldwide opportunities available to TMX Group. In particular, Part III states that Canadian companies will have access to cheaper capital to grow, innovate and prosper and that more products and services will be available for Canadian investors.

Questions:

15. **Do you agree with the benefits of the proposed transaction as set out in Part III of the Bourse application?**

16. **Do you anticipate any negative consequences as a result of the proposed transaction? If so, what could they be and what measures could be taken to mitigate and eliminate such consequences?**

VII. Mergeco undertakings

As part of the proposed transaction, Mergeco has set out undertakings proposed to be provided as a condition of AMF's authorization in respect of the acquisition of all of the TMX Group common shares. These undertakings, which are described in section A of Part V of the Bourse application, pertain to compliance and corporate governance and provide that Mergeco will undertake to:

- do everything within its control to cause TMX Group to perform its undertakings to the AMF with respect to the Bourse, which form part of Decision 2008-PDG-0102 and are attached as Schedule 2 to this Notice;

- do everything within its control to cause the Bourse to comply with the terms and conditions in its recognition order;

- ensure that appropriate nominations are made by the board of directors of Mergeco at each Mergeco annual general meeting to ensure that the directors of Mergeco will include directors who are both residents of Canada and independent directors, residents of Québec in a number equal to 25 per cent of those independent directors (rounded down to the next lowest integer);

- assume the undertakings of TMX Group with respect to Bourse operations, change in ownership, the strategic plan for derivatives, access to information, resources, non-compliance and general matters, such undertakings being set out in Appendix A of the Bourse application;

- do everything within its control to cause CDCC to comply with the terms and conditions of its recognition order.

Question:

17. **Should the AMF require additional undertakings by Mergeco to ensure that the proposed transaction has a positive impact on the financial industry in Québec? If so, what should these additional undertakings be?**

C. PUBLIC CONSULTATION PROCESS

I. Submission of observations

Anyone who wishes to take part in the public consultation is asked to submit their observations to the AMF in writing, **separately with respect to each application** and preferably electronically, no later than June 29, 2011, to the attention of:

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Persons who submitted observations in writing **with respect to the proposed transaction** in accordance with the above terms may also, if they wish and depending on availability, present their observations orally at the public hearings on the proposed transaction. They must notify the AMF Corporate Secretary accordingly when submitting their written observations.

At the conclusion of the consultation, written observations received will be posted on the AMF website at www.lautorite.qc.ca.

II. Information about public hearings on the proposed transaction

Public hearings will be held on July 14 and 15, 2011. A notice will subsequently be published by the AMF giving details of the hearings.

Requests for information about the Bourse application should be addressed to:

Jacinthe Bouffard
Director, SRO Oversight
Autorité des marchés financiers
514-395-0337, ext. 4351
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Requests for information about the CDCC application should be addressed to:

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May 13, 2011

SCHEDULE 1

May 13, 2011

VIA EMAIL & DELIVERED

Autorité des marchés financiers
800, square Victoria, 22nd floor
P.O. Box 246, Tour de la Bourse
Montréal, Québec
H4Z 1G3

Attention: Jacinthe Bouffard, Directrice de la supervision des OAR / Director SROs

Dear Ms. Bouffard:

Re: TMX Group Inc. - Proposed Merger with London Stock Exchange Group PLC

In connection with the proposed merger (the "Merger") of TMX Group Inc. ("TMX Group") with London Stock Exchange Group PLC ("LSEG"), pursuant to an agreement (the "Merger Agreement") dated February 9, 2011, LSEG, TMX Group and Bourse de Montréal Inc. (the "Bourse") hereby apply for the following: (i) an order of the Autorité des marchés financiers (the "Autorité") approving the beneficial ownership by LSEG of all of the common shares of TMX Group; and (ii) an amended and restated recognition order of the Bourse reflecting changes relating to the Merger with LSEG. In this application "Mergeco" means LSEG after giving effect to the Merger and "Merged Group" means Mergeco and its subsidiaries worldwide (and, for the avoidance of doubt, includes TMX Group and its subsidiaries).

We also hereby make application on behalf of TMX Group's wholly-owned subsidiary, TSX Inc. ("TSX"), for an order amending and restating the Autorité's exemption order of TSX dated February 27, 2004 (the "Existing TSX Exemption Order") to update the statement of facts supporting the Existing TSX Exemption Order to reflect the Merger. We also hereby make application on behalf of TMX Group's wholly-owned subsidiary, TSX Venture Exchange Inc. ("TSX Venture"), for an order amending and restating the Autorité's exemption order of TSX Venture dated June 28, 2004 (the "Existing Venture Exemption Order") to update the facts supporting the Existing Venture Exemption Order to reflect the Merger.

TMX Group has previously made an application (draft dated April 21, 2011) to amend the recognition order of the Canadian Derivatives Clearing Corporation ("CDCC"). We understand that the Autorité's preference is to consider that application in parallel with this application. In this application, we also propose certain clauses that could be included in a revised CDCC recognition order, to reflect concepts that are being addressed by other regulated entities in the TMX Group organization in response to the Merger.

We are not making an application at this time to the Autorité for any amendments to the recognition order recognizing TSX as an information processor. In our view the Merger does not affect the terms of such recognition order.

The Merger provides significant opportunities for Montreal to achieve its objectives of becoming a leader in global derivatives by establishing Montreal as the headquarters of the global derivatives business unit for the combined entity, to be run by executives based in Montreal. LSEG and TMX Group believe that derivatives and post trade services will be two of the key growth opportunities for the Merged Group. It is therefore Mergeco's objective to grow the operations of the Bourse and CDCC. The global derivatives business unit will be the centre for derivatives trading and related product development across the Merged Group. This business unit will create and coordinate the implementation of the global strategy for derivatives trading across the combined organization, overseeing the operating plan and budgeting processes for derivatives trading products , and will provide input into the strategic direction and development of Mergeco's derivatives trading business, including its expansion into pan-European derivatives trading. Mergeco will submit annually to the Autorité, within two months of its approval, its strategic plan for derivatives as approved by the board of directors of Mergeco.

The combined entity is committed to entering into new derivatives markets in Europe and worldwide. Montreal, as the headquarters for the global derivatives business unit at the outset of the Merger, will play a key role in supporting development and expansion of these businesses at a crucial time in their lifecycle. This will provide a significantly enhanced opportunity for Montreal, particularly given the expertise and experience of the Bourse's staff, to position itself as a natural centre for the future development of the Merged Group's derivatives trading business worldwide and as a key international force in derivatives trading.

The Bourse will benefit from opportunities for the trading of new derivatives products through the increase in issuers on Canadian markets expected to result from the Merger, as well as through the ability to develop and introduce new derivatives trading products based on the wider experience of the international derivatives business of the Merged Group. Canadian expertise in trading software will also flourish as TMX Group's highly skilled technology team based in Montreal will be in demand to develop enhancements to its SOLA® technology. Bourse staff will have an enhanced role through significant strategic input into and a leading role in technological design, engineering, architecture and governance of derivatives trading technology for the Merged Group, reporting to the global head of technology in London. In this regard, the SOLA® technology is being deployed in LSEG's Turquoise Global Holdings Limited multilateral trading facility to support futures and options trading on that marketplace. SOLA® will also continue to be used to support existing Italian derivatives trading operations. The Bourse will also benefit from enhanced opportunities for the global commercialization of SOLA® through LSEG's international technology sales force.

Mergeco commits that the head office and executive offices for the Bourse and for CDCC will remain in Montreal. The most senior executive officer of each of the Bourse and CDCC will be a resident of Quebec. Mergeco also commits that any new Bourse and CDCC operations will be managed or conducted from Montreal.

Mergeco's intention is for CDCC to be the clearing house for all Bourse products and for over-the-counter ("OTC") equity related derivatives as well as for CDCC's planned interest rate swap offering and repo clearing service. In response to the financial crisis, in September 2009 the G-20 made a commitment that all standardized OTC derivative contracts should be cleared through central counterparties by the end of 2012 at the latest. As referenced above, CDCC intends to offer a Canadian clearing service for OTC derivatives and is working with Canadian industry participants on developing this service. The Merger will not change this. CDCC will also benefit from enhanced opportunities to create a trans-Atlantic OTC derivatives clearing services offering.

It is also important to note that the Merger will have no impact on the Canadian regulatory oversight regime applicable to TMX Group and its Canadian subsidiaries, including the Bourse and CDCC, other than to strengthen it pursuant to commitments made in the Merger Agreement. The Autorité will continue as the lead regulator of the Bourse and CDCC (as will the Ontario Securities Commission (the "OSC") in respect of TMX Group and TSX, the Alberta Securities Commission (the "ASC") and British Columbia Securities Commission (the "BCSC") in respect of TSX Venture, and the ASC in respect of Natural Gas Exchange Inc. ("NGX")). The changes to the Bourse recognition order being proposed have the principal objective of ensuring the continuation of the strong local elements of the Bourse's operations and regulation. The language we suggest for a revised CDCC recognition order has the same objective. Indeed, the Merger satisfies a main goal of TMX Group for its exchanges and clearing agencies: to solidify and enhance their international position in the midst of a rapidly globalizing and consolidating industry on a basis that best supports the interests of the Canadian financial community.

We also note that under the proposed transaction, the TMX Group exchanges and clearing agencies will continue to operate in the same manner as before; that is, the Merger does not involve any mergers of any of the regulated exchanges themselves with those operated by LSEG, but rather a pooling of the ownership of LSEG and TMX Group.

This application has been divided into eight parts:

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I. MERGER DESCRIPTION

A. Implementation

The Merger will be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario). Under the terms of the plan of arrangement, TMX Group shareholders will receive 2.9963 Mergeco ordinary shares for each TMX Group share. TMX Group resident Canadian shareholders that are not exempt from taxation may receive, at their election, 2.9963 exchangeable shares in an indirect Canadian subsidiary of Mergeco ("Exchangeco") for each TMX Group share, each exchangeable by the holder at any time into an Mergeco ordinary share. LSEG shareholders will therefore at closing own 55 per cent and TMX Group shareholders 45 per cent of Mergeco, which will be renamed after closing. Mergeco will be listed on both London Stock Exchange and Toronto Stock Exchange; Exchangeco will be listed on Toronto Stock Exchange.

The sole purpose of Exchangeco and the exchangeable shares is to provide TMX Group resident Canadian shareholders that are not exempt from taxation the ability to receive shares at closing on a tax-free roll-over basis and to permit those shareholders to receive beneficial tax treatment on dividends on those shares. The exchangeable shares provide the holder with a security having, as nearly as is practicable, economic terms and voting rights that are the same as the Mergeco ordinary shares. The exchangeable shares are subject to redemption by Exchangeco in certain circumstances, including at any time seven years after the closing of the Merger. This exchangeable share structure is substantially similar to structures the Autorité is familiar with pursuant to the Exemption for Certain Exchangeable Security Issuers under section 13.3 of National Instrument 51-102 – *Continuous Disclosure Obligations* and this structure would meet the requirements for the exemption thereunder.

B. Mergeco Board

At closing, Mergeco will be the parent holding company of the various exchange entities and related businesses that operate within the Merged Group. LSEG currently does not, and Mergeco will not, carry on any active business operations. All active business operations will be carried on by the respective subsidiaries of the Merged Group.

At closing, the board of Mergeco will consist of 15 directors, eight to be nominated by LSEG, including three from Italy, and seven to be nominated by TMX Group, including an independent director resident in Quebec. Wayne Fox, currently Chair of TMX Group, will be the Chairman of the board of Mergeco, and the current Chair of LSEG, Chris Gibson-Smith, and LSEG's Italian Deputy Chair will be Deputy-Chairmen. The executive board members of Mergeco will be:

- Chief Executive Officer – Xavier Rolet, currently Chief Executive Officer of LSEG (based in London);
- President – Thomas Kloet, currently Chief Executive Officer of TMX Group (based in Toronto);
- Chief Financial Officer – Michael Ptasznik, currently Chief Financial Officer of TMX Group (based in Toronto); and
- Director – Raffaele Jerusalmi, currently Chief Executive Officer of Borsa Italiana S.p.A. (based in Milan).

The Mergeco Board will be responsible for setting and overseeing implementation of the Merged Group's strategic objectives and will be accountable for the financial and operational performance of the Merged Group. Accordingly, responsibilities of the Mergeco board will include: (i) approval of the Merged Group's long term objectives and commercial strategy; (ii) approval of the Merged Group's annual operating and capital expenditure budgets; (iii) approval of changes to the Merged Group's corporate and capital structure; (iv) the Merged Group's financial reporting, including internal controls; and (v) risk management for the Merged Group.

The various operating exchanges in the combined group will continue under their existing highly recognized brand names. In this regard, the Bourse will continue to carry on its derivatives operations, including overseeing its investment in the Boston Options Exchange and any development of the Montreal Climate Exchange. Mergeco will also continue to maintain local boards of directors of the regulated legal entities in Europe and Canada (including for TMX

Group, TSX, the Bourse, TSX Venture and CDCC).[1] Enhanced commitments for Canadian participation in the board of directors of the Bourse and CDCC are also provided for in connection with the Merger as described in Sections V(C)(i) and V(D)(i), respectively.

The day-to-day operations of the individual companies in the Merged Group are, and will remain, the responsibility of the boards of directors of those companies, subject to the strategic and policy direction of Mergeco.[2] In this regard, each subsidiary board is responsible for (i) financial matters relating to the individual entity, including approving accounts and recommending budgets for approval by the Mergeco board; (ii) ensuring compliance with local regulatory requirements, including approving matters relating to licenses to operate and recognition orders and operating of local markets; and (iii) ensuring the integrity of local capital markets and that local customer bases are maintained.

Mergeco will be jointly headquartered in London and Toronto. The executive management and senior leadership of Mergeco will be drawn from a balance of leaders from both organizations and will be represented in its co-headquarters of London and Toronto as well as other core centres, including Calgary, Colombo, Milan, Montreal, Rome and Vancouver.

The first chart below shows the corporate entities involved in the Merger immediately upon the completion of the Merger. The Exchangeco, Callco and Interco entities referenced in the chart all exist solely to support the exchangeable share structure and for associated tax reasons and have no separate business function or operations. Each of the subsidiary entities of Mergeco is wholly-owned, except in the case of Exchangeco, which will issue the exchangeable shares to electing former shareholders of TMX Group (and which are non-voting in respect of Exchangeco and instead confer voting rights in respect of Mergeco).[3]

The second chart below shows the Merged Group after the Merger, focusing on key operating entities and business lines.

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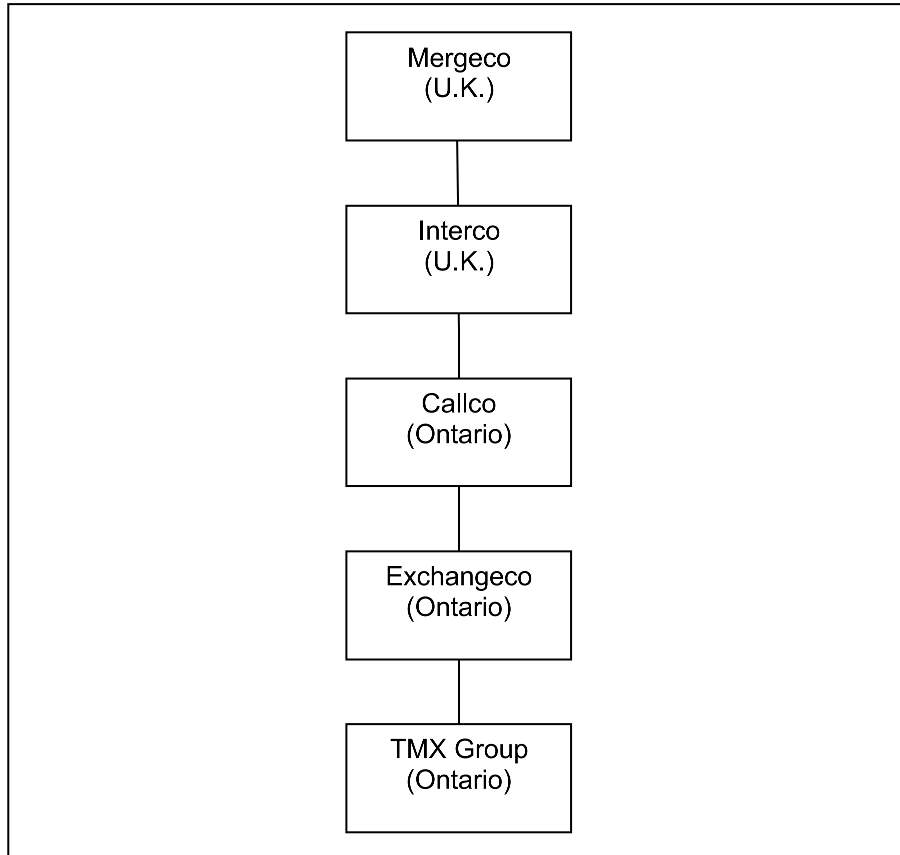
[1] The decision as to whether TMX Group and the Bourse will continue their practice of having mirror boards has not yet been made.

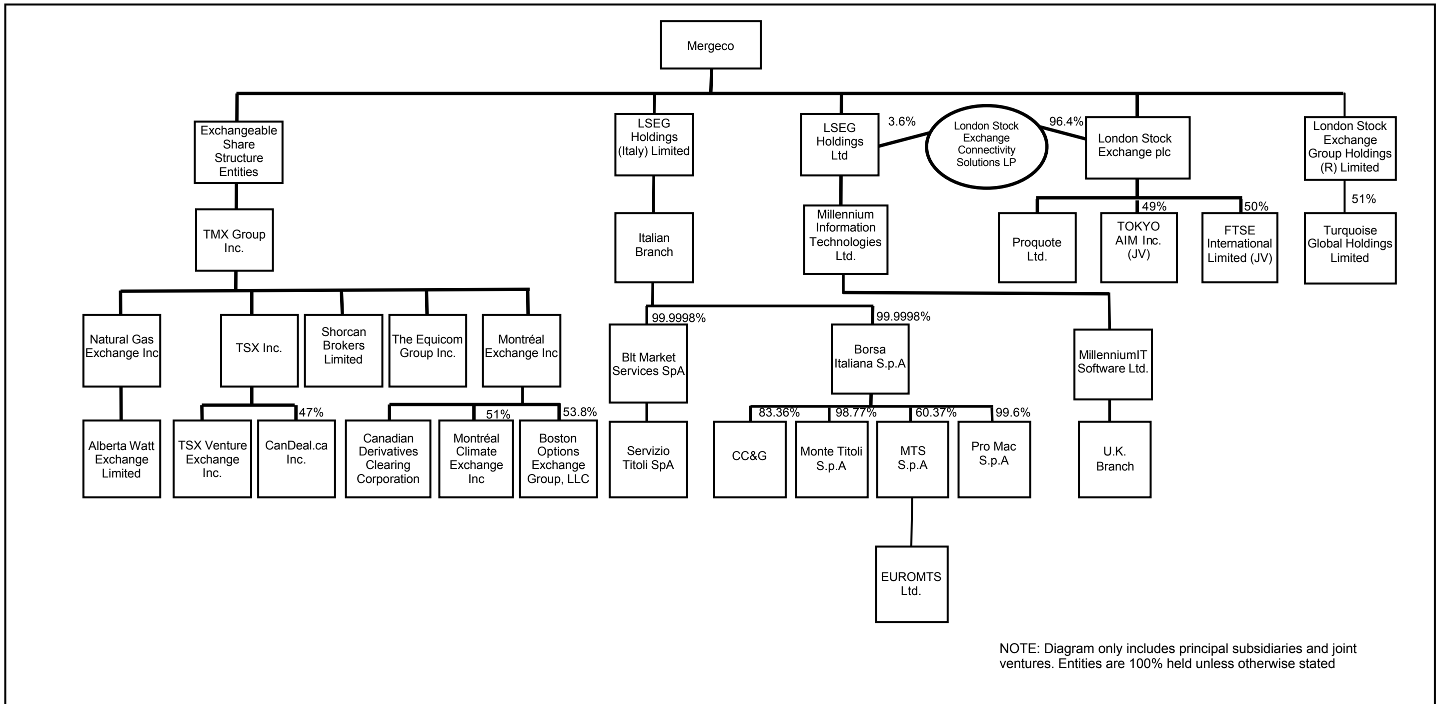
[2] The reference to being subject to the "strategic and policy direction of Mergeco" reflects the fact that TMX Group and its subsidiaries will operate as part of the Merged Group and that the board of Mergeco is ultimately responsible for setting and overseeing implementation of the Merged Group's strategic objectives.

[3] There are other trust and similar vehicles that will be established for purposes of holding and conferring voting rights on behalf of the holders of exchangeable shares.

Corporate Entities Involved in Merger



Merged Group Structure



II. INFORMATION REGARDING LSEG[4]

LSEG is a diversified international exchange business which operates a wide range of markets in the European Union. It is headquartered in London, U.K. with significant operations in Italy and Sri Lanka and employs approximately 1,500 people. Through its advanced trading platforms and diverse listing services, LSEG offers domestic and international issuers and investors, both institutional and retail, access to Europe's highly liquid capital markets. LSEG offers its customers an extensive range of real-time and reference data information products and robust post-trade services and also develops high performance technology trading and surveillance platforms and capital markets software.

A. Capital Markets

LSEG provides a highly attractive international venue for the public listing of shares, bonds and other securities by companies seeking to raise capital from investors, both at the time of their initial listing and through subsequent offerings. The key equity markets operated by LSEG are the U.K.'s Main Market and Italy's MTA Market and AIM (for small and growing companies).

LSEG also operates a range of electronic trading platforms that provide high speed order and quote-driven matching services for investors that wish to buy and sell securities. Some of these platforms are operated by recognized exchanges while others are run by authorized firms, such as "alternative trading systems" (known in Europe as multi-lateral trading facilities or "MTFs"), which undertake both lit and dark trading of securities.

The key listing and trading venues in LSEG are:

- London Stock Exchange plc (the "LSE"), a Recognised Investment Exchange ("RIE") regulated by the U.K.'s Financial Services Authority ("FSA"), which offers listing services and operates several equity and bond markets including the "Main Market", AIM and the "International Order Book" for international equities;

- Borsa Italiana S.p.A. ("Borsa Italiana"), LSEG's Italian exchange business, regulated by Commissione Nazionale per le Società e la Borsa ("Consob"), Italy's main securities regulator, which offers listing services and operates a range of equity, derivative and bond markets, including MTA (the main Italian equity trading platform), IDEM (its Italian derivatives market, trading contracts based on equities and related indices) and IDEX (its Italian energy derivatives segment, trading contracts based on commodities and related indices);

- Turquoise Global Holdings Limited ("Turquoise"), an MTF regulated by the FSA, which offers lit and dark trading in pan-European and U.S. equities. Turquoise is planning to launch shortly a European derivatives offering running on TMX Group's SOLA® technology;[5] and

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[4] The information in Part II has been provided by LSEG.

[5] As has recently been announced, LSEG is shortly going to combine EDX London Limited into Turquoise, utilizing TMX Group's market leading derivatives trading technology, SOLA®.

- Società per il Mercato dei Titoli di Stato S.p.A. ("MTS S.p.A."), which controls and operates a series of electronic trading platforms for European fixed income securities, including EuroMTS Limited, a U.K. incorporated entity which is an MTF regulated by the FSA.

B. Post-trade

LSEG's post-trade entities are:

- Cassa di Compensazione e Garanzia S.p.A. ("CC&G"), a majority-owned subsidiary of LSEG, which is a clearing house regulated by the Banca d'Italia and Consob that guarantees trades between counterparties and manages counterparty risk in a range of assets and instruments, including cash equities, derivatives, energy products and government bonds. CC&G's services are used primarily for trading taking place on Borsa Italiana. LSEG's U.K. trading platforms use the services of third party clearers such as LCH.Clearnet and EuroCCP.

- Monte Titoli S.p.A. ("Monte Titoli"), a majority-owned subsidiary of LSEG, which is a settlement system and securities depositary regulated by Banca d'Italia and Consob that provides settlement and custody services, primarily for Italian securities, to a broad client basis and has a wide range of connections to international markets and central counterparties. LSEG's U.K. trading platforms use the services of third party settlement systems and depositaries such as Euroclear.

C. Information Technology

LSEG's information and technology services include:

- the provision of high speed, real time pre-trade and post-trade data, trade confirmation, reconciliation and reporting services, corporate news information and co-location services; and

- the sale and license of exchange-related technology and services to a variety of global capital markets businesses through its Millennium Information Technologies Ltd. ("MillenniumIT") business in Sri Lanka.

MillenniumIT has recently implemented new trading platforms at the LSE and Turquoise, which have made it the fastest trading platform in Europe, with average round-trip latencies well below 200 microseconds.[6]

D. Regulation of Markets

LSEG recognizes the importance of ensuring its markets continue to be well regulated and that they have the appropriate standards of transparency, orderliness and integrity. In relation to both admission to its primary markets and secondary market trading, LSEG's regulated entities impose balanced and proportionate regulatory standards to maintain high levels of investor confidence. More specifically:

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[6] At the 99th percentile, which means a calculation of the mean average latency across 99 per cent of all messages.

- LSE and Borsa Italiana have rules for issuers whose securities are admitted to their markets; both, to ensure their suitability to be traded on a public market and to govern the issuers' continuous disclosure of corporate information to investors.

- Each regulated entity in LSEG has rules for its trading participants that govern their trading activity on each of its platforms.

- Trading prices and volumes are monitored by LSE and Borsa Italiana to identify any asymmetry of information in the market or evidence of possible leaks of price sensitive information, which might necessitate the issuers making further announcements to the market.

- Each regulated entity in LSEG uses sophisticated surveillance technology to monitor the group's markets in real-time and on a post-trade basis. This surveillance ensures the ongoing orderliness of the markets, monitors compliance with the rules of the platforms and detects possible market manipulation and market abuse.

- Each regulated entity in LSEG ensures that trading taking place on each of the group's trading platforms, whether executed electronically or bilaterally and then reported to it under its rules, has the appropriate level of pre-trade and post-trade transparency.

- To ensure reliable, continuous price formation, the high speed trading technology used by the regulated entities in LSEG utilizes a variety of automatic controls, such as volatility interruptions and auction extensions.

In addition to the rules applicable on LSEG's various trading platforms, users of each platform must also comply with the regulations promulgated by local regulatory authorities, such as the FSA (in the case of the platforms authorized or recognized in the U.K.) and Consob (in the case of the platforms based in Italy).

All of the regulated entities within LSEG work closely with their respective statutory regulators to maintain high regulatory standards throughout LSEG. Further information on LSEG can be found in its 2010 annual report or on its corporate website located at www.londonstockexchangegroup.com.

E. Regulation of LSEG

(i) *U.K. Regulation of LSEG*

LSEG is the ultimate parent company of LSE, which is an RIE, and of Turquoise and EuroMTS Limited, both of which are FSA "authorized firms". This section briefly describes how the RIE and authorized firm regulatory regimes apply to LSEG itself as the owner of U.K. regulated subsidiaries, and accordingly how they would apply to Mergeco post-Merger.

The regulatory regime for RIEs is relatively concise, high level and principles-based and obliges RIEs to meet certain recognition requirements on an ongoing basis. An RIE's compliance with the recognition requirements is supervised by the FSA in a close and continuous manner. This regime contrasts with the much more detailed, rules-based regime to

which all FSA authorized firms are subject, based largely on harmonized European Union requirements.

LSEG is a U.K.-listed, unregulated holding company that does not itself perform any regulated activities and accordingly does not itself require either recognition as an RIE or authorization as a firm. The FSA therefore does not have direct regulatory control over LSEG but does have to approve certain changes in ownership of LSEG as the ultimate parent of the U.K. regulated subsidiaries, as described in Part IV – Ownership Restrictions. In addition, the FSA has regulatory influence over the individual board members of LSEG as follows.

The FSA's regime for authorized firms requires the approval of the individuals such as directors, non-executive directors or senior managers employed by an unregulated parent undertaking or holding company whose decisions, opinions or actions are regularly taken into account by the governing body of the authorized firm. As a result, the FSA interviews and approves the key board members (typically the Chairman, Chief Executive Officer and Senior Independent Directors) of unregulated holding companies of high impact authorized firms such as banks. The presence of the two FSA authorized firms in the LSEG group therefore gives the FSA the ability to require the board members of LSEG to be formally approved.

RIEs are exempt from authorization and therefore from the requirement that their key holding company board members be approved. However, in recent years the FSA has adopted the practice of interviewing prospective board members of RIE holding companies to establish their suitability, in a manner very similar to the approach taken for high impact authorized firms. The RIE recognition requirements specifically allow the FSA to take into account LSE's connection with any person and require that individuals in a position to exercise significant influence over an RIE, whether directly or indirectly, be suitable. Therefore the FSA is able to use its regulatory influence over LSE, the RIE, as the basis for its assessment of the suitability of LSEG board members.

On an annual basis, the FSA meets with LSEG to discuss the risk mitigation program for the regulated entities in LSEG. The FSA's risk assessment is a high level review aimed at assessing the significance of the risks posed by the regulated entities to the FSA's statutory objectives (market confidence, financial stability, consumer protection and the reduction of financial crime). The program assesses the impact on their statutory objectives if a particular risk actually materialized and the probability of the risk materializing.

(ii) ***Italian Regulation of LSEG***

Following the Merger, Mergeco will also be the parent company of Borsa Italiana, CC&G, Monte Titoli and MTS S.p.A., all of which are companies regulated by Consob and Banca d'Italia. Specifically, Borsa Italiana is supervised by Consob only, while MTS S.p.A., CC&G and Monte Titoli are under Consob and Banca d'Italia supervision.

Italian law requires that any direct or indirect shareholders of more than 5 per cent in market operators (such as Borsa Italiana and MTS S.p.A.), in central depositaries (such as Monte Titoli) and in central counterparties (such as CC&G) or any persons who otherwise control these entities, be persons of integrity and make a declaration to Consob (and Banca d'Italia for the companies it supervises) accordingly. If those shareholders are legal persons then it is the directors of the shareholder companies that must be persons of integrity and must make appropriate declarations. Where the parent undertaking is an overseas company, Italian law allows for the integrity requirement to be met through a substantially equivalent requirement

that is imposed by an appropriate overseas competent authority. In 2007, after the merger between LSEG and Borsa Italiana, in which LSEG became the parent undertaking, the FSA wrote a letter, which was sent to Consob and Banca d'Italia, confirming the status of LSE as an RIE and stating the requirement for an RIE to be "fit and proper" taking into account its connections with any person, including its owners. This U.K. requirement met the Italian equivalence test for LSEG, the ultimate holding company of the Italian regulated companies.

III. BENEFITS OF THE MERGER

Overview

The proposed merger of TMX Group (which operates Canada's principal equities and derivatives markets) and LSEG (which operates leading markets in the U.K. and Italy) is intended to attract new investment to Canadian public issuers and contribute directly to the success of Canada's capital markets. This in turn underpins economic activity and growth in Canada (as well as achieving similar effects in the U.K. and Europe).

The Merger also aligns with the vision of Finance Montreal. Finance Montreal was created in November 2010 by the financial services industry at the invitation of the Government of Quebec. Its principal objective is to foster initiatives and a business environment geared towards strengthening Montreal and Quebec's financial sector, to trigger new activities, and to encourage the creation of new businesses and the location of major international companies in Quebec. The continued growth of the derivatives industry is a high priority for this business group. LSEG and TMX Group believe that derivatives and post-trade services will be two of the key growth opportunities for the Merged Group. The combined entity is committed to entering into new derivatives markets in Europe and worldwide. The designation of Montreal as the headquarters for the Merged Group's global derivatives business unit, with responsibility for creating and coordinating implementation of the Merged Group's global strategy for derivatives trading across its international derivatives business, will directly contribute to the growth of the Montreal financial services sector and of Montreal's continued specialization and expertise in the derivatives sector, providing opportunities for both the Bourse's derivatives business and CDCC's clearing business.

SOLA® (developed by TMX Group's technology team based in Montreal) will provide the underlying derivatives trading platform for the Merged Group's markets. This will necessitate future investment in product development and enhancement in order to support the Merged Group's growth strategy for derivatives trading. We expect that this work will expand as LSEG's international technology sales force sells SOLA® to international customers. Mergeco will also retain Bourse technology and operations staff to manage, maintain and support the Bourse. In this regard, the Bourse's staff will continue to provide business analysis and determine specifications in Montreal for the core derivatives trading technology platform. Overall technology strategy for the combined organization will be developed and coordinated from London, with the concentration of derivative trading technology development and strategy input from Montreal. In particular, Bourse staff will have an enhanced role through significant strategic input into and a leading role in technological design, engineering, architecture and governance of derivatives trading technology for the Merged Group, reporting to the global head of technology in London. Bourse staff will also benefit from access to information technology products and expertise elsewhere in the Merged Group.

Canadian capital markets have operated on the international stage for some time, attracting global issuers and investors to TMX Group's exchanges. This has helped to

strengthen the performance of these exchanges and has contributed to enhanced financial sector activity. We believe that the Merger will further enhance this effort. TMX Group's exchanges will be able to take advantage of LSEG's global footprint (notably, a European and international sales force, deep customer relationships in key foreign markets and connections to global investors) to promote the TMX Group issuers and products and investment in Canada internationally. In addition, the trans-Atlantic link (both in terms of people and technology) will help simplify European and international investor access to Canadian markets, deepening the capital pool available to Canadian publicly listed issuers and enhancing activity on TMX Group's domestic equity and derivatives exchanges.

An increased demand for securities of issuers listed on Toronto Stock Exchange and TSX Venture is expected to similarly increase the demand for derivatives related to those securities (including options) that trade on the Bourse and for clearing them on CDCC.[7] CDCC will also benefit from being part of a larger organization with additional clearing assets, technology and expertise. In response to the financial crisis, in September 2009 the G-20 made a commitment that all standardized OTC derivative contracts should be cleared through central counterparties by the end of 2012 at the latest. CDCC intends to offer a Canadian clearing service for OTC derivatives and is working with Canadian industry participants on developing this service. The Merger will not change this. CDCC will also benefit from enhanced opportunities to create a trans-Atlantic OTC derivatives clearing services offering.

Mergeco's intention is for CDCC to be the clearing house for all Bourse products and for OTC equity related derivatives as well as for CDCC's planned interest rate swap offering and repo clearing service. London will be established as the headquarters of the global post-trade unit for the combined entity. LSEG has previously demonstrated its commitment to develop post-trade services through its investments in its Italian post-trade facilities (CC&G and Monte Titoli). Since the merger of LSEG and Borsa Italiana in 2007 and the inclusion of the Italian post-trade assets in the LSEG's group-wide post-trade business, LSEG has managed to attract non-Italian direct clearing participants, such as major U.S., U.K. and French banks.

The resulting increase in demand and liquidity in the Merged Group's Canadian platforms is also expected to reduce trading costs and lower the cost of capital for issuers listed on Toronto Stock Exchange and TSX Venture, permitting more effective and efficient financing for Canadian issuers of all sizes. The increased trading and investment activity that we expect to generate on TMX Group's Canadian markets will facilitate access to capital for smaller capitalized and early stage corporations to fund important new development projects and will allow larger capitalized corporations to raise the financing required to fund large projects and strategic initiatives. We anticipate that this will in turn promote job expansion and innovation in Canada.

The following sections describe the benefits of the Merger to TMX Group and its Canadian stakeholders in detail.

A. Greater Visibility Promotes Canada

Given the mobility of and competition for international capital, TMX Group needs to continually work to increase awareness of, and simplify access to, Canadian markets to ensure

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[7] Currently, all equities options traded on the Bourse are based on securities listed on Toronto Stock Exchange.

that Canada obtains its fair share or more of global asset allocation. We believe that the Merger will help achieve these objectives.

LSEG's global footprint, in particular its existing strong customer relationships in key foreign markets[8], and an established LSEG global sales force (with offices across Europe and Asia) will increase the visibility of TMX Group's capital markets around the world, helping it to promote Canada internationally and attract new investment to Canada.

B. Greater Accessibility to Canadian Markets Improves Liquidity

One of the keys to international investor access to Canadian markets is connectivity: that is, the mechanism that enables a market participant to send orders to the exchange. Different messaging protocols, arranging for telecommunications lines and technology latency are key impediments to connectivity. TMX Group has addressed these issues within North America in recent years by providing a standard FIX messaging protocol, using physical points of presence in key U.S. hubs with telecommunication lines connecting into Canadian hubs as well as continually improving trading system speed of execution. These steps, among others, have made access to TMX Group's exchanges and listed issuers more attractive and easier and have resulted in a significant increase in the number of TMX Group's U.S.-based customers.[9]

To maximize Canada's potential, it is critical to open new pathways and streamline access to TMX Group's markets for a broader cross-section of international investors. To that end, Europe represents one of the world's largest capital pools. The total global managed assets in Europe, including the U.K., is estimated to be $18 trillion (of which the U.K. constitutes $2.8 trillion, or 16 per cent), while in Canada it is estimated to be $0.7 trillion.[10]

Through the Merger we plan to establish connectivity between European and Canadian data centres and to implement common technology and application platforms. This will facilitate access to Canada for European investors and, when combined with proactive and more effective marketing of Canadian opportunities to European investors, is expected to increase capital and order flow into Canada from Europe's significant capital pool. This increased order flow is also expected to benefit the Bourse and CDCC through increased order flow for associated derivatives products.

C. Deeper Liquidity and Demand

Market liquidity is an asset's ability to be bought or sold in a timely manner without causing a significant movement in its price. On an exchange, liquidity is measured by the number and size of buy and sell orders posted and available for execution on its platforms. Deep liquidity pools have the benefit of more efficient pairing of buyers and sellers, which results in tighter spreads between bid and ask prices on an exchange.

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[8] LSEG has issuers from over 20 countries admitted to its markets and over 400 trading members based in the European Economic Area.

[9] For example, the number of U.S.-based data subscribers increased 51 per cent from 2006 to 2008. This coincided with the connection of TMX Group to the U.S. based Secure Financial Transaction Infrastructure (SFTI) telecommunication network in June, 2007.

[10] The European statistics are as reported by the European Fund and Asset Management Association in "Asset Management in Europe Facts and Figures: EFAMA's Third Annual Review" (April 2010) and converted to Canadian dollars. The Canadian statistic is as reported by the Investment Funds Institute of Canada in "IFIC Monthly Analytical Package: February 2011" (March 15, 2011).

The increase in visibility of and accessibility to TMX Group markets described above is expected to lead to deeper liquidity pools by attracting more international order flow. We believe this will narrow spreads and lower market impact costs, thereby lowering the cost of trading to investors, in particular investment funds that take large positions. It should also have the effect of lowering the cost of capital for listed issuers because increased investor demand and reduced transaction costs should lead to higher valuations for the securities of those issuers. As stated in the Department of Finance's 2007 budget document *Creating a Canadian Advantage in Global Capital Markets*, "the more liquid and efficient are domestic equity and bond markets, and the wider the range of Canadian derivative instruments, the lower the cost of raising capital for Canadian business of all sizes."[11]

As this enhanced capital pool can be accessed domestically, we also expect that this will reduce the need for issuers to seek foreign investment through a listing on a foreign exchange. The listing standards set by Toronto Stock Exchange and TSX Venture will not change as part of the Merger and dual-listing between LSEG and TMX Group exchanges will not occur automatically as a result of the Merger. As is currently the case, an issuer will make its own determination as to whether it would derive benefit from a dual-listing. An issuer will be required to follow local rules and regulations to qualify for a listing on a particular exchange.

D. Global Positioning

TMX Group exchanges offer a unique value proposition in key areas. For example, TMX Group's exchanges are recognized as leaders in the small and medium enterprise ("SME") space, and are world leaders in the facilitation of public venture capital financing for early-stage companies; TMX Group is a global centre and leader in the mining sector and in energy and resource financing; TMX Group is expanding its presence and leadership into new growth segments, such as clean technology; and TMX Group exchanges list some of the world's most profitable and stable financial institutions.

These benefits have made TMX Group exchanges an attractive listings destination for international companies. However, there are limitations on TMX Group's ability to seek and secure new foreign listings given TMX Group's relative size and the modest international footprint of its operations. The addition of LSEG's expertise in global sales and its global footprint (which includes a significant London-based sales force and offices in Italy, Tokyo, Hong Kong and Beijing) will help TMX Group to market the value of listing on Canadian exchanges to international issuers more extensively.

For domestic Canadian investors, a broadening of TMX Group's issuer base will offer new investment opportunities. The enhanced international exposure that will come to TMX Group through the Merger, and the increase in foreign listings on TMX Group exchanges that we expect will follow, should benefit Canadian investors through a wider choice of investments on TMX Group's domestic exchanges. A broadened issuer base should also benefit the Bourse and CDCC, as new listings on Toronto Stock Exchange create opportunities for new derivative products to be traded on the Bourse and to be cleared through CDCC.

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[11] Canada, Department of Finance, *Budget 2007: Creating a Canadian Advantage in Global Capital Markets* (2007) at 13.

We also expect that TMX Group's inter-dealer bond broker, Shorcan Brokers Limited, as well as NGX, will derive new and increased business from this enhanced global profile as these services become exposed to a greater international audience.

E. Benefits to Market Participants, Intermediaries and Advisors

Increased capital flow from a global investment base will also benefit Canadian market participants more broadly. As opportunities for capital raising by domestic and foreign issuers increase in Canada, the demand for financial advisory services and related professionals such as investment bankers, securities lawyers, accountants, analysts and geologists is expected to increase, benefiting the Canadian financial services sector as a whole.

Additional capital flow will also have a positive impact on Canadian market intermediaries by creating more opportunities to provide related services such as transaction clearing, depositary, registration, transfer agency and trade execution services.

F. Improved Competitive Position

The exchange environment is becoming increasingly competitive as a result of the emergence of new trading platforms and demands from customers for increased speed of trade execution and data delivery and for lower trading costs. The technology required to operate leading-edge exchanges in this increasingly competitive, time-sensitive environment is extremely sophisticated and constitutes a major fixed cost for companies that operate exchanges. Furthermore, it takes time to develop and deliver such technology reliably.

In our industry, there have been several waves of combinations, as exchange operators around the world have begun to strengthen their collective positioning by joining forces. These combinations have occurred in response partly to an increase in competition and partly due to developments in technology, which have facilitated new entrants and resulted in changing demands from exchange customers, including demand for new products and services. Pooling ownership has allowed exchange operators to combine their resources to achieve greater economies of scale in connection with investments in technology and other areas needed to serve investors and market participants at competitive prices, while extending their reach internationally. Many of these combinations have occurred across national boundaries and even across continents.

Exchanges that develop their own technology position themselves on the leading edge of the industry. Developing this technology is extremely resource intensive. For example, Singapore Exchange Limited is reporting that it will spend U.S.$195 million[12] on its new trading infrastructure, creating a platform that is approximately twenty times faster than TMX Group's current TSX Quantum® trading engine. Efficiencies result when the technology development costs are shared across an exchange group that can use technology on multiple platforms and build on existing expertise within the group's businesses to develop technology more quickly. The combined technology know-how of the Merged Group will allow TMX Group and its Canadian exchanges to compete more effectively for liquidity by facilitating crucial technology developments to meet customer demand for speed and functionality. Combined technology development and deployment by the Merged Group will benefit from economies of scale that

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[12] Gaurav Raghuvanshi "Singapore Exchange to Launch New Trading Engine in August" *The Wall Street Journal* (19 January 2011), online: The Wall Street Journal <http://online.wsj.com/ article/BT-CO-20110119-703441.html>.

result from having many exchanges and marketplaces on common technology and should enable TMX Group to deliver leading edge technology to its customers more quickly and cheaply.

Further gains are realized when technology can be sold to non-affiliated marketplaces. This is the current successful model of LSEG through its MillenniumIT business, which develops, sells and deploys software such as trading systems, smart order routers and risk management technology to customers globally. The parties expect to be able to extend this approach following the Merger.

The Merger provides the combined organization with an immediate, larger customer base. We expect that existing TMX Group products will benefit from this broadened scope including, for example, the SOLA® trading technology. The SOLA® trading technology, which was developed and is supported by TMX Group's technology team based in Montreal, is being deployed in LSEG's Turquoise multilateral trading facility to support futures and options trading on that marketplace. SOLA® will also continue to be used to support existing Italian derivatives operations. After the Merger, the TMX Group technology team will benefit from the strengths of its new affiliate, MillenniumIT, which operates a technology sales and deployment infrastructure that can help to accelerate the global commercialization of SOLA® to interested marketplaces. The Merger will allow Canadian expertise in trading software to flourish, as a highly-skilled workforce will be in demand to develop enhancements to SOLA® technology and other Merged Group technology.

G. Enhanced Product Offerings

The Merger allows for the sharing of a global suite of products and services that can be provided to investors and market participants in a streamlined way, creating new levels of efficiency and simplicity. These products and services will include provision of access to local and intercontinental telecommunication lines, North American and European market data and pre-existing investment products that are currently not readily available to trans-Atlantic customers.

In particular, TMX Group will be able to offer its customers new products and services that have already been developed, implemented, and proven by LSEG. One such example is the UnaVista post-trade information management platform, which can be imported and customized for use by Canadian market intermediaries. We believe that Canadian participants could benefit from aspects of the UnaVista platform that perform data validation, matching, reconciliation, and other back-office functions. Access to existing LSEG products will significantly lessen the investment necessary, and shorten the time to market, for TMX Group to bring such products and services to its customers.

Another example of this type of opportunity is the access to FTSE International Limited ("FTSE") indices. LSEG's 50 per cent ownership stake in FTSE will assist in the development of TMX Group's relationship with FTSE, facilitating the creation of FTSE index-based exchange traded funds ("ETFs") and index-based derivatives in Canada. Currently, in order for a Canadian investor to trade FTSE indices, multiple intermediaries must be engaged to ultimately place the order on the foreign marketplace as these are only traded on European venues, and foreign-exchange costs for trading in British pounds or euros are applied to the trade. After the Merger, the combined group could more readily bring together FTSE and Canadian ETF providers that could then list FTSE index-based ETFs on Toronto Stock Exchange and options on those ETFs could also be traded on the Bourse. Listing these products on a Canadian exchange would

enable domestic investors to trade on a Canadian venue, in Canadian dollars, using one (Canadian) intermediary. In addition, we could develop FTSE index-based derivative products to be traded on the Bourse.

H. Small and Medium Enterprise Companies

The biggest proportion of the TMX Group exchange equity market listings are SMEs.[13] These smaller-cap companies are the lifeblood of the Canadian capital markets and are expected to be future key contributors to Canadian economic growth. We expect to see continued growth and success in this market. We believe that the improved international profile and liquidity that the Merger is expected to generate, together with LSEG's evidenced commitment to and expertise in SME markets, will only help the continued growth and success of these markets.

For example, LSEG is the operator of AIM. Since AIM's launch, over 3,200 companies have raised a combined £73 billion.[14] This demonstrates a strong institutional commitment to SMEs seeking efficient financing options.

It is also important to note that the Merger will not in any way reduce the access of issuers to TMX Group markets. It is an important commercial function for Toronto Stock Exchange and TSX Venture to facilitate listing for issuers that meet required listing standards (which, as noted above, will not change as a result of the Merger) and increase the overall number of listings. As an example, if a mining company in Northern Ontario, a gas exploration company in Alberta or a forestry company in British Columbia proposes to list on one of the TMX Group exchanges post-Merger, it will go through exactly the same listing process as is currently the case. We also expect, as a result of the Merger, to be able to offer that company access to new investors from Europe that will be attracted to TMX Group's Canadian exchanges through broader reach of TMX Group's exchange brands and easier connectivity to TMX Group's exchanges.

Accordingly, the highly successful listing model that brings companies to TSX Venture, and helps them graduate to Toronto Stock Exchange, will continue to flourish and will allow these SMEs to continue to develop on Canadian exchanges.

I. Canadian Centres for Mind and Management[15]

The Merger provides opportunities for Canadian leadership around the world. It will result in the development of special centres of excellence across the new combined entity, as denoted by where the global business units will be headquartered.

For the combined group, the global derivatives business unit will be headquartered in Montreal and run by executives based in Montreal. The global derivatives business unit will be

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[13] 82 per cent of Toronto Stock Exchange and TSX Venture issuers have a market capitalization of less than $250 million.

[14] In 2009, U.K.-based AIM companies directly contributed £12 billion to the U.K. GDP and supported 240,000 jobs according to a Grant Thornton report entitled "Economic impact of AIM and the role of fiscal incentives" (September 2010).

[15] The arrangements described in this section are provided for in the Merger Agreement pursuant to four year undertakings proposed to be provided under the Merger Agreement in connection with the application for *Investment Canada Act* approval.

the centre for the Merged Group's derivatives trading and related product development across the Merged Group. This business unit will create and coordinate the implementation of the global strategy for derivatives trading across the combined organization. For example, it will oversee the operating plan, budgeting processes and strategy input for derivatives products for the combined group's derivatives trading business, including providing input into the strategic direction and development of the Merged Group's expansion into pan-European derivatives trading at a key stage in its lifecycle.

The global listings business unit and global finance function will be headquartered in Toronto and run by executives based in Toronto; and the global energy business unit will be headquartered in Calgary and run by executives based in Calgary.

For these purposes, a business unit or support function is "headquartered" in the jurisdiction where both:

(i) the most senior executive officer of Mergeco (other than the Chief Executive Officer or President) responsible for that business unit or support function; and

(ii) executives who are responsible for managing the development and execution of the policy and direction for that business unit or support function sufficient to permit that executive officer to execute his or her responsibilities from that location;

perform their respective duties and responsibilities and are resident.

A matrix management model will be implemented across the Merged Group that creates functional reporting lines for each of the global business units as well as local reporting lines, which is common in large organizations.

In light of the fact that business circumstances may change over time and the possibility that the combined company will enter into future transactions, the following adjustment mechanisms to the composition of the senior management positions and headquarters have been included pursuant to four year undertakings proposed to be provided under the Merger Agreement in connection with the application for *Investment Canada Act* approval. These provisions are intended to ensure that the ongoing importance of the Canadian businesses is taken into account in the event of any change in circumstances during the period of these provisions[16]:

- other than in the context of a significant acquisition or greenfield expansion outside the U.K., Italy and Canada, adjustments may be made to the location of senior management positions, global business units and support functions, provided an overall balance is maintained between Canada and the U.K./Italy, in each case as determined by the Mergeco board of directors. For example, if it were to be determined that certain business units and accompanying management located in Canada would be better suited elsewhere, such a change would need to be accompanied by a shift of business units and accompanying management to Canada to maintain an appropriate balance; and

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[16] See Exhibit A to Schedule 5.5 of the Merger Agreement.

- in the event of a significant acquisition or greenfield expansion outside the U.K., Italy and Canada, the Mergeco Board may add additional co-headquarters locations and/or relocate or change the company's global business units and support functions and senior management positions, after having regard to, among other things, the principle that the combination is a merger of equals and that the company will continue to be co-headquartered in Toronto.

As described in Section V(A), Mergeco is providing an undertaking to the Autorité that the existing derivatives trading and related products operations of the Bourse shall remain in Montreal and that Mergeco shall not do anything to cause the Bourse to cease to be the Canadian national exchange for all derivatives trading and related products, including being the sole operator for trading of carbon and other emission credits in Canada without the consent of the Autorité. These commitments are not subject to, or impacted by, the foregoing adjustments.

The Calgary and Vancouver offices will remain the joint headquarters for TSX Venture and will also coordinate the Merged Group's marketing efforts for SME listings.[17] This domestic leadership as part of the global enterprise allows for the export of Canadian expertise generally, while retaining Canadian talent and enables Canadian talent to improve its international experience. The current TMX Group Chief Executive Officer, Tom Kloet, will become the President of Mergeco (reporting to the Chief Executive Officer) and will manage all global business units while remaining Chief Executive Officer of TMX Group.

We do not expect any material impact on business operations in Montreal as a result of the Merger or any targeted reduction of the information technology development workforce based in Montreal. Any reduction in our collective workforce which may arise as a result of the Merger is expected to occur mainly through attrition and to be shared in broadly equal proportions across LSEG and TMX Group.[18]

J. <u>Summary of Benefits to Canadian Stakeholders</u>

The Merger, by enhancing TMX Group's global reach and competitiveness and activities in a rapidly changing global exchange industry, will enhance the profile of Toronto, Montreal, Vancouver and Calgary as financial centres and increase the international profile of TMX Group as a leader in natural resource, mining, energy and clean-technology listings, as well as SME listings. The benefits for Canadian stakeholders include:

- more awareness and brand recognition of Canadian capital markets on the world stage;
- more and cheaper capital for Canadian companies to grow, innovate and prosper;
- more products and services available for Canadian investors;
- an improved competitive position to attract foreign issuers to list in Canada; and

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[17] Under the direction of the Head of the Global Listings business unit. The marketing efforts for large capitalization listings will be coordinated by the Heads of Listings in each of London and Milan, under the direction of the Head of the Global Listings business unit.

[18] This was the case in LSEG's combination with Borsa Italiana, where the impact on the workforce was broadly equal.

- a more effective capital market which underpins a strengthened economy, driving innovation and jobs.

In short, Canadian issuers, investors, market intermediaries and the wider Canadian economy will benefit as a result of the expanded global reach and scope of TMX Group through the Merger.

IV. OWNERSHIP RESTRICTIONS

A. <u>Share Ownership Restrictions Applicable to TMX Group and Approval Requested</u>

This section describes the share ownership restrictions applicable to TMX Group and the approval requested by LSEG and TMX Group in this regard.

Pursuant to its undertakings to the Autorité dated April 9, 2008, TMX Group agreed that it is subject to the restriction that no person or company and no combination of persons or companies acting jointly or in concert may beneficially own or exercise control or direction over more than 10 per cent of any class or series of TMX Group's voting shares without the prior approval of the Autorité. These restrictions are generally referred to as "share ownership restrictions".

The share ownership restrictions are attached to the shares of TMX Group (the "TMX Share Restrictions") as set forth in Schedule B of the articles of TMX Group, section 3.2 of which provides as follows:

> Without the prior approval of the Autorité, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than ten per cent (10%) of any class or series of Voting Shares or any other percentage as may be from time to time prescribed by the Quebec Undertakings.

(Section 3.1 of Schedule B provides for the approval of the OSC on the same basis.) Under section 1.1 of Schedule B, terms used in Schedule B such as "beneficially own" have the meanings given to those terms in the *Securities Act* (Ontario) (the "OSA") and "acting jointly or in concert" is to be interpreted in a manner consistent with the OSA.

Schedule B also provides for comprehensive enforcement mechanisms that are applicable in the event of a contravention of the TMX Share Restrictions (the "Enforcement Mechanisms"). After a determination of a contravention by the TMX Group directors, some of the Enforcement Mechanisms are that no person may vote the Voting Shares of the contravening persons or companies, dividends on the Voting Shares are limited or prohibited and TMX Group is required to send a notice requiring the sale of Voting Shares held in contravention. In the event that such a required sale is not made, the further Enforcement Mechanisms then applicable include the prohibition of the exercise of any right or privilege attached to the Voting Shares and the right of TMX Group to sell or redeem Voting Shares held in contravention and to remit the net proceeds to the holder.

In the Merger, LSEG will acquire beneficial ownership of all of the common shares of TMX Group, which are all of its Voting Shares. As is explained in Part I above, LSEG will make the acquisition indirectly through three subsidiaries, Interco, Callco and Exchangeco; LSEG will

own all the voting shares of Interco, Interco will own all the voting shares of Callco and Callco will own all the voting shares of Exchangeco. The TMX Share Restrictions require the approval of the Autorité for that acquisition.[19] The Autorité may, by order, give that approval and may impose such terms and conditions as it considers appropriate.

For the reasons set forth in this application – including the benefits of the Merger to Quebec and Canada, the application of the TMX Share Restrictions following the Merger and the proposed undertakings of Mergeco and the proposed amendments to the recognition order of the Bourse − we submit that the Autorité should give the approval on the basis set forth in this application.

B. Application of Share Ownership Restrictions Post-Merger

Following the Merger, the TMX Share Restrictions will remain in force, as paragraph 1 of TMX Group's undertakings to the Autorité dated April 9, 2008, which provides for TMX Group share ownership restrictions, will continue to apply, unmodified. In particular, as is more fully explained below, after the Merger:

(i) the TMX Share Restrictions will require the approval of the Autorité for a legal, or *de jure*, change of control of Mergeco;

(ii) the TMX Share Restrictions will require the approval of the Autorité for an effective, or *de facto*, change of control of Mergeco; and

(iii) the Enforcement Mechanisms will apply in the event of any such change of control that is not approved by the Autorité.

The Autorité must approve a legal or *de jure* change of control of Mergeco. This is because of the combination of (i) the TMX Share Restrictions, which restrict "beneficially own[ing]" TMX Group common shares and (ii) the application to the TMX Group common shares of subsections 1(2) to 1(7) of the OSA, which provide for deemed beneficial ownership, deemed control and other related matters.[20] If, after the Merger, a person or company were to hold more than 50 per cent of the ordinary shares[21] of Mergeco, the votes carried by those ordinary shares of Mergeco would be entitled, if exercised, to elect a majority of the board of directors of Mergeco. Therefore, that person or company would be deemed to control Mergeco, or to have what is commonly known as legal control or *de jure* control. As a result, a person or company that has legal control of Mergeco would be deemed to own beneficially all of the TMX Group common shares, because those shares will be owned by a subsidiary of Mergeco.[22]

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[19] As TMX Group owns all of the shares of the Bourse, pursuant to this application we hereby also apply for the approval from the Autorité required pursuant to paragraph 1(a) of the decision issued by the Autorité to the Bourse on April 10, 2008.

[20] For the purposes of paragraph 1 of the undertakings of TMX Group to the Autorité dated April 9, 2008, whether a person or company or combination of persons or companies acting jointly or in concert has beneficial ownership or exercises control or direction over any class or series of voting shares of TMX Group shall be determined in accordance with the laws of incorporation of TMX Group.

[21] Currently, the only voting shares of LSEG are its ordinary shares (the equivalent of common shares of a Canadian company). If LSEG were to issue other voting shares, the provisions of subsection 1(3) would apply in the same way to all voting shares in the aggregate.

[22] The deemed control of Mergeco arises under OSA subsection 1(3) and the deemed beneficial ownership of all of the TMX Group common shares arises under OSA subsections 1(5) and 1(6). Exchangeco, the owner of all of the

The Autorité must approve an effective or *de facto* change of control of Mergeco. This is because the TMX Share Restrictions restrict the "exercise [of] control or direction over" TMX Group common shares. If, after the Merger, a person or a company were to acquire effective control of Mergeco, that person or company would exercise control or direction over all of the TMX Group common shares,because Mergeco will indirectly own all of the TMX Group common shares. "Control or direction" is not defined in the OSA, but both subordinate instruments and decisions and statements of the OSC confirm that "control or direction" over shares means the power to vote the relevant shares or the power to make investment decisions in relation to the relevant shares and that those powers may be exercised indirectly A person or company has effective control over another company, at a minimum, if the person or company has in fact the power to elect a majority of the board of directors of the other company. Since, however, the question of effective control is one of fact, other circumstances, in the judgment of the Autorité, can also justify the conclusion.

Following the Merger, the Enforcement Mechanisms, which are one component of the TMX Share Restrictions, will continue to apply. As a result, in the event of a legal or effective change of control of Mergeco that is not approved by the Autorité, TMX Group will be required or permitted to take action under the Enforcement Mechanisms against any person or company who contravenes the TMX Share Restrictions.

C. U.K. Approval Requirements

This section describes U.K. share ownership approval requirements that currently apply to LSEG and which will apply to Mergeco following the Merger.

A person proposing to acquire, or increase, control over Mergeco must obtain the consent of the FSA before they do so through a formal process.[23] The acquisition or increase of control without that FSA consent is a criminal offence.

Acquisition of control of Mergeco means:

- acquiring 10 per cent of the shares or voting power in Mergeco[24]; or
- acquiring shares or voting power in Mergeco as a result of which the acquiror is able to exercise a significant influence over the management of any of its U.K. regulated subsidiaries.

Prior approval, following the same process as for acquisitions of control, will also be required where a person wishes to increase their control over Mergeco above certain additional

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common shares of TMX Group, Interco and Callco will be subsidiaries of Mergeco (under OSA subsection 1(4)) and Mergeco, Interco, Exchangeco and Callco will be affiliates of each other (under OSA subsection 1(2)); furthermore, for a company that controls Mergeco, Mergeco, Interco, Callco and Exchangeco would all be affiliates (under OSA subsections 1(2) - 1(4)).

[23] As explained in Section II(E)(i), two U.K. regulatory regimes – that for RIEs and that for FSA authorized firms – are applicable to Mergeco and this Section IV(C) describes how the combined requirements of those regimes apply.

[24] The threshold of 10 per cent applies in relation to an FSA-authorized firm. For a RIE alone, the initial threshold is 20 per cent.

thresholds, being 20 per cent or more, 30 per cent or more[25], 50 per cent or more, or to become a parent undertaking (if different from the increase to more than 50 per cent).

In all cases, levels of control are assessed by reference to the aggregate holdings of a person and any other person with whom he has agreed to jointly exercise his shareholding or voting power.

In assessing the request to acquire, or increase, control over Mergeco, the FSA must:

- consider the suitability of the proposed acquiror − broadly speaking, this goes to an assessment of the fitness and propriety of the acquiror based on a range of criteria including potential impact on the continuing ability of any of Mergeco's U.K. regulated subsidiaries to meet its obligations; and
- have regard to the influence that the proposed acquiror will have over the U.K. regulated subsidiaries of Mergeco.

For an acquisition of, or increase in, control of Mergeco, the FSA will have broad discretion in deciding whether to approve or to refuse the request for approval based on a broad range of criteria and to approve subject to conditions.

In addition to the specific process for acquisition of the levels of control described above, the FSA has a number of broad recognition requirements which the LSE, as a RIE, must meet on an ongoing basis, and will therefore be of relevance in any acquisition or increase of control of Mergeco. These high level requirements provide the FSA with discretion to take account of any holding in Mergeco where it has concerns about the impact of the holding upon the LSE.

In relation to contravening acquisitions, the FSA may issue restriction notices, which may direct that the shares or voting power held by the acquiror are, until further notice, subject to one or more of the following:

- any transfer of shares or voting power in Mergeco, without a court order, is void;
- no voting power in Mergeco is to be exercisable;
- no further shares in Mergeco are to be issued pursuant to any right held by, or any offer made to, the acquiror; and
- except in a liquidation, no payment is to be made of any sums due from Mergeco on any such shares, whether in respect of capital or otherwise.

To provide additional context, we note that the four main shareholders of LSEG are Borse Dubai Limited, Qatar Investment Authority, Unicredito Italiano S.p.A. and Intesa Sanpaolo S.p.A, which hold 20.6 per cent, 15.1 per cent, 6.0 per cent and 5.3 per cent, respectively, of the LSEG ordinary shares. After the Merger, Borse Dubai Limited will hold approximately 11.3 per cent, Qatar Investment Authority will hold approximately 8.3 per cent, Unicredito Italiano S.p.A. will hold approximately 3.3 per cent and Intesa Sanpaolo S.p.A, will hold approximately 2.9 per cent of the ordinary shares of Mergeco.

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[25] This threshold applies in relation to an FSA-authorized firm.

D. Post-Merger Share Ownership Restrictions

In this section, we describe why, in TMX Group's view, and LSEG's view, it is unnecessary and inappropriate for share ownership restrictions like the TMX Share Restrictions to be made to apply directly to Mergeco.

(i) *Mergeco Change of Control Will Require Autorité Approval*

Following the Merger, the Autorité will continue to have the power to approve or reject the type of change in share ownership that is of most significance in regulatory terms, being that which results in a change of control of Mergeco. Indeed, this power is consistent with many regulatory regimes in Canada and elsewhere, which regulate a change of control rather than specific lower levels of share ownership.

As described in Section IV(B) above, the Autorité has the power to approve or reject both a legal change of control of Mergeco and an effective change of control of Mergeco. In this regard, effective control is ultimately a question of fact. Accordingly, the Autorité would finally determine this matter in any particular case, subject only to review by courts that show deference to the Autorité's expertise. This is likely to require any would-be investor in Mergeco ordinary shares to proceed cautiously in order to avoid triggering a change of control and becoming subject to the Enforcement Mechanisms.

For changes in share ownership of Mergeco that do not result in a change of control of Mergeco, Autorité approval would not be required. However, such share ownership changes are restricted and regulated under U.K. laws.

(ii) *Impact of U.K. Takeover Code*

As a U.K. public company, an offer for Mergeco ordinary shares will be subject to the U.K. Takeover Code (the "Code"). Under the terms of the Code if a person acquires an interest in shares resulting in that person having an interest in Mergeco ordinary shares carrying in aggregate 30 per cent or more of the voting rights of Mergeco, that person must make a mandatory cash offer for the rest of the shares and must acquire more than 50 per cent of the shares or the offer will lapse. Such an offer is also not permitted to contain regulatory conditions. The practical effect of these requirements is that any person planning to cross the 30 per cent threshold through buying shares will have to obtain approval of the Autorité first.[26] Accordingly, the range of potential changes in Mergeco share ownership that do not trigger a change of control of Mergeco (thereby requiring Autorité approval) should in practice be limited to those involving less than 30 per cent of the Mergeco ordinary shares. As described immediately below, there is additional oversight by the FSA of changes in share ownership that involve less than 30 per cent of the Mergeco ordinary shares.

(iii) *U.K. Rules Applicable to Mergeco*

As noted in Section IV(C) above, the FSA must approve the acquisition of shares or voting power in Mergeco at the level of 10 per cent and at higher levels. Accordingly, even

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[26] The only exception to this rule is where a person obtains a more than 30% holding through the issue of new ordinary shares to that person by Mergeco, provided that a vote of independent shareholders has approved that issue. This sort of transaction (and approval) is very rare, as shareholders are in effect being asked to allow a person to obtain a controlling position without paying a control premium.

changes in share ownership that involve less than 30 per cent of the Mergeco ordinary shares and that do not otherwise trigger a change of control of Mergeco (thereby requiring approval of the Autorité), are still well regulated.

In this regard, we note that the TMX Share Restrictions are incorporated in the articles of TMX Group. Accordingly, compliance with the TMX Share Restrictions is enforced by TMX Group.

The TMX Share Restrictions are therefore of a different character from the statutory share ownership rules administered by the FSA in respect of LSEG, which do not involve enforcement directly by LSEG itself. In the U.K., it is not the practice to restrict the transfer of shares of publicly traded companies like LSEG, but rather changes in share ownership are typically approved, or rejected, subsequent to transfer.

Where a strong Quebec regulatory regime in respect of a change of control of Mergeco continues to apply, it would also be, in our view, inappropriate as a matter of comity to add Canadian style share ownership restrictions to the articles of a U.K. holding company, the share ownership of which is well regulated by the FSA, a responsible U.K. regulator.

Another possible approach would be a memorandum of understanding between the Autorité and the FSA of the type regularly entered into by regulatory bodies dealing with cross-border issues. This memorandum of understanding could include a reference to consultation that could take place between the FSA and the Autorité in respect of share ownership changes in Mergeco that do not otherwise require Autorité consent.[27]

(iv) *Effect of Regulatory Structure*

In connection with the Merger, and as described in more detail in Section V(A) below, Mergeco will be providing undertakings directly to the Autorité, including an undertaking that it will do everything within its control to cause TMX Group to comply with its undertakings to the Autorité. A breach of these undertakings would be subject to a broad range of enforcement remedies under the *Securities Act* (Quebec) and would remain in force unaffected by any change in ownership of Mergeco, including the emergence of a larger non-controlling shareholder of Mergeco whose acquisition of Mergeco ordinary shares did not require approval by the Autorité. The Autorité would also have the authority under section 170 of the *Securities Act* (Quebec) to require changes to the recognition order of the Bourse to impose additional requirements if the Autorité felt it necessary in order to address the impact of such a non-controlling shareholder.

(v) *TMX Share Restrictions Appropriately Balanced in Context of the Merged Group*

In the context of TMX Group as part of the Merged Group, we believe that the manner in which the TMX Share Restrictions and U.K. rules will continue to apply post-Merger achieves the right balance between Quebec regulatory oversight and U.K. regulatory oversight for an

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[27] See also the consultation report entitled "Regulatory Issues arising from Exchange Evolution" of the Technical Committee of the International Organization of Securities Commissions (November 2006), at p. 25: "[a]s groups come to operate in a more integrated way, a major challenge for regulators will be to ensure that the elements of the group for which they have legal responsibility comply with their national regulatory requirements but also find ways to collaborate with other regulators that enable regulation to be conducted effectively, and also efficiently."

international group structured as the Merged Group will be. Accordingly, in TMX Group's view, and in LSEG's view, it is not necessary or appropriate to apply share ownership restrictions like the TMX Share Restrictions directly to Mergeco.

V. GOVERNANCE, UNDERTAKINGS AND PROPOSED AMENDMENTS TO RECOGNITION ORDERS

The TMX Group board determined that it would enter into a strategic combination transaction only if it believed it would result in the enhancement of Canadian capital markets. In particular, the TMX Group board, in considering such a transaction, sought one that would: (i) be advantageous to shareholders and to all other stakeholders, including Canadian investors, issuers listed on TMX Group's exchanges and potential issuers, and securities dealers and other market intermediaries; (ii) achieve benefits for Canada, including through continuing effective participation of residents of Canada in the governance and management of Mergeco; and (iii) preserve under the Canadian securities regulatory regime requirements for the local governance, management and operation of TMX Group's exchanges and clearing agencies and the ongoing regulation of them by Canadian securities regulators.

The board of directors of TMX Group approved the Merger with LSEG after determining that these requirements were satisfied.

First, the Merger Agreement provides for substantive business continuity commitments regarding the future of the Bourse's and CDCC's Quebec operations and Canadian participation in the governance of Mergeco. These commitments both protect the value inherent in the Bourse and CDCC and, as described in Part III above, open new opportunities for growth that we believe will have far reaching benefits across the full spectrum of the Canadian business and financial services sectors.

Second, the Merger Agreement preserves the existing regulatory regime applicable to the Bourse's and CDCC's business and strengthens it further pursuant to regulatory commitments provided for in the Merger Agreement. Accordingly, the Merger Agreement ensures the full and complete continued autonomy of the Autorité to exercise its existing powers and oversight responsibilities over the Bourse and CDCC.

Accordingly, consistent with their fiduciary obligations, the board of directors of TMX Group approved the Merger because they feel it is in the best interests of the Canadian capital markets and is consistent with their public interest mandate, and is therefore in the best interests of TMX Group and its operations in Quebec.[28]

The business continuity and regulatory commitments referenced above have been reflected in the proposed undertakings to be provided by Mergeco to the Autorité and in the proposed changes to the Bourse's recognition order, each of which is described in further detail below.

The board of directors of TMX Group also recognized and took into account that these types of provisions would be important to the Autorité in its consideration of whether the Merger

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[28] See *BCE Inc. v. 1976 Debentureholders*, 2008 SCC 69 at paragraph 82: In each case, the question is whether, in all circumstances, the directors acted in the best interests of the corporation, having regard to all relevant considerations, including, but not confined to, the need to treat affected stakeholders in a fair manner, commensurate with the corporation's duties as a responsible corporate citizen.

with LSEG is in the public interest and accordingly whether the Autorité should provide its consent to the ownership by Mergeco of all the common shares of TMX Group.

The following describes the undertakings proposed to be provided by Mergeco to the Autorité and the corporate governance undertakings proposed to the OSC and the proposed changes to the recognition order of the Bourse in detail. We also include suggested changes to the CDCC recognition order which can be addressed by the Autorité in its review of the CDCC recognition order in conjunction herewith.

A. Mergeco Undertakings to the Autorité

This section describes the undertakings proposed to be provided by Mergeco as a condition of the approval of the Autorité in respect of the acquisition by Mergeco of all of the TMX Group common shares. Any breach by Mergeco of the undertakings would be subject to a broad range of enforcement remedies under the *Securities Act* (Quebec). The undertakings will also be considered a contract between Mergeco and the Autorité. Accordingly, if Mergeco were to breach the undertakings, the Autorité would also be able to seek contractual remedies.

(i) *Compliance and Corporate Governance*

Mergeco will undertake to the Autorité that it will:

(i) do everything within its control to cause TMX Group to perform its undertakings to the Autorité with respect to the Bourse;

(ii) do everything within its control to cause the Bourse to comply with the terms and conditions in its recognition order;

(iii) ensure that appropriate nominations are made by the board of directors of Mergeco at each Mergeco annual general meeting to ensure that the directors of Mergeco will include directors who are both residents of Canada and independent directors, residents of Québec in a number equal to 25 per cent of those independent directors (rounded down to the next lowest integer);

(iv) assume the following undertakings of TMX Group with respect to the Bourse as if it were the maker of them in lieu of TMX Group: sections 5 and 6 (“Bourse Operations”); sections 7, 8 and 9 (“Change in Ownership”); section 10 (“Strategic Plan for Derivatives”); section 11 (“Access to Information”); sections 12 and 13 (“Resources”); section 14 (“Non-Compliance”) and section 15 (“General”); and

(v) do everything within its control to cause CDCC to comply with the terms and conditions of its recognition order.

For purposes of the undertakings, residents of Québec will be as defined in the undertakings of TMX Group to the Autorité. The undertakings are set out in full in Appendix A.

B. Mergeco Corporate Governance Undertakings to the OSC

(1) Corporate Governance until the Fourth Anniversary of the Undertakings

Mergeco will undertake to the OSC that until the fourth anniversary of the undertakings, the board of directors of Mergeco will consist of 15 directors, subject to permitted adjustment. Mergeco will ensure that appropriate nominations are made by the board of directors of Mergeco at each annual general meeting of Mergeco to ensure that the board of directors of Mergeco will consist of at least seven directors who are “Canadian Directors”, assuming that the election of those nominees is approved by the shareholders of Mergeco. In the event that any of those nominees is not elected by the shareholders of Mergeco, the Mergeco directors will identify and appoint alternative directors to the Mergeco board of directors so that at least seven Mergeco directors are Canadian Directors as soon as reasonably practicable thereafter and will ensure that those alternative directors are nominated by the board of directors of Mergeco for election at the next annual general meeting of Mergeco.

For the purposes of the undertakings, a “Canadian Director” means a director who is ordinarily resident in Canada or, if at least five directors are ordinarily resident in Canada, one may be a Canadian citizen who is not ordinarily resident in Canada (provided that, before the fourth anniversary of these undertakings, that individual is ordinarily resident anywhere other than in Europe).

Subject to permitted adjustment, the Canadian Directors of Mergeco will include:

(i) the most senior executive officer of the Merged Group (excluding, for greater certainty, the Chair of the board of directors) who is ordinarily resident in Canada (the “Senior Canadian Officer”);

(ii) at least four independent Canadian Directors (who may include, for greater certainty, the Chair of the board of directors of Mergeco), at least three of whom will be independent directors of TMX Group at the relevant time; and

(iii) residents of Québec in a number equal to 25 per cent of the independent Canadian Directors (rounded down).

For the purposes of these undertakings, a Canadian Director is independent if he or she is independent within the meaning of the existing TMX Group and TSX recognition order and a Merged Group executive who principally performs his or her duties and resides in Canada is ordinarily resident in Canada from the time at which he or she begins to perform those duties and reside in Canada.

The composition and number of the Canadian Directors are permitted to be adjusted either if the Merged Group expands its operations through a transaction with another party and adds directors from the other party’s board of directors to the Mergeco board of directors or if Mergeco adds directors who are resident outside Canada and Europe, on the basis that, after the addition:

(i) Canadian Directors represent at least the same proportion of those individuals who both were directors of Mergeco before the change and continue as directors of Mergeco after the change (rounded down) as Canadian Directors represented

of directors of Mergeco before the change, subject to a minimum of three Canadian Directors;

(ii) one of the Canadian Directors will be the Senior Canadian Officer;

(iii) at least 50 per cent of the Canadian Directors will be independent directors (who may include, for greater certainty, the Chair of the board of directors of Mergeco) who will be independent directors of TMX Group at the relevant time; and

(iv) of those independent Canadian Directors, 25 per cent (rounded down) will be residents of Québec.

By way of a numerical example, if Canadian Directors constitute seven of a 15-member board before the change, and the change results in nine of those 15 directors continuing as directors, with six new directors joining the board, Canadian directors must constitute at least four (7/15 of nine) of the new 15-member board.

The Canadian Directors who are members of committees of the board of directors of Mergeco will be substantially proportionate to the percentage of Canadian Directors from time to time and at least one standing committee of the board of directors of Mergeco will be chaired by an independent Canadian Director.

These adjustment provisions reflect the possibility that Mergeco may enter into future transactions given the nature of the exchange industry and the fact that Mergeco is a public company and are intended to ensure that Canadian interests are taken into account.

(2) Corporate Governance after the Fourth Anniversary of the Undertakings

On or after the fourth anniversary of the date of the undertakings, the number of Canadian Directors will be permitted to be reduced to a minimum that is the greater of:

(i) the number that the Mergeco board of directors, in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which the Merged Group operates from time to time, determines to be appropriate in light of the overall current and prospective significance of the Canadian business to the Merged Group business as a whole, having regard to both relevant financial measures and non-financial factors, including the strategic significance of the Canadian business to the Merged Group business and the development of the Merged Group business since the LSEG/TMX Group combination; and

(ii) three;

and:

(iii) of those Canadian Directors, at least 50 per cent will be independent directors who will be independent directors of TMX Group at the relevant time; and

(iv) of those independent Canadian Directors, 25 per cent (rounded down) will be residents of Québec.

In the event that the Mergeco board of directors, in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all jurisdictions in which Mergeco operates from time to time, determines that a material change in circumstances makes inappropriate the requirement of three Canadian Directors provided for in the immediately preceding paragraph, Mergeco may apply to the OSC for a change in that requirement and the OSC may, in the public interest, consider that change.

The nomination procedure provided for under "Corporate Governance until the Fourth Anniversary of these Undertakings" above will also apply to the election or appointment of Canadian Directors after the fourth anniversary of these undertakings, including on the basis of permitted adjustment or reduction of the number or composition of the Canadian Directors.

There will be appropriate representation of Canadian Directors on committees of the board of directors of Mergeco, as determined by the Mergeco board of directors in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which the Merged Group operates from time to time.

C. Proposed Amendments to Recognition Order

(i) *Corporate Governance*

At least 50 per cent of the directors and members of each of the committees of the Bourse board of directors will be both ordinarily resident in Canada and independent.

(ii) *Outsourcing*

The requirements of Section X of the Bourse recognition order that apply to third parties will also apply to affiliates and associates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

D. Suggested Provisions for Amended CDCC Recognition Order

(i) *Corporate Governance*

At least 50 per cent of the directors and members of each of the committees of the CDCC board of directors will be both ordinarily resident in Canada and independent.

(ii) *Outsourcing*

The requirements of the section of its recognition order dealing with outsourcing that apply to third parties also apply to affiliates and associates of CDCC that are incorporated, or that primarily carry on business, outside Canada.

VI. ITEMS IN TMX GROUP'S UNDERTAKINGS AND THE BOURSE'S RECOGNITION ORDER THAT ARE NOT IMPACTED

A. TMX Group Undertakings

The TMX Group undertakings to the Autorité with respect to the Bourse will remain in effect, including the following undertakings:

- TMX Group shall cause the existing derivatives trading and products operations of the Bourse to remain in Montreal;

- TMX Group shall not do anything to cause the Bourse to cease to be the Canadian national exchange for all derivatives trading and related products, including being the sole operator for trading of carbon and other emission credits in Canada, without obtaining the prior authorization of the Autorité and complying with any terms and conditions that the Autorité may set in the public interest in connection with any change to the Bourse's operations;

- TMX Group shall nominate every year, without limit as to time, for election to the board of directors of TMX Group, at every annual meeting of TMX Group held following the date hereof, such number of directors who are resident of Quebec as represents 25 per cent of the total number of directors nominated for election in any such year;

- TMX Group agrees that it is subject to the restriction that no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10 per cent of any class or series of voting shares of TMX Group, without the prior approval of the Autorité; and

- TMX Group undertakes not to complete or authorize a transaction that would result in any person or company, or any combination of persons or companies acting jointly or in concert, owning or exercising control or direction over more than 10 per cent of any class or series of voting shares of the Bourse, without obtaining the prior authorization of the Autorité, except for TMX Group or an affiliate of TMX Group.

As set out above in Section V(A)(i), Mergeco will undertake to the Autorité to do everything in its control to cause TMX Group to perform these undertakings.

B. <u>Bourse Recognition Order</u>

All provisions in the Bourse's recognition order will remain in effect, except as modified by the additional provisions outlined above. In particular, there will be no changes to the following provisions:

- the head office and executive offices of the Bourse and CDCC will remain in Montreal;

- the most senior executive officer of each of the Bourse and CDCC shall be a resident of Quebec at the time of his or her appointment and for the duration of his or her term of office and shall work in Montréal;

- the Bourse's governance structure shall provide:

    - that a minimum of 50 per cent of the members of the board of directors and of the committees of the board are independent;

  - that at least 25 per cent of its directors are residents of Quebec at the time of their election or appointment; and
  - fair and meaningful representation of directors with expertise in derivatives on the board of directors; and

- the Bourse shall maintain a separate regulatory division, which shall fall under the authority of a special committee – regulatory division, named by the board of directors of the Bourse, with clearly defined regulation responsibilities for its market and for its participants, and a separate administrative structure.

As set out above in Section V(A)(i), Mergeco will undertake to the Autorité to do everything in its control to cause the Bourse to comply with its terms and conditions of its recognition order.

VII. AMENDED EXEMPTION ORDERS IN RESPECT OF TSX AND TSX VENTURE

A. TSX Inc.

(i) ***Recognition Order Amendments and Undertakings***

On April 3, 2000, as varied on January 29, 2002, September 3, 2002, August 12, 2005, December 16, 2005, August 10, 2006 and June 1, 2008, TMX Group and TSX were recognized by the OSC as an exchange in Ontario under section 21 of the OSA.

LSEG, TMX Group and TSX are making application to the OSC to amend and restate their recognition order to reflect the Merger. Amendments to the TMX Group and TSX recognition order are proposed in a number of areas: corporate governance, offices, senior management, continuity of operations, change in operations, regulation functions, self-listing conditions, outsourcing and related party transactions. A copy of the TMX Group application to the OSC has been provided to the Autorité.

(ii) ***Exemption Order Amendments***

We respectfully request that the Autorité make an order amending and restating the Existing TSX Exemption Order to update the statement of facts supporting the Existing TSX Exemption Order to reflect the Merger. We are not proposing any other changes to the terms and conditions of the Existing TSX Exemption Order.

B. TSX Venture Exchange Inc.

(i) ***Recognition Order Amendments***

On November 26, 1999, as amended on July 31, 2001, September 3, 2002, and August 12, 2005, and varied on June 1, 2008, TSX Venture was recognized by the ASC as an exchange in Alberta under subsection 52(2) of the *Securities Act* (S.A. 1981, c. S-6.1, as amended) and by the BCSC as an exchange in British Columbia under subsection 24(2) of the *Securities Act* (British Columbia).

LSEG and TSX Venture are making application to the ASC and BCSC to amend and restate TSX Venture's recognition orders to reflect the Merger. Amendments to the TSX Venture recognition orders are proposed in three areas: corporate governance, regulation functions, and

outsourcing. Under the proposed amendments, the corporate governance provisions would be modified to add a condition that at least 50 per cent of the directors and members of each of the committees of the TSX Venture board of directors will be both ordinarily resident in Canada and independent. The regulatory functions provisions would also be modified to add a condition that the regulation functions of TSX Venture will be carried on in Canada. The outsourcing provision would also be modified to add that the outsourcing requirements in the recognition orders that apply to third parties also apply to affiliates and associates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

(ii) ***Exemption Order Amendments***

We respectfully request that the Autorité make an order amending and restating the Existing Venture Exemption Order to update the statement of facts supporting the Existing Venture Exemption Order to reflect the Merger. We are not proposing any changes to the terms and conditions of the Existing Venture Exemption Order.

VIII. ENCLOSURES

Appendix A - Draft LSEG undertakings

Yours truly,

"Sharon C. Pel"

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cc: Louis Morisset, *Autorité des marchés financiers*
Alain Miquelon, *Bourse de Montréal*
Susan Greenglass, *Ontario Securities Commission*

Appendix A - Draft LSEG Undertakings

[LSEG Letterhead]

■, 2011

Mario Albert
President and Chief Executive Officer
Autorité des marchés financiers
800, square Victoria, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal, Québec
H4Z 1G3

Dear Mr. Albert:

Re: TMX Group Inc. - Merger with London Stock Exchange Group PLC

We are writing to provide certain undertakings to the Autorité des marchés financiers (the "Autorité") in support of the application of London Stock Exchange Group PLC ("LSEG") and TMX Group Inc. ("TMX Group") and Bourse de Montréal Inc. (the "Bourse") filed under section 65 and section 66 of the *Act respecting the Autorité des marchés financiers* and under section 169 of the Québec Securities Act (the "Application") in connection with TMX Group's merger (the "Merger") with LSEG. In connection with the Merger, TMX Group will become an indirect subsidiary of LSEG. In support of the Application, LSEG undertakes to the Autorité as set out below. LSEG understands that the Autorité is relying on these undertakings to rule on the Application. In these undertakings, "Mergeco" means LSEG after giving effect to the Merger.

Mergeco undertakes that it will:

Compliance and Corporate Governance

1. do everything within its control to cause TMX Group to perform its April 9, 2008 undertakings to the Autorité with respect to the Bourse;

2. do everything within its control to cause the Bourse to comply with the terms and conditions in its recognition order;

3. ensure that appropriate nominations are made by the board of directors of Mergeco at each Mergeco annual general meeting to ensure that the directors of Mergeco will include directors who are both residents of Canada and independent directors, residents of Québec in a number equal to 25 per cent of those independent directors (rounded down to the next lowest integer);

Bourse Operations

4. cause the existing derivatives trading and related products operations of the Bourse to remain in Montreal;

5. not do anything to cause the Bourse to cease to be the Canadian national exchange for all derivatives trading and related products, including being the sole operator for trading

of carbon and other emission credits in Canada, without obtaining the prior written authorization of the Autorité and complying with any terms and conditions that the Autorité may set in the public interest in connection with any change to the Bourse's operations;

Change in Ownership

6. not complete or authorize a transaction that would result in any person or company, or any combination of persons or companies acting jointly or in concert, owning or exercising control or direction over more than 10 per cent of any class or series of voting shares of the Bourse, without obtaining the prior authorization of the Autorité, except for Mergeco or an affiliate of Mergeco;

   For purposes of this paragraph 6, the expression "acting jointly or in concert" has the meaning provided under Section 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, as amended from time to time, mutatis mutandis and, for greater certainty, including persons deemed or presumed to be acting jointly or in concert within the meaning of that expression;

7. continue to exercise control or direction over more than 50 per cent of all classes or series of voting shares of the Bourse;

8. not complete or authorize a transaction that would result in more than 50 per cent of any class or series of voting shares of the Bourse ceasing to be controlled by Mergeco, directly or indirectly, without obtaining the prior authorization of the Autorité;

Strategic Plan for Derivatives

9. submit annually to the Autorité, within two months of its approval, its strategic plan for derivatives as approved by the board of directors of Mergeco;

Access to Information

10. permit the Autorité to have access to and to inspect and to cause its subsidiaries to permit the Autorité to have access to and to inspect, all data and information in its or their possession that is required for the assessment by the Autorité of the performance by the Bourse of its regulatory functions and the compliance of the Bourse with the terms and conditions of the Autorité's recognition order of the Bourse as an exchange and as a self-regulatory organization dated the date hereof (the "Recognition Order");

Resources

11. subject to paragraph 12 and for so long as the Bourse carries on business as an exchange, allocate sufficient financial and other resources to the Bourse to ensure:

    (i) its financial viability and the proper performance of its functions; and

    (ii) the exercise of the self-regulatory functions of the Bourse and its Division;

    in accordance with the terms and conditions set out in the Recognition Order;

Compliance

12. notify the Autorité immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to the Bourse to ensure that it can carry out its functions as an exchange and a self-regulatory organization in a manner that is consistent with the terms and conditions of the Recognition Order;

Canadian Derivatives Clearing Corporation

13. do everything within its control to cause the Canadian Derivatives Clearing Corporation to comply with the terms and conditions of its recognition order;

Term

14. these undertakings will cease to have effect if:

    (i) the Autorité revokes the Bourse's recognition order for any reason other than the failure by Mergeco to fulfill its undertakings with the Autorité;

    (ii) the Bourse ceases to carry on business after complying with any terms and conditions the Autorité may impose; or

    (iii) the Bourse ceases to be a subsidiary of Mergeco;

General

15. these undertakings will take effect at the effective date of the Merger; and

16. for purposes of these undertakings, residents of Québec are as defined in the undertakings of TMX Group to the Autorité.

Yours truly,

[Xavier Rolet]
[Chief Executive]
[London Stock Exchange Group PLC]

SCHEDULE 2

DÉCISION N° 2008-PDG-0102

Autorisation donnée à Bourse de Montréal Inc. d'exercer l'activité de bourse au Québec, en vertu de l'article 170 de la *Loi sur les valeurs mobilières*, L.R.Q., c. V-1.1

et

Reconnaissance de Bourse de Montréal Inc. à titre d'organisme d'autoréglementation, en vertu de l'article 68 de la *Loi sur l'Autorité des marchés financiers*, L.R.Q., c. A-33.2

Considérant qu'une bourse doit être autorisée à ce titre pour exercer ses activités au Québec en vertu de l'article 169 de la *Loi sur les valeurs mobilières*, L.R.Q., c. V-1.1 (la « LVM »);

Considérant que l'Autorité des marchés financiers (l'« Autorité») peut, en vertu de l'article 170 de la LVM, décider que la personne qui exerce une activité de bourse soit reconnue à titre d'organisme d'autoréglementation en vertu du titre III de la *Loi sur l'Autorité des marchés financiers*, L.R.Q., c. A-33.2 (la « LAMF »);

Considérant que le 17 décembre 2002, la Commission des valeurs mobilières du Québec, maintenant l'Autorité, prononçait la décision n° 2002-C-0470 (B.C.V.M.Q., 2003-01-17, Vol. XXXIV n° 02, 2), telle que modifiée le 13 mai 2003, par la décision n° 2003-C-0184 (B.C.V.M.Q., 2003-06-13, Vol. XXXIV n° 23, 10) à l'effet d'accorder à la société Bourse de Montréal Inc. la reconnaissance à titre d'organisme d'autoréglementation pour exercer ses activités au Québec en vertu de l'article 169 de la LVM;

Considérant qu'en vertu de l'article 740 de la LAMF, Bourse de Montréal Inc. a été autorisée à poursuivre l'exercice de son activité au Québec conformément aux conditions prescrites;

Considérant que Bourse de Montréal Inc. et Groupe TSX Inc. (le « Groupe TSX ») ont conclu une entente afin de regrouper leurs entreprises, aux termes de laquelle Bourse de Montréal Inc. et des filiales en propriété exclusive de Groupe TSX se regrouperont pour former une société qui remplace Bourse de Montréal Inc., et qui est appelée dans la présente décision la « Bourse »;

Considérant que, dans le cadre de son projet de regroupement avec Groupe TSX, Bourse de Montréal Inc. a présenté à l'Autorité une demande de modification de sa reconnaissance à titre d'organisme d'autoréglementation, en vertu des articles 65 et 66 de la LAMF, et de son autorisation d'exercer l'activité de bourse, en vertu de l'article 169 de la LVM, et lui a demandé de confirmer que les parties peuvent résilier le protocole d'entente intervenu le 15 mars 1999 entre la Bourse de l'Alberta, la Bourse de Montréal, la Bourse de Toronto et la Bourse de Vancouver (la « convention de 1999 »)

(collectivement, la « demande »), laquelle comprend un projet d'engagements de Groupe TSX envers l'Autorité;

Considérant qu'en vertu de la décision n° 1999-C-0241 prononcée le 29 juin 1999, la Commission des valeurs mobilières du Québec a approuvé à certaines conditions la convention de 1999 et que cette décision prévoyait que tout projet de modification importante de ce protocole devait être soumis à l'Autorité;

Considérant qu'en vertu de l'article 66 de la LAMF, l'Autorité a publié à son Bulletin (B.A.M.F., 2008-02-01, Vol. 5, n° 4, 380) un avis de la demande et invité les personnes intéressées à lui présenter leurs observations par écrit;

Considérant que les 26 et 27 mars 2008 lors d'une audience publique convoquée par l'Autorité, cette dernière a entendu les parties intéressées à leur faire part de leurs observations;

Considérant que Groupe TSX a déposé des engagements envers l'Autorité, lesquels sont joints à la présente à titre d'Annexe 1 (les « engagements »);

Considérant que Bourse de Montréal Inc. a déposé, à même la demande, un projet de modification de ses documents constitutifs et de son règlement intérieur, en vertu de l'article 74 de la LAMF et de l'article 171.1 de la LVM lesquels deviendront les documents constitutifs et le règlement intérieur de la Bourse;

Considérant que l'Autorité peut, en vertu de l'article 170 de la LVM, autoriser l'exercice d'une activité visée à l'article 169 de la LVM, aux conditions qu'elle détermine;

Considérant que l'Autorité a vérifié la conformité, aux articles 69 et 70 de la LAMF, des documents constitutifs, du règlement intérieur et des règles de fonctionnement proposés par la Bourse;

Considérant qu'en vertu de l'article 74 de la LAMF, tout projet de modification des documents constitutifs, du règlement intérieur ou des règles de fonctionnement d'un organisme reconnu est soumis à l'approbation de l'Autorité;

Considérant que l'Autorité estime que la Bourse possède une structure administrative, les ressources financières et autres pour exercer, de manière objective, équitable et efficace, ses fonctions et pouvoirs, conformément à l'article 68 de la LAMF;

Considérant que la Bourse maintiendra une division indépendante chargée de la fonction de réglementation (la « Division ») ayant pour mission principale de surveiller les fonctions et les activités réglementaires de la Bourse;

Considérant que la Bourse et Groupe TSX sont en accord avec les modalités et conditions de la présente décision;

Considérant que l'Autorité juge opportun d'accorder l'autorisation d'exercer l'activité de bourse à la Bourse, sous réserve du respect de certaines modalités et conditions ainsi que des engagements;

Considérant que l'Autorité juge opportun d'accorder la reconnaissance à titre d'organisme d'autoréglementation à la Bourse, sous réserve du respect de certaines modalités et conditions ainsi que des engagements;

Considérant que l'Autorité juge opportun de ne pas s'opposer à la demande de Bourse de Montréal Inc. de résilier la convention de 1999 à laquelle elle est partie;

En conséquence :

L'Autorité accorde, en vertu de l'article 170 de la LVM, l'autorisation d'exercer l'activité de bourse et, en vertu de l'article 68 de la LAMF, la reconnaissance à titre d'organisme d'autoréglementation à la Bourse sous la dénomination sociale de « Bourse de Montréal Inc. » pour exercer ses activités au Québec.

En outre, l'Autorité ne s'oppose pas à ce que la convention de 1999 soit résiliée.

De plus, l'Autorité, en vertu de l'article 74 de la LAMF, approuve les modifications proposées aux documents constitutifs et au règlement intérieur de la Bourse.

Enfin, l'Autorité révoque la décision n° 2002-C-0470 prononcée le 17 décembre 2002 (B.C.V.M.Q., 2003-01-17, Vol. XXXIV n° 02, 2) ainsi que la décision n° 2003-C-0184 qu'elle a prononcée le 13 mai 2003 (B.C.V.M.Q., 2003-06-13, Vol. XXXIV n° 23, 10).

La présente décision est sujette aux modalités et conditions suivantes :

Aux fins de la présente décision :

a) le terme « participant » inclut les termes « participant agréé », « participant agréé étranger » et « détenteur de permis restreint de négociation »;

b) une personne résidente du Québec s'entend d'un particulier qui est considéré comme un résident du Québec en vertu de la *Loi sur les impôts*, L.R.Q., c. I-3;

c) l'expression « agissant conjointement ou de concert » s'entend du sens donné à « agir de concert » à l'article 1.9 du *Règlement 62-104 sur les offres publiques d'achat et de rachat*, dans sa version modifiée à l'occasion, en y apportant les adaptations nécessaires et, pour plus de certitude, inclut les personnes réputées ou présumées agir de concert au sens de cette expression.

I. ACTIONNARIAT

a) Aucune personne ou société et aucun groupement de personnes ou de sociétés, agissant conjointement ou de concert, ne peut devenir propriétaire ou exercer une emprise sur plus de dix pour cent (10 %) de toute catégorie ou série d'actions avec droit de vote de la Bourse, sans l'approbation préalable de l'Autorité, à l'exception de Groupe TSX ou d'un membre du même groupe que celui-ci.

b) La Bourse informera l'Autorité, par écrit et sans délai, si, à sa connaissance, une personne ou société ou un groupement de personnes ou de sociétés, agissant conjointement ou de concert, est propriétaire ou exerce une emprise,

sur plus de dix pour cent (10 %) des actions de toute catégorie ou série d'actions avec droit de vote de la Bourse, sans avoir obtenu l'approbation préalable de l'Autorité, et prendra les mesures nécessaires pour remédier à la situation, sans délai.

c) La Bourse informera l'Autorité, par écrit et sans délai, de tout changement dans la liste de ses actionnaires.

d) La Bourse informera, par écrit et sans délai, l'Autorité, de toute convention entre actionnaires dont elle aurait été informée.

II. STRUCTURE DE GOUVERNANCE

a) Les dispositions prises par la Bourse doivent assurer une représentation juste et significative à son conseil d'administration et aux comités du conseil, compte tenu de la nature et de la structure de la Bourse ainsi que le maintien d'un nombre et d'une proportion raisonnables d'administrateurs qui n'ont pas de liens avec la Bourse, ses participants ou ses actionnaires (autres que Groupe TSX ou un membre de son groupe, à titre d'actionnaires), dans le but d'assurer la diversité du conseil.

b) La structure de gouvernance de la Bourse devra prévoir :

i) une représentation d'au moins cinquante pour cent (50 %) d'administrateurs indépendants au conseil d'administration et aux comités du conseil;

ii) une représentation d'au moins vingt-cinq pour cent (25%) d'administrateurs résidents du Québec sur le conseil d'administration au moment de leur élection ou de leur nomination;

iii) une représentation juste et significative d'administrateurs disposant d'une expertise en matière de produits dérivés au conseil d'administration et au comité spécial de la réglementation (le « comité spécial »);

iv) des dispositions appropriées en matière de qualifications et de rémunération, une limitation de responsabilités et des mesures d'indemnisation pour les administrateurs, les membres de la direction et les employés en général;

v) un code de conduite et d'éthique et une politique écrite concernant les conflits d'intérêts potentiels des membres du conseil d'administration et des comités de la Bourse, incluant la Division, le comité spécial et la Corporation canadienne de compensation de produits dérivés (la « CDCC »), révisés afin de tenir compte du regroupement, et déposés auprès de l'Autorité dans l'année qui suit la date de la présente décision;

vi) des politiques et procédures en matière de conflits d'intérêts permettant aux membres de la direction de la Bourse et de la CDCC

de divulguer leurs intérêts et pour prévoir la possibilité qu'une personne puisse se retirer d'un dossier et d'une décision.

La Bourse devra s'assurer, chaque année et chaque fois qu'une nouvelle personne est élue au conseil d'administration, qu'au moins cinquante pour cent (50 %) de ses administrateurs sont indépendants. Un administrateur indépendant s'entend d'une personne qui, notamment, satisfait aux conditions d'indépendance énoncées au paragraphe 1.4 du *Règlement 52-110 sur le comité de vérification*, dans sa version modifiée à l'occasion, et n'a pas de liens avec un participant, un membre de la direction, un employé ou un actionnaire qui est propriétaire ou qui exerce une emprise, directement ou indirectement, sur plus de dix pour cent (10 %) des actions d'une catégorie ou série d'actions avec droit de vote de la Bourse (autre que Groupe TSX ou un membre de son groupe, à titre d'actionnaires).

La Bourse prendra les mesures raisonnables pour s'assurer que chaque administrateur de la Bourse est une personne apte et compétente et que la conduite antérieure de chaque administrateur donne des motifs raisonnables de croire que l'administrateur s'acquittera de ses fonctions avec intégrité.

Les dispositions prises par la Bourse, relativement à l'indépendance des administrateurs, notamment des critères permettant de déterminer si une personne a une relation importante avec la Bourse et, par conséquent, est considérée comme n'étant pas indépendante, ne pourront être modifiées sans l'approbation préalable de l'Autorité.

Toute modification du code de conduite et d'éthique et de la politique écrite concernant les conflits d'intérêts de la Bourse doit être soumise à l'Autorité, dès son approbation.

c) La Bourse devra voir à ce que le quorum des réunions des administrateurs ne soit pas inférieur à la majorité des administrateurs en fonction.

Si, à un moment quelconque, la Bourse ne satisfait pas aux exigences de la présente section relative à la structure de gouvernance, elle remédiera sans délai à cette situation.

III. PÉRENNITÉ DES ACTIVITÉS AU QUÉBEC

a) Le siège et le bureau de direction de la Bourse et de la CDCC demeureront à Montréal.

b) Le plus haut dirigeant de la Bourse et de la CDCC devront être des résidents du Québec, au moment de leur nomination et pour la durée de leur mandat, et travailler à Montréal.

c) La Bourse conservera et utilisera le nom « Bourse de Montréal Inc./Montréal Exchange Inc. ».

d) La Bourse ne mettra pas fin à son exploitation ni ne suspendra, n'abandonnera ou ne liquidera la totalité ou une partie importante de ses activités ni ne cèdera la totalité ou la quasi-totalité de ses actifs, à moins :

i) d'avoir déposé à l'Autorité un préavis écrit d'au moins six mois de son intention de le faire;

ii) de respecter toutes les modalités et les conditions que l'Autorité pourrait imposer dans l'intérêt public pour que l'abandon de ses activités ou la disposition de ses actifs s'effectue de façon ordonnée.

IV. LANGUE DES SERVICES

La Bourse fera en sorte de maintenir :

i) la gamme étendue de services de la Bourse au Québec requis en vertu des présentes, en français et en anglais, notamment les services d'adhésion, de réglementation et de surveillance des activités des participants de la Bourse;

ii) la disponibilité simultanée en français et en anglais de tout document d'information de la Bourse destiné aux participants ou au public;

iii) le français comme langue utilisée dans toutes les communications et correspondances avec l'Autorité.

V. ACCÈS

a) La Bourse doit permettre à toute personne qui satisfait aux critères d'adhésion applicables d'effectuer des opérations à la Bourse.

b) Sans restreindre le caractère général de ce qui précède, la Bourse :

i) doit énoncer par écrit les critères auxquels doit satisfaire une personne pour pouvoir effectuer des opérations à la Bourse;

ii) ne doit pas déraisonnablement interdire ou limiter l'accès à ses services d'une personne; et

iii) doit tenir des registres de ce qui suit :

a) toutes les demandes d'adhésion acceptées, en précisant les personnes à qui elle a donné accès, et les motifs à l'appui de sa décision; et

b) toutes les demandes d'adhésion refusées ou limitations d'accès, en précisant les motifs à l'appui de sa décision.

VI. FRAIS

a) Tous les frais qu'impose la Bourse à ses participants doivent être transparents et être répartis de façon juste et équitable.

b) Les frais ne doivent pas être un obstacle à l'accès, mais doivent tenir compte du fait que la Bourse doit disposer de revenus suffisants pour remplir ses fonctions et activités de réglementation ainsi que ses activités de Bourse.

c) Toute modification à la liste des frais exigés par la Bourse sera déposée à l'Autorité et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

VII. DIVISION DE LA RÉGLEMENTATION

a) La Bourse maintiendra une division de la réglementation distincte sous l'autorité d'un comité spécial de la réglementation (le « comité spécial »), nommé par le conseil d'administration de la Bourse et ayant des responsabilités clairement définies de réglementation du marché et de ses participants, et une structure administrative distincte.

b) La Bourse obtiendra l'approbation préalable de l'Autorité avant d'effectuer tout changement à la structure organisationnelle et administrative de la Division ou du comité spécial qui aurait une incidence importante sur les fonctions et activités de réglementation.

c) La Division sera pleinement autonome dans l'accomplissement de ses fonctions et dans son processus décisionnel. L'indépendance de la Division et de son personnel sera assurée et des mesures de cloisonnement strictes seront maintenues, afin d'assurer l'absence de conflits d'intérêts avec les autres activités de la Bourse et de Groupe TSX.

d) La Division remettra à tous les trimestres à l'Autorité son rapport d'activités conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

e) La Bourse remettra tous les ans à l'Autorité un rapport d'activités incluant un rapport d'activités de la Division préparé par cette dernière. Ce rapport devra comprendre l'information qui peut lui être demandée par l'Autorité. Il devra rendre compte du respect des modalités et des conditions relatives à la Division. De plus, il devra être présenté dans une forme acceptable par l'Autorité conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

f) La Division devra informer sans délai l'Autorité lorsqu'elle a des motifs raisonnables de croire à un cas d'inconduite ou de fraude de la part de ses participants et d'autres personnes pouvant entraîner de graves dommages pour les épargnants, les participants, le Fonds canadien de protection des épargnants ou la Bourse.

g) L'Autorité doit être informée tous les mois, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2, de ce qui suit :

i) toute nouvelle analyse ou enquête entreprise par la Division, et notamment le nom du participant et de la personne approuvée concernés et de l'enquêteur responsable, la date d'ouverture du dossier ainsi que la nature de l'enquête;

ii) toutes les analyses ou enquêtes qui ne se traduisent pas par des procédures disciplinaires et qui sont closes, et notamment la date à laquelle l'enquête a été amorcée, la conduite et les personnes en cause et le règlement de l'enquête.

h) Une politique en matière de conflits d'intérêts devra être maintenue par la Bourse pour permettre au personnel et aux membres du comité spécial de divulguer leurs intérêts et pour prévoir la possibilité qu'une personne puisse se retirer d'un dossier et/ou d'une décision.

i) Toute modification à la politique en matière de conflits d'intérêts sera soumise à l'Autorité dès son approbation.

j) Sous réserve de tout changement dont peuvent convenir la Bourse et l'Autorité, la Division doit être exploitée comme suit :

i) Les fonctions et activités de la Division doivent être indépendantes des activités à but lucratif de la Bourse et distinctes sur le plan organisationnel. La Division doit opérer ses fonctions et activités selon le principe de l'autofinancement et doit être sans but lucratif;

ii) La Division doit constituer une unité d'affaires distincte de la Bourse régie par le conseil d'administration de la Bourse;

iii) Le conseil d'administration doit établir un comité spécial chargé de superviser les fonctions et activités de la Division, composé d'une majorité de personnes qui sont des résidents du Québec, au moment de leur nomination et pour la durée de leur mandat, et de personnes qui satisfont aux conditions d'indépendance applicables aux administrateurs de la Bourse;

iv) Le quorum du comité spécial doit être constitué de la majorité des membres en fonction, et de ce nombre :

a) d'une majorité de personnes qui sont des résidents du Québec au moment de leur nomination et pour la durée de leur mandat;

b) d'une majorité de personnes qui satisfont aux critères d'indépendance applicables aux administrateurs de la Bourse;

v) Le chef de l'exploitation de la Division (le « vice-président de la Division ») doit rendre compte au comité spécial de toute question de

nature réglementaire ou disciplinaire. Le vice-président de la Division, ou la personne désignée par lui, doit être présent aux réunions du comité spécial portant sur les fonctions et activités de la Division, sauf indication contraire du comité spécial, et doit fournir, sur demande, au comité spécial, des renseignements concernant les fonctions et activités de la Division. Le comité spécial et le vice-président de la Division sont tous deux tenus de s'assurer que les fonctions et activités de la Division sont exercées convenablement;

vi) La structure financière de la Division devra être distincte de celle de la Bourse. Elle devra opérer sur une base de recouvrement de coûts. Tout surplus, autre que les amendes et autres sommes prévues en VII. j) vii), devra être redistribué aux participants et tout déficit devra être comblé par une cotisation spéciale des participants ou par la Bourse sur recommandation du comité spécial au conseil d'administration;

vii) Les amendes et autres sommes encaissées par la Division aux termes de règlements amiables conclus avec la Division ou de procédures de nature disciplinaire doivent être traitées de la façon suivante :

a) aucun montant ne sera redistribué aux participants de la Bourse;

b) une comptabilité distincte sera maintenue afin de comptabiliser les revenus et les dépenses liés aux dossiers de nature disciplinaire;

c) tout montant encaissé servira d'abord à compenser les coûts directs encourus dans le cadre de telles procédures;

d) tout excédent net devra servir, avec l'approbation préalable du comité spécial à l'une ou l'autre des fins suivantes :

1) à la formation et à l'information des participants aux marchés des produits dérivés et aux membres du public ou aux frais de recherche dans ce domaine;

2) aux versements faits à un organisme exonéré d'impôt, sans but lucratif, qui a notamment pour mission de protéger les investisseurs ou d'exercer les activités mentionnées en VII. j) vii) d) 1);

3) aux projets d'éducation;

4) aux autres fins approuvées par l'Autorité;

viii) La Division doit disposer d'un budget distinct qui doit être approuvé par le conseil d'administration sur recommandation du comité

spécial et administré par le vice-président de la Division et le déposer annuellement, à l'Autorité, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision;

ix) La Bourse doit allouer à la Division le soutien nécessaire de ses autres services, notamment dans le domaine technique, conformément à ses budgets et à ses exigences raisonnables tout en assurant son indépendance;

x) La Bourse doit adopter des politiques et des procédures visant à assurer que les renseignements confidentiels concernant les fonctions et activités de la Division demeurent confidentiels et ne soient pas divulgués de façon inappropriée aux services à but lucratif de la Bourse, de Groupe TSX ou à d'autres personnes. Elle doit aussi déployer tous les efforts raisonnables afin de les respecter;

xi) Le vice-président de la Division, le président de la Bourse, le comité spécial et le conseil d'administration doivent rendre compte à l'Autorité, sur demande, des fonctions et activités de la Division;

xii) La Bourse doit rendre compte à l'Autorité, semestriellement, de l'effectif de la Division, par fonction, en précisant les postes autorisés, comblés et vacants et de toute réduction ou tout changement important de cet effectif, par fonction et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision;

xiii) La direction de la Bourse, y compris le vice-président de la Division, doit procéder au moins une fois par année à une évaluation interne de l'exécution par la Division de ses fonctions réglementaires et présenter un rapport à ce sujet au comité spécial, accompagné de ses recommandations quant aux améliorations possibles, le cas échéant. Le comité spécial doit, pour sa part, rendre compte au conseil d'administration de l'exécution par la Division de ses fonctions réglementaires. La Bourse doit remettre des exemplaires de ces rapports à l'Autorité et l'informer de toute mesure proposée par suite de ces évaluations et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision;

xiv) Les décisions du comité spécial dans les matières disciplinaires sont révisables conformément à la loi;

xv) Les règles concernant le comité spécial et la Division devront être révisées afin de se conformer aux exigences de la présente section sur la Division et être soumises à l'approbation de l'Autorité dans un délai de six mois de la présente décision.

VIII. RESSOURCES FINANCIÈRES ET AUTRES

a) La Bourse maintiendra des ressources financières et autres suffisantes pour assurer :

i) sa viabilité financière et le suivi quotidien de ses opérations;

ii) l'exercice des fonctions d'organisme d'autoréglementation de la Division;

et ce, en conformité avec les modalités et conditions prévues à la présente décision.

IX. RATIOS ET RAPPORTS FINANCIERS

a) La Bourse sera en défaut et informera sans délai l'Autorité lorsque, calculé à partir de ses états financiers consolidés et non consolidés :

i) Son ratio de fonds de roulement sera égal ou inférieur à 1,5 pour 1 (actif court terme liquide, c'est-à-dire l'encaisse, les placements temporaires, les comptes à recevoir et les placements à long terme encaissables en tout temps / passif court terme);

ii) Son ratio de marge brute d'autofinancement-endettement sera inférieur ou égal à vingt pour cent (20 %) (bénéfice net pour les 12 mois les plus récents ajusté des éléments sans incidence sur les liquidités, c'est-à-dire l'amortissement, les impôts reportés et toutes les autres dépenses sans impact sur les liquidités / dettes à court et à long terme);

iii) Son ratio de levier financier sera égal ou supérieur à 4,0 (actif total / capital).

Les ratios mentionnés ci-dessus calculés à partir des états financiers consolidés excluront les éléments suivants :

a) règlements quotidiens à recevoir des membres de la chambre de compensation;

b) règlements quotidiens à payer aux membres de la chambre de compensation;

c) les dépôts de couverture des membres (à l'actif et au passif);

d) les dépôts au fonds de compensation (à l'actif et au passif).

b) Si la Bourse est en défaut de respecter les ratios financiers pendant une période excédant trois mois, la Bourse informera, par écrit et sans délai, l'Autorité des motifs de la déficience et des mesures qui seront prises pour remédier à la situation et rétablir son équilibre financier. De plus, à partir du moment où la Bourse sera en défaut

de respecter les ratios financiers pour une période excédant 3 mois et jusqu'à la fin d'une période d'au moins 6 mois suivant le moment où les déficiences auront été éliminées, la Bourse ne procédera pas, sans avoir obtenu l'approbation préalable de l'Autorité, à des dépenses en immobilisations qui n'étaient pas déjà reflétées dans les états financiers ou à des prêts, bonus, dividendes ou toute autre distribution d'actifs à tout administrateur, dirigeant, compagnie liée ou actionnaire.

c) La Bourse fournira un rapport faisant état de chacun des ratios, calculés mensuellement à partir des états financiers consolidés, et non consolidés, joint aux états financiers trimestriels pour les trois premiers trimestres de l'exercice et aux états financiers annuels vérifiés pour le quatrième trimestre, et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

d) La Bourse déposera ses états financiers annuels vérifiés consolidés et non consolidés ainsi que ceux de chacune de ses filiales et entreprises constituant un placement à long terme dans une société satellite et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

e) La Bourse déposera ses états financiers trimestriels consolidés et non consolidés de la Bourse ainsi que ceux de chacune de ses filiales et entreprises constituant un placement à long terme dans une société satellite et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

f) Les états financiers annuels vérifiés et trimestriels consolidés comprendront une analyse budgétaire des résultats ainsi qu'une analyse comparative des résultats avec la période correspondante de l'exercice précédent. Ces analyses seront présentées conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

g) Les états financiers annuels vérifiés et trimestriels non consolidés de la Bourse ainsi que ceux de ses filiales comprendront une analyse budgétaire des résultats ainsi qu'une analyse comparative des résultats avec la période correspondante de l'exercice précédent. Ces analyses seront présentées conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

h) La Bourse fournira l'information sectorielle portant sur les résultats annuels et trimestriels de la Division comprenant une analyse budgétaire des résultats, et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

i) La Bourse déposera son budget annuel consolidé et non consolidé de même que celui de ses filiales ainsi que, le cas échéant, les prévisions budgétaires à long terme, et ce, conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

j) La Bourse informera, par écrit et sans délai, l'Autorité de toute modification importante aux budgets consolidés et non consolidés approuvés par le conseil d'administration.

k) La Bourse fournira toutes autres informations financières qui seront exigées par l'Autorité.

X. IMPARTITION

a) La Bourse devra obtenir l'approbation préalable de l'Autorité avant de conclure ou réaliser toute opération d'impartition de ses fonctions ou activités réglementaires de bourse ou d'organisme d'autoréglementation.

b) La Bourse devra obtenir l'approbation préalable de l'Autorité avant de conclure ou réaliser toute opération en vue de fournir des fonctions ou activités réglementaires de bourse ou d'organisme d'autoréglementation à d'autres bourses de valeurs, organismes d'autoréglementation, personnes exploitant des systèmes de négociation parallèle ou d'autres personnes.

c) Si elle impartit de façon importante certaines de ses fonctions commerciales à des parties autres que Groupe TSX, un membre du même groupe que celui-ci ou une personne qui a un lien avec celui-ci, la Bourse doit procéder conformément aux pratiques exemplaires du secteur. Sans que soit restreinte la portée générale de ce qui précède, la Bourse doit faire ce qui suit :

i) établir et appliquer des politiques et des procédures qui sont approuvées par son conseil d'administration pour l'évaluation et l'approbation des ententes d'impartition importante;

ii) lorsqu'elle conclut une telle entente d'impartition importante, elle doit :

A) évaluer le risque associé à l'entente, la qualité des services devant être fournis et le degré de contrôle qu'elle exercera;

B) signer un contrat avec le fournisseur de services qui traite de tous les éléments importants de l'entente, y compris les niveaux de service et les normes d'exécution;

iii) s'assurer que tout contrat donnant effet à une telle entente d'impartition importante qui est susceptible d'avoir une incidence sur les fonctions de réglementation de la Bourse permette à la Bourse, à ses mandataires et à l'Autorité d'avoir accès à l'ensemble des données et des renseignements tenus par le fournisseur de service que la Bourse doit partager aux termes de l'article 78 de la LAMF ou qui sont nécessaires pour que l'Autorité puisse évaluer l'exécution par la Bourse de ses fonctions de réglementation et la conformité de la Bourse aux modalités et aux conditions des présentes;

iv) surveiller l'exécution des services fournis aux termes d'une telle entente d'impartition importante.

XI. SYSTÈMES INFORMATIQUES

a) À l'égard de chacun de ses systèmes de soutien de l'enregistrement, de l'acheminement et de l'exécution des ordres, de transmission de données, d'information sur les opérations et de comparaison d'opérations et des exigences en matière d'intégrité et de capacité, la Bourse devra aviser, par écrit et sans délai, l'Autorité de toutes défaillances importantes d'un système qui auraient pour impact d'affecter le bon fonctionnement du marché.

b) Avant de procéder à tout changement important à l'égard de chacun de ses systèmes de soutien de l'enregistrement, de l'acheminement et de l'exécution des ordres, de transmission de données, d'information sur les opérations et de comparaison d'opérations et des exigences en matière d'intégrité et de capacité, la Bourse transmettra un préavis écrit de 45 jours à l'Autorité.

XII. COMPENSATION ET RÈGLEMENT

a) La Bourse devra s'assurer que les services de règlement et de compensation sont dispensés par une chambre de compensation autorisée par l'Autorité et disposer de règles et politiques pour encadrer les problèmes liés au règlement et à la compensation des contrats négociés.

XIII. RÈGLES

a) La Bourse et la Division doivent établir les règles, règlements, politiques, procédures, pratiques ou autres normes semblables (ensemble les « règles ») qui sont nécessaires ou appropriés pour régir et réglementer tous les aspects de ses activités et de ses affaires internes de façon à, notamment :

i) assurer le respect de la législation en valeurs mobilières;

ii) empêcher les actes et pratiques frauduleux et de manipulation;

iii) favoriser des principes commerciaux de justice et d'équité; et

iv) encourager la collaboration et la coordination des efforts des personnes chargées de réglementer, de compenser, de régler et de faciliter les opérations sur valeurs mobilières et de traiter l'information concernant ces opérations.

b) Toute modification aux règles de la Bourse devra être soumise pour approbation préalable à l'Autorité conformément à la procédure d'approbation des règles établie de temps à autre par l'Autorité.

XIV. MESURES DISCIPLINAIRES À L'ENDROIT DES PARTICIPANTS ET DE LEURS REPRÉSENTANTS

a) La Bourse, par l'intermédiaire de la Division, doit prendre les mesures disciplinaires qui s'imposent à l'endroit de ses participants et de leurs représentants en cas de violation des règles de la Bourse. En outre, la Bourse remettra à l'Autorité un avis de toute violation de la législation en valeurs mobilières dont elle a connaissance dans le cours normal de ses activités.

XV. ÉQUITÉ DES PROCÉDURES

a) La Bourse, y compris la Division, doit s'assurer que ses exigences en ce qui a trait à l'accès à la Bourse, à l'imposition de limitations ou de conditions à l'accès et au refus d'accès sont justes et raisonnables, notamment pour ce qui est des avis, de la possibilité d'être entendu ou de faire des déclarations, de la tenue de registres, de la présentation de motifs et de la possibilité d'en appeler d'une décision.

b) La Bourse, y compris la Division, doit s'assurer d'entendre les affaires disciplinaires en séance publique.

c) Malgré le paragraphe b), la Bourse, y compris la Division, peut, d'office ou sur demande, ordonner le huis clos ou interdire la publication ou la diffusion de renseignements ou de documents qu'elle indique, dans l'intérêt de la morale ou de l'ordre public.

d) La Bourse, y compris la Division, doit établir par écrit des critères servant à déterminer si une décision est requise dans l'intérêt de la morale ou de l'ordre public et les déposer auprès de l'Autorité dans un délai de six mois de la présente décision.

XVI. TRANSACTIONS D'INITIÉS ET PARTAGE D'INFORMATION

a) La Bourse, y compris la Division, doit maintenir :

i) des règles portant sur les opérations d'initiés;

ii) des systèmes adéquats de surveillance des opérations d'initiés;

iii) une entente écrite avec tout marché sur lequel des titres sous-jacents ou liés à ses produits sont négociés, ou avec le fournisseur de services de réglementation de ce marché, en vue de détecter les opérations d'initiés, les pratiques abusives et la manipulation et faire respecter les règles à cet égard, et mettre en œuvre des procédures en vue de coordonner avec ce marché la surveillance des opérations d'initiés et la mise en application des règles les régissant;

iv) des procédures écrites visant à coordonner les interdictions d'opérations, ajoutées aux coupe-circuits, avec tout marché sur lequel des titres sous-jacents ou liés à ses produits sont négociés, ou avec le fournisseur de services de réglementation de ce marché.

b) La Bourse, y compris la Division, doit collaborer, notamment par le partage d'information, avec l'Autorité et son personnel, le Fonds canadien de protection des épargnants et d'autres bourses, organismes d'autoréglementation et autorités de réglementation chargés de la supervision ou de la réglementation en valeurs mobilières, sous réserve des lois applicables en matière de partage d'information et de protection des renseignements personnels.

XVII. OPÉRATIONS ENTRE PERSONNES APPARENTÉES

Toutes les opérations ou ententes importantes qui seront réalisées entre la Bourse et Groupe TSX ainsi que toutes les sociétés qui lui sont liées devront comprendre des conditions aussi favorables pour la Bourse que les conditions du marché dans de telles circonstances.

XVIII. INFORMATION SUPPLÉMENTAIRE

La Bourse devra déposer toute information la concernant qui sera requise conformément au *Règlement 21-101 sur le fonctionnement du marché*. Le rapport d'examen indépendant portant sur la capacité, l'intégrité et la sécurité des systèmes de la Bourse qui est prévu à ce règlement doit être déposé conformément au délai prévu au tableau de rapports et de documents à fournir joint à l'Annexe 2 de la présente décision.

XIX. DÉFAUT DE SE CONFORMER

Si la Bourse ou Groupe TSX fait défaut de se conformer à une ou plusieurs des modalités ou conditions qui sont énoncées dans la présente décision ou aux engagements, l'Autorité pourra réviser la présente décision.

XX. DROIT APPLICABLE

La Bourse reconnaît et s'engage à respecter le droit applicable au Québec.

La présente décision prendra effet à la date effective du regroupement, date qui sera confirmée dans un avis publié par l'Autorité au *Bulletin de l'Autorité des marchés financiers*.

Fait le 10 avril 2008.

Jean St-Gelais
Président-directeur général

ANNEXE 1

April 9, 2008

REMIS EN MAIN PROPRE ET PAR COURRIEL

The Exchange Tower
130 King Street West
Toronto, Canada M5X 1J2
Tél 416-947-4320
Téléc 416-947-4431

M. Jean St-Gelais
Président-directeur général
Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal (Québec) H4Z 1G3

Objet : Demandes de la Bourse de Montréal Inc. / Montréal Exchange Inc. (la « demanderesse ») dans le cadre du regroupement de la demanderesse et de Groupe TSX Inc. (« Groupe TSX »)

Monsieur St-Gelais,

Nous vous communiquons par la présente certains engagements envers l'Autorité des marchés financiers (l'« Autorité ») à l'appui des demandes de la demanderesse déposées aux termes de l'article 169 de la *Loi sur les valeurs mobilières* (Québec) ainsi que de l'article 65 et du deuxième paragraphe de l'article 66 de *la Loi sur l'Autorité des marchés financiers* (les « demandes »), le tout en rapport avec le regroupement mentionné ci-dessus. Dans le cadre du regroupement, la demanderesse participera à une série de fusions dans le cadre desquelles la société issue de ces fusions (la « Bourse ») deviendra une filiale directe de Groupe TSX. À l'appui de ces demandes, Groupe TSX prend envers l'Autorité les engagements énoncés ci-dessous. Groupe TSX comprend que l'Autorité se fonde sur ces engagements en vue de rendre sa décision sur les demandes.

Restrictions relatives à la propriété des actions de Groupe TSX

1. a) Groupe TSX reconnaît qu'il est assujetti à la restriction selon laquelle aucune personne ou société et aucun groupe de personnes ou de sociétés, agissant conjointement ou de concert, ne doit être propriétaire bénéficiaire ni avoir le contrôle de plus de dix pour cent (10 %) de toute catégorie ou série d'actions à droit de vote de Groupe TSX Inc. sans l'approbation préalable de l'Autorité;

   b) Groupe TSX s'engage à informer l'Autorité immédiatement par écrit s'il a connaissance qu'une personne ou société ou un groupe de personnes ou de sociétés, agissant conjointement ou de concert, devient propriétaire bénéficiaire ou exerce le contrôle sur plus de dix pour cent (10 %) de toute catégorie ou série d'actions à droit de vote de Groupe TSX et Groupe TSX devra prendre les mesures nécessaires pour y remédier immédiatement, conformément à l'annexe B des statuts de Groupe TSX.

Aux fins du présent paragraphe 1, le fait qu'une personne ou une société ou un groupe de personnes ou de sociétés agissant conjointement ou de concert soit propriétaire bénéficiaire ou ait le contrôle d'une catégorie ou série d'actions à droit de vote de Groupe TSX sera déterminé conformément aux lois du territoire d'incorporation de Groupe TSX.

Composition du conseil d'administration de Groupe TSX

2. Groupe TSX s'est engagé à désigner chaque année et ce, sans limite de temps, à des fins d'élection au conseil d'administration de Groupe TSX, à chacune de ses assemblées annuelles tenue après la date des présentes, le nombre d'administrateurs résidents du Québec qui représente 25 % du nombre total des candidats aux postes d'administrateurs pour cette année-là.

3. Groupe TSX devra faire en sorte que les cinq candidats désignés par la Bourse soient mis en nomination à des fins d'élection au conseil d'administration de Groupe TSX à chacune de ses trois premières assemblées annuelles convoquées après la date des présentes; toutefois, si l'un ou l'autre des candidats désignés par la Bourse démissionnait de son poste, était inéligible ou était par ailleurs incapable d'exercer ses fonctions d'administrateur de Groupe TSX, les autres candidats désignés par la Bourse auront le droit de désigner le nombre requis de candidats de remplacement à des fins d'élection (les « **autres candidats** »). Parmi ces autres candidats, Groupe TSX sera uniquement tenue de désigner à des fins d'élection à son conseil d'administration ceux qui sont aptes et éligibles à siéger à titre d'administrateur de Groupe TSX selon les exigences applicables aux administrateurs de Groupe TSX.

4. Groupe TSX doit voir à ce qu'au moins une personne parmi les candidats désignés par la Bourse ou les autres candidats qui les remplacent siège à chaque comité du conseil d'administration de Groupe TSX pour une période de trois ans après la date des présentes.

Pour l'application des présentes :

a) les « candidats de la Bourse » sont les cinq personnes désignées par la Bourse à la clôture du regroupement susmentionné en vue de leur élection au conseil d'administration de Groupe TSX;

b) un candidat désigné par la Bourse ou un autre candidat est éligible à siéger au conseil d'administration de Groupe TSX s'il : (i) est indépendant par rapport à Groupe TSX et à ses filiales et n'a aucun lien avec elles (sauf M. Luc Bertrand); (ii) n'a aucun conflit d'intérêts avec Groupe TSX ou ses filiales; (iii) est résident du Québec et (iv) respecte toutes les exigences des lois et politiques applicables, y compris aux termes de la décision de reconnaissance de Groupe TSX; et

c) un administrateur est un résident du Québec s'il est considéré comme un résident du Québec aux termes de la *Loi sur les impôts* (L.R.Q., ch. I-3) au moment de son élection ou de sa nomination.

Activités de la Bourse

5. Groupe TSX s'engage à faire en sorte que les activités existantes liées à la négociation d'instruments dérivés et aux produits connexes de la Bourse continueront à être exercées à Montréal.

6. Groupe TSX s'engage à ne rien entreprendre qui ferait que la Bourse cesse d'être la bourse nationale canadienne de négociation de tous les instruments dérivés et produits

connexes, y compris d'être l'unique plateforme de négociation du commerce d'échange de droits d'émission de carbone et d'autres droits d'émission au Canada, sans avoir obtenu l'autorisation préalable de l'Autorité et s'être conformé aux termes et conditions que l'Autorité peut établir dans l'intérêt public en rapport avec tout changement aux opérations de la Bourse.

Changement de propriété

7. Groupe TSX s'engage à ne pas compléter ou autoriser une transaction qui ferait en sorte qu'une personne ou société ou qu'un groupe de personnes ou de sociétés, agissant conjointement ou de concert, devienne propriétaire ou exerce une emprise sur plus de dix pour cent (10 %) de toute catégorie ou série d'actions avec droit de vote de la Bourse, sans l'approbation préalable de l'Autorité, à l'exception de Groupe TSX ou d'un membre du même groupe que celui-ci.

   Aux fins du présent paragraphe 7, l'expression « agissant conjointement ou de concert » s'entend du sens donné à « agir de concert » à l'article 1.9 du Règlement 62-104 sur les offres publiques d'achat et de rachat, dans sa version modifiée à l'occasion en y apportant les adaptations nécessaires et, pour plus de certitude, inclut les personnes réputées ou présumées agir de concert au sens de cette expression.

8. Groupe TSX s'engage à continuer d'exercer une emprise sur plus de 50 % de toute catégorie ou série d'actions à droit de vote de la Bourse.

9. Groupe TSX s'engage à ne pas compléter ou autoriser une transaction en conséquence de laquelle il cesserait de contrôler, directement ou indirectement, plus de 50 % de toutes les catégories ou séries d'actions à droit de vote de la Bourse, sans l'approbation préalable de l'Autorité.

Plan stratégique relatif aux instruments dérivés

10. Groupe TSX s'engage à remettre chaque année à l'Autorité, dans les deux mois suivant son approbation, son plan stratégique relatif aux instruments dérivés approuvé par son conseil d'administration.

Accès à l'information

11. Groupe TSX s'engage à permettre à l'Autorité de consulter et d'inspecter et à s'assurer que ses filiales permettent à l'Autorité de consulter et d'inspecter, toutes les données et tous les renseignements qui sont en leur possession respective et dont l'Autorité a besoin pour procéder à son évaluation de l'exercice par la Bourse de ses fonctions de réglementation et de sa conformité avec les modalités et conditions de la décision d'autorisation à titre de bourse et de reconnaissance à titre d'organisme d'autoréglementation de la Bourse rendue par l'Autorité en date des présentes (la « Décision de reconnaisance »).

Ressources

12. Sous réserve du paragraphe 13 et tant et aussi longtemps que la Bourse continuera de faire affaires en tant que bourse, Groupe TSX s'engage à allouer à la Bourse les ressources financières et autres suffisantes pour assurer :

    i) sa viabilité financière et le suivi quotidien de ses opérations;

    ii) l'exercice des fonctions d'organisme d'autoréglementation de la Bourse et de sa Division,

    et ce, en conformité avec les modalités et les conditions prévues à la Décision de reconnaissance.

13. Groupe TSX s'engage à aviser l'Autorité immédiatement s'il se rend compte qu'il ne peut ou ne pourra allouer des ressources financières et autres suffisantes à assurer la viabilité financière de la Bourse et à s'assurer qu'elle pourra exercer ses fonctions de bourse et d'organisme d'autoréglementation de manière consistante avec les modalités et les conditions prévues à la Décision de reconnaissance.

Défaut de se conformer

14. Groupe TSX reconnaît que s'il fait défaut de se conformer à un ou des engagements qui sont énoncés aux présentes, l'Autorité pourra réviser la Décision de reconnaissance.

Généralités

15. Les engagements énoncés aux présentes prendront effet à la date effective du regroupement.

16. Les engagements énoncés aux présentes seront valides jusqu'à ce que l'une ou l'autre des éventualités suivantes se produise :

    a) l'Autorité révoque la décision pour tout autre motif que le manquement de Groupe TSX à son engagement envers l'Autorité;

    b) la Bourse cesse d'exercer ses activités après s'être conformée aux termes et conditions que l'Autorité peut imposer.

Veuillez agréer, cher Monsieur St-Gelais, l'expression de nos sentiments distingués.

Le Co-chef de la direction par intérim de
Groupe TSX,

ANNEXE 2

Rapports et documents à fournir par la Bourse

Article visé	Libellé de l'article visé dans la décision de reconnaissance	Périodicité	Délai ou échéance
VI c)	Déposer toute modification à la liste des frais exigés par la Bourse.	Au besoin	15 jours avant la mise en vigueur
VII d)	Remettre à l'Autorité un rapport d'activités de la Division.	Trimestriellement	45 jours suivant la fin de chaque trimestre
VII e)	Remettre à l'Autorité un rapport d'activités de la Bourse incluant un rapport de la Division, préparé par cette dernière. Ce rapport doit rendre compte du respect des modalités et conditions relatives à la Division et être présenté dans une forme acceptable par l'Autorité.	Annuellement	60 jours suivant la fin de l'exercice financier
VII g) i)	Informer l'Autorité de toute nouvelle analyse ou enquête entreprises par la Division, et notamment le nom du participant et de la personne approuvée concernés et de l'enquêteur responsable, la date d'ouverture du dossier et la nature de l'enquête.	Mensuellement	30 jours suivant la fin du mois
VII g) ii)	Informer l'Autorité de toutes les analyses ou enquêtes qui ne se traduisent pas par des procédures disciplinaires et qui sont closes, et notamment la date à laquelle l'enquête a été amorcée, la conduite et les personnes en cause et le règlement de l'enquête.	Mensuellement	30 jours suivant la fin du mois
VII j) viii)	Déposer à l'Autorité le budget de la Division.	Annuellement	Dès son approbation

ANNEXE 2

Rapports et documents à fournir par la Bourse

Article visé	**Libellé de l'article visé dans la décision de reconnaissance**	**Périodicité**	**Délai ou échéance**
VII j) xii)	Rendre compte à l'Autorité de l'effectif de la Division, par fonction, en précisant les postes autorisés, comblés et vacants et de toute réduction ou tout changement important de cet effectif, par fonction.	Semestriellement	30 jours suivant la fin du semestre
VII j) xiii)	Remettre à l'Autorité des exemplaires des rapports préparés par la direction de la Bourse, y compris le vice-président de la Division, résultant de l'évaluation interne de l'exécution par la Division de ses fonctions réglementaires, et présentés au comité spécial de la réglementation, accompagnés de ses recommandations quant aux améliorations possibles, le cas échéant et des rapports préparés par le comité spécial sur l'exécution par la Division de ses fonctions réglementaires. La Bourse doit aussi informer l'Autorité de toute mesure proposée par suite de ces évaluations.	Au moins une fois par année	30 jours suivant le dépôt au comité spécial ou au conseil d'administration
IX c)	Fournir un rapport faisant état de chacun des ratios, calculés mensuellement, à partir des états financiers consolidés, et non consolidés, joint aux états financiers trimestriels pour les trois premiers trimestres de l'exercice et aux états financiers annuels vérifiés pour le quatrième trimestre.	Trimestriellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin de chaque exercice financier

ANNEXE 2

Rapports et documents à fournir par la Bourse

Article visé	Libellé de l'article visé dans la décision de reconnaissance	Périodicité	Délai ou échéance
IX d)	Déposer ses états financiers annuels vérifiés consolidés et non consolidés ainsi que ceux de chacune de ses filiales et entreprises constituant un placement à long terme dans une société satellite.	Annuellement	90 jours suivant la fin de l'exercice financier
IX e)	Déposer les états financiers trimestriels consolidés et non consolidés de la Bourse ainsi que ceux de chacune de ses filiales et entreprises constituant un placement à long terme dans une société satellite.	Trimestriellement	60 jours suivant la fin de chaque trimestre
IX f)	Déposer, avec les états financiers annuels vérifiés et trimestriels consolidés de la Bourse ainsi que ceux de ses filiales, une analyse budgétaire des résultats et une analyse comparative des résultats avec la période correspondante de l'exercice précédent.	Trimestriellement et annuellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin de chaque exercice financier
IX g)	Déposer, avec les états financiers annuels vérifiés et trimestriels non consolidés de la Bourse ainsi que ceux de ses filiales, une analyse budgétaire des résultats et une analyse comparative des résultats avec la période correspondante de l'exercice précédent.	Trimestriellement et annuellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin de chaque exercice financier
IX h)	Déposer, avec les états financiers annuels vérifiés et trimestriels, les informations sectorielles pour la Division	Trimestriellement et annuellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin

ANNEXE 2

Rapports et documents à fournir par la Bourse

Article visé	Libellé de l'article visé dans la décision de reconnaissance	Périodicité	Délai ou échéance
	incluant une analyse budgétaire des résultats.		de chaque exercice financier
IX i)	Déposer son budget annuel consolidé et non consolidé de même que celui de ses filiales ainsi que les prévisions budgétaires à long terme, le cas échéant.	Annuellement	Dès son approbation
XVIII	Déposer le rapport d'examen indépendant portant sur la capacité, l'intégrité et la sécurité des systèmes de la Bourse qui est établi conformément au *Règlement 21-101 sur le fonctionnement du marché*.	Annuellement	Dès qu'il est soumis à l'examen de la haute direction

DÉCISION N° 2010-PDG-0207

Bourse de Montréal Inc.

(Suspension de l'application de la condition prévue au paragraphe IX. *Ratios et rapports financiers* de la décision d'autorisation à exercer l'activité de bourse et de reconnaissance à titre d'organisme d'autoréglementation)

Vu la décision n° 2008-PDG-0102 prononcée le 10 avril 2008 (la « décision n° 2008-PDG-0102 ») par l'Autorité des marchés financiers (l'« Autorité») autorisant Bourse de Montréal Inc. (la « Bourse ») à exercer l'activité de bourse en vertu de l'article 170 de la *Loi sur les valeurs mobilières du Québec* L.R.Q., c. V-1.1 (la « LVM »), et la reconnaissant à titre d'organisme d'autoréglementation en vertu de l'article 68 de la *Loi sur l'Autorité des marchés financiers,* L.R.Q., c. A-33.2, (la « LAMF »);

Vu l'entrée en vigueur de la *Loi sur les instruments dérivés*, L.R.Q., c. I-14.01 (la « LID ») le 1er février 2009;

Vu l'article 230 de la LID, lequel autorise notamment une bourse autorisée en vertu du titre VI de la LVM, ou un organisme d'autoréglementation reconnu en vertu du titre III de la LAMF avant le 1er février 2009, qui exerce des activités relativement aux opérations visées par la LID, à poursuivre l'exercice de ses activités au Québec conformément aux conditions prescrites par l'Autorité en vertu de ces lois ou, à compter de la date qu'elle détermine, aux nouvelles conditions qu'elle prescrit en vertu de la LID;

Vu la demande de la Bourse en date du 28 septembre 2010 (la « demande ») visant à suspendre l'application de la condition énoncée au paragraphe IX. *Ratios et rapports financiers* (la « condition IX ») de la décision n° 2008-PDG-0102, selon laquelle la Bourse doit déposer des rapports faisant état de ses ratios et des rapports financiers périodiquement;

Vu le tableau de rapports et de documents à fournir joint à l'Annexe 2 de la décision n° 2008-PDG-0102 qui précise la périodicité ainsi que le délai ou échéance des ratios et rapports financiers à déposer en vertu de la condition IX;

Vu l'évolution des activités de la Bourse depuis le prononcé de la décision n° 2008-PDG-0102;

Vu que le dépôt de certains rapports faisant état des ratios et rapports financiers n'est plus justifié;

Vu l'engagement de la Bourse à déposer les ratios et documents décrits à l'Annexe 1 de la présente décision, le tout, dans les délais et selon les modalités prévus à l'Annexe 2 de la présente décision;

Vu l'engagement de la Bourse à ne pas conclure d'entente ni d'opération qui serait hors du cours normal des affaires ou, avec le Groupe TMX ou une des filiales du Groupe TMX ou une personne ayant des liens avec le Groupe TMX, si elle prévoit que compte tenu de l'entente ou de l'opération, elle serait susceptible de ne pas maintenir le ratio de fonds de roulement, le ratio de marge brute d'autofinancement-endettement ou le ratio de levier financier aux niveaux indiqués à l'Annexe 1 de la présente décision;

Vu les motifs allégués au soutien de la demande qui justifient une suspension de la condition visée, à savoir :

- une partie de l'information financière présentée à l'Autorité conformément à la condition IX ne fournit plus à l'Autorité de l'information financière significative;
- le calcul des ratios non consolidés ne procure pas à l'Autorité toute l'information dont elle a besoin pour évaluer la viabilité financière de la Bourse;

- certaines des filiales de la Bourse sont inactives ou leurs activités commerciales et leur apport financier ne sont pas importants relativement aux opérations globales de la Bourse;
- sur une base trimestrielle, le coût pour la Bourse de la préparation et le coût pour l'Autorité de l'examen des états financiers individuels de filiales inactives ou de filiales dont les opérations ou l'apport financier ne sont pas importants pour la Bourse à titre d'entité consolidée dépassent les avantages tirés par l'Autorité en ce qui a trait à la supervision des opérations et du rendement financier de la Bourse;

Vu le premier alinéa de l'article 35.1 de la LAMF, ainsi que l'article 99 de la LID;

Vu la recommandation de la Direction de la supervision des OAR;

En conséquence :

L'Autorité suspend l'application de la condition prévue au paragraphe IX. *Ratios et rapports financiers* ainsi que des dispositions pertinentes de l'Annexe 2 de la décision n° 2008-PDG-0102, à la condition que la Bourse respecte les engagements qu'elle a pris, à savoir de :

1) déposer les ratios et documents décrits à l'Annexe 1 de la présente décision, le tout, dans les délais et selon les modalités prévus à l'Annexe 2 de la présente décision; et

2) ne pas conclure d'entente ni d'opération qui serait hors du cours normal des affaires ou, avec le Groupe TMX ou une des filiales du Groupe TMX ou une personne ayant des liens avec le Groupe TMX, si elle prévoit que compte tenu de l'entente ou de l'opération, elle serait susceptible de ne pas maintenir le ratio de fonds de roulement, le ratio de marge brute d'autofinancement-endettement ou le ratio de levier financier aux niveaux indiqués à l'Annexe 1 de la présente décision.

Fait le 22 novembre 2010.

Jean St-Gelais
Président-directeur général

Annexe 1

Ratios et documents à déposer à l'Autorité :

La Bourse déposera les ratios et rapports financiers prévus à la présente Annexe 1 conformément au tableau de périodicité de dépôt des rapports et documents à fournir par la Bourse, joint à l'Annexe 2 de la présente décision.

a) La Bourse sera en défaut et informera l'Autorité, par écrit, lorsque, calculé à partir de ses états financiers consolidés :

   i) Son ratio de fonds de roulement sera égal ou inférieur à 1,5 pour 1 (actif court terme liquide, c'est-à-dire l'encaisse, les placements temporaires, les comptes à recevoir et les placements à long terme encaissables en tout temps / passif court terme);

   ii) Son ratio de marge brute d'autofinancement-endettement sera inférieur ou égal à vingt pour cent (20 %) (bénéfice net pour les 12 mois les plus récents ajusté des éléments sans incidence sur les liquidités, c'est-à-dire l'amortissement, les impôts reportés et

toutes les autres dépenses sans impact sur les liquidités / dettes à court et à long terme);

iii) Son ratio de levier financier sera égal ou supérieur à 4,0 (actif total / capital).

Les ratios mentionnés ci-dessus calculés à partir des états financiers consolidés excluront les éléments suivants :

1. règlements quotidiens à recevoir des membres de la chambre de compensation;
2. règlements quotidiens à payer aux membres de la chambre de compensation;
3. les dépôts de couverture des membres (à l'actif et au passif);
4. les dépôts au fonds de compensation (à l'actif et au passif).

b) Si la Bourse est en défaut de respecter les ratios financiers pendant une période excédant 3 mois, la Bourse informera, par écrit, l'Autorité des motifs de la déficience et des mesures qui seront prises pour remédier à la situation et rétablir son équilibre financier. De plus, à partir du moment où la Bourse sera en défaut de respecter les ratios financiers pour une période excédant 3 mois et jusqu'à la fin d'une période d'au moins 6 mois suivant le moment où les déficiences auront été éliminées, la Bourse ne procédera pas, sans avoir obtenu l'approbation préalable de l'Autorité, à des dépenses en immobilisations qui n'étaient pas déjà reflétées dans les états financiers ou à des prêts, bonus, dividendes ou toute autre distribution d'actifs à tout administrateur, dirigeant, compagnie liée ou actionnaire.

c) La Bourse fournira un rapport faisant état de chacun des ratios, calculés mensuellement à partir des états financiers consolidés, joints aux états financiers trimestriels pour les trois premiers trimestres de l'exercice et aux états financiers annuels vérifiés pour le quatrième trimestre.

d) La Bourse déposera ses états financiers annuels vérifiés consolidés ainsi que les états financiers annuels vérifiés de la Corporation canadienne de compensation de produits dérivés (la « CDCC »).

e) La Bourse déposera les états financiers annuels non vérifiés de ses filiales et entreprises constituant un placement à long terme dans une société satellite, autres que la CDCC.

f) La Bourse déposera ses états financiers annuels non vérifiés non consolidés, ses états financiers trimestriels consolidés et non consolidés ainsi que les états financiers trimestriels de la CDCC.

g) Les états financiers annuels et trimestriels de la Bourse et de la CDCC, prévus aux paragraphes 0 et 0 de la présente Annexe 1, devront comprendre une analyse budgétaire des résultats ainsi qu'une analyse comparative des résultats avec la période correspondante de l'exercice précédent.

h) Les états financiers annuels non vérifiés des filiales et entreprises constituant un placement à long terme dans une société satellite de la Bourse, autres que la CDCC, prévus au paragraphe e) de la présente Annexe 1, devront comprendre une analyse budgétaire des résultats, le cas échéant, ainsi qu'une analyse comparative des résultats avec la période correspondante de l'exercice précédent.

i) La Bourse fournira l'information sectorielle portant sur les résultats annuels et trimestriels de la Division comprenant une analyse budgétaire des résultats.

j) La Bourse déposera son budget annuel consolidé et non consolidé de même que celui de chacune de ses filiales pour lesquelles un budget a été préparé pour la direction ainsi que, le cas échéant, les prévisions budgétaires à long terme.

k) La Bourse informera, par écrit, l'Autorité de toutes modifications importantes aux budgets consolidés et non consolidés approuvées par le conseil d'administration.

l) La Bourse fournira toutes autres informations financières qui seront exigées par l'Autorité.

ANNEXE 2

Périodicité de dépôt des rapports et documents à fournir par la Bourse :

Article visé	Libellé de l'article visé dans la décision de reconnaissance	Périodicité	Délai ou échéance
a)	Informer l'Autorité de son défaut de respecter les ratios financiers.	Ponctuellement	Sans délai, dès l'occurrence d'un défaut
b)	Informer l'Autorité de son défaut de respecter les ratios financiers pendant une période excédant 3 mois.	Ponctuellement	Sans délai, dès l'occurrence d'un défaut, pour une période excédant 3 mois
c)	Fournir un rapport faisant état de chacun des ratios, calculés mensuellement, à partir des états financiers consolidés, joints aux états financiers trimestriels pour les 3 premiers trimestres de l'exercice et aux états financiers annuels vérifiés pour le quatrième trimestre.	Trimestriellement et annuellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin de chaque exercice financier
d)	Déposer ses états financiers annuels vérifiés consolidés ainsi que les états financiers annuels vérifiés de la CDCC.	Annuellement	90 jours suivant la fin de l'exercice financier

e)	Déposer les états financiers annuels non vérifiés de ses filiales et entreprises constituant un placement à long terme dans une société satellite, autres que la CDCC.	Annuellement	90 jours suivant la fin de chaque exercice financier
f)	Déposer ses états financiers annuels non vérifiés non consolidés, ses états financiers trimestriels consolidés et non consolidés ainsi que les états financiers trimestriels de la CDCC.	Trimestriellement et annuellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin de chaque exercice financier
g)	Déposer, avec les états financiers annuels et trimestriels de la Bourse et de la CDCC, prévus aux paragraphes d) et f) de l'Annexe 1 de la présente décision, une analyse budgétaire des résultats ainsi qu'une analyse comparative des résultats avec la période correspondante de l'exercice précédent.	Trimestriellement et annuellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin de chaque exercice financier
h)	Déposer, avec les états financiers annuels non vérifiés des filiales et entreprises constituant un placement à long terme dans une société satellite de la Bourse, autres que la CDCC, prévus au paragraphe e) de l'Annexe 1 de la présente décision, une analyse budgétaire des résultats, le cas échéant, ainsi qu'une analyse comparative des résultats avec la période correspondante de l'exercice précédent.	Annuellement	90 jours suivant la fin de chaque exercice financier
i)	Déposer l'information sectorielle portant sur les résultats annuels et trimestriels de la Division comprenant une analyse budgétaire des résultats.	Trimestriellement et annuellement	60 jours suivant la fin de chaque trimestre et 90 jours suivant la fin de chaque exercice financier

j)	Déposer son budget annuel consolidé et non consolidé de même que celui de chacune de ses filiales pour lesquelles un budget a été préparé pour la direction ainsi que, le cas échéant, les prévisions budgétaires à long terme.	Annuellement	Dès leur approbation
k)	Informer, par écrit, l'Autorité de toutes modifications importantes aux budgets consolidés et non consolidés approuvées par le conseil d'administration.	Au besoin	Dès leur approbation
l)	Déposer toutes autres informations financières exigées par l'Autorité.	Au besoin	Dès que l'Autorité en fera la demande

SCHEDULE 3

Groupe TSX Inc.
TSX Inc.

DÉCISION N° 2004 -PDG-0012

LA DEMANDE DE DISPENSE

La société TSX Inc. (ci-après « TSX ») a adressé à l'Agence nationale d'encadrement du secteur financier, aussi connue sous le nom Autorité des marchés financiers (ci-après l' « Autorité ») une demande afin que celle-ci prononce une décision, en vertu de l'article 263 de la *Loi sur les valeurs mobilières* (ci-après la « Loi »), à l'effet de dispenser TSX de façon permanente de l'application de l'article 169 de la Loi, afin de lui permettre d'exercer ses activités de Bourse de valeurs au Québec sans obtenir l'autorisation de l'Autorité.

LES FAITS

TSX a soumis à l'appui de sa demande de dispense un énoncé des faits ainsi que les arguments apparaissant ci-après.

LA DEMANDERESSE

La société Groupe TSX Inc. (ci-après le « Groupe TSX ») a été constituée en vertu de la *Loi sur les sociétés par actions de l'Ontario*(2); il s'agit d'une société de portefeuille qui détient toutes les actions émises et en circulation de TSX.

TSX a été pour sa part constituée en vertu de la *Loi sur les sociétés par actions de l'Ontario*(3). Elle mène actuellement ses activités par l'entremise de sa filiale, Bourse de croissance TSX Inc. (inscription de titres de participation de sociétés à petite capitalisation) et des quatre divisions d'exploitation suivantes, à savoir :

- la Bourse de Toronto (inscription de titres de participation de sociétés à grande capitalisation);
- Marchés boursiers TSX (négociations);
- Technologies TSX (services de technologies de l'information); et
- TSX Datalinx (données sur les marchés).

LES DÉCISIONS ET LES DISPENSES DE RECONNAISSANCE

TSX a été reconnue comme une Bourse de valeurs par la Commission des valeurs mobilières de l'Ontario (ci-après la « CVMO ») d'abord le 3 avril 2000(4) puis le 29 janvier 2002(5) et le 3 septembre 2002(6). Le 3 septembre 2002, elle a reçu une dispense de reconnaissance à titre de Bourse de valeurs de la part de l'Alberta Securities Commission (ci-après l' « ASC »). À la même date, la British Columbia Securities Commission (ci-après la « BCSC ») accordait à TSX une dispense d'être reconnue à titre de Bourse de valeurs.

De plus, le 20 décembre 2002, la Commission des valeurs mobilières du Québec (la « Commission ») prononçait la décision n° 2002-C-0485 à l'effet de renouveler, de manière temporaire, la dispense pour TSX d'être reconnue à titre d'organisme d'autoréglementation au Québec(7). Cette décision est arrivée à terme le 30 juin 2003; elle a été renouvelée par la Commission le 27 juin 2003, en vertu de la décision n° 2003-C-0244(8), puis le 12 septembre 2003, en vertu de la décision n° 2003-C-0329(9). Cette dernière décision est en vigueur jusqu'au 31 mars 2004, inclusivement.

LES ACTIVITÉS À MONTRÉAL

TSX a ouvert à Montréal un bureau d'affaires dans lequel elle offre aux émetteurs des services en français et en anglais. Ce bureau est desservi par des professionnels qualifiés qui sont à l'emploi de TSX.

LE PROTOCOLE D'ENTENTE SUR LA SURVEILLANCE DES BOURSES

L'ASC, la BCSC, la Commission, la CVMO et la Commission des valeurs mobilières du Manitoba (ci-après la « CVMM ») ont conclu le *Protocole d'entente sur la surveillance des Bourses et des systèmes de cotation et de déclaration d'opérations* (ci-après le « protocole d'entente sur la surveillance »)[(10)], lequel a été approuvé par le gouvernement du Québec le 18 juin 2003[(11)]. Le protocole d'entente sur la surveillance prévoit qu'il y aurait à l'égard de chaque Bourse reconnue (ci-après une « Bourse ») et de chaque système de cotation et de déclaration d'opérations reconnu (ci-après un « système de cotation ») une autorité principale (ci-après « l'autorité principale ») chargée de sa surveillance et une ou plusieurs autorités qui accordent une dispense (ci-après l' « autorité de dispense »).

Selon l'Annexe A du protocole d'entente sur la surveillance, la CVMO agit à titre d'autorité principale à l'égard de TSX tandis que l'Autorité (successeur de la Commission), l'ASC et la BCSC agissent à titre d'autorités de dispense.

Aux termes du protocole d'entente sur la surveillance, l'autorité de dispense d'une Bourse l'a dispensée ou la dispensera d'être reconnue en tant que Bourse en fonction de ce qui suit :

a) la Bourse est reconnue et continuera d'être reconnue par l'autorité principale en tant que Bourse ou, au Québec, en tant qu'organisme d'autoréglementation;

b) l'autorité principale est chargée de la surveillance de la Bourse exigée par la réglementation;

c) l'autorité principale informera l'autorité de dispense de ses activités de surveillance et celle-ci aura l'occasion de lui faire part de ses observations sur la surveillance de la Bourse conformément aux termes du protocole d'entente sur la surveillance.

Le protocole d'entente sur la surveillance prévoit que la CVMO est chargée de la mise en application d'un plan de surveillance de cette Bourse visant à vérifier qu'elle observe des normes appropriées en matière de fonctionnement et de réglementation de marché. TSX soumet à l'examen et à l'approbation de la CVMO toute modification proposée à ses règles, politiques et autres instruments similaires (ci-après les « règles »), conformément aux procédures établies par la CVMO.

TSX remet simultanément à l'Autorité des copies de toutes les règles soumises à l'examen et à l'approbation de la CVMO. TSX remet également toutes les règles définitives à l'Autorité dès qu'elles sont approuvées par la CVMO.

LA DÉCISION

L'Autorité, après avoir considéré :

a) le *Protocole d'entente* qui a été conclu le 15 mars 1999 par la Bourse de Montréal, The Alberta Stock Exchange, la Bourse de Toronto et le Vancouver Stock Exchange et qui a été depuis modifié le 10 novembre 1999 et le 22 septembre 2000. Ce protocole portait sur la restructuration des bourses canadiennes et définissait le cadre d'action en fonction

duquel ces différentes Bourses de valeurs entendaient restructurer leurs activités pour répondre à certaines considérations stratégiques[11];

b) la demande qui lui a été soumise par TSX et des arguments qui lui ont été présentés à son appui,

conclut qu'il ne serait pas contraire à l'intérêt public de prononcer la décision qui lui a été demandée.

Par conséquent, l'Autorité, en vertu de l'article 263 de la Loi, dispense la société TSX Inc. de l'application de l'article 169 de la Loi relativement à l'obtention d'une autorisation d'exercer une activité de bourse au Québec.

La présente dispense est accordée aux modalités et aux conditions suivantes :

1. LA RÉGIE D'ENTREPRISE

Pour assurer la diversité de la représentation, TSX s'assure que la composition de son conseil d'administration représente un équilibre approprié entre les intérêts des différentes entités qui utilisent ses services et ses installations.

2. LES ACTIVITÉS AU QUÉBEC

a) TSX offre à Montréal une gamme étendue de services en français et en anglais aux émetteurs du Québec, notamment des services d'inscription, de maintien à la cote et de suivi des émetteurs qui sont de qualité équivalente à ceux qui sont offerts à Toronto;

b) les membres du personnel de TSX qui exercent leurs fonctions à Montréal participent activement au processus décisionnel à l'égard des émetteurs qui sont desservis par cette Bourse;

c) les documents d'information de TSX qui sont destinés aux émetteurs québécois ainsi qu'aux organisations participantes dûment inscrites au Québec sont disponibles en français et en anglais.

3. LE FONCTIONNEMENT DE LA BOURSE

TSX exploitera une Bourse pour les émetteurs à grande capitalisation.

4. LE MAINTIEN DE LA RECONNAISSANCE

TSX continuera d'être reconnue à titre de Bourse par la CVMO, conformément à la *Loi sur les valeurs mobilières de l'Ontario*[13].

5. LA SUPERVISION DE LA BOURSE

La CVMO continuera d'agir à titre d'autorité principale de TSX, en vertu du protocole d'entente sur la surveillance ou d'une entente modifiée ou similaire, et TSX demeure assujettie au programme de surveillance établi par la CVMO de temps à autre.

6. L'APPROBATION DES RÈGLES

a) L'approbation des règles sera faite en respectant la procédure suivante :

i) tous les projets de modifications aux règles déposés auprès de la CVMO sont déposés en même temps auprès de l'Autorité;

ii) tous les projets de modifications aux règles qui sont rendus publics en vue de l'obtention de commentaires, sont rendus publics simultanément en anglais et en français par TSX; et

iii) la version définitive des règles qui ont été approuvées simultanément en anglais et en français par la CVMO est déposée auprès de l'Autorité;

b) les règles sont disponibles, en anglais et en français, sur le site Internet de TSX.

7. L'ACCÈS À L'INFORMATION

a) Lorsque l'Autorité en fait la demande par l'entremise de la CVMO, TSX lui remettra toutes les informations en sa possession, le cas échéant, sur les organisations participantes, sur les émetteurs et sur l'exploitation du marché par TSX, notamment les listes des organisations participantes, les informations sur les produits et les opérations et les décisions disciplinaires, le tout en conformité avec les dispositions de la *Loi sur la protection des renseignements personnels dans le secteur privé*(14), de la *Loi sur l'accès aux documents des organismes publics et sur la protection des renseignements personnels*(15) et des articles 296, 297 et 297.1 de la Loi, ainsi que des autres lois applicables, notamment d'autres lois sur la protection de la vie privée, portant sur la collecte, l'utilisation et la communication de renseignements et la protection des renseignements personnels;

b) TSX doit préserver la confidentialité des renseignements qui lui sont soumis dans le cadre de ses activités auprès des émetteurs et des organisations participantes faisant affaires au Québec, le tout en conformité avec l'article 5 de la *Charte des droits et libertés de la personne*(16), les articles 3 et 35 à 41 du *Code civil du Québec*(17) et les dispositions de la *Loi sur la protection des renseignements personnels dans le secteur privé*(18).

8. LES RENSEIGNEMENTS SUPPLÉMENTAIRES

TSX devra déposer auprès de l'Autorité toute information connexe qui la vise et qui sera requise conformément au règlement « Norme canadienne 21-101, *Le fonctionnement du marché* »(19).

Si TSX fait défaut de se conformer à une ou à plusieurs conditions qui sont énoncées dans la présente décision, l'Autorité pourra réviser la présente décision.

Enfin, l'Autorité abroge la décision n° 2003-C-0329 prononcée par la Commission le 12 septembre 2003.

La présente décision entrera en vigueur à la date de sa signature.

Signé le 27 février 2004.

Pour l'Agence nationale d'encadrement du secteur financier

Jean St-Gelais
Président-directeur général

Date : 27 février 2004

(1) L.R.Q., c. V-1.1.
(2) L.R.O., 1990, c. B.16.
(3) L.R.O., 1990, c. B.16.
(4) The Toronto Stock Exchange – Recognition Order, (2000) 23 OSCB 2495.
(5) The Toronto Stock Exchange – Amendment to Recognition Order, (2002) 25 OSCB 929.

(6) TSX Group Inc. & TSX Inc. – Amendment to Recognition Order, (2002) 25 OSCB 6134.
(7) TSX Inc., 2003-03-21, Vol. XXXIV, n° 11, BCVMQ, 11.
(8) TSX Inc., 2003-09-12, Vol. XXXIV, n° 36, BCVMQ, 16.
(9) TSX Inc., 2003-10-03, Vol. XXXIV, n° 39, BCVMQ, 8.
(10) Le protocole d'entente a reçu son approbation finale de la part des autorités québécoises le 17 juillet 2003.
(11) Décret 672-2003 concernant la signature d'une entente relative à la surveillance des bourses, des systèmes de cotation et des déclarations d'opérations, (2003) G.O., II, 3182.
(12) Dans l'affaire de la restructuration des bourses canadiennes, 1999-07-02, Vol. XXX, n° 26, BCVMQ, 6.
(13) L.R.O., 1990, c. S-5.
(14) L.R.Q., c. P-39.1.
(15) L.R.Q., c. A-2.1.
(16) L.R.Q., c. C-12.
(17) L.Q., 1991, c. 64.
(18) L.R.Q., c. P-39.1.
(19) 2002-08-31, Vol. XXXI, n° 35, BCVMQ, 3 & Annexe D (Décision n° 2001-C-0409 du 28 août 2002), telle que modifiée.

SCHEDULE 4

Groupe TSX Inc.
Bourse de croissance TSX Inc.

Décision n° : 2004-PDG-0076

LA DEMANDE DE DISPENSE

Bourse de croissance TSX Inc. (ci-après la »Bourse de croissance TSX ») a adressé à l'Agence nationale d'encadrement du secteur financier, aussi connue sous le nom Autorité des marchés financiers (ci-après l' »Autorité »), une demande afin que celle-ci prononce une décision, en vertu de l'article 263 de la *Loi sur les valeurs mobilières*[1] (ci-après la « Loi »), à l'effet de dispenser la Bourse de croissance TSX de façon permanente de l'application de l'article 169 de la Loi, afin de lui permettre d'exercer ses activités de Bourse de valeurs au Québec sans obtenir l'autorisation de l'Autorité.

LES FAITS

La Bourse de croissance TSX a soumis à l'appui de sa demande de dispense un énoncé des faits ainsi que les arguments apparaissant ci-après.

La demanderesse

La société Groupe TSX Inc. a été constituée en vertu de la *Loi sur les sociétés par actions* de l'Ontario[2]; il s'agit d'une société de portefeuille qui détient toutes les actions émises et en circulation de TSX Inc. TSX Inc. a été constituée en vertu de la *Loi sur les sociétés par actions* de l'Ontario[3]. Elle détient pour sa part toutes les actions émises et en circulation de la Bourse de croissance TSX. La demanderesse, la Bourse de croissance TSX, a été constituée en vertu de la *Business Corporations Act* de l'Alberta[4].

Les décisions et les dispenses de reconnaissance

La Bourse de croissance TSX a été reconnue comme une Bourse tant par l'Alberta Securities Commission (ci-après l' »ASC ») que par la British Columbia Securities Commission (ci-après la « BCSC »), d'abord le 26 novembre 1999[5][6], puis le 31 juillet 2001[7][8] et le 3 septembre 2002[9][10]. Le 3 septembre 2002, elle a reçu une dispense de reconnaissance à titre de Bourse de la part de la Commission des valeurs mobilières de l'Ontario (ci-après la « CVMO »). Le 20 novembre 2000 (avec prise d'effet le 24 novembre 2000), la Commission des valeurs mobilières du Manitoba (ci-après la « CVMM ») a accordé à la Bourse de croissance TSX une dispense des exigences de reconnaissance afin de permettre à la Bourse de croissance TSX d'exercer des activités de Bourse au Manitoba.

Dans une première décision n° 2001-C-0430 en date du 14 septembre 2001, la Commission des valeurs mobilières du Québec (la « Commission») dispensait, de manière temporaire, la Canadian Venture Exchange Inc. (« CDNX ») de l'obligation d'être reconnue à titre d'organisme d'autoréglementation pour exercer son activité au Québec, sous réserve du respect de certaines conditions. Le 31 mai 2002, par la décision n° 2002-C-0189, la Commission prolongeait, de manière temporaire, la dispense de reconnaissance à titre d'organisme d'autoréglementation de la CDNX, faisant dorénavant affaire sous le nom Bourse de croissance TSX. Cette dispense a été renouvelée par la Commission un certain nombre de fois [11] [12] jusqu'à son renouvellement, le 12 septembre 2003, en vertu de la décision n° 2003-C-0330[13]. Cette dernière décision sera en vigueur jusqu'au 30 juin 2004, inclusivement.

Les activités à Montréal

La Bourse de croissance TSX a ouvert à Montréal un bureau d'affaires dans lequel elle offre aux émetteurs des services en français et en anglais. Ce bureau est desservi par des professionnels qualifiés.

Le protocole d'entente sur la surveillance des Bourses

L'ASC, la BCSC, la Commission, la CVMO et la CVMM ont conclu le *Protocole d'entente sur la surveillance des Bourses et des systèmes de cotation et de déclaration d'opérations* (ci-après le « protocole d'entente sur la surveillance »)[14], lequel a été approuvé par le gouvernement du Québec le 18 juin 2003[15]. Le protocole d'entente sur la surveillance prévoit qu'il y aurait à l'égard de chaque Bourse reconnue (ci-après une « Bourse ») et de chaque système de cotation et de déclaration d'opérations reconnu une autorité principale (ci-après « l'autorité principale ») chargée de sa surveillance et une ou plusieurs autorités qui accordent une dispense (ci-après l' »autorité de dispense »).

Selon l'Annexe A du protocole d'entente sur la surveillance, l'ASC et la BCSC agissent conjointement à titre d'autorités principales à l'égard de la Bourse de croissance TSX, tandis que l'Autorité (successeur de la Commission), la CVMO et la CVMM agissent à titre d'autorités de dispense.

Aux termes du protocole d'entente sur la surveillance, l'autorité de dispense d'une Bourse l'a dispensée ou la dispensera d'être reconnue en tant que Bourse en fonction de ce qui suit :

- i) la Bourse est reconnue et continuera d'être reconnue par l'autorité principale en tant que Bourse ou, au Québec, en tant qu'organisme d'autoréglementation;
- ii) l'autorité principale est chargée de la surveillance de la Bourse exigée par la réglementation;
- iii) l'autorité principale informera l'autorité de dispense de ses activités de surveillance et celle-ci aura l'occasion de lui faire part de ses observations sur la surveillance de la Bourse conformément aux termes du protocole d'entente sur la surveillance.

De plus, aux termes du protocole d'entente sur la surveillance, l'autorité principale reconnaît qu'une autorité de dispense peut exiger que la Bourse lui remette :

- i) une copie de tous les documents prescrits que dépose la Bourse auprès de l'autorité principale pour examen et approbation conformément aux procédures de l'autorité principale, au même moment où ils sont déposés auprès de l'autorité principale;
- ii) une copie de tous les documents prescrits définitifs dès qu'ils sont approuvés par l'autorité principale conformément aux procédures de l'autorité principale;
- iii) à la demande de l'autorité de dispense, une copie de l'information déposée par la Bourse qui est précisée dans la demande.

En vertu du protocole d'entente sur la surveillance, les documents prescrits désignent les règlements, règles, politiques et autres documents semblables de la Bourse. Les procédures d'examen et d'approbation de modifications aux documents prescrits sont établies par l'autorité principale de temps à autre.

Dans les faits, la Bourse de croissance TSX soumet à l'examen et à l'approbation de l'ASC et de la BCSC les modifications proposées à ses règlements, règles, politiques, procédures, pratiques, interprétations et autres instruments similaires, conformément aux procédures établies de temps à autre par l'ASC et la BCSC (ci-après les « Règles »).

LA DÉCISION

L'Autorité, après avoir considéré :

a) le *Protocole d'entente* qui a été conclu le 15 mars 1999 par la Bourse de Montréal, The Alberta Stock Exchange, la Bourse de Toronto et le Vancouver Stock Exchange et qui a été depuis modifié le 10 novembre 1999 et le 22 septembre 2000 (ce protocole portait sur la restructuration des Bourses canadiennes et définissait le cadre d'action en fonction duquel ces différentes Bourses de valeurs entendaient restructurer leurs activités pour répondre à certaines considérations stratégiques[(16)]);

b) la demande qui lui a été soumise par la Bourse de croissance TSX et les arguments qui lui ont été présentés à son appui,

conclut qu'il ne serait pas contraire à l'intérêt public de prononcer la décision qui lui a été demandée.

Par conséquent, l'Autorité, en vertu de l'article 263 de la Loi, dispense la Bourse de croissance TSX de l'application de l'article 169 de la Loi relativement à l'obtention d'une autorisation d'exercer une activité de Bourse au Québec. La présente dispense est accordée aux modalités et aux conditions suivantes :

1. La régie d'entreprise

Pour assurer la diversité de la représentation, la Bourse de croissance TSX s'assure que la composition de son conseil d'administration représente un équilibre approprié entre les intérêts des différentes entités qui utilisent ses services et ses installations.

2. Les activités au Québec

a) La Bourse de croissance TSX offre à Montréal une gamme étendue de services en français et en anglais aux émetteurs du Québec, notamment des services d'inscription, de maintien à la cote et de suivi des émetteurs qui sont de qualité équivalente à ceux qui sont offerts dans les autres bureaux de la Bourse de croissance TSX;

b) les membres du personnel de la Bourse de croissance TSX qui exercent leurs fonctions à Montréal participent activement au processus décisionnel à l'égard des émetteurs qui sont desservis par cette Bourse;

c) les documents d'information de la Bourse de croissance TSX qui sont destinés aux émetteurs québécois, aux organisations participantes et aux membres dûment inscrits au Québec sont disponibles en français et en anglais.

3. Le fonctionnement de la Bourse

La Bourse de croissance TSX exploitera une Bourse pour les émetteurs à petite capitalisation.

4. Le maintien de la reconnaissance

La Bourse de croissance TSX continuera d'être reconnue à titre de Bourse par l'ASC et la BCSC, conformément à la *Securities Act* de l'Alberta[(17)] et à la *Securities Act* de la Colombie-Britannique[(18)], respectivement.

5. la supervision de la Bourse

L'ASC et la BCSC continueront d'agir à titre d'autorités principales conjointes de la Bourse de croissance TSX, en vertu du protocole d'entente sur la surveillance ou d'une entente modifiée ou similaire, et la Bourse de croissance TSX demeure assujettie au programme de surveillance établi conjointement par l'ASC et la BCSC de temps à autre.

6. L'approbation des Règles

a) L'approbation des Règles sera faite en respectant la procédure suivante :

i) tous les projets de modifications aux Règles déposés auprès de l'ASC et de la BCSC sont déposés auprès de l'Autorité dès que ces modifications auront été identifiées comme étant importantes (*« significant »*), conformément aux procédures établies de temps à autre par l'ASC et la BCSC;

ii) tous les projets de modifications aux Règles qui sont rendus publics en vue de l'obtention de commentaires, sont rendus publics simultanément en anglais et en français par la Bourse de croissance TSX; et

iii) la version définitive des Règles qui ont été approuvées simultanément en anglais et en français par l'ASC et la BCSC, conformément aux procédures établies de temps à autre par l'ASC et la BCSC, est déposée auprès de l'Autorité;

b) les Règles qui sont disponibles sur le site Internet de la Bourse de croissance TSX le sont simultanément en anglais et en français.

7. L'accès à l'information

a) Lorsque l'Autorité en fait la demande par l'entremise de l'ASC et de la BCSC, la Bourse de croissance TSX lui remettra toutes les informations en sa possession, le cas échéant, sur les organisations participantes ou les membres, sur les émetteurs et sur l'exploitation du marché par la Bourse de croissance TSX, notamment les listes des organisations participantes et des membres, les informations sur les produits et les opérations et les décisions disciplinaires, le tout en conformité avec les dispositions de la *Loi sur la protection des renseignements* p*ersonnels dans le secteur privé*(19), de la *Loi sur l'accès aux documents des organismes publics et sur la protection des renseignements personnels*(20) et des articles 296, 297 et 297.1 de la Loi, ainsi que des autres lois applicables, notamment d'autres lois sur la protection de la vie privée, portant sur la collecte, l'utilisation et la communication de renseignements et la protection des renseignements personnels;

b) La Bourse de croissance TSX doit préserver la confidentialité des renseignements qui lui sont soumis dans le cadre de ses activités auprès des émetteurs, des organisations participantes et des membres faisant affaire au Québec, le tout en conformité avec l'article 5 de la *Charte des droits et libertés de la personne*(21), les articles 3 et 35 à 41 du *Code civil du Québec*(22) et les dispositions de la *Loi sur la protection des renseignements personnels dans le secteur privé*(23)*.*

8. Les renseignements supplémentaires

La Bourse de croissance TSX devra déposer auprès de l'Autorité toute information connexe qui la vise et qui sera requise conformément au règlement « Norme canadienne 21-101, *Le fonctionnement du marché »*(24).

Si la Bourse de croissance TSX fait défaut de se conformer à une ou à plusieurs conditions qui sont énoncées dans la présente décision, l'Autorité pourra réviser la présente décision.

Enfin, l'Autorité abroge la décision n° 2003-C-0330 prononcée par la Commission le 12 septembre 2003.

La présente décision entrera en vigueur à la date de sa signature.

Signé le 28 juin 2004.

Pour l'Agence nationale d'encadrement du secteur financier

Jean St-Gelais
Président-directeur général

(1) L.R.Q., c. V-1.1.
(2) L.R.O., 1990, c. B.16.
(3) L.R.O., 1990, c. B.16.
(4) R.S.A. 2000, c. B-9.
(5) *Recognition in the matter of the Canadian Venture Exchange* (1999) ASCS 3468.
(6) *In the matter of the Canadian Venture Exchange Inc.*, 1999, 48 BC Weekly Summary 6.
(7) *In the matter of the Canadian Venture Exchange* (2001) ABSECCOM ORD-#804409 V2.
(8) *In the matter of the Canadian Venture Exchange Inc.* BCSECCOM COR #01/086.
(9) *In the matter of the Canadian Venture Exchange* (3 septembre 2002).
(10) *In the matter of TSX Venture Exchange Inc.* BCN 2002/32 COR #02/096
(11) *TSX Venture Exchange Inc.*, 2003-03-21, Vol.XXXIV, no 11, BCVMQ, 13.
(12) *TSX Venture Exchange Inc.*, 2003-09-12, Vol. XXXIV, no 36, BCVMQ, 9.
(13) *TSX Venture Exchange Inc.*, 2003-10-03, Vol. XXXIV, no 39, BCVMQ, 7.
(14) Le protocole d'entente a reçu son approbation finale de la part des autorités québécoises le 17 juillet 2003.
(15) *Décret 672-2003 concernant la signature d'une entente relative à la surveillance des bourses, des systèmes de cotation et des déclarations d'opérations*, (2003) G.O., II, 3182.
(16) *Dans l'affaire de la restructuration des bourses canadiennes*, 1999-07-02, Vol. XXX, n° 26, BCVMQ, 6.
(17) R.S.A., 2000, c. S-4.
(18) R.S.B.C, 1996, c. 418.
(19) L.R.Q., c. P-39.1.
(20) L.R.Q., c. A-2.1.
(21) L.R.Q., c. C-12.
(22) L.Q., 1991, c. 64.
(23) L.R.Q., c. P-39.1.
(24) 2001-08-31, Vol. XXXII, n° 35, BCVMQ, 3 & Annexe D (Décision n° 2001-C-0409 du 28 août 2001), telle que modifiée.
Article(s) : L-263, L-296, L-297, L-297.1, L-169

SCHEDULE 5

CERTAIN LEGISLATIVE PROVISIONS APPLICABLE TO SROs

“ 68. The Authority shall, after having ascertained that the constituting documents, by-laws and operating rules of the legal person, partnership or entity are in compliance with sections 69 and 70, grant recognition where it considers that the legal person, partnership or entity has the administrative structure and the financial and other resources necessary to exercise its functions and powers in an objective, fair and efficient manner.

The Authority must also ensure that the legal person, partnership or entity has the possibility of exercising its functions and powers without the risk of conflict of interest.

69. The Authority must be satisfied that the constituting documents, by-laws and operating rules of the legal person, partnership or entity allow the power to make decisions relating to the supervision of an activity governed by an Act referred to in Schedule 1 to be exercised mainly by persons residing in Québec.

70. The constituting documents, by-laws and operating rules of the legal person, partnership or entity must allow:

1) unrestricted membership for any person who meets the admission criteria;

2) equal access to the services offered.

In the case of a legal person, partnership or entity referred to in section 60, the constituting documents, by-laws and operating rules must allow the imposition of disciplinary sanctions for any violation of the by-laws or operating rules or contravention of the law. ”

SCHEDULE 6

EXCHANGE AUTHORIZATION CRITERIA

i) share ownership

a) provisions pertaining to ownership restriction or the transfer of the voting shares of the exchange;

ii) governance

a) fair and meaningful representation on the board of directors and its committees;

b) appropriate representation by independent directors on the board of directors and its committees;

c) provisions with respect to quorum;

d) appropriate qualifications, remuneration and limitation of liability for directors and officers;

e) appropriate conflict of interest provisions for directors, officers and employees.

iii) fair and equitable access

a) rules governing access to the facilities are fair, transparent and reasonable;

b) equality in access to services offered.

iv) fees

a) fair, transparent and equitable process for setting fees;

b) fees not to constitute a barrier to access;

c) fees balanced to ensure the exchange has sufficient revenues to satisfy its responsibilities.

v) regulation

a) power to set rules and ensure their fair and effective enforcement;

b) rules governing the activity of participants in the exchange;

c) rules to prevent fraudulent acts and practices;

d) rules prohibiting unreasonable discrimination among issuers or participants;

e) rule transparency;

f) accessibility of public to current rules;

vi) ability to satisfy regulatory activities and functions

a) provision enabling the performance of regulatory functions, including the establishment, oversight and application of the rules applicable to approved participants.

vii) fairness of procedures

a) fairness and reasonableness of requirements governing access to the exchange, the setting of limitations or conditions, and refusal of access.

viii) disciplinary measures

a) appropriate disciplinary measures with respect to approved exchange participants.

ix) insider trading and disciplinary proceedings

a) drafting and implementation of rules and policies to oversee insider trading and co-ordinate cease trade orders;

b) development, implementation and operation of insider trading oversight systems;

c) development and implementation of agreements with all markets where the underlying securities are traded.

x) market operations

a) rules governing market operations;

b) rules ensuring market integrity and effectiveness;

c) rules promoting fair and equitable business principles;

d) transparency of trading information;

e) agreement with a supplier of regulatory services for market or member supervision, where applicable;

f) agreement with a market operator, where applicable.

xi) financial viability

a) sufficient financial resources to ensure daily monitoring of operations and the financial viability of the exchange.

xii) systems and technology

a) systems and technology for adequate performance of exchange activities;

b) a process ensuring the integrity and reliability of systems in place.

xiii) clearing and settlement

a) existence of clearing agreements with an authorized clearing agency;

b) adequate oversight of the clearing agency;

c) clearing of all transactions by the authorized clearing agency;

d) restrictions on foreign members respecting legislation that are not anti-competitive and do not create obstacles to access.

xiv) information sharing

a) capacity and willingness to co-operate, in particular by sharing information, with the *Autorité des marchés financiers*, other exchanges, regulatory authorities and SROs responsible for the supervision or regulation of securities.

SCHEDULE 7

ENGLISH TRANSLATION

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May 13, 2011

Autorité des marchés financiers
800, Square Victoria
Bureau 2200
Montréal (Québec) H4Z 1G3

Attention : Ms Jacinthe Bouffard, Director SRO

Re: Canadian Derivatives Clearing Corporation

Dears Sirs, Mesdames,

Canadian Derivatives Clearing Corporation ("CDCC") hereby applies for recognition by the Autorité des marchés financiers ("AMF") as a clearing agency under section 14 of the *Derivatives Act* (Québec) ("QDA").

CDCC concurrently requests (i) an exemption from the requirement to obtain recognition as a clearing house and otherwise comply with sections 169 to 172 of the *Securities Act* (Québec) ("QSA") pursuant to section 263 of the QSA, (ii) an exemption from the requirement to obtain recognition as a self-regulatory organization under section 59 of the *Act respecting the Autorité des marchés financiers* (Québec) ("AMF Act"), and (iii) a revocation of decision n° 8601 dated November 12, 1987 issued by the Commission des valeurs mobilières du Québec ("CVMQ"), a predecessor to the AMF, pursuant to which CDCC was recognized as a self-regulatory organization under the QSA ("SRO Recognition Order").

INTRODUCTION

CDCC currently offers clearing services primarily for exchange-traded interest-rate and equity futures and options as well as for OTC equity options, and will soon be clearing fixed income transactions (repurchase transactions and cash buy or sell trades). Also, CDCC has recently submitted an application to operate as a central counterparty for the OTC Canadian swap market. Bourse de Montréal Inc. ("MX"), CDCC's sole shareholder, is a wholly-owned subsidiary of the TMX Group Inc. ("TMX Group"), a widely held public company, the common shares of which are listed on the Toronto Stock Exchange.

The authority granted to CDCC under the SRO Recognition Order was continued under transitional provisions of both the QDA and the AMF Act. Accordingly, CDCC is currently authorized to continue to carry on activities relating to derivatives transactions to which the QDA applies pursuant to section 230 of the QDA and to continue to carry on its activity relating to securities under section 740 of the AMF Act.

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In addition, the AMF issued a recognition order with respect to MX on April 10, 2008 (the "MX Order"), which contains provisions concerning CDCC. The MX Order is the object of a request for modification in relation to the TMX Group and the London Stock Exchange Group plc merger proposal (the "TMX-LSEG Merger Proposal").

The purpose of this application is to respectfully request that CDCC be regulated by the AMF under the single, coherent regulatory scheme provided by the QDA.

CDCC does not anticipate any material changes to the assertions made in this application as a consequence of, or in relation to, the TMX-LSEG Merger Proposal. Please see the separate application with respect to the TMX-LSEG Merger Proposal for a detailed description of that proposal.

Below, CDCC addresses 13 topics which have previously been examined by the AMF for recognition of a clearing agency: governance, fees, access, rules and rule making, due process, risk management, systems and technology, financial viability and reporting, operational reliability, protection of assets, outsourcing, information sharing and regulatory cooperation, and Québec specific items.

PART 1: GOVERNANCE

Principle: The governance structure should provide for fair and meaningful representation on its board, including appropriate representation of persons who are independent of the clearing agency.

To ensure effective oversight of its clearing agency function, CDCC's governance arrangements are transparent and are structured as follows:

The Board of Directors of CDCC (the "Board") is comprised of at least fifty percent (50%) of independent directors within the meaning of CDCC's Board of Directors Independence Standards, one of which acts as Chairperson of the Board. Quorum for meetings of the Board is established at the majority of the directors holding office.

To uphold ethical standards in all of CDCC's corporate activities, a code of conduct applies to all members of the Board in order to foster a climate of honesty, truthfulness and integrity. Such code includes conflict of interest disclosure provisions.

The Board has also adopted the TMX Group Employee Code of Conduct which outlines the specific obligations of employees, provides guidance on how to recognize and deal with ethical issues and provides mechanisms to report unethical conduct.

CDCC takes reasonable steps to ensure that each director of CDCC is a fit and proper person and the past conduct of each director affords reasonable grounds for belief that he or she will perform his or her duties with integrity.

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The Board carries out its mandate directly and through the Finance and Audit Committee (and such other committees as it appoints from time to time). The Finance and Audit Committee is comprised of not less than three (3) independent directors within the meaning of CDCC's Board of Directors Independence Standards. Quorum for meetings of the Finance and Audit Committee is established at the majority of its members. The Board also established a Risk Management Advisory Committee ("RMAC") as an advisory committee to the Board to provide advice and make non-binding recommendations to the Board in respect of risk management issues which are relevant to CDCC. Details on this advisory committee are provided in Part 6 (Risk Management) of this document.

The Board is responsible for confirming that a management system is in place to identify the principle risks to CDCC and its business and that appropriate procedures are in place to monitor and mitigate those risks, as specifically stated in the Board Charter of CDCC. The control framework that the TMX Group and its subsidiaries use to design the internal control over financial reporting is the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). With respect to operation activities, the internal control is also designed following the COSO model, as reported by CDCC's independent service auditors in accordance with section 5970 of the Canadian Institute of Chartered Accountants' Standards and Guidance Collection (the "CICA Handbook"). In addition, CDCC annually conducts its self-assessment against, and believes it complies with, the CPSS-IOSCO Recommendations for Central Counterparties which cover the compliance and operation components of its risk management.

To ensure the independence of CDCC and that of its employees from MX and its affiliates, MX has established strict partition measures regarding CDCC to avoid situations of real, potential or apparent conflict of interest that may arise between MX and CDCC, and to ensure that confidential information currently or potentially held by CDCC concerning its functions, activities or files remains confidential and is not communicated, disclosed or exchanged inappropriately to MX, its affiliates or third parties. Further, CDCC strives to minimize any risk of conflict of interest between risk management function and other operations of CDCC. Risk management staff report directly to the President and Chief Clearing Officer of CDCC, thereby ensuring proper oversight by management.

CDCC conducts its operations in accordance with applicable laws and complies with its regulatory requirements in all jurisdictions where it has commercial activities, which provides a strong, transparent and valid legal framework to support the rights and obligations of CDCC, its clearing members and their customers. In the context of its dealings with American residents, CDCC has duly filed a registration statement with the Securities and Exchange Commission ("SEC") and proceeded with the filing of a document entitled « *The Characteristics and Risks of Listed Canadian Options* » with the SEC on September 28 2010, in accordance with Rule 9b-1 of the *Securities Exchange Act of 1934*. In addition, CDCC regularly publishes Member Notices related to the dealings with American residents, which specify that CDCC is authorized by regulatory authorities of various American States to sell certain standardized options traded on MX.

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PART 2: FEES

Principle: Fees should be equitably allocated and should not have the effect of unreasonably creating barriers to access. The fee setting process should be fair, appropriate and transparent.

Clearing fees are allocated equitably among clearing members in relation to the product types and volumes that they clear at CDCC.

CDCC annually reviews its fee structure to ensure that (i) the costs to participants do not represent an inordinate burden, and (ii) the collected fees will provide sufficient resources to ensure that CDCC has adequate resources to effectively manage the operations of the organization and to continue to invest in the upgrading and maintenance of its infrastructure.

CDCC benchmarks the fees for its various products against relevant domestic and international counterparts. This exercise is undertaken despite the fact that many other clearing agencies serve significantly larger and more developed markets and therefore can charge fees that could not be supported in the Canadian market.

The CDCC list of fees is publicly available on CDCC's website and any update thereto is filed with the AMF and provided to clearing members by notice before the change becomes effective.

PART 3: ACCESS

Principle: Reasonable access should be provided to persons that satisfy eligibility requirements.

The standards for access to CDCC's services are set forth in the CDCC Rules. Rule A-1A (Membership in the Corporation) clearly establishes the eligibility criteria, the standards of membership and the admission procedure that each applicant is subject to in order to become and remain a clearing member. Rule A-2 (Miscellaneous Requirements) supplements the access standards with general and operational conditions that the clearing members must also meet. Rule A-3 (Capital Requirements) establishes minimum capital requirements for its clearing members.

The CDCC Rules are published on CDCC's website and any changes thereto are subject to the self-certification process in accordance with the *Derivatives Regulation* (Québec) ("QDR") which includes, subject to the exceptions prescribed by the QDR, prior notice of changes to clearing members and publication for a 30 day comment period in the AMF's bulletin.

Any entity that signs the CDCC application for membership, meets the criteria set forth in Rule A-1A and Rule A-3 and makes the required contributions to the CDCC clearing fund, as set forth in Rule A-6, is granted access by CDCC to the relevant clearing services.

CDCC's access criteria are objective and represent reasonable standards that every applicant must follow to use its clearing services. These standards facilitate, in a transparent manner, access to the financial market and fair and equitable competition among participants.

CDCC maintains records on each clearing member and the services that it is granted access to. Any denial or limitation of access is documented.

PART 4: RULES AND RULEMAKING

Principle: Rules and the process for adopting rules should be transparent. Rules should not unreasonably discriminate among clearing members. Rules should set out appropriate sanctions in the event of non-compliance by participants.

The CDCC Rules cover all aspects of the clearing services offered by CDCC, are governed by and construed in accordance with the laws of the province of Québec and the federal laws of Canada applicable therein, and are consistent with relevant securities and derivatives legislation. The CDCC Rules are publicly available and they ensure reasonable and equal treatment among clearing members and promote a fair and competitive environment.

CDCC's rule adoption and rule amendments are made in accordance with the relevant sections of the QDR. Additionally, Section A-211 of the CDCC Rules specifies that CDCC shall, subject to the exceptions prescribed in this section, provide the text of any proposed rule change and a statement of its purpose and effect on clearing members to each clearing member. The rule change publication on CDCC's website is also governed by applicable provisions of the QDR.

CDCC closely monitors clearing members' activities to ensure compliance with the CDCC Rules and that membership standards are always met. In the event a clearing member becomes non-conforming as set forth in Section A-1A04 of the CDCC Rules, a clearing member may be suspended by the Board and membership may further be terminated. Rule A-4 (Enforcement) provides for the remedies that CDCC may take against a non-conforming clearing member and Rule A-5 (Disciplinary Proceedings) establishes other sanctions that CDCC may apply against a non-conforming member. The Operations Manual, which is an integral part of the CDCC Rules, also sets forth certain fines applicable for late payments to discourage clearing members from such behaviour.

PART 5: DUE PROCESS

Principle: Participants affected by decisions should have an opportunity to be heard and have a means to appeal decisions. Records of decisions should be maintained.

Applicants who are denied clearing member status are afforded the opportunity to be heard and to present evidence. An applicant whose application is not approved by the Board may also avail itself of any right of appeal provided by applicable law.

CDCC also has a hearing procedure with respect to suspension and termination of membership. Pursuant to Section A-1A07 of the CDCC Rules, a clearing member who is suspended receives a written statement of the grounds thereof and has the right to appeal such suspension , with an opportunity to be heard and present evidence on its own behalf. After the hearing, the appellant is given a written statement of the decision. Again, a clearing member whose suspension is affirmed by the Board may avail itself of any right of appeal provided by applicable law. Pursuant to Section A-1A08 of the CDCC Rules, at the Board's meeting following the suspension of a member, or affirmation by the Board thereof, the Board will consider whether to lift the suspension or terminate the membership of the suspended clearing member. On such occasion, the clearing member is given prior written notice of the meeting and is afforded the opportunity to be heard by the Board.

With respect to disciplinary proceedings, CDCC also provides clearing members with the right to be heard prior to imposing penalties (except for late payment fines) for any breach under the CDCC Rules. A written statement of the Board's decision is furnished to the clearing member which is final, conclusive and binding on the clearing member, subject to its right of appeal provided by applicable law.

PART 6: RISK MANAGEMENT

Principle: Ensure that procedures for risk management are clearly defined and specify the respective responsibilities of the clearing agency and its participants.

As a central counterparty, CDCC contributes to the integrity and stability of the Canadian financial markets by protecting market participants from counterparty risk (also known as default risk or credit risk).

As prescribed in its Risk Manual, an integral part of the CDCC Rules, CDCC applies rigorous risk management procedures to protect its clearing members and indirectly, their clients, against extreme, but potential market events. The most important aspects of CDCC's risk management procedures are: (i) maintaining rigorous membership standards (as explained in Part 3 (Access) of this document), (ii) properly assessing market exposure and requiring appropriate margin to cover such exposure from its clearing members, (iii) closely monitoring the capital margin ratio of each clearing member, (iv) collecting and holding adequate levels of clearing fund contributions from its clearing members, (v) accepting only highly liquid assets as collateral, and (vi) having a robust default management process in place.

The risk department of CDCC calculates market exposures twice per day on an intra-day basis and once during end-of-day processes. These margin requirements are calculated separately for client, firm and multi-purpose accounts of each clearing member by the SPAN® software. CDCC measures its credit exposures to its clearing members on a daily basis through the daily capital margin ratio monitoring.

The RMAC, an advisory committee to the Board, provides advice and makes non-binding recommendations to the Board in respect of risk management issues which are relevant to CDCC. The RMAC is comprised of:

- at least five (5) senior representatives of clearing member firms of CDCC;
- at least two (2) members having no relation to approved participants of the MX, clearing member firms of CDCC or their employees or affiliates;
- one (1) representative of the MX; and
- two (2) representatives of CDCC

The RMAC is chaired by one of the representatives of the clearing member firms of CDCC or by one of the members having no relation to approved participants of MX, clearing member firms of CDCC or their employees or affiliates. Members of RMAC must have a requisite level of expertise and must be familiar with the risk management objectives of clearing agencies that settle and guarantee derivative instruments.

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CDCC has a link with CDS Clearing and Depository Services Inc. ("CDS") and with the Depository Trust & Clearing Corporation ("DTCC"), the central securities depository in the US, for the purpose of allowing its clearing members to pledge securities to meet the margin requirements that CDCC requires. In addition, the link to CDS also involves the transmission of transactional information in the fixed income marketplace.

The risks that CDCC incurs through these links are categorized as legal and operational in nature. In order to manage the legal risks associated with the collateral pledges, electronic pledges must be received from clearing members in favour of CDCC. There is an exception to this in the case of a clearing member that has entered into a tri-party agreement that allows another clearing member to perform this task on its behalf. In both cases, however, the pledging framework is defined in the CDCC Rules and the lien to collateral pledged in the name of CDCC is perfected for this purpose.

The operational risks incurred are managed through an electronic process that ensures redundancy and reconciliation of transactional data between CDCC, CDS and clearing members.

PART 7: SYSTEMS AND TECHNOLOGY

Principle: Systems supporting clearing functions should be supported by business continuity and disaster recovery plans that are tested periodically, and applicable internal controls. Capacity of the systems should also be estimated and stress tested.

CDCC has developed and implemented an extensive set of internal controls. The role of the internal audit function of CDCC is to ensure that such controls allow CDCC to adequately and efficiently accomplish its tasks of clearinghouse and central counterparty, in providing support to its clearing members in the trading, assignment and execution of exchange-traded and over-the-counter derivative contracts, in the margin and collateral processes, in the settlement and clearing, and in the IT processes involved. These internal controls are reviewed and reported on annually by external auditors in accordance with section 5970 of the CICA Handbook. CDCC's formal audit report is submitted to the AMF for review.

CDCC's clearing application system, known as SOLA Clearing, runs on servers in multiple locations. The software is scalable and the functionality to switch the production server from one piece of hardware to another is automated. Controls have been implemented to validate security protocols and to ensure that CDCC can identify the need to upgrade its hardware when needed.

CDCC's clearing application provides a series of processes that ensure the integrity of messages received. In addition, there is a protocol with MX to ensure that messages are not lost. CDCC's clearing members are responsible for putting in place trade and position reconciliation processes that validate CDCC's book of record.

Capacity is monitored on a real time basis for performance; activity against peak predicted activity thresholds are reported during weekly operation meetings. CDCC performs an annual capacity review.

CDCC's Business Continuity Plan ("BCP") is managed internally by CDCC's management team. The BCP addresses business related issues and possible scenarios. CDCC's business processes are run out of two physical locations. CDCC's Member Services have personnel in both Montréal and Toronto which adds redundancy capabilities at the business level.

CDCC's Disaster Recovery Plan ("DRP") for its technical operations is managed on behalf of CDCC by the TMX Technologies group. CDCC's technical platform consists of a primary and secondary server in both the primary and back-up data centers.

With the implementation of SOLA Clearing in May 2009, CDCC formally separated the BCP component from the DRP component. CDCC's DRP is tested on an annual basis. The results of this test are audited as part of the external audit referenced above.

PART 8: FINANCIAL VIABILITY AND REPORTING

Principle: Sufficient financial resources should be maintained to ensure proper performance of services.

CDCC collects adequate levels of collateral from its clearing members as margin and clearing fund deposits to ensure proper performance of its risk management function.

All collateral pledged is required by the CDCC Rules to be in the form of highly liquid assets. The risk department of CDCC runs a default simulation every year in order to test many operational functionalities related to CDCC's default process including the possibility of seizing the assets which are mostly pledged at CDS (Canadian securities) and DTCC (US securities).

CDCC has established a procedure to stress test its exposures in extreme but plausible market conditions to cover any residual risk which corresponds to the difference between the loss under the stress scenario and value of margin deposits (including the margin fund and the difference fund). The additional resources required to cover the residual risk is pledged in the clearing fund. The clearing fund is a mutualized fund to which all clearing members must contribute according to their risk level which is directly proportionate to their margin requirement level.

The stress scenarios include the most volatile periods that have been experienced by the markets over the last decades and they are also chosen for their representation of the range of contracts cleared by CDCC.

CDCC's stress tests and consequent clearing fund requirements are performed monthly. Scenarios and parameters are reconsidered annually and whenever the corporation deems necessary.

The risk management department of CDCC re-evaluates the clearing fund size once per month and potentially adjusts it to a higher or a lower size adequate to cover any largest shortfall (difference between the highest potential loss and the margin requirement) using a fair and transparent policy based on the last 60 days' average of the uncovered residual risk for every clearing member.

In addition to the financial resources described above, CDCC has a 50 million CAD revolving standby credit facility, a 100 million CAD daylight liquidity facility and a 50 million CAD failed settlement facility, for a total amount of 200 million CAD, with a Schedule I bank to provide liquidity in the event of default by a clearing member.

If the infrastructure operated by CDCC were to be designated by the Bank of Canada under the *Payment Clearing and Settlement Act*, then the Bank of Canada would formally oversee it as a systemically important financial market infrastructure and hold it to the highest standards. In addition, designated systems are eligible for fully collateralized, liquidity loans from the Bank of Canada under its lender of last resort policy.

CDCC also maintains an appropriate level of capital to ensure proper performance of its operations.

Under the MX Order, MX currently files the following financial documents with respect to its subsidiaries:

1. annual consolidated and non-consolidated audited financial statements,
2. quarterly consolidated and non-consolidated financial statements,
3. along with each of the above, a budget analysis of results and comparative analysis of results with the corresponding period of the previous fiscal year,
4. any long-term budget forecasts with the annual consolidated and non-consolidated budget.

Annual audited financial statements and report prepared by an independent auditor must also be filed with the AMF pursuant to the AMF Act.

In addition to financial resources, as part of its commitment in ensuring sound risk management and operational efficiency, CDCC has continued to invest in additional human resources and appropriate training as its business activities evolve. CDCC also continues to develop and enhance its technical infrastructure to support such activities.

PART 9: OPERATIONAL RELIABILITY

Principle: Procedures and processes that ensure the provision of accurate and reliable services should be adopted.

As the central depository for securities in Canada, CDS provides physical settlement services, on a delivery versus payment basis, to CDCC and its clearing members. As part of its clearing services, CDCC operates cash settlements on a daily basis. The procedures and processes ensuring accurate and reliable settlement services between CDCC and its clearing members are set forth in CDCC's Operations Manual which is an integral part of the CDCC Rules and publicly available on CDCC's website. CDCC's clearing members maintain their settlement accounts with financial institution(s). CDCC acts as the clearing members' agent in giving instructions to the financial institution(s) holding the clearing members' settlement accounts, in accordance with Section A-217 (Corporation as Agent Re Settlement Accounts) of the CDCC Rules.

CDCC currently uses a Schedule I bank as the holder of its Canadian dollar settlement account to receive and facilitate payments in the Canadian currency, and will transition to the Bank of Canada upon being designated by the Bank of Canada under the *Payment Clearing and Settlement Act*. The Schedule I bank is and shall remain the holder of CDCC's US dollar settlement account to receive and facilitate payments in US currency.

Once CDCC moves its Canadian dollar settlement account to the Bank of Canada, the financial institution(s) will issue Canadian dollar payments to CDCC via the Large Value Transfer System ("LVTS") operated by the Canadian Payment Association ("CPA") based on the instructions supplied to the financial institution(s) by CDCC. Meanwhile, they are issued via the Financial Electronic Data Interchange ("FEDI") system. The financial institution(s) issue US dollar payments via the FEDI system based on the instructions supplied to the financial institution(s) by CDCC.

CDCC has contingency plans in place for payments to the clearing members and payments to the CDCC. These are itemized in CDCC's BCP.

PART 10: PROTECTION OF ASSETS

Principle: Account maintenance and safekeeping procedures should be employed to protect participants' assets.

Federal insolvency laws in Canada allow the separate identification and treatment of customer and proprietary assets. CDCC currently has the ability to calculate customer and proprietary margin requirements separately. If the clearing members do not identify the margin deposits as being customer or proprietary assets, CDCC considers all margin deposits as collateral for all clearing members' positions without distinction. CDCC's clearing members pledge assets to CDCC to cover their margin requirements.

Electronic pledges are held in the pledge account of a central security depository. CDCC has pledge accounts in Canada at CDS and in the United States of America at DTCC. Electronic pledges must be received from the legal entity that is a clearing member of CDCC. There is an exception to this in the case of a clearing member that has entered into a tri-party agreement that allows another clearing member to perform this task on its behalf. If a default of a clearing member was to occur, CDCC could seize the electronic pledges via its terminal access to CDS or DTCC, as the case may be.

With respect to cash deposits, CDCC maintains this asset class in an account in its own name. CDCC's Canadian cash account is currently held at a Schedule I bank, but it will be held at the Bank of Canada upon being designated by the Bank of Canada under the *Payment Clearing and Settlement Act*. Cash payments in and out of such account will be processed through LVTS, operated by the CPA. CDCC's US cash account is and will remain held at a Schedule I bank. Payment movements are performed through the Schedule I bank's FEDI processes. For both Canadian and US payments, CDCC has the power of attorney to act on the clearing members' behalf to issue payments to CDCC, in accordance with Section A-217 (Corporation as Agent Re Settlement Accounts) of the CDCC Rules. CDCC monitors the financial status of financial institutions, including that of the Schedule I bank that CDCC uses, as part of its risk management processes.

CDCC accepts escrow letters and put and call letters of guarantee in the format that is provided within the Operations Manual. CDCC staff reviews the documents as they are received to ensure that the format is compliant. CDCC maintains a list of approved depositories and the risk management area reviews and validates such depositories on an annual basis. All asset class holdings are reconciled on a daily basis.

CDCC does not invest the clearing members' pledged cash assets. This asset class is held at CDCC's account at its Schedule I bank, and will be held at the Bank of Canada upon being designated by the Bank of Canada under the *Payment Clearing and Settlement Act*.

PART 11: OUTSOURCING

Principle: In any material outsourcing of its clearing services with parties other than affiliates, the clearing agency should follow industry best practices.

CDCC does not outsource any of the regulatory and business key functions of its clearing services with third parties outside of the TMX Group.

Within the TMX Group, CDCC has a services agreement with MX, whereby MX provides to CDCC certain services, including information technology, management and administrative services, and also has a services agreement with TSX inc., whereby TSX inc. provides to CDCC certain services, including management and administrative services. The service provider (MX or TSX inc., as applicable) may employ the services of a subcontractor to provide requested services when warranted in its judgement or at CDCC's request; provided, however, that the service provider remains fully responsible of the fulfillment of its contractual obligations. Whenever the service provider has used the services of subcontractors, CDCC has been involved in the outsourcing process. These contracts are mutually beneficial for the parties and conducted in the normal course of affairs.

PART 12: INFORMATION SHARING AND REGULATORY COOPERATION

Principle: Information should be shared with securities and derivatives regulators, other clearing agencies, exchanges, and SROs, subject to applicable privacy laws or confidentiality provisions.

Under the QDA, CDCC is required to provide the AMF with any information required by its recognition order as well as any information relating to its activities that would be useful to the AMF in exercising its powers and functions. In accordance with *National Instrument 21-101*, MX is required to report to the AMF any significant events related to CDCC.

CDCC has executed an MOU with the Investment Industry Regulatory Organization of Canada ("IIROC") in order to share information on clearing members' status, pursuant to which CDCC shall receive notices of any "Early Warning" triggers with respect to its members from the IIROC.

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CDCC has also executed an MOU with the Chicago Mercantile Exchange, which the vast majority of CCPs around the world have also signed, allowing for the sharing of information among CCPs on a global scale upon the default of a member. CDCC is also one of 28 member organizations of CCP12, a not-for-profit organization that ensures dialogue among clearing houses globally on the adoption of best clearing and risk management practices, supporting strategic progress on regulatory harmonization, and the enhancement of global standards.

PART 13: QUÉBEC SPECIFIC ITEMS

Language of services: The CDCC Rules are issued in French and in English and both versions are legal, valid and enforceable. CDCC's website content and any public information issued by CDCC is also available in both languages.

Activities in Québec: The registered office of CDCC is in Montréal.

Governing law and jurisdiction: CDCC Rules are governed by and construed in accordance with the laws of the province of Québec and the federal laws of Canada applicable therein. Each Clearing Member, by virtue of its membership in the Corporation, attorns to the jurisdiction of the courts of Québec.

Yours truly,

François Gilbert
Assistant Secretary
Canadian Derivatives Clearing Corporation

FG/ed