

MAPLE GROUP ACQUISITION CORPORATION

NOTICE OF COMMISSION APPROVAL

I. INTRODUCTION

Staff of the Commission (Staff or we) are publishing this notice (Notice) in connection with the proposed acquisition by Maple Group Acquisition Corporation (Maple) of TMX Group Inc. (TMX Group), which, through its wholly-owned subsidiary, TSX Inc. (TSX), operates the Toronto Stock Exchange. Maple also proposes to acquire Alpha Trading Systems Limited Partnership (Alpha LP), which owns the exchange operating company Alpha Exchange Inc. (Alpha Exchange), along with the general partner of Alpha LP, Alpha Trading Systems Inc. (Alpha GP) (collectively, Alpha). Finally, Maple proposes to acquire The Canadian Depository for Securities Limited (CDS Ltd.) and, indirectly, CDS Clearing and Depository Services Inc. (CDS Clearing and, collectively, CDS) (collectively, the Maple Proposal).

Following an extensive review of Maple's application to the Commission in connection with the Maple Proposal and a thorough public consultation process, including two requests for public comment and a public policy hearing, the Commission has issued orders that:

- (i) Recognize Maple, TMX Group, TSX, Alpha LP and Alpha Exchange as exchanges upon the acquisition by Maple of those entities;
- (ii) Recognize CDS as a clearing agency upon the acquisition by Maple of CDS;
- (iii) Approve Maple and the original Maple shareholders, acting jointly or in concert, beneficially owning, or exercising control or direction over, more than ten percent of the voting securities of TMX Group in connection with the second step of the acquisition of TMX Group and the acquisitions of Alpha and CDS;
- (iv) Approve the beneficial ownership, or the exercise of control or direction over, by Maple of more than ten percent of the voting securities of each of TMX Group and TSX;
- (v) Approve the beneficial ownership, or the exercise of control or direction over, by the original Maple shareholders individually, as applicable, of more than ten percent of the voting securities of Maple for a transitional period between take-up and the completion of the second step of the acquisition of TMX Group;
- (vi) Approve the original Maple shareholders, acting jointly or in concert, beneficially owning, or exercising control or direction over, more than ten percent of the voting securities of Maple in connection with the second step of the acquisition of TMX Group and the acquisitions of Alpha and CDS;
- (vii) Approve the beneficial ownership, or the exercise of control or direction over, by Maple of more than ten percent of the voting securities of each of Alpha GP and Alpha Exchange in connection with the second step of the acquisition of TMX Group and the acquisitions of Alpha and CDS; and
- (viii) Approve the holding of an interest in more than ten percent of the income or capital of Alpha LP in connection with the second step of the acquisition of TMX Group and the acquisitions of Alpha and CDS.

The previous recognition orders for TMX Group, TSX, Alpha LP, Alpha Exchange, and CDS will also be revoked upon the effective date of recognition of each of those entities.

All orders have been issued subject to terms and conditions. These terms and conditions are substantially similar to those that were published for comment on May 3, 2012 (May Request for Comments).¹

Maple has also sought amendments to the exemption orders previously granted by the Commission to TSX Venture Exchange (TSXV), the Natural Gas Exchange (NGX) and the Bourse de Montréal (MX). The Commission will issue these revised orders in due course.

II. DISCUSSION OF COMMENTS AND CHANGES TO RECOGNITION ORDERS

¹ (2012) 35 OSCB (Supp 2).

We would, at the outset, like to thank those commenters who provided comments for their views and input into this very important process. We are publishing with this Notice a summary of the comments received in response to the May Request for Comments together with our responses to those comments. In addition to the comments summarized, we have also considered comments received throughout our process for review of the Maple Proposal. A number of commenters expressed their support for the Maple transaction with the proposed enhanced oversight by the Commission while others continue to believe that the transaction is not in the public interest and that the proposed oversight would not be sufficient to manage the resulting conflicts of interest.

As a result of the comment process, we received a number of suggestions on how to improve the oversight of Maple, TMX Group, TSX, Alpha and CDS. Certain changes have been made to the terms and conditions of the recognition order of Maple, TMX Group, TSX Inc., and Alpha (the Exchange Recognition Order) and the recognition order of CDS (the CDS Recognition Order) to address the comments.

This Notice describes some of the key changes that we have made to the recognition orders as well as our response to some of the more significant comments received during the comment process. Other changes, as well as the responses to all comments, are found in the attached Summary of Comments.

A. Exchange Recognition Order

(a) Alpha Recognition

The recognition of Alpha has been integrated into the Exchange Recognition Order. The terms and conditions imposed on Alpha essentially mirror those imposed on Maple, TMX Group and TSX.

(b) Fees

The fees section of the Exchange Recognition Order has been amended to provide some clarity around the treatment of discounts and incentives offered by the recognized exchanges. In particular, we have clarified that the recognized exchanges must not provide discounts or rebates that are accessible only to, by design or implication, a class of market participants, except with the prior approval of the Commission, and have maintained an express prohibition against any such discounts or rebates accessible only to a particular market participant. We have also clarified that any fee arrangement whereby the recognized exchange requires the purchase of any product or service of a Maple clearing agency as a condition of the exchange supplying or continuing to supply a product or service is expressly prohibited.

Also, we have not made any changes to the Exchange Recognition Orders as a result of the comments suggesting that we undertake detailed, near-term reviews of the maker-taker pricing model or fees for market data as part of any recognition of Maple and its affiliates. These issues are separately under review and are not appropriately imposed as terms and conditions on only the Maple entities.

(c) Governance

We have removed a sub-paragraph that had been in paragraph 5 that had indicated that the CEO of Maple would not be taken into account in determining whether at least 50% of the board is unrelated to original Maple shareholders (the CEO provision). We removed this provision in the order on the basis that it could be interpreted to mean that we would consider the CEO to be unrelated to original Maple shareholders in every case, which, depending on the experience of the CEO, may not be the case. We note that the Governance Committee is expressly required to confirm the status of the "unrelated" nominees to the Board and so we expect the Governance Committee to make the required assessment with respect to any director candidate, including the CEO.

We have also amended the Exchange Recognition Order to provide for quorum requirements for the board of directors. These requirements now provide that the quorum for the Board consists of at least two thirds of the Board members.

Finally, we did not, as requested by some commenters, change the governance structure of Maple to require that Market Participant Advisory Committees (MPACs) be struck for exchange activities. We felt that MPACs were not appropriate for the competitive exchange environment and not necessary to facilitate user input into exchange operations. Instead, we amended the terms of the Governance Review in section 7 of the Exchange Recognition Order to expressly state that the Governance Review include a review that considers the degree to which Maple's governance structure fosters appropriate input of all exchange users.

(d) *Listings conflicts*

We have also revised the Exchange Recognition Order to provide that the choice of listing venues in the course of underwriting activities must be made without regard to ownership interests of a Maple dealer in a Maple recognized exchange.

B. CDS Recognition Order

(a) *Governance*

A new requirement has been added to the CDS Recognition Order related to the quorum of the Board of Directors. This requirement now provides that the quorum for the Board consists of at least two thirds of the Board members.

(b) *Competition*

Some of the comments received indicated that the recognition order did not go far enough to ensure that competition could develop in the clearing, settlement and depository services. The provision related to access that required CDS to ensure that its rules foster competition and to remove impediments to the prompt and accurate clearing and settlement of securities transactions has been further expanded in paragraph 6.7 of the terms and conditions. Specifically, the provision is now more explicit that the rules and any arrangements between CDS and its participants not prohibit, limit or impede the ability of participants to choose which entity it wishes to engage to perform the post-trade clearing, settlement or depository services. As well, the rules and arrangement cannot prohibit, limit or impede any third party service provider in the provision of its services.

(c) *Fees*

Some of the comments received indicate some uncertainty or ambiguity regarding the nature and extent of the fee regulation contemplated under the CDS Recognition Order. Additional wording has been added to paragraph 7.6 of the terms and conditions to clarify that the fee approval process applies to all fees and fee changes, for both core and non-core services. As well, the fee approval process includes a public comment period in all instances.

(d) *Transparency*

A number of comments were received that indicated the need for transparency in order for participants to fully understand the activities and operations of CDS. It was noted that the CDS Recognition Order already requires a number of reports and third party assessments to be completed and provided to the Commission. In paragraph 16.4 of the terms and conditions, a new requirement has been added to require that these reviews and assessments are also made available to participants. In addition, CDS must continue to provide an annual report to its participants containing substantially the same information, financial and otherwise, that it has previously.

(e) *Review*

Under paragraph 19.1 of the terms and conditions to the CDS Recognition Order, CDS was required to conduct a review of its rules and the arrangements it had with its participants to assess whether the rules and arrangements continued to be appropriate in light of the change in ownership structure and conversion to a for-profit entity. Upon further consideration, this requirement has been changed to require CDS to engage an independent qualified person, acceptable to the Commission, to carry out the review. The Commission would also have the ability to provide input into the scope of the review. In addition, the timeframe for completing the review has been shortened to nine months.

3. Other

(a) *Complexity/capability/cost of oversight*

A number of commenters raised concerns regarding the complexity of the operating and oversight regime created by the orders, the need for the Commission to acquire the capacity and capability to carry out effective oversight of Maple, and the resultant increase in costs of that enhanced oversight. Regarding complexity, the Commission has imposed terms and conditions that it feels are necessary in order for it to determine that it is in the public interest to make the orders. We acknowledge that the Commission will require an increase in capacity and capability to effectively manage the increased demands of oversight and the Commission undertakes to do so. To the extent that this increase in capacity and capability results in increased costs of oversight, our expectation is that these costs will be borne by Maple and its regulated affiliates, through the imposition of participation fees and activity fees, rather

than by market participants more generally. Our intended enhanced oversight program is described in more detail below.

(b) *Transition periods*

Maple has made certain commitments regarding the timing for implementation of policies and procedures required by the Exchange Recognition Order and the CDS Recognition Order. Also published with this Notice is a chart outlining what Maple has committed to with respect to timing.

III. ENHANCED OVERSIGHT

Due to Maple's proposal to own the key market infrastructure entities in Canada, which could concentrate risk in Maple, and the significant amount of conflicts that could result, we will be instituting an enhanced oversight program for the Maple Group. This program will include:

- Regular communication and interaction with board and management
- Regular communication and interaction with relevant users committees
- Periodic reporting of activities and development in businesses
- Periodic oversight reviews
- Prior approval of certain aspects of operations
- Access to all information (both regulated and affiliated businesses)
- External verification of certain information/processes/performance standards
- Review of access to CDS by unaffiliated marketplaces and dealers
- Periodic internal review of certain aspects of businesses as specified by the Commission
- Recovery and resolution plans
- Change in control approvals

In addition, both the Exchange Recognition Order and CDS Recognition Order specify additional reporting that must be provided to the Commission. In relation to the additional reporting that must be provided under the Exchange Recognition Order, we also note that this is in addition to the information filing requirements currently imposed on recognized exchanges under National Instrument 21-101 *Marketplace Operation*.

EXCHANGE RECOGNITION ORDER

**IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990,
CHAPTER S.5, AS AMENDED (Act)
AND**

**IN THE MATTER OF
MAPLE GROUP ACQUISITION CORPORATION
AND
TMX GROUP INC.
AND**

**TSX INC.
AND
ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP
ALPHA TRADING SYSTEMS INC.
ALPHA MARKET SERVICES INC.
AND
ALPHA EXCHANGE INC.**

AND

**IN THE MATTER OF
ALBERTA INVESTMENT MANAGEMENT CORPORATION
CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
CANADA PENSION PLAN INVESTMENT BOARD
CIBC WORLD MARKETS INC.
DESJARDINS FINANCIAL CORPORATION
DUNDEE CAPITAL MARKETS INC.
FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)
THE MANUFACTURERS LIFE INSURANCE COMPANY
NATIONAL BANK FINANCIAL & CO. INC.
ONTARIO TEACHERS' PENSION PLAN BOARD
SCOTIA CAPITAL INC.
AND
TD SECURITIES INC.**

ORDER

(Sections 21, 21.11 and 144 of the Act)

WHEREAS the Ontario Securities Commission (Commission) issued an order dated April 3, 2000, varied on January 29, 2002, September 3, 2002, August 12, 2005, December 16, 2005, August 10, 2006 and May, 16 2008 granting and continuing the recognition of TSX Group Inc., which later changed its name to TMX Group Inc. (TMX Group), and TSX Inc. (TSX) as a stock exchange pursuant to section 21 of the Act (the Previous TMX Order);

AND WHEREAS the Commission issued an order dated December 8, 2011, varied on March 27, 2012, and effective on April 1, 2012 recognizing each of Alpha Trading Systems Limited Partnership (Alpha LP) and Alpha Exchange Inc. (Alpha Exchange) as an exchange pursuant to section 21 of the Act (the 2011 Alpha Order);

AND WHEREAS on June 10, 2011 Maple Group Acquisition Corporation (Maple) commenced a transaction, consisting of a take-over bid (the Offer) involving the initial take up by Maple of a minimum of 70% of the outstanding shares of TMX Group (Initial Take Up) and a subsequent arrangement (Subsequent Arrangement) the result of which would be the acquisition by Maple of all of the issued and outstanding voting securities of TMX Group, the holding company parent of TSX;

AND WHEREAS Maple intends, concurrently with completion of the Offer or as soon as possible thereafter, to acquire Alpha LP and Alpha Trading Systems Inc. (Alpha GP) and, indirectly, Alpha Exchange and Alpha Market Services Inc. (Alpha Market Services) (collectively, Alpha) and The Canadian Depository for Securities Limited and, indirectly, CDS Clearing and Depository Services Inc. (collectively, CDS)(the Alpha and CDS Acquisitions);

AND WHEREAS at the time of granting this order, the Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs du Québec (F.T.Q.), The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., Ontario Teachers' Pension Plan Board,

Scotia Capital Inc., and TD Securities Inc. (collectively, the original Maple shareholders) are the investors in Maple, either directly or, in the case of the Alberta Investment Management Corporation (AIMCo), through AIMCo Maple 1 Inc. and AIMCo Maple 2 Inc.;

AND WHEREAS an application (the Application) has been filed requesting that the Commission issue an order:

- (i) recognizing Maple, as the proposed holding company parent of TMX Group, TSX, Alpha LP and Alpha GP, as an exchange,
- (ii) recognizing TMX Group as an exchange,
- (iii) recognizing TSX as an exchange,
- (iv) recognizing Alpha LP as an exchange,
- (v) recognizing Alpha Exchange as an exchange,
- (vi) approving the beneficial ownership by Maple of more than ten percent of the voting securities of each of TMX Group, TSX, Alpha GP and Alpha Exchange,
- (vii) approving the holding by Maple of more than 10% interest in the income or capital of Alpha LP,
- (viii) approving that the original Maple shareholders and Maple act jointly or in concert as beneficial owners of voting securities of TMX Group in connection with the Subsequent Arrangement and the Alpha and CDS Acquisitions,
- (ix) approving the beneficial ownership by the original Maple shareholders individually, as applicable, of more than ten percent of the voting securities of Maple for the transitional period between take-up under the Offer and completion of the Subsequent Arrangement, and
- (x) approving that the original Maple shareholders act jointly or in concert as beneficial owners of the voting securities of Maple in connection with the Subsequent Arrangement and the Alpha and CDS Acquisitions

(together, the Order);

AND WHEREAS the Previous TMX Order and 2011 Alpha Order will be replaced by the Order and therefore should be revoked;

AND WHEREAS based on the Application and the representations that Maple, TMX Group and TSX have made to the Commission, the Commission has determined that:

- (a) Maple, TMX Group, TSX, Alpha LP and Alpha Exchange satisfy the recognition criteria set out in Schedule 1 to the Order,
- (b) it is in the public interest to recognize each of Maple, TMX Group, TSX, Alpha LP and Alpha Exchange as an exchange pursuant to section 21 of the Act, and
- (c) it is not prejudicial to the public interest to revoke the Previous TMX Order and the 2011 Alpha Order pursuant to section 144 of the Act;

AND WHEREAS the Commission considers the proper operation of the exchanges as essential to investor protection and maintaining a fair and efficient capital market, and therefore requires that any conflicts of interest in the operation of the exchanges be dealt with appropriately, the fairness and efficiency of the market not be impaired by any anti-competitive activity, and that systemic risks are monitored and controlled;

AND WHEREAS the Commission intends to adopt a program of enhanced regulatory oversight with respect to Maple, TMX Group, TSX and Alpha;

AND WHEREAS Maple, TMX Group, TSX and the original Maple shareholders have agreed to the applicable terms and conditions set out in Schedules 2 to 9 to the Order;

AND WHEREAS Maple has agreed to provide written confirmation from Alpha agreeing to the applicable terms and conditions set out in Schedules 2 to 9 to the Order upon the acquisition by Maple of all of the interests in the income and capital of Alpha LP and all of the outstanding shares of Alpha GP;

AND WHEREAS Maple has provided to Commission Staff a letter, dated June 28, 2012 and attached to the Order, regarding Maple's undertakings to the Autorité des marchés financiers;

IT IS ORDERED that:

- (a) pursuant to section 21.11 of the Act, the original Maple shareholders and Maple, acting jointly or in concert, may beneficially own, or exercise control or direction over, more than ten percent of the voting securities of TMX Group in connection with the Subsequent Arrangement and the Alpha and CDS Acquisitions,
- (b) pursuant to section 21.11 of the Act, the beneficial ownership, or the exercise of control or direction over, by Maple of more than ten percent of the voting securities of each of TMX Group and TSX is approved,
- (c) pursuant to section 21.11 of the Act, the beneficial ownership, or the exercise of control or direction over, by the original Maple shareholders individually, as applicable, of more than ten percent of the voting securities of Maple for the transitional period between take-up under the Offer and completion of the Subsequent Arrangement is approved,
- (d) pursuant to section 21.11 of the Act, the original Maple shareholders, acting jointly or in concert, may beneficially own, or exercise control or direction over, more than ten percent of the voting securities of Maple in connection with the Subsequent Arrangement and the Alpha and CDS Acquisitions,
- (e) pursuant to the 2011 Alpha Order, the beneficial ownership, or the exercise of control or direction over, by Maple of more than ten percent of the voting securities of each of Alpha GP and Alpha Exchange in connection with the Subsequent Arrangement and the Alpha and CDS Acquisitions is approved, and
- (f) pursuant to the 2011 Alpha Order, the holding of an interest in more than ten percent of the income or capital of Alpha LP in connection with the Subsequent Arrangement and the Alpha and CDS Acquisitions is approved.

AND IT IS ORDERED that:

- (a) pursuant to section 21 of the Act, Maple is recognized as an exchange,
- (b) pursuant to section 21 of the Act, TMX Group is recognized as an exchange, and
- (c) pursuant to section 21 of the Act, TSX is recognized as an exchange,

provided that Maple, TMX Group, TSX and the original Maple shareholders comply with the terms and conditions set out in Schedules 2, 3, 4, 5 and 9 to the Order, as applicable, with the recognition of each of Maple, TMX Group and TSX as an exchange and the application of the aforementioned terms and conditions, as applicable, becoming effective upon the completion of the Initial Take Up pursuant to the Offer, except that paragraphs 2(b), 16(b), 16(c), and 16(d) of Schedule 2 are not applicable until the earlier of the completion of the Subsequent Arrangement or 30 days from the effective date of the recognition of Maple as an exchange;

AND IT IS ORDERED that:

- (a) pursuant to section 21 of the Act, Alpha LP is recognized as an exchange, and
- (b) pursuant to section 21 of the Act, Alpha Exchange is recognized as an exchange,

provided that Maple, Alpha and the original Maple shareholders comply with the terms and conditions set out in Schedules 2, 6, 7, 8 and 9 to the Order, as applicable, with the recognition of each of Alpha LP and Alpha Exchange as an exchange and the application of the aforementioned terms and conditions, as applicable, becoming effective upon the acquisition by Maple of all of the interests in the income and capital of Alpha LP and all of the outstanding shares of Alpha GP;

AND IT IS ORDERED that, pursuant to section 144 of the Act, the Previous TMX Order is revoked upon the effective date of the recognition of each of Maple, TMX Group and TSX as an exchange, and the 2011 Alpha Order is revoked upon the effective date of the recognition of each of Alpha LP and Alpha Exchange as an exchange.

DATED this 4th day of July, 2012.

"Mary Condon"

"Howard Wetston"

SCHEDULE 1

CRITERIA FOR RECOGNITION

PART 1 COMPLIANCE WITH NI 21-101 AND NI 23-101

1.1 Compliance with NI 21-101 and NI 23-101

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* (NI 21-101) and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, which include requirements relating to:

- (a) access;
- (b) marketplace operations;
- (c) exchange rules, policies and other similar instruments;
- (d) order and trade transparency;
- (e) transparency of marketplace operations;
- (f) record keeping;
- (g) marketplace systems and business continuity planning;
- (h) confidentiality of information;
- (i) outsourcing;
- (j) clearing and settlement;
- (k) fair and orderly markets;
- (l) the management of conflicts of interest; and
- (m) filing of financial statements.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

- (a) effective oversight of the exchange;
- (b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;
- (c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:
 - (i) appropriate representation of independent directors, and
 - (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;
- (d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest; and
- (e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

- (a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.

- (b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS AND ISSUERS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants and issuers, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

- (a) The exchange has rules, policies, and other similar instruments (Rules) that are designed to appropriately govern and regulate the operations and activities of participants and issuers.
- (b) In addition to meeting the requirements of NI 21-101 relating to market operations and exchange rules, policies and other similar instruments as referred to in paragraphs 1.1(b) and (c) of this Schedule, respectively, the Rules are also designed to
 - (i) ensure a fair and orderly market; and
 - (ii) provide a framework for disciplinary and enforcement actions.

PART 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant or issuer, or an applicant to be a participant or issuer, including a decision in relation to access, listing, exemptions, or discipline, the exchange ensures that:

- (a) parties are given an opportunity to be heard or make representations, and
- (b) it keeps a record of, gives reasons for and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

- (a) All fees imposed by the exchange are reasonable and equitably allocated and are consistent with the requirements in Ontario securities laws, including those listed in paragraphs 1.1(a) and (e) of this Schedule.
- (b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 INFORMATION SHARING AND REGULATORY COOPERATION

11.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, recognized self-regulatory organizations, other recognized or exempt exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 2

TERMS AND CONDITIONS APPLICABLE TO MAPLE, TMX GROUP, TSX, ALPHA LP AND ALPHA EXCHANGE

1. DEFINITIONS AND INTERPRETATION

(a) For the purposes of this Schedule:

“accounting principles” means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“affiliated entity” has the meaning ascribed to it in section 1.3 of NI 21-101, except that in the case of AIMCo “affiliated entity” means an AIMCo Affiliate;

“AIMCo” means the Alberta Investment Management Corporation;

“AIMCo Affiliate” means each AIMCo Client, any person directly or indirectly controlled by one or more AIMCo Clients, any investment pool managed by AIMCo, and any affiliated entity of any of the foregoing, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

“AIMCo Clients” means Her Majesty the Queen in right of Alberta and certain Alberta public sector pension plans, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

“Alpha Issuer” means a person or company whose securities are listed on either of the “Alpha Main” or “Alpha Venture Plus” listing markets of Alpha Exchange;

“Alpha Member” means a person or company that has been permitted to access the trading facilities of Alpha Exchange and is subject to regulatory oversight by Alpha Exchange, and the person’s or company’s representatives;

“associate” has the meaning ascribed to it in subsection 1(1) of the Act;

“ATS” means an alternative trading system as defined in subsection 1(1) of the Act;

“audited consolidated financial statements” means financial statements that

- (i) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, including that they adhere to the standards specified for consolidated financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*,
- (ii) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and
- (iii) are audited in accordance with Canadian GAAS and are accompanied by an auditor’s report;

“Board” means the board of directors;

“criteria for recognition” means all of the criteria for recognition set out in Schedule 1 to the Order;

“dealer” means “investment dealer” as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements*;

“dealer affiliate” means Desjardins Securities Inc, Dundee Securities Inc., and Manulife Securities Incorporated;

“Governance Committee” means the governance committee established by Maple pursuant to section 19 of Schedule 3 to the Order;

“IIROC” means the Investment Industry Regulatory Organization of Canada;

“Maple clearing agency” means any clearing agency owned or operated by Maple or Maple’s affiliated entities;

“Maple dealer” means an original Maple shareholder that is also a dealer;

“Maple issuer” means a person or company whose securities are listed on a Maple marketplace;

“Maple marketplace” means any marketplace owned or operated by Maple or Maple’s affiliated entities;

“Maple marketplace participant” means a marketplace participant of any Maple marketplace;

“Maple nomination agreement” means a nomination agreement provided for under Section 12(h) of the Amended and Restated Acquisition Governance Agreement of June 10, 2011 of Maple, as amended;

“Maple recognized exchange” means an exchange owned or operated by Maple or Maple’s affiliated entities that is recognized by the Commission as an exchange pursuant to section 21 of the Act;

“Maple trading facility” means any trading facility owned or operated by Maple or Maple’s affiliated entities;

“marketplace” has the meaning ascribed to it in subsection 1(1) of the Act;

“marketplace participant” has the meaning ascribed to it in section 1.1 of NI 21-101;

“NI 21-101” means National Instrument 21-101 *Marketplace Operation*;

“officer” has the meaning ascribed to it in subsection 1(1) of the Act;

“original Maple shareholder” means each of the AIMCo, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs du Québec (F.T.Q.), The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., National Bank Financial Inc., Ontario Teachers’ Pension Plan Board, Scotia Capital Inc., and TD Securities Inc.;

“original significant Maple shareholder” means a shareholder of Maple that is both an original Maple shareholder and a significant Maple shareholder;

“regulated Maple marketplace” means a Maple marketplace that is regulated by the Commission as a recognized exchange or an ATS;

“Regulatory Oversight Committee” means the committee established by Maple pursuant to section 20 of Schedule 3 to the Order;

“Rule” means a rule, policy, or other similar instrument of TSX or Alpha Exchange, as applicable;

“significant Maple shareholder” means a person or company that:

- (i) beneficially owns or exercises control or direction over more than 5% of the outstanding shares of Maple provided, however, that the ownership of or control or direction over additional Maple shares in connection with the following activities shall not be included for the purposes of determining whether the 5% threshold has been exceeded:
 - (A) investment activities on behalf of the person or company or its affiliated entity where such investments are made (I) by a bona fide third party investment manager with discretionary authority (subject to such retained discretion in order for the person or company or its affiliated entity to fulfil its fiduciary duties); or (II) by an investment fund or other pooled investment vehicle in which the person or company or such affiliated entity has directly or indirectly invested and which is managed by a third party who has not been provided with confidential, undisclosed information about Maple,
 - (B) acting as a custodian for securities in the ordinary course,

- (C) normal course trading (including proprietary client facilitation trading) and wealth management activities (including, for greater certainty, in connection with the management of any mutual funds, pooled funds, trust accounts, estate portfolios and other investor funds and portfolios), including electronic securities trading, conducted for or on behalf of clients of the person or company, provided that any fund manager with discretionary authority carrying out such activities on behalf of such clients, or such clients, have not been provided with confidential, undisclosed information about Maple,
- (D) the acquisition of Maple shares in connection with the adjustment of index-related portfolios or other “basket” related trading,
- (E) making a market in securities to facilitate trading in shares of Maple by third party clients or to provide liquidity to the market in the person or company’s capacity as a designated market maker for shares of Maple securities, in the person or company’s capacity as designated market maker for derivatives on Maple shares, or in the person or company’s capacity as market maker or “designated broker” for exchange traded funds which may have investments in shares of Maple, in each case in the ordinary course, (which, for greater certainty, shall include acquisitions or other derivative transactions undertaken in connection with hedging positions of, or in relation to, Maple shares), or
- (F) providing financial services to any other person or company in the ordinary course of business of its and their banking, securities, wealth and insurance businesses, provided that such other person or company has not been provided with confidential, undisclosed information about Maple,

and subject to the conditions that the ownership of or control or direction over Maple shares by a person or company in connection with the activities listed in (A) through (F) above:

- (G) is not intended by that person or company to facilitate evasion of the 5% threshold set out in clause (i), and
 - (H) does not provide that person or company the ability to exercise voting rights over more than 5% of the voting shares of Maple in a manner that is solely in the interests of that person or company as it relates to that person or company’s ownership of or control or direction over the subject shares, except where the ability to exercise voting rights over more than 5% of the voting shares arises as a result of the activities listed in (E) above in which case the person or company shall not exercise its voting rights with respect to those excess voting shares;
- (ii) is an original Maple shareholder that is a party to a Maple nomination agreement, for as long as its Maple nomination agreement is in effect; or
 - (iii) is an original Maple shareholder (A) whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof and (B) that has a partner, officer, director or employee who is a director on the Maple Board other than pursuant to a Maple nomination agreement, for so long as such partner, officer, director or employee remains a member of the Maple Board;

“TSX Issuer” means a person or company whose securities are listed on TSX;

“TSX PO” means a person or company that has been permitted to access the trading facilities of TSX and is subject to regulatory oversight by TSX, and the person’s or company’s representatives;

“unaudited consolidated financial statements” means financial statements that are prepared in the same manner as audited consolidated financial statements, except that they are not audited; and

“unaudited non-consolidated financial statements” means financial statements that are prepared in the same manner as audited consolidated financial statements, except that

- (i) they are not audited; and

- (ii) investments in subsidiary entities, jointly controlled entities and associates are accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*.
- (b) For the purposes of this Schedule, an individual is independent if the individual is “independent” within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*, as amended from time, but is not independent if the individual is:
 - (i) a partner, director, officer or employee, of a Maple marketplace participant or an associate of a partner, director, officer or employee of a Maple marketplace participant, or
 - (ii) a partner, director, officer or employee of an affiliated entity of a Maple marketplace participant, who is responsible for or is actively or significantly engaged in the day-to-day operations or activities of that Maple marketplace participant.
- (c) For the purposes of this Schedule, an individual is unrelated to original Maple shareholders if the individual:
 - (i) is not a partner, officer or employee of an original Maple shareholder or any of its affiliated entities or an associate of that partner, officer or employee;
 - (ii) is not nominated under a Maple nomination agreement;
 - (iii) is not a director of an original Maple shareholder or any of its affiliated entities or an associate of that director; and
 - (iv) does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the Governance Committee having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized exchange.
- (d) For the purposes of paragraph (c), the Governance Committee may waive the restrictions set out in sub-paragraph (c)(iii) provided that:
 - (i) the individual being considered does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the Governance Committee having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized exchange;
 - (ii) the recognized exchange publicly discloses the use of the waiver with reasons why the particular candidate was selected;
 - (iii) the recognized exchange provides advance notice to the Commission, at least 15 business days before the public disclosure in sub-paragraph 1(d)(ii) is made; and
 - (iv) the Commission does not object within 15 business days of its receipt of the notice provided under sub-paragraph 1(d)(iii) above.
- (e) For the purposes of this Schedule, where a term and condition would not apply to Alpha LP given its legal formation as a limited partnership, it will instead apply to Alpha GP, the incorporated entity that is responsible for carrying out the business activities of the recognized exchange Alpha LP.

2. PUBLIC INTEREST RESPONSIBILITIES

- (a) The recognized exchange shall conduct the business and operations of the recognized exchange in a manner that is consistent with the public interest.
- (b) The mandate of the Board of the recognized exchange shall expressly include the regulatory and public interest responsibilities of the recognized exchange.
- (c) The Board of the recognized exchange shall provide a written report to the Commission at least annually, or as required by the Commission, describing how the recognized exchange is meeting its regulatory and public interest responsibilities.

3. CRITERIA FOR RECOGNITION

The recognized exchange shall continue to meet the criteria for recognition set out in Schedule 1 to the Order.

4. FITNESS

The recognized exchange shall take reasonable steps to ensure that each director and officer of the recognized exchange is a fit and proper person. As part of those steps, the recognized exchange shall consider whether the past conduct of each director or officer affords reasonable grounds for the belief that the director or officer will perform his or her duties with integrity and in a manner that is consistent with the public interest responsibilities of the recognized exchange.

5. BOARD OF DIRECTORS

- (a) The recognized exchange shall ensure that:
 - (i) at least 50% of its Board members are independent directors; and
 - (ii) for as long as any Maple nomination agreement is in effect, at least 50% of its Board members are unrelated to original Maple shareholders.
- (b) The chair of the Board of the recognized exchange shall be independent and, for so long as any Maple nomination agreement is in effect, unrelated to original Maple shareholders.
- (c) In the event that the recognized exchange fails to meet the requirements of paragraphs (a) or (b) of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.
- (d) The recognized exchange shall not enter into any nomination agreement with any person or company that is not a party to a Maple nomination agreement as at the effective date of the recognition of Maple as an exchange pursuant to this Order, without the prior approval of the Commission.
- (e) The recognized exchange shall ensure that the Board is subject to requirements that the quorum for the Board consists of at least two-thirds of the Board members.
- (f) The recognized exchange shall obtain prior approval of the Commission before implementing amendments to the mandate of the Board and the mandate shall be publicly available on the website of Maple or TMX Group.

6. REPRESENTATION OF INDEPENDENT DEALERS

At least one director of the recognized exchange shall be a representative of a marketplace participant that:

- (a) is not affiliated with any Canadian Schedule I bank; and
- (b) for so long as any Maple nomination agreement is in effect, is unrelated to original Maple shareholders.

7. GOVERNANCE REVIEW

- (a) Within three years of the effective date of the recognition of Maple as an exchange pursuant to this Order, or at any other times required by the Commission, the recognized exchange shall engage an independent consultant, or independent consultants, acceptable to the Commission to prepare a written report assessing the governance structure of Maple, TMX Group and TSX, and shall also include Alpha if requested by the Commission (Governance Review).
- (b) The recognized exchange shall provide the written report to its Board promptly after the report's completion and then to the Commission within 30 days of providing it to its Board.
- (c) The scope of the Governance Review shall be approved by the Commission and shall include, at a minimum, the following:

- (i) a review of the Board composition, in particular whether the composition of the Board continues to meet the recognition criteria, including the requirement that there be fair, meaningful and diverse representation on the Board and any committees of the Board, including:
 - (A) appropriate representation of independent directors and directors unrelated to original Maple shareholders, and
 - (B) a proper balance among the interests of the different persons or companies using the services and facilities of the recognized exchange;
 - (ii) a review of the impact of the Board composition requirements, including requirements imposed by all securities regulatory authorities, on the recognized exchange's ability to meet the recognition criteria;
 - (iii) a review of the appropriateness and effectiveness of identical Boards for Maple, TMX Group, TSX, and Alpha Exchange if applicable;
 - (iv) a review of the degree to which the governance structure of Maple, TMX Group, TSX, and Alpha Exchange allows for appropriate input into the business and operations of the recognized exchange by users of the recognized exchange's services and facilities;
 - (iv) a review of how the Governance Committee actually discharges its mandate and performs its role and functions; and
 - (v) a review of how the Regulatory Oversight Committee actually discharges its mandate and performs its role and functions, including how conflicts of interest and potential conflicts of interest are actually managed, whether they are managed effectively, if there are any identified deficiencies, what they were and how they were remedied and whether further measures are warranted.
- (d) The Governance Review shall include an appropriate degree of public consultation, including consultation with users of the recognized exchange's services and facilities.

8. FEES, FEE MODELS AND INCENTIVES

- (a) The recognized exchange shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:
 - (i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the recognized exchange that is conditional upon the purchase of any other service or product provided by the recognized exchange or any affiliated entity;
 - (ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular marketplace participant or any other particular person or company; or
 - (ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the recognized exchange that is conditional upon:
 - (A) the requirement to have a Maple marketplace be set as the default or first marketplace a marketplace participant routes to, or
 - (B) the router of a Maple marketplace being used as the marketplace participant's primary router.
- (b) Except with the prior approval of the Commission, the recognized exchange shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies.
- (c) Notwithstanding the requirement for prior Commission approval of certain discounts, rebates, allowances, price concessions or other similar arrangements set out in paragraph (b), any approvals required under that

paragraph in connection with the fee schedules, fee models, contracts, agreements or other arrangements of the recognized exchange in place as of the effective date of the recognition of the recognized exchange as an exchange pursuant to this Order shall be filed with the Commission for approval within 30 days of the effective date of recognition, and the filing shall be subject to the Rule and Form 21-101F1 Filing Protocol attached as Schedule 10.

- (d) The recognized exchange shall obtain prior Commission approval before implementing any new, or amendments to, fees and fee models, including any new, or amendments to any, incentives relating to arrangements that provide for equity ownership in Maple for marketplace participants or their affiliated entities based on trading volumes or values on Maple marketplaces.
- (e) The recognized exchange shall not require another person or company to purchase or otherwise obtain products or services from any Maple clearing agency as a condition of the recognized exchange supplying or continuing to supply a product or service.
- (f) Except with the prior approval of the Commission, the recognized exchange shall not require another person or company to purchase or otherwise obtain products or services from the recognized exchange, any Maple marketplace or a significant Maple shareholder as a condition of the recognized exchange supplying or continuing to supply a product or service.
- (g) Within three years of the effective date of the recognition of Maple as an exchange pursuant to this Order and every three years subsequent to that date, or at other times required by the Commission, the recognized exchange shall:
 - (i) conduct a review, the scope of which shall be approved by the Commission, of the fees and fee models of the recognized exchange and all regulated Maple marketplaces that are related to trading, clearing, settlement, depository, data and any other services specified by the Commission;
 - (ii) include input from relevant stakeholders; and
 - (iii) provide a written report on the outcome of such review to its Board promptly after the report's completion and then to the Commission within 30 days of providing it to its Board.
- (h) If the Commission considers that it would be in the public interest, the Commission may require a recognized exchange to submit, for approval by the Commission, a fee, fee model or incentive that has previously been filed with and/or approved by the Commission.
- (i) Where the Commission decides not to approve the fee, fee model or incentive submitted under paragraph (h), any previous approval for the fee, fee model or incentive shall be revoked, if applicable, and the recognized exchange shall no longer be permitted to offer the fee, fee model or incentive.
- (j) Any fee, fee model or incentive, or amendment thereto, shall be filed in accordance with the Rule and Form 21-101F1 Filing Protocol attached as Schedule 10.

9. ORDER ROUTING

The recognized exchange shall not support, encourage or incent, either through fee incentives or otherwise, Maple marketplace participants to coordinate the routing of Maple marketplace participants' orders to a particular Maple marketplace or Maple trading facility.

10. INTEGRATION OF ANY BUSINESS OR CORPORATE FUNCTIONS

The recognized exchange shall:

- (a) obtain the prior approval of the Commission before implementing any significant integration, combination or reorganization of; or
- (b) provide notice to the Commission as required in Appendix A, as amended from time to time, of any other integration, combination or reorganization of;

any businesses, operations or corporate functions relating to trading, clearing and settlement, including marketplace and clearing agency operations, between the recognized exchange and its affiliated entities.

11. INTERNAL COST ALLOCATION MODEL AND TRANSFER PRICING

- (a) The recognized exchange shall establish and maintain an internal cost allocation model and policy or policies with respect to the allocation of costs or transfer of prices between the recognized exchange and its affiliated entities. The recognized exchange shall file with the Commission for approval the internal cost allocation model and policy or policies initially established in connection with this requirement within 9 months of the effective date of the recognition of Maple as an exchange pursuant to this Order.
- (b) The recognized exchange shall obtain prior Commission approval before making any amendments to the internal cost allocation model and policy or policies established and required to be maintained under paragraph (a).
- (c) The recognized exchange shall annually engage an independent auditor to conduct an audit and prepare a written report in accordance with established audit standards regarding compliance by the recognized exchange and its affiliated entities with the approved internal cost allocation model and transfer pricing policies.
- (d) The recognized exchange shall provide the written report of the independent auditor to its Board promptly after the report's completion and then to the Commission within 30 days of providing it to its Board.
- (e) The costs or expenses borne by the recognized exchange, and indirectly by the users of the recognized exchange's services, for each of the services provided by the recognized exchange, shall not include any costs or expenses incurred by the recognized exchange in connection with any activity carried on by the recognized exchange that is not related to that service.

12. CLEARING AND SETTLEMENT

The recognized exchange shall not establish requirements relating to clearing and settlement of trades that would result in:

- (a) unfair discrimination of or between market participants based on the clearing agency used; or
- (b) an imposition of any burden on competition among clearing agencies or back-office or post-trade service providers that is not reasonably necessary or appropriate; or
- (c) an unreasonable prohibition, condition or limitation relating to access by a person or company to services offered by the recognized exchange or a Maple clearing agency.

13. FINANCIAL REPORTING

- (a) Within 90 days of its financial year end, the recognized exchange shall deliver to the Commission audited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial year.
- (b) Within 45 days of each quarter end, the recognized exchange shall deliver to the Commission unaudited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial quarter.
- (c) Shorter time periods shall apply in paragraphs (a) and (b) above to Maple, if mandated for reporting issuers under applicable securities laws.
- (d) The recognized exchange shall deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days after the commencement of each fiscal year.

14. ADDITIONAL INFORMATION

The recognized exchange shall provide the Commission with the information set out in Appendix A to this Schedule 2, as amended from time to time.

15. PROVISION OF INFORMATION

- (a) The recognized exchange shall, and shall cause its affiliated entities to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of the recognized exchange or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:
 - (i) data, information and analyses relating to all of its or their businesses; and
 - (ii) data, information and analyses of third parties in its or their custody or control.
- (b) The recognized exchange shall share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, other recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.
- (c) The disclosure or sharing of information by the recognized exchange or any affiliated entities pursuant to the Schedules to the Order is subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its role as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

16. COMPLIANCE WITH TERMS AND CONDITIONS

- (a) The recognized exchange shall certify in writing to the Commission, in a certificate signed by its CEO and general counsel, within one year of the effective date of the recognition of the recognized exchange as an exchange pursuant to this Order and every year subsequent to that date, or at other times required by the Commission, that the recognized exchange is in compliance with the terms and conditions applicable to it in the Order and describe in detail:
 - (i) the steps taken to require compliance;
 - (ii) the controls in place to verify compliance; and
 - (iii) the names and titles of employees who have oversight of compliance.
- (b) If a recognized exchange, or its directors, officers or employees becomes aware of a breach or a possible breach of any of the terms and conditions applicable to the recognized exchange under the Schedules to the Order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of the breach or possible breach. The director, officer or employee of the recognized exchange shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.
- (c) The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 16(d).
- (d) The Regulatory Oversight Committee shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph 16(b). Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to the recognized exchange under the Schedules to the Order, the Regulatory Oversight Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX A

Additional Reporting Obligations

1. Ad Hoc

- (a) Immediate notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, or (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, listing agreements, data subscription agreements, etc.).
- (b) Any plans by the recognized exchange or its affiliated entities that carry on business in Canada to enter into new businesses (directly or indirectly, including joint ventures) or to cease existing businesses, promptly after the Board has made the decision to implement those plans.
- (c) Immediate notification of:
 - (i) the appointment of any new director or officer of the recognized exchange, including a description of the individual's employment history; and
 - (ii) the receipt of notice of resignation from, or the resignation of, a director or officer or the auditors the recognized exchange, including a statement of the reasons for the resignation.
- (d) Any minutes of the meetings of the Board, or any committees of the Board, promptly after their approval.
- (e) Immediate notification if the recognized exchange:
 - (i) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;
 - (ii) becomes aware that it is the subject of a criminal or regulatory investigation; or
 - (iii) becomes, or is notified that it will become, the subject of a material lawsuit.
- (f) Any strategic plan for the recognized exchange and its affiliated entities carrying on business in Canada, including strategic plans relating to its equities, fixed income, and derivatives (including exchange-traded and over-the-counter or otherwise) businesses, within 30 days of approval by the Board
- (g) Any filings made by the recognized exchange with a Canadian securities regulatory authority pursuant to a recognition order, exemption order or NI 21-101, filed concurrently.

2. Quarterly Reporting

- (a) A quarterly list of any integration, combination or reorganization of any businesses, operations or corporate functions relating to trading, clearing and settlement, including marketplace and clearing agency operations, between the recognized exchange and its affiliated entities in the previous quarter that are not subject to the prior approval requirement under subsection 10(a) of Schedule 2 to the Order.
- (b) A list of the internal audit reports and risk management reports issued in the previous quarter that relate to the operations and business of the recognized exchange.

3. Annual Reporting

- (a) At least annually or more frequently if required by the Commission, the recognized exchange's assessment of the risks, including business risks, facing the recognized exchange and its affiliated entities carrying on business in Canada and its plan for addressing such risks.

SCHEDULE 3

TERMS AND CONDITIONS APPLICABLE TO MAPLE

17. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

18. SHARE OWNERSHIP RESTRICTIONS

- (a) Maple shall continue to own, directly or indirectly, all of the issued and outstanding voting shares of TMX Group, TSX, Alpha GP and Alpha Exchange, and shall continue to hold, directly or indirectly, the interests in the income and capital of Alpha LP.
- (b) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, 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%, or such other percentage as may be prescribed by the Commission, of any class or series of voting shares of Maple. The Commission's approval under this paragraph may be subject to such terms and conditions as the Commission considers appropriate.
- (c) The articles of Maple shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

19. GOVERNANCE COMMITTEE

- (a) Maple shall maintain a governance committee of the Board that, at a minimum:
 - (i) is made up of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;
 - (ii) confirms the status of nominees to the Maple Board as independent and/or unrelated to original Maple shareholders, as appropriate, before the name of the individual is submitted to shareholders as a nominee for election to the Maple Board;
 - (iii) confirms on an annual basis that the status of the directors who are independent and/or unrelated to original Maple shareholders, as appropriate, has not changed;
 - (iv) assesses and approves all nominees of management to the Maple Board, and any nominees pursuant to any Maple nomination agreement; and
 - (v) has a requirement that the quorum consist of a majority of independent directors, and, for so long as any Maple nomination agreement is in effect, a majority of directors who are unrelated to original Maple shareholders.
- (b) Maple shall obtain prior Commission approval before implementing amendments to the mandate of the Governance Committee.

20. REGULATORY OVERSIGHT COMMITTEE

- (a) Maple shall establish and maintain a Regulatory Oversight Committee that, at a minimum:
 - (i) has a minimum of three directors;
 - (ii) is made up of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;
 - (iii) considers real or perceived conflicts of interest that may arise, including but not limited to the following contexts:

- (A) ownership interests in Maple by any Maple marketplace participant with representation on the Maple Board,
 - (B) increased concentration of ownership of the recognized exchange, and
 - (C) the profit-making objective and the public interest responsibilities of Maple, including general oversight of the management of the regulatory and public interest responsibilities of TMX Group, TSX, Alpha LP and Alpha Exchange;
- (iv) oversees the establishment of mechanisms to avoid or appropriately manage conflicts of interest or potential conflicts of interest, perceived or real, including any policies and procedures that are developed by Maple, TMX Group, TSX, Alpha LP, Alpha GP or Alpha Exchange, including those that are required to be established pursuant to the Schedules to the Order;
 - (v) monitors the operation of mechanisms that deal with conflicts of interest, including oversight of reporting of issuer regulation activities and conflicts of interest by TSX and Alpha Exchange;
 - (vi) reviews the effectiveness of the policies and procedures regarding conflicts of interest on a regular, and at least annual, basis;
 - (vii) annually prepares a written report examining the avoidance and management of conflicts of interest, the mechanisms used and the effectiveness of those mechanisms and provides the report to the Maple Board promptly and to the Commission within 30 days of providing it to its Board;
 - (viii) has a requirement that the quorum consist of a majority of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of directors who are unrelated to original Maple shareholders; and
 - (ix) reports in writing directly to the Commission on any matter that the Regulatory Oversight Committee deems appropriate or that is required by the Commission without first requiring Board approval or notification for such reporting.
- (b) Maple shall obtain prior approval of the Commission before implementing amendments to the mandate of the Regulatory Oversight Committee and the mandate shall be publicly available on the website of Maple or TMX Group.
 - (c) The Regulatory Oversight Committee shall provide a report in writing to the Commission, within 30 days after any meeting it holds, that includes a list of the matters considered and a detailed summary of the Regulatory Oversight Committee's considerations, how those matters were addressed and any other information required by the Commission.
 - (d) The Regulatory Oversight Committee shall provide such information as may be required by the Commission from time to time.

21. FEES, FEE MODELS AND INCENTIVES

- (a) Maple shall ensure that a regulated Maple marketplace does not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:
 - (i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the regulated Maple marketplace that is conditional upon the purchase of any other service or product provided by the regulated Maple marketplace or any affiliated entity;
 - (ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular market participant or any other particular person or company; or
 - (iii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the regulated Maple marketplace that is conditional upon:

- (A) the requirement to have a Maple marketplace be set as the default or first marketplace a marketplace participant routes to, or
 - (B) the router of a Maple marketplace being used as the marketplace participant's primary router.
- (b) Maple shall ensure that any affiliated entity does not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:
 - (i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the affiliated entity that is conditional upon the purchase of any other service or product provided by a regulated Maple marketplace; or
 - (ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the affiliated entity that is conditional upon
 - (A) the requirement to have a regulated Maple marketplace be set as the default or first marketplace a marketplace participant routes to, or
 - (B) the router of a regulated Maple marketplace being used as the marketplace participant's primary router.
- (c) Maple shall ensure that a regulated Maple marketplace does not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies, unless prior approval has been granted by the Commission.
- (d) Notwithstanding the requirement for prior Commission approval of certain discounts, rebates, allowances, price concessions or other similar arrangements set out in paragraph (b), any approvals required under that paragraph in connection with the fee schedules, fee models, contracts, agreements or other arrangements of a regulated Maple marketplace in place as of the effective date of recognition of Maple as an exchange pursuant to this Order shall be filed with the Commission for approval within 30 days of the effective date of recognition, and the filing shall be subject to the Rule and Form 21-101F1 Filing Protocol attached as Schedule 10.
- (e) Maple shall ensure that a regulated Maple marketplace obtains prior Commission approval before implementing any new, or amendments to, fees and fee models, including any new, or amendments to, any incentives relating to arrangements that provide for equity ownership in Maple for marketplace participants or their affiliated entities based on trading volumes or values on Maple marketplaces.
- (f) Maple shall ensure that a regulated Maple marketplace does not require another person or company to purchase or otherwise obtain products or services from any Maple clearing agency as a condition of the regulated Maple marketplace supplying or continuing to supply a product or service.
- (g) Maple shall ensure that a regulated Maple marketplace does not require a person or company to obtain products or services from the regulated Maple marketplace, any other Maple marketplace or a significant Maple shareholder as a condition of the regulated Maple marketplace supplying or continuing to supply a product or service, unless prior approval has been granted by the Commission.
- (h) Maple shall ensure that any affiliated entity does not require another person or company to obtain products or services from any regulated Maple marketplace or any Maple clearing agency as a condition of the affiliated entity supplying or continuing to supply a product or service.
- (i) If the Commission considers that it would be in the public interest, the Commission may require a regulated Maple marketplace to submit, for approval by the Commission, a fee, fee model or incentive that has previously been filed with and/or approved by the Commission.
- (j) Where the Commission decides not to approve the fee, fee model or incentive submitted under paragraph (i), any previous approval for the fee, fee model or incentive shall be revoked, if applicable, and the regulated Maple marketplace shall no longer be permitted to offer the fee, fee model or incentive.

22. CONFLICTS OF INTEREST AND CONFIDENTIALITY

- (a) Maple shall establish, maintain, and require compliance with policies and procedures that:
- (i) identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in TMX Group, TSX, and Alpha and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the marketplace operations or regulation functions of a Maple marketplace and the services and products provided by the Maple marketplace; and
 - (ii) require that confidential information regarding marketplace operations, regulation functions, a Maple marketplace participant or Maple issuer that is obtained by a partner, director, officer or employee of a significant Maple shareholder through that individual's involvement in the management or oversight of marketplace operations or regulation functions of a Maple marketplace:
 - (A) be kept separate and confidential from the business or other operations of the significant Maple shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (B) not be used to provide an advantage to the significant Maple shareholder or its affiliated entities.
- (b) Maple shall cause each regulated Maple marketplace to mandate that each marketplace participant of the regulated Maple marketplace that is a Maple dealer, an affiliated entity of the Maple dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, shall disclose the marketplace participant's relationship to Maple and the regulated Maple marketplace to:
- (i) clients whose orders might be, and clients whose orders have been, routed to the regulated Maple marketplace; and
 - (ii) entities for whom the marketplace participant is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on a regulated Maple marketplace.
- (c) Maple shall regularly review compliance with the policies and procedures established in accordance with paragraph 22(a), and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.
- (d) The policies established in accordance with paragraph 22(a) shall be made publicly available on the website of Maple or TMX Group.

23. ALLOCATION OF RESOURCES

- (a) Maple shall, for so long as TSX carries on business as an exchange, allocate, and cause TMX Group to allocate, sufficient financial and other resources to TSX to ensure that TSX can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.
- (b) Maple shall, for so long as Alpha Exchange carries on business as an exchange, allocate, and cause Alpha LP to allocate, sufficient financial and other resources to Alpha Exchange to ensure that Alpha Exchange can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.
- (c) Maple shall notify the Commission immediately upon becoming aware that it is or will be, or that TMX Group or Alpha LP is or will be, unable to allocate sufficient financial and other resources, as required under paragraphs 23(a) or (b), to TSX or Alpha Exchange, as applicable.
- (d) Maple shall ensure that there continues to be significant focus on the development of its core senior equities business, including by allocating sufficient financial and other resources to allow for such development.

24. COMPLIANCE

Maple shall do everything within its control to cause each of TMX Group, TSX, Alpha LP and Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

SCHEDULE 4

TERMS AND CONDITIONS APPLICABLE TO TMX GROUP

25. DEFINITIONS AND INTERPRETATIONS

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

26. SHARE OWNERSHIP RESTRICTIONS

- (a) TMX Group shall continue to own, directly or indirectly, all of the issued and outstanding voting shares of TSX.
- (b) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, other than Maple, 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%, or such other percentage as may be prescribed by the Commission, of any class or series of voting shares of TMX Group. The Commission's approval under this paragraph may be subject to such terms and conditions as the Commission considers appropriate.

27. CONFLICTS OF INTEREST AND CONFIDENTIALITY

- (a) TMX Group shall establish, maintain, and require compliance with policies and procedures that:
 - (i) identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in TSX, and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the marketplace operations or regulation functions of TMX Group, including regulated Maple marketplaces, or TSX and the services and products they provide; and
 - (ii) require that confidential information regarding marketplace operations, regulation functions, a Maple marketplace participant or Maple issuer that is obtained by a partner, director, officer or employee of a significant Maple shareholder through that individual's involvement in the management or oversight of marketplace operations or regulation functions:
 - (A) be kept separate and confidential from the business or other operations of the significant Maple shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (B) not be used to provide an advantage to the significant Maple shareholder or its affiliated entities.
- (b) TMX Group shall cause each of its regulated Maple marketplaces to mandate that each marketplace participant of the regulated Maple marketplace that is a Maple dealer, an affiliated entity of the Maple dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, shall disclose the marketplace participant's relationship to Maple, TMX Group and the regulated Maple marketplace to:
 - (i) clients whose orders might be, and clients whose orders have been, routed to the regulated Maple marketplace; and
 - (ii) entities for whom the marketplace participant is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on a regulated Maple marketplace.
- (c) TMX Group shall regularly review compliance with the policies and procedures established in accordance with paragraphs 27(a) and (b), and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

- (d) The policies established in accordance with paragraphs 27(a) and (b) shall be made publicly available on the website of TMX Group.

28. ALLOCATION OF RESOURCES

- (a) TMX Group shall, for so long as TSX carries on business as an exchange, allocate sufficient financial and other resources to TSX to ensure that TSX can carry out its functions in a manner that is consistent with the public interest, and in compliance with Ontario securities law.
- (b) TMX Group shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources, as required under paragraph (a), to TSX.
- (c) TMX Group shall ensure that there continues to be significant focus on the development of its core senior equities business, including by allocating sufficient financial and other resources to allow for such development.

29. COMPLIANCE

TMX Group shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law and shall do everything within its control to cause TSX to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

SCHEDULE 5

TERMS AND CONDITIONS APPLICABLE TO TSX

30. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

31. CONFLICTS OF INTEREST AND CONFIDENTIALITY

- (a) TSX shall establish, maintain and require compliance with policies and procedures that:
- (i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:
 - (A) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the exchange operations or regulation functions of TSX and the services and products it provides,
 - (B) conflicts of interest or potential conflicts of interest that arise from any interactions between TSX and a significant Maple shareholder or an original Maple shareholder whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, where TSX may be exercising discretion that involves or affects the original Maple shareholder or significant Maple shareholder either directly or indirectly, and
 - (C) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of TSX, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the TSX Issuer regulation functions and the business activities of TSX; and
 - (ii) require that confidential information regarding exchange operations, regulation functions, a TSX PO or TSX Issuer that is obtained by a partner, director, officer or employee of a significant Maple shareholder through that individual's involvement in the management or oversight of exchange operations or regulation functions:
 - (A) be kept separate and confidential from the business or other operations of the significant Maple shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (B) not be used to provide an advantage to the significant Maple shareholder or its affiliated entities.
- (b) TSX shall establish, maintain and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest arising from the listing of the shares of any significant Maple shareholder on the TSX, and such policies and procedures, and any amendments, shall not be implemented without prior approval of the Commission.
- (c) TSX shall require each TSX PO that is a Maple dealer, an affiliated entity of a Maple dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, to disclose the TSX PO's relationship with TSX to:
- (i) clients whose orders might be, and clients whose orders have been, routed to TSX; and
 - (ii) entities for whom the TSX PO is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on TSX.
- (d) TSX shall regularly review compliance with the policies and procedures established in accordance with paragraphs 31(a), (b) and (c), and shall document each review, and any deficiencies and how those

deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

- (e) The policies established in accordance with paragraphs 31(a), (b) and (c) shall be made publicly available on the website of TSX.

32. ACCESS

TSX's requirements shall provide access to the facilities of TSX only to properly registered investment dealers that are members of IIROC and satisfy the access requirements reasonably established by TSX.

33. REGULATION OF TSX POs AND TSX ISSUERS

- (a) TSX shall establish, maintain and require compliance with policies and procedures that effectively monitor and enforce the Rules against TSX Issuers and TSX POs, either directly or indirectly through a regulation services provider.
- (b) TSX has retained and shall continue to retain IIROC as a regulation services provider to provide, as agent for TSX, certain regulation services which have been approved by the Commission. TSX shall provide to the Commission, on an annual basis, a list outlining the regulation services performed by IIROC and the regulation functions performed by TSX. TSX shall obtain approval of the Commission before amending the listed services.
- (c) In providing the regulation services, as set out in the agreement between IIROC and TSX (Regulation Services Agreement), IIROC provides certain regulation services to TSX pursuant to a delegation of TSX's authority in accordance with section 13.08(4) of the *Toronto Stock Exchange Act* and will be entitled to exercise all of the authority of TSX with respect to the administration and enforcement of certain market integrity rules and other related rules, policies and by-laws.
- (d) TSX shall perform all other regulation functions not performed by IIROC, and shall maintain adequate staffing, systems and other resources in support of those functions. TSX shall obtain prior Commission approval before outsourcing such regulation functions to any party, including affiliated entities or associates of TSX.
- (e) TSX shall, at least annually, assess the performance by IIROC of the regulation services it provides to TSX, and self-assess the performance by TSX of any regulation functions not performed by IIROC, and provide a written report to its Board and the Regulatory Oversight Committee, together with any recommendations for improvements. TSX shall provide the Commission with copies of such reports and advise the Commission of the views of its Board and the Regulatory Oversight Committee on the recommendations and any proposed actions arising therefrom within 30 days of the presentation of the report to the Board.
- (f) TSX shall notify the Commission of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business or otherwise.

34. RULES, RULEMAKING AND FORM 21-101F1

- (a) TSX shall comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto as set out in Schedule 10, as amended from time to time.
- (b) TSX shall, within sixty days of the effective date of the recognition of TSX as an exchange pursuant to this Order, establish and maintain a TSX Board Rules Committee that would, at a minimum:
 - (i) be composed of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;
 - (ii) be responsible for considering and recommending to the TSX Board all Rules that must be submitted to the Commission under Schedule 10 and
 - (iii) annually prepare a written report providing details of the Committee's review of any Rules and in particular any issues or concerns that arose with respect to the Rules and provide the report to the TSX Board promptly and to the Commission within 30 days of providing it to the TSX Board.

35. DUE PROCESS

- (a) TSX shall ensure that the requirements of TSX relating to access to the trading and listing facilities of TSX, the imposition of limitations or conditions on access, and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions of appeals.
- (b) TSX shall, within sixty days of the effective date of the recognition of TSX as an exchange pursuant to this Order, establish written procedural requirements governing the process for appeals or review of decisions referred to in section paragraph 6.1 of the criteria for recognition and file the procedures with the Commission for approval.
- (c) For greater clarity, the procedural requirements referred to in paragraph (b) shall be considered to be Rules and therefore subject to the rule review process established in accordance with section 34 of this Schedule.

36. FINANCIAL VIABILITY MONITORING AND REPORTING

- (a) TSX shall calculate monthly the following financial ratios:
 - (i) a current ratio, being the ratio of current assets to current liabilities;
 - (ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to adjusted EBITDA (i.e., earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months; and
 - (iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,in each case calculated based on both consolidated and non-consolidated financial statements.
- (b) TSX shall report quarterly in writing to the Commission, along with the financial statements required to be delivered pursuant to Schedule 2, the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (a).
- (c) If TSX determines that it does not have, or anticipates that, in the next twelve months, it will not have, on a consolidated or non-consolidated basis:
 - (i) a current ratio of greater than or equal to 1.1/1,
 - (ii) a debt to cash flow ratio of less than or equal to 4.0/1, or
 - (iii) a financial leverage ratio of less than or equal to 4.0/1,it shall immediately notify the Commission of the above ratio(s) that it is not maintaining, or that it anticipates it will not maintain, the reasons and an estimate of the length of time before the ratio(s) will be compliant.
- (d) Upon receipt of a notification made by TSX under paragraph (c), the Commission may, as determined appropriate, impose additional terms or conditions on TSX.
- (e) TSX shall deliver to the Commission its annual financial budget, on a non-consolidated basis, together with the underlying assumptions, that has been approved by its Board, within 30 days after the commencement of each fiscal year.

37. OUTSOURCING

TSX shall obtain prior Commission approval before entering into or amending any outsourcing arrangements related to any of its key services or systems with a service provider, which includes affiliated entities or associates of Maple, TMX Group, TSX, Alpha LP or Alpha Exchange.

38. LISTING-RELATED CONDITIONS

TSX shall comply with the terms and conditions relating to the listing of Maple or any of Maple's affiliated entities on a Maple recognized exchange that are set out in Appendix A to this Schedule 5, as amended from time to time, applicable in the context of the listing of Maple or any of Maple's affiliated entities on TSX.

39. ADDITIONAL INFORMATION

- (a) TSX shall provide the Commission with:
- (i) the information set out in Appendix B to this Schedule 5, as amended from time to time; and
 - (ii) any information required to be provided by TSX to IIROC, including any and all order and trade information, as required by the Commission.
- (b) TSX shall comply with the reporting program set out in the *Automation Review Program For Market Infrastructure Entities in the Canadian Capital Markets*, as amended from time to time, and published on the Commission website.

40. COMPLIANCE

TSX shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

APPENDIX A

Listing-Related Conditions

1. DEFINITIONS AND INTERPRETATION

1.1 For purposes of this Appendix A:

"Competitor" means any person, the consolidated business and operations or the disclosed business plans of which are in competition, to a significant extent, with the listing functions, trading functions, market data services, clearing and settlement functions, or other material lines of business of Maple or its affiliated entities;

"exchange" means a Maple recognized exchange that has a listings business; and

"Maple entity" means Maple or any of Maple's affiliated entities.

1.2 For the purposes of this Appendix A, an individual is independent if the individual is independent as defined in section 1(b) of Schedule 2 to the Order.

1.3 For the purposes of this Appendix A, an individual is unrelated to original Maple shareholders if the individual is unrelated to original Maple shareholders as defined in section 1(c) of Schedule 2 to the Order.

2. UNDERLYING PRINCIPLES

2.1 Each exchange shall report to the Commission certain matters provided for in this Appendix A (Listing-Related Conditions) regarding Maple or certain other issuers listed on that exchange that raise issues of conflict of interest or potential conflict of interest for that exchange.

2.2 The purpose of the Listing-Related Conditions is to ensure that each exchange follows appropriate standards and procedures regarding the initial and continued listing of a Maple entity and Competitors, to ensure that a Maple entity is dealt with appropriately in relation to, and Competitors are treated fairly and not disadvantaged by, the listing of a Maple entity on that exchange.

3. INITIAL LISTING ARRANGEMENTS

3.1 To the extent not completed prior to the date of this Order, the exchange shall review, in accordance with its procedures, the initial listing application of a Maple entity. The exchange shall provide a copy of the application to the Commission's Director, Corporate Finance at the same time that the application is filed with the exchange.

3.2 On completing its review of the application and after allowing the Maple entity to address any deficiencies noted by the exchange, the exchange shall provide a summary report to the Commission's Director, Corporate Finance, with its recommendation for listing approval, if made. The summary report shall provide details of any aspects of the application that were atypical as well as any issues raised in the process that required the exercise of discretion by the exchange. Any related staff memoranda, analysis, recommendations and decisions not included in the summary report shall be attached for review by the Commission's Director, Corporate Finance. If requested, a copy of the exchange's current listing manual shall also be provided to the Commission's Director, Corporate Finance.

3.3 The Commission's Director, Corporate Finance shall have the right to approve or disapprove the initial listing of the Maple entity. In the event of disapproval, the Maple entity shall have the opportunity to address the concerns of the Commission's Director, Corporate Finance and may resubmit an amended application for listing, or amended parts thereof, to the exchange. The exchange shall provide a revised summary report and any new materials to the Commission's Director, Corporate Finance in accordance with section 3.2, along with a copy of the amended application.

4. CONFLICTS COMMITTEE

4.1 The exchange has established and shall continue to maintain a committee (Conflicts Committee) that shall review any matters brought before it regarding a conflict of interest or potential conflict of interest relating to

a Maple entity's listing on an exchange or the initial or continued listing of Competitors on an exchange (each, a Conflicts Committee Matter) as follows:

- (a) matters relating to the continued listing of a Maple entity or a Competitor or of a listing of a different class or series of securities of a Maple entity or a Competitor from a class or series already listed;
- (b) any applications for exemptive relief or applications for approval made by a Maple entity or a Competitor to the exchange;
- (c) any other requests to the exchange made by a Maple entity or a Competitor that require an exercise of discretion by the exchange; and
- (d) any listings matter related to an issuer listed on an exchange or listing applicant that asserts that it is a Competitor.

4.2 Notwithstanding section 4.1, where a Competitor certifies to the exchange that information required to be disclosed to the Conflicts Committee or to the exchange in connection with an initial listing or continued listing matter of the Competitor is competitively sensitive and the disclosure of that information would, in its reasonable view, put it at a competitive disadvantage with respect to a Maple entity, the exchange shall refer the matter to the Commission's Director, Market Regulation requesting that the Commission's Director, Market Regulation review issues relating to the competitively sensitive information. The Conflicts Committee shall consider all other aspects of the matter in accordance with the procedures set out in section 4.8. In addition, at any time that a Competitor believes that it is not being treated fairly by the exchange as a result of the exchange being in a conflict of interest position, the exchange shall refer the matter to the Commission's Director, Market Regulation.

4.3 In any initial listing or continued listing matter of a Competitor, the Competitor may waive the application of these Listing-Related Conditions by providing a written waiver to the exchange and the Commission's Director, Market Regulation. Where a waiver is provided, the exchange shall deal with the initial listing or continued listing matter in the ordinary course as if no Conflicts Committee Matter exists.

4.4 The Conflicts Committee shall be composed of: the general counsel of the exchange (Committee Secretary), the senior officer responsible for listings for the exchange, the senior officer responsible for trading operations for the exchange, and two other persons who shall be independent of Maple and, for so long as any Maple nomination agreement is in effect, unrelated to an original Maple shareholder. At least one such independent member shall participate in meetings of the Conflicts Committee, in order for there to be a quorum.

4.5 The exchange shall provide instructions to relevant officers and staff at the exchange so that they are able to identify a Conflicts Committee Matter that may exist or arise in the course of the performance of their functions. Without limiting the generality of the foregoing:

- (a) the exchange shall provide instructions that any matter concerning a Maple entity that is brought to the attention of staff at the exchange shall be immediately brought to the attention of the Committee Secretary.
- (b) the exchange shall maintain a list, in an electronic format, of all Competitors that are listed on the exchange. The exchange shall regularly, and in any event at least quarterly, update the list of Competitors. The Conflicts Committee shall review and approve the list of Competitors at least quarterly and, following approval, shall promptly provide the list to managers at the exchange who supervise departments that:
 - (i) review continuous disclosure;
 - (ii) review requests/applications for exemptive relief;
 - (iii) perform timely disclosure and monitoring functions relating to issuers listed on the exchange; and
 - (iv) otherwise perform tasks and/or make decisions of a discretionary nature regarding issuers listed on the exchange.

In maintaining this list, the exchange shall ensure that the relevant officers and staff responsible for listings for the exchange regularly prepare, review and update the list and promptly provide it to the Conflicts Committee and, upon request, to the Commission's Director, Market Regulation.

- (c) The exchange shall provide instructions to relevant staff at the exchange that any initial listing or continued listing matter or a complaint of a Competitor or of any issuer listed on the exchange or listing applicant to the exchange that asserts that it is a Competitor shall be immediately brought to the attention of the Committee Secretary.
- (d) The exchange shall provide to staff who review initial listing applications and to relevant officers and staff responsible for listings for the exchange a summary of the material lines of business of Maple and its affiliated entities and shall update the list as these material lines of business change, in order that relevant officers and staff responsible for listings for the exchange may recognize a Competitor.

4.6 Unless a waiver of procedures pursuant to section 4.3 or section 5.1 has been provided to the exchange, where a Conflicts Committee Matter has been brought to the attention of the Committee Secretary, the Committee Secretary shall convene a meeting of the Conflicts Committee to be held following receipt of a substantially complete application from the Competitor or the Maple entity, as the case may be, in no later than:

- (a) in the case of a Competitor, three business days; or
- (b) in the case of a Maple entity, five business days

The Committee Secretary or any member of the Conflicts Committee may also convene a meeting of the Conflicts Committee whenever he or she sees fit, in order to address any conflict issues that may not be related to any one specific matter or issuer.

4.7 Where a Conflicts Committee meeting is called in response to a Conflicts Committee Matter, the exchange shall immediately notify the Commission's Director, Market Regulation that it has received notice of a Conflicts Committee Matter. In addition to such notice, the exchange shall provide the Commission's Director, Market Regulation with: (i) a written summary of the relevant facts; and (ii) an indication of the required timing for dealing with the matter.

4.8 The Conflicts Committee shall consider the facts and form a determination regarding whether a conflict of interest exists or not, or is likely to arise or not, with respect to the Conflicts Committee Matter. The Conflicts Committee shall then proceed as follows depending on the circumstances:

- (a) If the Conflicts Committee determines that a conflict of interest relating to the exchange's proposed course for dealing with the Maple entity's listing or Competitor's listing on the exchange does not exist and is unlikely to arise, it shall notify the Commission's Director, Market Regulation of this determination. If the Commission's Director, Market Regulation approves such determination, the exchange shall deal with the matter in its usual course. When it has dealt with the matter, the exchange shall make a brief written record of such determination, including details of the analysis undertaken and the manner in which the matter was disposed of, and provide it to the Commission's Director, Market Regulation. If the Commission's Director, Market Regulation does not approve the determination and provides notice of such non-approval to the exchange, the exchange shall follow the procedures set out in section 4.8(b).
- (b) If the Conflicts Committee determines that a conflict of interest relating to the exchange's proposed course for dealing with the Maple entity's listing or Competitor's listing on the exchange does exist or is likely to arise or if the Commission's Director, Market Regulation provides the exchange with a non-approval notice pursuant to section 4.8(a), the exchange shall:
 - (i) formulate a written recommendation of how to deal with the matter; and
 - (ii) provide its recommendation to the Commission's Director, Market Regulation for his or her approval, together with a summary of the issues raised and details of any analysis undertaken.

If the Commission's Director, Market Regulation approves the recommendation, the exchange shall take steps to implement the terms of its recommendation.

- 4.9 Where the Commission's Director, Market Regulation has considered the Conflicts Committee Matter based on the information provided to him or her by the Conflicts Committee under section 4.8(b) and has determined that he or she does not agree with the recommendation of the exchange, the Commission's Director, Market Regulation may:
- (i) require the exchange to reformulate its recommendation; or
 - (ii) direct the exchange to take such other action he or she considers appropriate in the circumstances.
- 4.10 Where the Commission's Director, Market Regulation is requested to review a matter pursuant to section 4.9 or 4.2, respectively, the exchange shall provide to the Commission's Director, Market Regulation any relevant information in its possession and, if requested by the Commission's Director, Market Regulation any other information in its possession, in order for the Commission's Director, Market Regulation to review or, if appropriate, make a determination regarding the matter, including any notes, reports or information of the exchange regarding the issue, any materials filed by the issuer or issuers involved, any precedent materials of the exchange, and any internal guidelines of the exchange. The exchange shall provide its services to assist the matter, if so requested by the Commission's Director, Market Regulation.
- 4.11 The exchange shall conduct its usual review process in connection with all prescribed periodic filings of a Maple entity. Any deficiencies or irregularities in the Company Reporting Forms or other prescribed filings of a Maple entity shall be communicated to the Commission's Director, Market Regulation and brought to the attention of the Conflicts Committee, which shall follow the procedures outlined in this section 4. Upon request, the exchange shall make available to the Commission's Director, Corporate Finance, copies of the Company Reporting Forms and any other disclosure documents of a Maple entity that are filed with the exchange but not with the Commission.

5. WAIVER OF PROCEDURES

- 5.1 Notwithstanding the provisions in section 4, the Commission's Director, Market Regulation may, in his or her discretion on a case by case basis, grant the exchange a waiver from the requirement to comply with the procedures outlined in section 4 of the Listing-Related Procedures regarding matters related to the listing of a Maple entity on the exchange. Where such waiver is provided, the exchange shall deal with the matter in the ordinary course as if no Conflicts Committee Matter exists.

6. TIMELY DISCLOSURE AND MONITORING OF TRADING

- 6.1 The exchange shall use its best efforts to ensure that IIROC at all times is provided with the current list of the issuers listed on the exchange that are Competitors.

7. MISCELLANEOUS

- 7.1 Information provided by a Competitor to the Conflicts Committee in connection with a Conflicts Committee Matter shall not be used by the exchange for any purpose other than addressing the Conflicts Committee Matter. The exchange shall not disclose any confidential information obtained under these Listing-Related Procedures to a third party other than the Commission unless:
- (a) prior written consent of the other parties is obtained;
 - (b) it is required or authorized by law to disclose the information; or
 - (c) the information has come into the public domain otherwise than as a result of its breach of this clause.
- 7.2 The exchange shall provide disclosure on its website and in its Rules to the effect that an issuer can assert that it is a Competitor and shall outline the procedures for making such an assertion, including appeal procedures.

APPENDIX B

Additional Reporting Obligations

1. Definitions and Interpretation

For the purposes of this Appendix:

“Participant” means a TSX PO or Alpha Member, as applicable; and

“Issuer” means a TSX Issuer or Alpha Issuer, as applicable.

2. Ad Hoc

- (a) Prior notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, or (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, listing agreements, data subscription agreements, etc.).
- (b) Copies of all notices, bulletins and similar forms of communication that the recognized exchange sends to Participants or Issuers.
- (c) Prompt notification of any suspension or delisting of an Issuer, including the reasons for the suspension or delisting.
- (d) Prompt notification of any suspension or termination of a Participant’s status as a Participant of the recognized exchange, including the reasons for the suspension or termination.

3. Quarterly Reporting

- (a) A quarterly report summarizing all exemptions or waivers granted during the period pursuant to the Rules to any Participant or Issuer, which shall include the following information:
 - (i) the name of the Participant or Issuer;
 - (ii) the type of exemption or waiver granted during the period;
 - (iii) the date of the exemption or waiver; and
 - (iv) a description of the recognized exchange’s reason for the decision to grant the exemption or waiver.
- (b) A quarterly report regarding original listing applications containing the following information:
 - (i) the name of any issuer whose original listing application was conditionally approved, the date of such approval, the type of listing, the category of listing and, if known, whether the issuer was denied an application to list its securities on another marketplace;
 - (ii) the name of any issuer whose original listing application was rejected and the reasons for rejection, by category of listing; and
 - (iii) the name of any issuer whose original listing application was withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category of listing.
- (c) A quarterly report summarizing all significant incidents of Issuer non-compliance identified by the recognized exchange during the period, together with a summary of the actions taken to address and resolve the incidents of non-compliance.

SCHEDULE 6

TERMS AND CONDITIONS APPLICABLE TO ALPHA LP AND ALPHA GP

41. DEFINITIONS AND INTERPRETATIONS

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

42. OWNERSHIP RESTRICTIONS

- (a) Alpha LP shall continue to own, directly or indirectly, all of the issued and outstanding voting shares of Alpha Exchange.
- (b) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, other than Maple, no person or company and no combination of persons or companies acting jointly or in concert shall hold an interest of more than 10%, or such other percentage as may be prescribed by the Commission, in the income or capital of Alpha LP. The Commission's approval under this paragraph may be subject to such terms and conditions as the Commission considers appropriate.
- (c) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, other than Maple, 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%, or such other percentage as may be prescribed by the Commission, of any class or series of voting shares of Alpha GP. The Commission's approval under this paragraph may be subject to such terms and conditions as the Commission considers appropriate.

43. FITNESS

- (a) Alpha GP shall take reasonable steps to ensure that each director and officer of Alpha GP is a fit and proper person. As part of those steps, Alpha GP shall consider whether the past conduct of each director and officer affords reasonable grounds for the belief that the business of Alpha LP and Alpha Exchange shall be conducted with integrity and in a manner that is consistent with the public interest responsibilities of a recognized exchange.

44. CONFLICTS OF INTEREST AND CONFIDENTIALITY

- (a) Alpha LP and Alpha GP shall establish, maintain, and require compliance with policies and procedures that:
 - (i) identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in Alpha Exchange, and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the marketplace operations or regulation functions of Alpha LP, including regulated Maple marketplaces, or Alpha Exchange and the services and products they provide; and
 - (ii) require that confidential information regarding marketplace operations, regulation functions, a Maple marketplace participant or Maple issuer that is obtained by a partner, director, officer or employee of a significant Maple shareholder through that individual's involvement in the management or oversight of marketplace operations or regulation functions:
 - (A) be kept separate and confidential from the business or other operations of the significant Maple shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (B) not be used to provide an advantage to the significant Maple shareholder or its affiliated entities.

- (b) Alpha LP shall cause Alpha Exchange to mandate that each Alpha Member that is a Maple dealer, an affiliated entity of the Maple dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, shall disclose the Alpha Member's relationship to Maple, Alpha LP and Alpha Exchange to:
- (i) clients whose orders might be, and clients whose orders have been, routed to Alpha Exchange; and
 - (ii) entities for whom the Alpha Member is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on either of the "Alpha Main" or "Alpha Venture Plus" listing markets of Alpha Exchange.
- (c) Alpha LP shall regularly review compliance with the policies and procedures established in accordance with paragraphs (a) and (b), and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.
- (d) The policies established in accordance with paragraphs (a) and (b) shall be made publicly available on the website of Alpha Exchange.

45. ALLOCATION OF RESOURCES

- (a) Alpha LP shall, for so long as Alpha Exchange carries on business as an exchange, allocate sufficient financial and other resources to Alpha Exchange to ensure that Alpha Exchange can carry out its functions in a manner that is consistent with the public interest, and in compliance with Ontario securities law.
- (b) Alpha LP shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources, as required under paragraph (a), to Alpha Exchange.

46. COMPLIANCE

- (a) Alpha LP shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law and shall do everything within its control to cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.
- (b) Alpha GP shall do everything within its control to cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law, and to ensure that Alpha LP meets the terms and conditions of recognition applicable to it under this Schedule.

47. PROVISION OF INFORMATION

- (a) Alpha GP shall, and shall cause its affiliated entities to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of Alpha GP or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:
- (i) data, information and analyses relating to all of its or their businesses; and
 - (ii) data, information and analyses of third parties in its or their custody or control.
- (b) Alpha GP shall share information and otherwise cooperate with recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 7

TERMS AND CONDITIONS APPLICABLE TO ALPHA EXCHANGE

48. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

49. CONFLICTS OF INTEREST AND CONFIDENTIALITY

- (a) Alpha Exchange shall establish, maintain and require compliance with policies and procedures that:
- (i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:
 - (A) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the exchange operations or regulation functions of Alpha Exchange and the services and products it provides,
 - (B) conflicts of interest or potential conflicts of interest that arise from any interactions between Alpha Exchange and a significant Maple shareholder or an original Maple shareholder whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, where Alpha Exchange may be exercising discretion that involves or affects the original Maple shareholder or significant Maple shareholder either directly or indirectly, and
 - (C) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of Alpha Exchange, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the Alpha Issuer regulation functions and the business activities of Alpha Exchange; and
 - (ii) require that confidential information regarding exchange operations, regulation functions, an Alpha Member or Alpha Issuer that is obtained by a partner, director, officer or employee of a significant Maple shareholder through that individual's involvement in the management or oversight of exchange operations or regulation functions:
 - (A) be kept separate and confidential from the business or other operations of the significant Maple shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (B) not be used to provide an advantage to the significant Maple shareholder or its affiliated entities.
- (b) Alpha Exchange shall establish, maintain and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest arising from the listing of the shares of any significant Maple shareholder on either of the "Alpha Main" or "Alpha Venture Plus" listing markets of Alpha Exchange, and such policies and procedures, and any amendments, shall not be implemented without prior approval of the Commission.
- (c) Alpha Exchange shall require each Alpha Member that is a Maple dealer, an affiliated entity of a Maple dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, to disclose the Alpha Member's relationship with Alpha Exchange to:
- (i) clients whose orders might be, and clients whose orders have been, routed to Alpha Exchange; and

- (ii) entities for whom the Alpha Member is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on either of the “Alpha Main” or “Alpha Venture Plus” listing markets of Alpha Exchange.
- (d) Alpha Exchange shall regularly review compliance with the policies and procedures established in accordance with paragraphs 49(a), (b) and (c), and shall document each review, and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.
- (e) The policies established in accordance with paragraphs 49(a), (b) and (c) shall be made publicly available on the website of Alpha Exchange.

50. ACCESS

Alpha Exchange's requirements shall provide access to the facilities of Alpha Exchange only to properly registered investment dealers that are members of IIROC and satisfy the access requirements reasonably established by Alpha Exchange.

51. REGULATION OF ALPHA MEMBERS AND ALPHA ISSUERS

- (a) Alpha Exchange shall establish, maintain and require compliance with policies and procedures that effectively monitor and enforce the Rules against Alpha Issuers and Alpha Members, either directly or indirectly through a regulation services provider.
- (b) Alpha Exchange has retained and shall continue to retain IIROC as a regulation services provider to provide, as agent for Alpha Exchange, certain regulation services which have been approved by the Commission. Alpha Exchange shall provide to the Commission, on an annual basis, a list outlining the regulation services performed by IIROC and the regulation functions performed by Alpha Exchange. Alpha Exchange shall obtain approval of the Commission before amending the listed services.
- (c) Alpha Exchange shall perform all other regulation functions not performed by IIROC, and shall maintain adequate staffing, systems and other resources in support of those functions. Alpha Exchange shall obtain prior Commission approval before outsourcing such regulation functions to any party, including affiliated entities or associates of Alpha Exchange.
- (d) Alpha Exchange shall, at least annually, assess the performance by IIROC of the regulation services it provides to Alpha Exchange, and self-assess the performance by Alpha Exchange of any regulation functions not performed by IIROC, and provide a written report to its Board and the Regulatory Oversight Committee, together with any recommendations for improvements. Alpha Exchange shall provide the Commission with copies of such reports and advise the Commission of the views of its Board and the Regulatory Oversight Committee on the recommendations and any proposed actions arising therefrom within 30 days of the presentation of the report to the Board.
- (e) Alpha Exchange shall notify the Commission of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business or otherwise.

52. RULES, RULEMAKING AND FORM 21-101F1

- (a) Alpha Exchange shall comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto as set out in Schedule 10, as amended from time to time.
- (b) Alpha Exchange shall, within sixty days of the effective date of the recognition of Alpha Exchange as an exchange pursuant to this Order, establish and maintain an Alpha Exchange Board Rules Committee that would, at a minimum:
 - (i) be composed of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;
 - (ii) be responsible for considering and recommending to the Alpha Exchange Board all Rules that must be submitted to the Commission under Schedule 10; and

- (iii) annually prepare a written report providing details of the Committee's review of any Rules and in particular any issues or concerns that arose with respect to the Rules and provide the report to the Alpha Exchange Board promptly and to the Commission within 30 days of providing it to the Alpha Exchange Board.

53. DUE PROCESS

- (a) Alpha Exchange shall ensure that the requirements of Alpha Exchange relating to access to the trading and listing facilities of Alpha Exchange, the imposition of limitations or conditions on access, and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions of appeals.
- (b) Alpha Exchange shall, within sixty days of the effective date of the recognition of Alpha Exchange as an exchange pursuant to this Order, establish written procedural requirements governing the process for appeals or review of decisions referred to in section 6.1 of the criteria for recognition and file the procedures with the Commission for approval.
- (c) For greater clarity, the procedural requirements referred to in paragraph (b) shall be considered to be Rules and therefore subject to the rule review process established in accordance with section 52 of this Schedule.

54. FINANCIAL VIABILITY MONITORING AND REPORTING

- (a) Alpha Exchange shall calculate monthly the following financial ratios:
 - (i) a current ratio, being the ratio of current assets to current liabilities;
 - (ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to adjusted EBITDA (i.e., earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months, except that for the first 12 months commencing April 1, 2012, where any of the previous 12 months' adjusted EBITDA does not reflect the results from the operations of a marketplace, the adjusted EBITDA of the former Alpha ATS Limited Partnership for those months shall serve as a substitute for the purposes of determining what constitutes the most recent 12 months of adjusted EBITDA; and
 - (iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,in each case calculated based on both consolidated and non-consolidated financial statements.
- (b) Alpha Exchange shall report quarterly in writing to the Commission, along with the financial statements required to be delivered pursuant to Schedule 2, the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (a).
- (c) If Alpha Exchange determines that it does not have, or anticipates that, in the next twelve months, it will not have, on a consolidated or non-consolidated basis:
 - (i) a current ratio of greater than or equal to 1.1/1,
 - (ii) a debt to cash flow ratio of less than or equal to 4.0/1, or
 - (iii) a financial leverage ratio of less than or equal to 4.0/1,it shall immediately notify the Commission of the above ratio(s) that it is not maintaining, or that it anticipates it will not maintain, the reasons and an estimate of the length of time before the ratio(s) will be compliant.
- (d) Upon receipt of a notification made by Alpha Exchange under paragraph (c), the Commission may, as determined appropriate, impose additional terms or conditions on Alpha Exchange.
- (e) Alpha Exchange shall deliver to the Commission its annual financial budget, on a non-consolidated basis, together with the underlying assumptions, that has been approved by its Board, within 30 days after the commencement of each fiscal year.

55. OUTSOURCING

- (a) Alpha Exchange shall obtain prior Commission approval before entering into or amending any outsourcing arrangements related to any of its key services or systems with a service provider, which includes affiliated entities or associates of Maple, TMX Group, TSX, Alpha LP or Alpha Exchange.
- (b) For any and all exchange operations performed by Alpha Market Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing arrangement or otherwise, Alpha Exchange is responsible for the compliance of those operations with Ontario securities law, notwithstanding Alpha Market Services' responsibilities for the performance of those operations and its obligations under Schedule 8.

56. LISTING-RELATED CONDITIONS

Alpha Exchange shall comply with the terms and conditions relating to the listing of Maple or any of Maple's affiliated entities on a Maple recognized exchange that are set out in Appendix A to Schedule 5, as amended from time to time, applicable in the context of the listing of Maple or any of Maple's affiliated entities on either of the "Alpha Main" or "Alpha Venture Plus" listing markets of Alpha Exchange.

57. SEPARATION OF LISTING MARKETS

Alpha Exchange shall take all steps necessary to differentiate and distinguish the listing markets operated by Alpha Exchange, referred to as "Alpha Main" and "Alpha Venture Plus", so that the separate and distinct nature of each listing market and the listing standards applicable to each listing market is clear.

58. ADDITIONAL INFORMATION

- (a) Alpha Exchange shall provide the Commission with:
 - (i) the information set out in Appendix B to Schedule 5, as amended from time to time; and
 - (ii) any information required to be provided by Alpha Exchange to IIROC, including any and all order and trade information, as required by the Commission.
- (b) Alpha Exchange shall comply with the reporting program set out in the *Automation Review Program For Market Infrastructure Entities in the Canadian Capital Markets*, as amended from time to time, and published on the Commission website.

59. COMPLIANCE

Alpha Exchange shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

SCHEDULE 8

TERMS AND CONDITIONS APPLICABLE TO ALPHA MARKET SERVICES

60. DEFINITIONS AND INTERPRETATIONS

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

61. COMPLIANCE

- (a) Alpha Market Services shall do everything within its control to ensure that any and all exchange operations it performs for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, are conducted in a manner that is consistent with the public interest responsibilities of a recognized exchange and in compliance with the terms and conditions of this Schedule, and to also cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.
- (b) For any and all exchange operations performed by Alpha Market Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, Alpha Market Services shall comply with any requirement applicable to a recognized exchange set out in NI 21-101 and National Instrument 23-101 *Trading Rules*, each as amended from time to time, and any of the criteria for recognition, relating to:
- (i) access requirements,
 - (ii) restrictions on trading on another marketplace;
 - (iii) fair and orderly markets;
 - (iv) discriminatory terms;
 - (v) confidential treatment of trading information;
 - (vi) order protection;
 - (vii) information transparency;
 - (viii) transparency of marketplace operations;
 - (ix) recordkeeping requirements for marketplaces; and
 - (x) marketplace systems and business continuity planning.
- (c) For any and all exchange operations performed by Alpha Market Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, Alpha Market Services shall comply with the process for review and approval of information contained in Form 21-101F1 and the exhibits thereto as set out in Schedule 10, as amended from time to time, as if it were itself a recognized exchange, unless the information to be filed in connection with this paragraph had already been filed in the Form 21-101F1 of Alpha Exchange and subject to the process set out in Schedule 10.

62. PROVISION OF INFORMATION

- (a) Alpha Market Services shall, and shall cause its affiliated entities to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of Alpha Market Services or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:
- (i) data, information and analyses relating to all of its or their businesses; and
 - (ii) data, information and analyses of third parties in its or their custody or control.

- (b) Alpha Market Services shall provide the Commission, on a quarterly basis, a list of all functions performed and services provided by Alpha Market Services, together with a description of the nature of those functions and services, separately identifying those that are performed or provided under an agreement or arrangement with Alpha Exchange, Alpha GP or Alpha LP.

SCHEDULE 9

TERMS AND CONDITIONS APPLICABLE TO ORIGINAL MAPLE SHAREHOLDERS

63. DEFINITIONS

Terms used in this Schedule have the same meaning and interpretation as in section 1 of Schedule 2.

64. CONFLICTS OF INTEREST AND CONFIDENTIALITY

- (a) Each original significant Maple shareholder shall establish, maintain and require compliance with policies and procedures that:
- (i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the involvement of a nominee of the original significant Maple shareholder on the Board of the recognized exchange, including, but not limited to, conflicts of interest or potential conflicts of interest that arise from the involvement of the nominee in the management or oversight of the marketplace operations or regulation functions of Maple, TMX Group, TSX, Alpha LP and Alpha Exchange and the services and products each provides; and
 - (ii) require that confidential information regarding marketplace operations or regulation functions, or regarding a TSX PO, TSX Issuer, Alpha Member or Alpha Issuer that is obtained by such nominee on the Board of the recognized exchange:
 - (A) be kept separate and confidential from the business or other operations of the original significant Maple shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (B) not be used to provide an advantage to the original significant Maple shareholder or its affiliated entities.
- (b) Each original Maple shareholder shall establish, maintain and require compliance, or ensure that its dealer affiliate establishes, maintains and requires compliance, with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from its ownership interest in Maple, and indirectly TMX Group, TSX, Alpha and CDS, including, but not limited to, conflicts of interest or potential conflicts of interest that arise from any interactions between either of TSX or Alpha Exchange and the original Maple shareholder, or an original Maple shareholder's dealer affiliate, where TSX or Alpha Exchange, as applicable, may be exercising discretion in the application of its Rules that involves or affects the original Maple shareholder either directly or indirectly.
- (c) Each original Maple shareholder shall regularly review compliance with the policies and procedures established in accordance with paragraphs (a) and (b), as applicable, and shall document each review of compliance.

65. ROUTING AND OTHER OPERATIONAL DECISIONS

- (a) Each original Maple shareholder shall not enter into any arrangements, undertakings, commitments, understandings or agreements with Maple, TMX Group, TSX, Alpha LP, Alpha GP, Alpha Exchange, Alpha Market Services, any other original Maple shareholder or any other marketplace participant with respect to coordination of the routing of orders between the original Maple shareholder or any of its affiliated entities and any other entity, including the coordination of the routing of orders to a particular Maple marketplace or Maple trading facility, except with respect to activities that are permitted by the requirements of a marketplace, a Maple trading facility, or IIROC.
- (b) Each original Maple shareholder shall not cause its dealer affiliate to enter into any arrangements, undertakings, commitments, understandings or agreements with Maple, TMX Group, TSX, Alpha LP, Alpha GP, Alpha Exchange, Alpha Market Services, any other original Maple shareholder or any other marketplace participant with respect to coordination of the routing of orders between the original Maple shareholder or any of its affiliated entities and any other entity, including the coordination of the routing of orders to a

particular Maple marketplace or Maple trading facility, except with respect to activities that are permitted by the requirements of a marketplace, a Maple trading facility, or IIROC.

- (c) Each Maple dealer shall not cause its affiliated entity to enter into any arrangements, undertakings, commitments, understandings or agreements with Maple, TMX Group, TSX, Alpha LP, Alpha GP, Alpha Exchange, Alpha Market Services, any other original Maple shareholder or any other marketplace participant with respect to coordination of the routing of orders between the original Maple shareholder or any of its affiliated entities and any other entity, including the coordination of the routing of orders to a particular Maple marketplace or Maple trading facility, except with respect to activities that are permitted by the requirements of a marketplace, a Maple trading facility, or IIROC.
- (d) For greater certainty, paragraphs (a), (b) and (c) are not intended to prohibit any temporary agreements or coordination between any original Maple shareholder, dealer affiliate or affiliated entity and any other original Maple shareholder, dealer affiliate or affiliated entity or any other marketplace participant in the event of any failure, malfunction or material delay of the systems or equipment of a marketplace if and to the extent reasonably necessary to protect the integrity and liquidity of capital markets, provided that prior notice of the temporary agreement or coordination is provided to the Commission.
- (e) Each original Maple shareholder shall not, and shall not cause an affiliated entity to, offer or pay any benefit, financial or otherwise to:
 - (i) its traders that would incent such traders to direct their orders to a Maple marketplace or Maple trading facility in preference to any other marketplace; or
 - (ii) its employees involved in and responsible for underwriting activities that would incent such employees to recommend to issuers or prospective issuers for whom such original Maple shareholder or affiliated entity is acting or proposing to act as underwriter to list securities on a Maple recognized exchange in preference to any other marketplace.
- (f) Each original Maple shareholder that is not a Maple dealer shall provide a written directive to its traders that they shall not cause routing decisions to be made based on the original Maple shareholder's ownership interest in Maple.
- (g) Each Maple dealer, or its affiliated entities that are marketplace participants, shall establish, maintain and require compliance with a written directive requiring its traders to base routing decisions on the best execution and order protection obligations, where applicable, without regard to any ownership interest of the Maple dealer in a Maple marketplace or Maple trading facility. The written policy shall provide that where best execution and order protection obligations are satisfied and an order or orders are being routed on the basis of other factors, the Maple dealer's routing decisions, including the use of algorithms, or those of its affiliated entities that are marketplace participants, shall not take into account any financial benefit that would accrue to the Maple dealer by virtue of its equity ownership interest in Maple.
- (h) Each Maple dealer, or its affiliated entities that are marketplace participants, shall establish, maintain and require compliance with a written directive requiring its employees involved in and responsible for underwriting activities to base any listing recommendations on what would be most advantageous for the issuer or prospective issuer, without regard to any ownership interest of the Maple dealer, or of those affiliated entities that are marketplace participants, in a Maple recognized exchange.

66. DISCLOSURE TO CLIENTS

- (a) Each Maple dealer shall or shall ensure that any of its affiliated entities that is a Maple marketplace participant shall, disclose its relationship with Maple and Maple's affiliated entities to:
 - (i) clients whose orders might be, and clients whose orders have been, routed to a Maple marketplace; and
 - (ii) entities for whom the Maple marketplace participant is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on an exchange operated or owned by Maple or its affiliated entities.
- (b) Each original Maple shareholder that is not a Maple dealer shall ensure that any of its affiliated entities that is a Maple marketplace participant shall disclose its relationship with Maple and Maple's affiliated entities to:

- (i) clients whose orders might be, and clients whose orders have been, routed to a Maple marketplace; and
- (ii) entities for whom the Maple marketplace participant is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on an exchange operated or owned by Maple or its affiliated entities.

67. COMPETITION OF TRADING FACILITIES AND ANCILLARY SERVICE PROVIDERS

- (a) Each original Maple shareholder shall not enter or, in the case of a Maple dealer or an original Maple shareholder with a dealer affiliate, cause its affiliated entities or dealer affiliates, as applicable, to enter any exclusive, substantially exclusive or preferential arrangements, undertakings, commitments, understandings or agreements regarding the trading of any derivatives or related products, including over-the-counter derivatives and fixed income securities, through trading facilities owned or operated by Maple or its affiliated entities.
- (b) Each original Maple shareholder shall not enter or, in the case of a Maple dealer or an original Maple shareholder with a dealer affiliate, cause its affiliated entities or dealer affiliates, as applicable, to enter into any arrangement, undertaking, commitment, understanding or agreement to engage, on an exclusive or substantially exclusive basis, or preference any service provider that is an affiliated entity of Maple and that provides back-office, post-trade or ancillary services relating to trading in securities or derivatives.

68. CONDITIONAL PROVISION OF PRODUCTS OR SERVICES

- (a) A Maple dealer shall not require another person or company to obtain products or services from Maple or any of Maple's affiliated entities as a condition of the Maple dealer supplying or continuing to supply a product or service.
- (b) An original Maple shareholder with a dealer affiliate shall not cause its dealer affiliate to require another person or company to obtain products or services from Maple or any of Maple's affiliated entities as a condition of the original Maple shareholder supplying or continuing to supply a product or service.

69. NOTIFICATION OF NEW DEALER AFFILIATES

Each original Maple shareholder shall promptly notify the Commission if it creates or acquires an affiliate that is a dealer.

70. CERTIFICATIONS

- (a) Each original Maple shareholder shall certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of Maple as an exchange pursuant to this Order and every year subsequent to that date, or at other times required by the Commission, that, based on their knowledge, having exercised reasonable diligence, the original Maple shareholder is in compliance with the terms and conditions applicable to it in this Schedule and describe the steps taken to require compliance.
- (b) Each original Maple shareholder shall certify in writing, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of Maple as an exchange pursuant to this Order and every year subsequent to that date, or at other times required by the Commission, that, based on their knowledge, having exercised reasonable diligence:
 - (i) the original Maple shareholder is not acting jointly or in concert with any other original Maple shareholder (or any affiliated entity or associate thereof) with respect to any voting shares of Maple;
 - (ii) the original Maple shareholder has no agreement, commitment or understanding, written or otherwise, with any other original Maple shareholder (or any affiliated entity or associate thereof) with respect to the acquisition or disposition of voting shares of Maple (other than, in the case of dispositions, section 22 of the Maple Acquisition Governance Agreement), the exercise of any voting rights attached to any voting shares of Maple or the coordination of decisions or voting by its

nominee director of Maple (if any) with the decisions or voting by the nominee of any other original Maple shareholder; and

- (iii) since the last certification, the original Maple shareholder has not acted jointly or in concert with any other original Maple shareholder (or any affiliated entity or associate thereof) with respect to (i) any voting shares of Maple, including with respect to the acquisition or disposition of any voting shares of Maple (other than, in the case of dispositions, under section 22 of the Maple Acquisition Governance Agreement) or the exercise of any voting rights attached to any voting shares of Maple, or (ii) coordination of decisions or voting by its nominee director of Maple (if any) with the decisions or voting by the nominee director of any other original Maple shareholder.

71. COMPLIANCE WITH TERMS AND CONDITIONS

- (a) If the original Maple shareholder or its partners, officers, directors, or employees (or, in the case of an original Maple shareholder that is not a dealer, its relevant officers, directors, or employees that are subject to policies and procedures implemented by the Maple non-dealer for the purpose of complying with the applicable terms of this Schedule) becomes aware that there has been a breach or possible breach of any of the terms and conditions applicable to it under this schedule of the Order, such person shall, promptly after becoming aware of the breach or possible breach, notify the Designated Recipient (as defined below) of such original Maple shareholder of the breach or possible breach. The partner, director, officer or employee of the original Maple shareholder shall provide to the Designated Recipient details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.
- (b) "Designated Recipient" means the person or body that the original Maple shareholder designates as having the responsibilities described in this section 71, which may be its Board, audit committee, governance committee (or chairperson of any of the foregoing), General Counsel, Chief Compliance Officer, an ombudsperson specifically designated by the original Maple shareholder to review compliance with corporate policies under the shareholder's established whistle-blowing procedures, or, with the prior approval of the Commission, such other person or committee designated by the original Maple shareholder.
- (c) The Designated Recipient shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph (a) and shall promptly provide a report to the Commission after concluding such investigation if the Designated Recipient determines that a breach has occurred or that there is an impending breach. Any such report to the Commission by the Designated Recipient shall include details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

72. EXPIRY OF TERM AND CONDITIONS

The obligations of an original Maple shareholder to comply with the terms and conditions of this Schedule expire on the first anniversary of the later of:

- (a) the earlier of:
 - (i) six years from the date of the Order; and
 - (ii) the date on which for a consecutive six month period such original Maple shareholder has beneficially owned or exercised control or direction over that number of voting shares of Maple that represents less than 50% of the number of voting shares of Maple which it beneficially owned or exercised control or direction over on the date of completion of the Subsequent Arrangement; and
- (b) the later of:
 - (i) the termination or expiry of any right it has to nominate a director to the Maple Board; and
 - (ii) the date on which no partner, officer, director or employee of the original Maple shareholder is a director on the Maple Board.

SCHEDULE 10

PROCESS FOR THE REVIEW AND APPROVAL OF RULES AND THE INFORMATION CONTAINED IN FORM 21-101F1 AND THE EXHIBITS THERETO

1. Purpose

This Protocol sets out the procedures a recognized exchange (Exchange) must follow for any Rule or Change, both as defined in section 2 below, and describes the procedures for their review by Commission Staff (Staff) and approval by the Commission or the Director.

2. Definitions

For the purposes of this Protocol:

- (a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.
- (b) *Fee Change* means any new fee or fee model of the Exchange and any amendment to a fee or fee model.
- (c) *Housekeeping Change* means an amendment to the information in Form 21-101F1 that
 - (i) does not have an impact on the Exchange's market structure, members, issuers, investors or the capital markets, or
 - (ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.
- (d) *Housekeeping Rule* means a new Rule or an amendment to a Rule that
 - (i) does not have an impact on the Exchange's market structure, members, issuers, investors or the capital markets, or
 - (ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.
- (e) *Public Interest Rule* means a Rule or an amendment to a Rule that is not a Housekeeping Rule.
- (f) *Rule* includes a rule, policy and other similar instrument of the Exchange.
- (g) *Significant Change* means an amendment to the information in Form 21-101F1 other than
 - (i) a Housekeeping Change,
 - (ii) a Fee Change, or
 - (iii) a Rule,and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.
- (h) *Significant Change subject to Public Comment* means a Significant Change that
 - (i) is listed in paragraphs 6.1(4)(a), (b), (c) or (d) of Companion Policy 21-101 CP, or
 - (ii) in Staff's view, has an impact on the Exchange's market structure or members, or on issuers, investors or the capital markets or otherwise raises public interest concerns and should be subject to public comment.

3. Scope

- (a) The Exchange and Staff will follow the process for review and approval set out in this Protocol for all Changes, new Rules and Rule amendments.

4. Board Approval

- (a) The Exchange's board of directors, or a duly authorized committee of the board, must approve all Rules prior to their submission under this Protocol.

5. Waiving or Varying the Protocol

- (a) The Exchange may file a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.
- (b) Staff will use their best efforts to provide to the Exchange within five business days of receipt of its request either:
 - (i) written notice that Staff object to granting the waiver or variation; or
 - (ii) written notice that the waiver or variation has been granted by Staff.

6. Materials to be Filed and Timelines

- (a) Prior to the implementation of a Fee Change, Public Interest Rule or Significant Change, the Exchange will file with Staff the following materials:
 - (i) a cover letter that, together with the notice for publication filed under paragraph 6(a)(ii), if applicable, fully describes:
 - (A) the proposed Fee Change, Public Interest Rule or Significant Change;
 - (B) the expected date of implementation of the proposed Fee Change, Public Interest Rule or Significant Change;
 - (C) the rationale for the proposal and any relevant supporting analysis;
 - (D) the expected impact of the proposed Fee Change, Public Interest Rule or Significant Change on the market structure, members and, if applicable, on investors, issuers and the capital markets;
 - (E) whether a proposed Public Interest Rule or Significant Change would increase or decrease systemic risk in the Canadian financial system and how any increase would be mitigated, if applicable;
 - (F) a discussion of the expected impact of the Fee Change, Public Interest Rule or Significant Change on the Exchange's compliance with Ontario securities law and in particular on requirements for fair access and maintenance of fair and orderly markets;
 - (G) details of any consultations undertaken in formulating the Fee Change, Public Interest Rule or Significant Change, including the internal governance process followed to approve the Rule or Change;
 - (H) if the Public Interest Rule or Significant Change will require members and service vendors to modify their own systems after implementation of the Rule or Change, a reasonable estimate of the amount of time needed to perform the necessary work, or an explanation as to why a reasonable estimate was not provided;
 - (I) a discussion of any alternatives considered; and
 - (J) if applicable, whether the proposed Fee Change, Significant Change or Public Interest Rule would introduce a fee model, feature or Rule that currently exists in other markets or jurisdictions;
 - (ii) for a proposed Public Interest Rule or Significant Change subject to Public Comment, a notice for publication that includes the information required under paragraph 6(a)(i) above, except that the following may be excluded from the notice:
 - (A) supporting analysis required under subparagraph 6(a)(i)(C) above that, if included in the notice, would result in the public disclosure of intimate financial, commercial or technical information;
 - (B) the information on systemic risk required under subparagraph 6(a)(i)(E) above;
 - (C) the information on the internal governance processes followed required under subparagraph 6(a)(i)(G) above;
 - (D) the reasonable estimate of time needed for members and service vendors to modify their own systems, or the explanation as to why a reasonable estimate

- was not provided, required under subparagraph 6(a)(i)(H), so long as the notice for publication contains a statement that the Exchange did not or could not make a reasonable estimate; and
- (E) the discussion of alternatives required under subparagraph 6(a)(i)(I) above.
- (iii) for a proposed Public Interest Rule, the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules, and if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and
- (iv) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F1 showing the proposed Change.
- (b) The Exchange will file the materials set out in subsection 6(a)
- (i) at least 45 days prior to the expected implementation date of a proposed Public Interest Rule or Significant Change; and
- (ii) at least seven business days prior to the expected implementation date of a proposed Fee Change.
- (c) For a Housekeeping Rule, the Exchange will file with Staff the following materials:
- (i) a cover letter that fully describes the Rule and indicates that it was classified as a Housekeeping Rule and provides an analysis of the rationale for the classification, and the date or proposed date of implementation of the Rule;
- (ii) the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules;
- (iii) if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and
- (iv) a notice for publication on the OSC website and in the OSC Bulletin that contains the information in paragraph (ii) above as well as the implementation date for the Rule, and indicates that the Rule has been classified as a Housekeeping Rule and was not published for comment.
- (d) For a Housekeeping Change, the Exchange will file with Staff the following materials:
- (i) a cover letter that indicates that the Change was classified as a Housekeeping Change and provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and
- (ii) blacklined and clean copies of Form 21-101F1 showing the Change.
- (e) The Exchange will file the materials set out in subsection 6(d) by the earlier of
- (i) the Exchange's close of business on the 10th calendar day after the end of the month in which the Housekeeping Change was implemented; and
- (ii) the date on which the Exchange publicly announces a Housekeeping Change, if applicable.

7. Review by Staff of notice and materials to be published for comment

- (a) Within 5 business days of the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 6(a), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the Exchange of any deficiency requiring a refiling of the notice and materials.
- (b) Where the notice and materials are considered by Staff to be deficient, the Exchange will amend and resubmit the notice and materials accordingly, and the date of resubmission will serve as the filing date for the purposes of this Protocol.
- (c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 8.

8. Publication of a Public Interest Rule or Significant Change Subject to Public Comment

- (a) As soon as practicable after the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 6(a), Staff will publish in the OSC Bulletin and on the OSC website the notice prepared by the Exchange, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the Exchange within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.
- (b) If public comments are received
 - (i) the Exchange will forward copies of the comments promptly to Staff; and
 - (ii) the Exchange will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

9. Review and Approval Process for Proposed Fee Changes, Public Interest Rules and Significant Changes

- (a) Staff will use their best efforts to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change within
 - (i) 45 days from the date of filing of a proposed Public Interest Rule or Significant Change; and
 - (ii) seven business days from the date of filing of a proposed Fee Change.
- (b) Staff will notify the Exchange if they anticipate that their review of the proposed Fee Change, Public Interest Rule or Significant Change will exceed the timelines in subsection 9(a).
- (c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change, Staff will use best efforts to provide the Exchange with a comment letter promptly by the end of the public comment period for a Public Interest Rule or Significant Change subject to Public Comment, and promptly after the receipt of the materials filed under section 6 for all other Changes.
- (d) The Exchange will respond to any comments received from Staff in writing.
- (e) Unless Staff agree to an extension of time, if the Exchange fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the Exchange will be deemed to have withdrawn the proposed Fee Change, Public Interest Rule or Significant Change. If the Exchange wishes to proceed with the Fee Change, Public Interest Rule or Significant Change after it has been deemed withdrawn, the Exchange will have to be re-submit it for review and approval in accordance with this Protocol.
- (f) Upon completion of Staff's review of a Fee Change, Public Interest Rule or Significant Change, Staff will submit the Change or Rule to the Director or, in the circumstances described in subsection 9(g), to the Commission, for a decision within the following timelines:
 - (i) for a Public Interest Rule or a Significant Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the Exchange;
 - (ii) for any other Significant Change, the later of 45 days from the date of filing of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange; or
 - (iii) for a Fee Change, the later of seven business days from the date of filing of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange.
- (g) A Fee Change, Public Interest Rule or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection 9(f),

- (i) if the proposed Fee Change, Public Interest Rule or Significant Change is complex or introduces a novel feature to the Exchange or the capital markets;
 - (ii) if comments received through the public comment process raise significant public interest concerns; or
 - (iii) in any other situation where, in Staff's view, Commission approval is appropriate.
- (h) Staff will promptly notify the Exchange of the decision.
- (i) If a Public Interest Rule or Significant Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and on the OSC website promptly after the approval:
- (i) a notice indicating that the proposed Rule or Change is approved;
 - (ii) the summary of public comments and responses prepared by the Exchange, if applicable; and
 - (iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the Exchange and a blacklined copy of the revised Rule or Change highlighting the revisions made.

10. Review Criteria for a Fee Change, Public Interest Rule and Significant Change

- (a) Staff will review a proposed Fee Change, Public Interest Rule or Significant Change in order to assess whether it is in the public interest for the Director or the Commission to approve the Rule or Change. In making this determination, Staff will have regard to the mandate of the Commission as set out section 1.1 of the *Securities Act* (Ontario). The factors that Staff will consider in making their determination also include whether:
- (i) the Rule or Change would impact the Exchange's compliance with Ontario securities law;
 - (ii) the Exchange followed its established internal governance practices in approving the proposed Rule or Change;
 - (iii) the Exchange followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Rule or Change; and
 - (iv) the Exchange adequately addressed any comments received.

11. Effective Date of a Fee Change, Public Interest Rule or Significant Change

- (a) A Fee Change, Public Interest Rule or Significant Change will be effective on the later of:
- (i) the date that the Exchange is notified that the Change or Rule is approved;
 - (ii) if applicable, the date of publication of the notice of approval on the OSC website; and
 - (iii) the date designated by the Exchange.

12. Significant Revisions and Republication

- (a) If, subsequent to its publication for comment, the Exchange revises a Public Interest Rule or a Significant Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Rule or Change, Staff will, in consultation with the Exchange, determine whether or not the revised Rule or Change should be published for an additional 30-day comment period.
- (b) If a Public Interest Rule or Significant Change subject to Public Comment is republished under subsection 12(a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the Exchange, and an explanation of the revisions and the supporting rationale for the revisions.

13. Withdrawal of a Fee Change, Public Interest Rule or Significant Change

- (a) If the Exchange withdraws a Fee Change, Public Interest Rule or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.

- (b) If the notice of withdrawal relates to a Public Interest Rule or Significant Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and OSC website as soon as practicable.
- (c) If a Public Interest Rule or Significant Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 9(e), Staff will prepare and publish a notice informing market participants that the Exchange did not proceed with the Rule or Change.

14. Effective Date of a Housekeeping Rule or Housekeeping Change

- (a) Subject to subsections 14(c) and 14(d), a Housekeeping Rule will be effective on the later of
 - (i) the date of the publication of the notice to be published on the OSC website in accordance with subsection 14(e), and
 - (ii) the date designated by the Exchange.
- (b) Subject to subsections 14(c) and 14(d), a Housekeeping Change will be effective on the date designated by the Exchange.
- (c) Staff will review the materials filed by the Exchange for a Housekeeping Change or Housekeeping Rule to assess the appropriateness of the categorization of the Rule or Change as housekeeping within five business days from the date that the Exchange filed the documents in accordance with subsections 6(c) and 6(d). The Exchange will be notified in writing if there is disagreement with respect to the categorization of the Rule or Change as housekeeping.
- (d) If Staff disagree with the categorization of the Rule or Change as housekeeping, the Exchange will immediately repeal the Change, if applicable, file the proposed Rule as a Public Interest Rule or the proposed Change as a Significant Change, and follow the review and approval processes described in this Protocol as applying to a Public Interest Rule or Significant Change, including those processes applicable to a Significant Change subject to Public Comment if applicable.
- (e) If Staff do not disagree with the categorization of the Rule, Staff will publish a notice to that effect in the OSC Bulletin and on the OSC website as soon as is practicable.

15. Immediate Implementation of a Public Interest Rule or Significant Change

- (a) The Exchange may need to make a Public Interest Rule or Significant Change effective immediately where the Exchange determines that there is an urgent need to implement the Rule or Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the Exchange, its members, other market participants, issuers or investors.
- (b) When the Exchange determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible but in any event at least five business days prior to the proposed implementation of the Public Interest Rule or Significant Change. The written notice will include the expected effective date of the Public Interest Rule or Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must also be included as part of the written notice.
- (c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the Exchange, in writing, of the disagreement no later than the end of the third business day following filing of the notice under subsection 15(b). If the disagreement is not resolved, the Exchange will file the Public Interest Rule or Significant Change in accordance with the timelines in section 6.

16. Review of a Public Interest Rule or Significant Change Implemented Immediately

- (a) A Public Interest Rule or Significant Change that has been implemented immediately in accordance with section 15 will be published, if applicable, and reviewed and approved by the Director or by the Commission in accordance with the procedures set out in section 9, with necessary modifications. If the Director or the Commission does not approve the Public Interest Rule or Significant Change, the Exchange will immediately repeal the Rule or Change and inform its members of the decision.

17. Application of Section 21 of the *Securities Act* (Ontario)

- (a) The Commission's powers under subsection 21(5) of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Rule or Change having been approved under this Protocol.

APPENDIX C

June 28, 2012

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto ON M5H 3S8

Attention: John P. Stevenson, Secretary of the Commission

Dear Mr. Stevenson:

Re: Maple Group - AMF Undertakings

This letter is further to the meeting on March 7, 2012 during which OSC staff and TMX discussed Maple's understanding of the impact of the proposed undertakings to the AMF set out in the January 31, 2012 draft letter of Maple to Mr. Mario Albert, President and CEO of the AMF.

In paragraphs 15 and 16 of the letter (now paragraphs 14 and 15), Maple has undertaken, in effect, to continue to develop Montreal as a centre of excellence in derivatives. At the meeting, counsel to Maple indicated that this is consistent with Maple's current plans to continue to utilize the assets and resources at MX and CDCC to grow the trading and clearing of derivatives products, including both exchange traded derivatives and OTC derivatives. These undertakings would not have the effect of requiring TMX to move any existing businesses to Montreal, nor would they restrict Maple from developing and investing in derivatives opportunities, including for fixed income derivatives, in jurisdictions outside Montreal if that makes sense at some point in the future.

With respect to paragraphs 19, 20 and 21 (now paragraphs 18, 19 and 20), Maple is undertaking that if it establishes an exchange or clearing house in Canada (or participates in a joint venture or partnership) for trading or clearing derivatives that are presently over-the-counter derivatives, the head and executive office of that exchange or clearing house (or the principal Maple business unit that manages Maple's interest in that joint venture or partnership) will be in Montreal, the senior management responsible for overseeing operating plans and budgets, and development and execution of policy and direction, for that exchange or clearing house (or the principal Maple business unit that manages Maple's interest in that joint venture or partnership), will be in Montreal, and the most senior officer will be a resident of Quebec. With respect to over-the-counter derivatives, the application of these undertakings is limited to recognized exchanges and clearing houses in Canada (or participation in a joint venture or partnership) for over-the-counter derivatives. For the sake of clarity, since the undertakings are made by Maple, the undertakings do not prevent any investor in Maple from trading any derivatives or related products, including over-the-counter derivatives, through facilities not owned by Maple or its subsidiaries.

With respect to our discussions regarding the application of the undertakings to "fixed income transactions", reference to this term was added because CDCC currently clears transactions that are not "derivatives" within the ordinary meaning of that term, and the AMF wanted to ensure that the undertaking covered clearing of repurchase transactions (aka repos) and clearing of trades involving securities that are eligible for repurchase transactions. Following discussion with AMF staff, we have revised the AMF undertakings to clarify that only these transactions are covered by the undertakings, by referencing only the clearing of fixed income transactions in paragraph 30(c)(ii) (now paragraph 29(c)(ii)) and more clearly defining the term fixed income transactions in footnote 1. A revised draft of the undertakings, blacklined to the version previously circulated to you, has been provided to you for your reference.

Except for

- (i) the clearing through CDCC of trades in derivatives that are exchange traded on MX,
- (ii) the clearing through CDCC of trades for fixed income transactions or other securities that are intended to be cleared through the central counterparty facility of CDCC, and
- (iii) a clearing house subject to paragraphs 19, 20 and 21 (now paragraphs 18, 19 and 20),

the undertakings do not limit or restrict the location in which Maple or its affiliated entities conduct or manage business related to back office or post-trade processing of trades, including collateral management; and, for greater certainty, are not intended to transfer or diminish CDS' current cash markets clearing, settlement and depository functions. In addition, for the sake of clarity, since the undertakings are made by Maple, the undertakings do not prevent any investor in Maple from trading and/or clearing any fixed income securities through facilities not owned by Maple or its subsidiaries.

Finally, Maple confirms that management of TMX Group have considered these undertakings from the perspective of TMX's businesses. They are comfortable with these undertakings and believe they are consistent with TMX's current business plans and would not negatively impact TMX's ability to conduct its current or future businesses in the public interest.

We hope the foregoing is helpful.

Yours very truly,

Luc Bertrand
on behalf of
Maple Group Acquisition Corporation

cc: Mario Albert
Autorité des marchés financiers

Mark Wang
British Columbia Securities Commission

Tom Graham
Alberta Securities Commission

Susan Greenglass
Ontario Securities Commission

CDS RECOGNITION ORDER

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED ("Act")**

AND

**IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.**

**ORDER
(Sections 21.2 and 144 of the Act)**

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated February 25, 1997 ("1997 Order"), which became effective on March 1, 1997, recognizing The Canadian Depository for Securities Limited ("CDS Ltd.") as a clearing agency pursuant to subsection 21.2(1) of the Act and designating CDS Ltd. as a recognized clearing agency pursuant to Part VI of the Ontario Business Corporations Act, which order has been amended from time to time;

AND WHEREAS the Commission issued an order in connection with a corporate reorganization of CDS Ltd. dated July 12, 2005 varying and restating the 1997 Order, as amended, recognizing CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency and continuing to recognize CDS Ltd. as a clearing agency (CDS Ltd. and CDS Clearing collectively "CDS");

AND WHEREAS the Commission issued a varied and restated order, dated October 24, 2011 ("2011 Order"), in connection with CDS's conversion to International Financial Reporting Standards, continuing to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND WHEREAS on June 10, 2011 Maple Group Acquisition Corporation ("Maple") commenced a transaction, consisting of a take-over bid ("Offer") and a subsequent arrangement, the result of which would be the acquisition by Maple of all of the issued and outstanding voting securities of TMX Group Inc. ("TMX Group"), the holding company parent of TSX Inc.;

AND WHEREAS Maple intends, concurrently with the initial take-up of shares of TMX Group pursuant to the Offer or as soon as possible thereafter, to acquire CDS Ltd. and, indirectly, CDS Clearing, by way of an amalgamation ("Amalgamation") of CDS Ltd. and 8090599 Canada Inc. a wholly-owned subsidiary of Maple, whereby the amalgamated company would continue as CDS Ltd.; the result of which would be the acquisition by Maple of all of the issued and outstanding voting securities of CDS Ltd.;

AND WHEREAS Maple and 8090599 Canada Inc. have made an application to the Commission requesting an order to reflect the changes resulting from the acquisition of CDS Ltd. by Maple;

AND WHEREAS the 2011 Order will be replaced by this order and therefore should be revoked;

AND WHEREAS the Commission is also granting an order recognizing Maple as an exchange pursuant to section 21 of the Act;

AND WHEREAS the Commission considers the proper operation of a clearing agency as essential to investor protection and maintaining a fair and efficient capital market, and the Commission may recognise a clearing agency, pursuant to section 21.2 of the Act, if it is satisfied that it is in the public interest to do so:

AND WHEREAS the Commission considers the operation of a clearing agency in the public interest to include, among other things, appropriate governance arrangements, fair access and services to all market participants, adequate management of risk, including systemic risk, and operational reliability, fair and non-discriminatory fees, and appropriate rules and procedures to foster competition in the Canadian financial markets;

AND WHEREAS the Commission intends to adopt a program of enhanced regulatory oversight with respect to Maple and CDS;

AND WHEREAS CDS Ltd., CDS Clearing and Maple have each agreed to the respective terms and conditions as set out in Schedule "B" to this order;

AND WHEREAS based on the Application and the representations that Maple and 8090599 Canada Inc. have made to the Commission, the Commission has determined that:

- (a) CDS satisfies the criteria for recognition set out in Schedule "A" to this order;
- (b) it is in the public interest to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to section 21.2 of the Act, subject to terms and conditions that are set out in Schedule "B" to this order; and
- (c) it is not prejudicial to the public interest to revoke the 2011 Order pursuant to section 144 of the Act;

IT IS HEREBY ORDERED that:

- (a) pursuant to section 21.2 of the Act, CDS Ltd. is recognized as a clearing agency;
- (b) pursuant to section 21.2 of the Act, CDS Clearing is recognized as a clearing agency; and
- (c) pursuant to section 144 of the Act, the 2011 Order is revoked;

provided CDS Ltd., CDS Clearing and Maple comply with the terms and conditions set out in Schedule "B", as applicable, except that paragraphs 18.2 and 31.5 are not applicable until 30 days from the effective date of this order.

DATED this 4th day of July, 2012 and effective upon completion of the Amalgamation.

"Mary Condon"

"Howard Wetston"

SCHEDULE "A" – CRITERIA FOR RECOGNITION

PART 1 GOVERNANCE

- 1.1 The governance structure and governance arrangements of the clearing agency ensures:
- (a) effective oversight of the clearing agency;
 - (b) the clearing agency's activities are in keeping with its public interest mandate;
 - (c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;
 - (d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing, settlement and depository services and facilities (settlement services) of the clearing agency;
 - (e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;
 - (f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and
 - (g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

PART 2 FEES

- 2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.
- 2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 3 ACCESS

- 3.1 The clearing agency has appropriate written standards for access to its services.
- 3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of:
- (a) each grant of access including, for each participant, the reasons for granting such access; and
 - (b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

PART 4 RULES AND RULEMAKING

- 4.1 The clearing agency's rules are designed to govern all aspects of the settlement services offered by the clearing agency, and
- (a) are not inconsistent with securities legislation;
 - (b) do not permit unreasonable discrimination among participants; and
 - (c) do not impose any burden on competition that is not necessary or appropriate.
- 4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.

- 4.3 The clearing agency monitors participant activities to ensure compliance with the rules.
- 4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

PART 5 DUE PROCESS

- 5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:
- (a) an applicant or a participant is given an opportunity to be heard or make representations; and
 - (b) the clearing agency keeps a record of, gives reasons for, and provides for appeals or reviews of, its decisions.

PART 6 RISK MANAGEMENT

- 6.1 The clearing agency's settlement services are designed to minimize systemic risk.
- 6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.
- 6.3 Without limiting the generality of the foregoing, the clearing agency's services or functions are designed to achieve the following objectives:
- 1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.
 - 2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.
 - 3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.
 - 4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.
 - 5. Assets used to settle the ultimate payment obligations arising from securities transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in settlement services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.
 - 6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.
- 6.4 The clearing agency engaging in activities not related to settlement services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the settlement service.

PART 7 SYSTEMS AND TECHNOLOGY

- 7.1 For its settlement services systems, the clearing agency:
- (a) develops and maintains,
 - (i) reasonable business continuity and disaster recovery plans,

- (ii) an adequate system of internal control,
 - (iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;
 - (b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,
 - (i) makes reasonable current and future capacity estimates,
 - (ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,
 - (iii) tests its business continuity and disaster recovery plans; and
 - (c) promptly notifies the regulator of any material systems failures.
- 7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with paragraph 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

- 8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

- 9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

PART 10 PROTECTION OF ASSETS

- 10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

- 11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

- 12.1 The clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B" - TERMS AND CONDITIONS

PART I – Definitions

For the purposes of this schedule:

"affiliated entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*, except that in the case of AIMCo "affiliated entity" means an AIMCo Affiliate;

"AIMCo" means the Alberta Investment Management Corporation;

"AIMCo Affiliate" means each AIMCo Client, any person directly or indirectly controlled by one or more AIMCo Clients, any investment pool managed by AIMCo, and any affiliated entity of any of the foregoing, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"AIMCo Clients" means Her Majesty the Queen in right of Alberta and certain Alberta public sector pension plans, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"associates" has the meaning ascribed to it in subsection 1(1) of the Act;

"CDS Clearing" means CDS Clearing and Depository Services Inc.;

"CDS Ltd." means The Canadian Depository for Securities Limited;

"criteria for recognition" means the criteria for recognition set out in Schedule "A" to this order;

"financial risk model" means the mechanisms adopted by CDS to manage the risk of potential loss in the provision of clearing, settlement and depository services for securities and derivatives transactions in the event of the failure of a Participant to fulfill its settlement obligations, but for greater certainty does not include business risk or operational risk;

"FMI Principles" means the principles contained in the CPSS-IOSCO *Principles for Financial Market Infrastructures*, as amended from time to time, or any successor principles or recommendations;

"IT Systems" means CDS's information technology systems supporting the services or the business operations of CDS;

"Maple" means Maple Group Acquisition Corporation;

"Maple nomination agreement" means a nomination agreement provided for under Section 12(h) of the Amended and Restated Acquisition Governance Agreement of June 10, 2011 of Maple, as amended;

"Ontario securities law" has the meaning ascribed to it in subsection 1(1) of the Act;

"original Maple shareholder" means each of the AIMCo, Caisse de depot et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs de Québec, The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., and TD Securities Inc.;

"Participant" means a user of the services offered by CDS which are governed by the CDS Participant Rules;

"recognized clearing agency" means each of CDS Ltd. and CDS Clearing;

"rule" has the meaning ascribed to it in section 2 of the Rule Protocol at Appendix "A" to this schedule; and

“significant Maple shareholder” means a person or company that:

- (i) beneficially owns or exercises control or direction over more than 5% of the outstanding shares of Maple provided, however, that the ownership of or control or direction over additional Maple shares in connection with the following activities shall not be included for the purposes of determining whether the 5% threshold has been exceeded:
 - (A) investment activities on behalf of the person or company or its affiliated entity where such investments are made (I) by a bona fide third party investment manager with discretionary authority (subject to such retained discretion in order for the person or company or its affiliated entity to fulfil its fiduciary duties); or (II) by an investment fund or other pooled investment vehicle in which the person or company or such affiliated entity has directly or indirectly invested and which is managed by a third party who has not been provided with confidential, undisclosed information about Maple,
 - (B) acting as a custodian for securities in the ordinary course,
 - (C) normal course trading (including proprietary client facilitation trading) and wealth management activities (including, for greater certainty, in connection with the management of any mutual funds, pooled funds, trust accounts, estate portfolios and other investor funds and portfolios), including electronic securities trading, conducted for or on behalf of clients of the person or company, provided that any fund manager with discretionary authority carrying out such activities on behalf of such clients, or such clients, have not been provided with confidential, undisclosed information about Maple,
 - (D) the acquisition of Maple shares in connection with the adjustment of index-related portfolios or other “basket” related trading,
 - (E) making a market in securities to facilitate trading in shares of Maple by third party clients or to provide liquidity to the market in the person or company’s capacity as a designated market maker for shares of Maple securities, in the person or company’s capacity as designated market maker for derivatives on Maple shares, or in the person or company’s capacity as market maker or “designated broker” for exchange traded funds which may have investments in shares of Maple, in each case in the ordinary course, (which, for greater certainty, shall include acquisitions or other derivative transactions undertaken in connection with hedging positions of, or in relation to, Maple shares), or
 - (F) providing financial services to any other person or company in the ordinary course of business of its and their banking, securities, wealth and insurance businesses, provided that such other person or company has not been provided with confidential, undisclosed information about Maple,

and subject to the conditions that the ownership of or control or direction over Maple shares by a person or company in connection with the activities listed in (A) through (F) above:

- (G) is not intended by that person or company to facilitate evasion of the 5% threshold set out in clause (i), and
 - (I) does not provide that person or company the ability to exercise voting rights over more than 5% of the voting shares of Maple in a manner that is solely in the interests of that person or company as it relates to that person or company’s ownership of or control or direction over the subject shares, except where the ability to exercise voting rights over more than 5% of the voting shares arises as a result of the activities listed in (E) above in which case the person or company shall not exercise its voting rights with respect to those excess voting shares;
- (ii) is an original Maple shareholder that is a party to a Maple nomination agreement, for as long as its Maple nomination agreement is in effect, or

- (iii) is an original Maple shareholder:
 - (A) whose obligations under Schedule 6 to the Maple order issued pursuant to section 21.11 of the Act (21.11 Order) on [date] have not terminated pursuant to section 50 of the 21.11 Order thereof, and
 - (B) that has a partner, director, officer or employee who is a director on the Maple board of directors other than pursuant to a Maple nomination agreement, for so long as such partner, officer, director or employee remains a member of the Maple board of directors.

PART II – Terms and Conditions Applicable to CDS Ltd. and CDS Clearing

1 OWNERSHIP OF CDS LTD.

- 1.1 The recognized clearing agency shall not make any changes to its ownership structure without the prior approval of the Commission.

2 PUBLIC INTEREST RESPONSIBILITY

- 2.1 The recognized clearing agency shall conduct its business and operations in a manner that is consistent with the public interest.
- 2.2 The mandate of the board of directors of the recognized clearing agency shall expressly include the public interest responsibility of the recognized clearing agency.
- 2.3 The board of directors of the recognized clearing agency shall provide a written report to the Commission at least annually, or as required by the Commission, describing how the recognized clearing agency is meeting its public interest responsibility.

3 CRITERIA FOR RECOGNITION

- 3.1 The recognized clearing agency shall continue to meet the criteria for recognition.

4 GOVERNANCE

- 4.1 The recognized clearing agency's governance arrangements shall be designed to fulfill its public interest requirements and to balance the interests of its shareholders and its Participants and other users of its services.
- 4.2 The recognized clearing agency shall ensure that:
 - (a) at least 33% of its board of directors are independent as that term is defined in paragraph 4.3;
 - (b) at least 33% of its board of directors are representatives of Participants, of which:
 - (i) one representative shall be nominated by the Investment Industry Regulatory Organization of Canada,
 - (ii) one representative shall be nominated by Maple from the five largest Participants (with the Participant and its affiliated entities aggregated for this purpose),
 - (iii) at least one representative nominated by Maple shall, for so long as a Maple nomination agreement remains in effect, be unrelated to original Maple shareholders, and
 - (iv) the representatives of Participants should represent a diversity of Participants;

- (c) one director is a representative of a marketplace unaffiliated with Maple and nominated by the marketplaces unaffiliated with Maple;
- (d) at least 50% of the directors have expertise in clearing and settlement; and
- (e) a quorum of the board of directors shall have at least two thirds of the number of directors.

4.3 For the purpose of paragraph 4.2:

- (a) a director is independent, if the director is not;
 - (i) an associate, partner, director, officer or employee of a significant Maple shareholder,
 - (ii) an associate, partner, director, officer or employee of a Participant of the recognized clearing agency or such Participant's affiliated entities or an associate of such director, partner, officer or employee,
 - (iii) an associate, partner, director, officer or employee of a marketplace or such marketplace's affiliated entities or an associate of such partner, director, officer or employee, or
 - (iv) an officer or employee of the recognized clearing agency or its affiliated entities or an associate of such officer or employee; and
- (b) a person is unrelated to original Maple shareholders, if the individual;
 - (i) is not an officer, partner or employee of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that officer, partner or employee,
 - (ii) is not nominated under a Maple nomination agreement,
 - (iii) is not a director of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that director, and
 - (iv) does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the governance committee of the recognized clearing agency having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized clearing agency.

4.4 The recognized clearing agency governance structure shall provide for the use of Participant committees to provide advice, comment and recommendations to assist the board of directors of the recognized clearing agency and such committees shall meet the following requirements:

- (a) membership on Participant committees is open to all Participants and marketplaces that access the services provided by the recognized clearing agency;
- (b) the Participant committee may on any matters that the committee deems appropriate, and shall if requested by the Commission, report directly to the Commission without first requiring board approval or notification of such reporting; and
- (c) a staff representative of the Commission may attend any meetings of the Participant committees as an observer.

4.5 The recognized clearing agency's board of directors shall:

- (a) as required by the Commission and in any event annually, provide a written report to the Commission that contains:

- (i) the recommendations made by each of its Participant committees commencing from the date of this order and whether and why any of the recommendations were rejected or only partially implemented, and
 - (ii) a response from each Participant committee regarding whether and why they agree or disagree with the recognized clearing agency's report; and
 - (b) file such report and the Participant committees' responses with the Commission within 45 days after each fiscal year-end of the recognized clearing agency or within 60 days of a request made by the Commission.
- 4.6 The recognized clearing agency shall obtain prior Commission approval before making changes to the structure of its board of directors, changes to the structure of any of its board committees and their mandates, changes to the structure of any of its Participant committees or their mandates, or changes to its constating documents.
- 4.7 The recognized clearing agency shall establish and maintain a Risk Management and Audit Committee of its board of directors, whose mandate includes, at a minimum, the following:
- (a) providing advice and recommendations to the board of directors to assist it in fulfilling its risk management responsibilities, including reviewing and assessing CDS's risk management policies and procedures, the adequacy of the implementation of appropriate procedures to mitigate and manage such risks and CDS's participation standards and collateral requirements;
 - (b) monitoring the financial performance of CDS and providing financial management oversight and direction to the business and affairs of CDS;
 - (c) advising the board of directors on the fairness, reasonableness and competitiveness of its pricing and fees in the context of the Canadian capital market and trends relating to comparable services offered by clearing houses worldwide; and
 - (d) ensuring fair and equitable resources are dedicated to development projects for unaffiliated marketplaces.
- 4.8 The Risk Management and Audit Committee's composition shall be as follows:
- (a) a total of five directors;
 - (b) an independent chair; and
 - (c) at least two industry directors that, for so long as a Maple nomination agreement remains in effect, are unrelated to original Maple shareholders as defined in paragraph 4.3 and who represent a diversity of Participants, and which may include the nominee of the Investment Industry Regulatory Organization of Canada.
- 4.9 In the event that the recognized clearing agency fails to meet the requirements of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.

5 FITNESS

- 5.1 The recognized clearing agency shall take reasonable steps to ensure that each director and officer of the recognized clearing agency is a fit and proper person. The recognized clearing agency shall, among other things, consider whether the past conduct of each director or officer affords reasonable grounds for the belief that the director or officer will perform his or her duties with integrity and in a manner that is consistent with the public interest responsibility of the recognized clearing agency.

6 ACCESS

- 6.1 The recognized clearing agency shall not unreasonably prohibit, condition or limit, directly or indirectly, access by a person or company to services offered by it.
- 6.2 The recognized clearing agency shall not, directly or indirectly:
- (a) permit unreasonable discrimination among existing and potential Participants and marketplaces; or
 - (b) impose any burden on competition that is not reasonably necessary or appropriate.
- 6.3 The recognized clearing agency shall accept clearing of trades in securities that are eligible under its rules on a non-discriminatory basis, regardless of the marketplace of execution.
- 6.4 The recognized clearing agency shall promptly notify the Commission of receipt of any applications for access or connection from potential Participants and marketplaces.
- 6.5 The recognized clearing agency shall complete the granting or denial of access within 60 days and shall promptly notify the Commission of any applications for access that are outstanding for more than 60 days and the reasons for such delay or denial.
- 6.6 The recognized clearing agency shall allow any person or company, including other third party post-trade service providers, to interface or connect to any of its services or systems on a commercially reasonable basis, for the purposes of facilitating post-trade processing of securities transactions by Participants.
- 6.7 The rules and procedures of the recognized clearing agency shall be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to remove impediments to the prompt and accurate clearance and settlement of securities transactions. The rules of the recognized clearing agency and any arrangements between the recognized clearing agency and its Participants or other market participants shall not unreasonably create an impediment to competition including in respect of other third party post-trade service providers. Without limiting the generality of the foregoing, the rules or arrangements shall not unreasonably prohibit, limit or impede, directly or indirectly, the ability of Participants to engage other third party post-trade service providers, or the provision of their services.
- 6.8 The recognized clearing agency shall provide its services and products, including any interface or connection to its services or systems, to any person or company, including a third party service provider, on a non-discriminatory basis and at service level or performance standards comparable to that which would be provided to its affiliated entities.

7. FEES, FEE MODELS AND INCENTIVES

- 7.1 The recognized clearing agency's fees shall not have the effect of unreasonably creating barriers to access the recognized clearing agency's services or discriminating between users of the recognized clearing agency's services or marketplaces, and shall be balanced with the criterion that the recognized clearing agency has sufficient revenues to satisfy its responsibilities.
- 7.2 The recognized clearing agency shall not, through any fee schedule, fee model or any contract with any Participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the recognized clearing agency that is conditional upon the purchase of any other service or product offered by the recognized clearing agency or any affiliated entity.
- 7.3 The fees shall be charged on a per transaction basis and shall not provide a discount, rebate, allowance or similar price concession based on a Participant's level of activity.
- 7.4 The recognized clearing agency's process for setting fees for any of its services shall provide for meaningful input from the relevant Participant committees and the Risk Management and Audit Committee of its board of directors.

- 7.5 The recognized clearing agency shall operate under the fee setting process and the fee and rebate model described in Appendix "B" to this schedule, as amended from time to time with prior Commission approval.
- 7.6 The recognized clearing agency shall obtain prior Commission approval before implementing any amendments to the fees set out in the fee schedule at Appendix "C", any new fees, any other fees for services or products designated by the Commission from time to time, or any change to the fee and rebate model, and for greater clarification, fees means all fees whether for core or non-core services as defined by the recognized clearing agency from time to time.
- 7.7 If the Commission considers that it would be in the public interest, the Commission may require the recognized clearing agency to submit a fee, fee model or incentive that has previously been approved by the Commission for re-approval by the Commission. In such circumstances, if the Commission decides not to re-approve the fee, fee model or incentive, the previous approval for the fee, fee model or incentive shall be revoked.
- 7.8 The recognized clearing agency shall file with the Commission all fees and fee models, and any amendments thereto, referred to in paragraphs 7.5, 7.6 or 7.7, for approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.
- 7.9 Commencing for the fiscal year beginning November 1, 2012, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the approved fee and rebate model. The recognized clearing agency shall provide the independent auditor's report to the Commission within 90 days of its fiscal year-end.

8 INTERNAL COST ALLOCATION MODEL AND TRANSFER PRICING

- 8.1 The recognized clearing agency shall establish and maintain an internal cost allocation model and policy or policies with respect to the allocation of costs or transfer of prices between the recognized clearing agency and its affiliated entities. The recognized clearing agency shall file with the Commission for approval the internal cost allocation model and policy or policies initially established in connection with this requirement within 9 months of the effective date of this order.
- 8.2 The recognized clearing agency shall obtain prior Commission approval before making any amendments to the internal cost allocation model and policy or policies established and required to be maintained under paragraph 8.1
- 8.3 Commencing for the fiscal year beginning November 1, 2012, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding compliance by the recognized clearing agency and its affiliated entities with the approved internal cost allocation model and transfer pricing policies. The recognized clearing agency shall provide the independent auditor's report to its board promptly after the report's completion and then to the Commission within 90 days of its fiscal year-end.
- 8.4 The fees, costs or expenses borne by the recognized clearing agency, and indirectly by the users of the recognized clearing agency's services, for each of the services provided by the recognized clearing agency, shall not reflect any cost or expense incurred by the recognized clearing agency in connection with an activity carried on by the recognized clearing agency that is not related to that service.

9 CPSS-IOSCO STANDARDS

- 9.1 The recognized clearing agency shall observe the FMI Principles as soon as possible.

10 RISK CONTROLS

- 10.1 The recognized clearing agency shall have clearly defined and transparent procedures for the management of risk which specify the respective responsibilities of the recognized clearing agency and its Participants.

- 10.2 The recognized clearing agency shall:
- (a) design its clearing and settlement system and the associated financial risk model to meet industry best practices, Ontario securities laws and without limiting the generality of the foregoing, as soon as practicable after the publication of the final FMI Principles by CPSS-IOSCO, observe the FMI Principles;
 - (b) conduct a self-assessment against the applicable FMI Principles every two years or as requested by the Commission, and prepare a report on the findings, conclusions and recommendations for rectifying any deficiencies. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board; and
 - (c) every fourth year, or at other times required by the Commission, engage an independent qualified party, acceptable to the Commission, to conduct an assessment of the recognized clearing agency's financial risk model and prepare a report on the findings, conclusions and any recommendations. The Commission would have the ability to provide input into the scope of such assessment, and may include an assessment of how the recognized clearing agency's financial risk model balances the need for appropriate risk management and maintenance of fair and open access. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

11 OUTSOURCING

- 11.1 The recognized clearing agency shall obtain prior Commission approval before entering into, or amending, any outsourcing arrangement related to, any of its key services or systems with a service provider, which includes affiliated entities of the recognized clearing agency.
- 11.2 Where the recognized clearing agency outsources any of its key services or systems, the recognized clearing agency shall proceed in accordance with best practices. Without limiting the generality of the foregoing, the recognized clearing agency shall:
- (a) establish and maintain policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements;
 - (b) identify any conflicts of interest between the recognized clearing agency and the service provider to which key services and systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest;
 - (c) prior to entering into the outsourcing arrangement, assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by the recognized clearing agency;
 - (d) enter into a contract with the service provider to which key services and systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures;
 - (e) maintain access to the books and records of the service providers relating to the outsourced activities;
 - (f) ensure that the Commission has access to all data, information and systems maintained by the service provider on behalf of the recognized clearing agency, for the purposes of determining the recognized clearing agency's compliance with Ontario securities laws;
 - (g) take appropriate measures to determine that service providers to which key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan;
 - (h) take appropriate measures to ensure that the service providers protect Participants' confidential information; and

- (i) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement.

12 OPERATIONAL RELIABILITY

- 12.1 The recognized clearing agency shall obtain prior approval of the Commission before integrating any of its IT systems, clearing, settlement or depository systems, or operations with any affiliated entities (other than any integration of systems or operations between CDS Ltd. and CDS Clearing).
- 12.2 The recognized clearing agency shall meet the performance standards attached as Appendix "D" to this schedule, as amended by the recognized clearing agency and approved by the Commission from time to time.
- 12.3 The recognized clearing agency shall obtain prior Commission approval before changing its performance standards attached as Appendix "D" to this schedule.
- 12.4 Commencing for the fiscal year beginning November 1, 2012, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the performance standards. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board. The first annual report due would cover a 15-month period from August 1, 2012 to October 31, 2013.

13 RULES

- 13.1 The recognized clearing agency's rules and the process for adopting new rules or amending existing rules shall be transparent to Participants and the general public.
- 13.2 The recognized clearing agency shall file with the Commission all rules and amendments to the rules and comply with the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

14 ENFORCEMENT OF RULES AND DISCIPLINE

- 14.1 The rules of the recognized clearing agency shall set out appropriate sanctions in the event of non-compliance by Participants.
- 14.2 The recognized clearing agency shall reasonably monitor Participant activities and impose sanctions to ensure compliance by Participants with its rules.

15 CONFIDENTIALITY OF INFORMATION

- 15.1 The recognized clearing agency shall not release Participants' confidential information to a person or company other than the Participant, a securities regulatory authority or a regulation services provider unless:
 - (a) the Participant has consented in writing to the release of the information;
 - (b) the release of the information is required by Ontario securities law or other applicable law; or
 - (c) the information has been publicly disclosed by another person or company, and the recognized clearing agency reasonably believes that the disclosure was lawful.
- 15.2 The recognized clearing agency shall implement reasonable safeguards and procedures to protect Participants' information, including limiting access to such Participant information to employees of the recognized clearing agency, or persons or companies retained by the recognized clearing agency to operate the system.
- 15.3 The recognized clearing agency shall implement adequate oversight procedures to ensure that the safeguards and procedures established under paragraph 15.2 are followed.

16 PROVISION OF INFORMATION

- 16.1 The recognized clearing agency shall, and shall cause CDS Clearing to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of the recognized clearing agency or any of its affiliates, without limitations, restrictions or conditions, including, without limiting the generality of the foregoing:
- (a) data, information and analyses relating to all its or their businesses; and
 - (b) data, information and analyses of third parties in its or their custody and control.
- 16.2 The recognized clearing agency shall share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.
- 16.3 The disclosure or sharing of information by the recognized clearing agency pursuant to paragraphs 16.1 or 16.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.
- 16.4 The recognized clearing agency shall make available to all Participants any reports required under paragraph 7.2 of Schedule "A" and paragraphs 2.3, 4.5, 7.9, 8.2, 12.4 and 20.1 of this Schedule, subject to redaction of any information that the recognized clearing agency reasonably believes is competitively sensitive.
- 16.5 The recognized clearing agency shall continue to provide to Participants an annual report containing substantially the same financial and other information that was included in the annual reports issued by CDS prior to the date of this Order.

17 REPORTING OBLIGATIONS

- 17.1 The recognized clearing agency shall comply with Appendix "E" to this Schedule setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

18 COMPLIANCE

- 18.1 The recognized clearing agency shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that it is in compliance with the terms and conditions applicable to it in this order and describe in detail:
- (a) the steps taken to require compliance;
 - (b) the controls in place to verify compliance; and
 - (c) the names and titles of employees who have oversight of compliance.
- 18.2 If the recognized clearing agency, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to the recognized clearing agency under this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Risk Management and Audit Committee of the breach or possible breach. The director, officer or employee of the recognized clearing agency shall provide to the Risk Management and Audit Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.
- 18.3 The Risk Management and Audit Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 18.4 below.

- 18.4 The Risk Management and Audit Committee shall promptly cause an investigation to be conducted of the breach of possible breach reported under paragraph 18.2. Once the Risk Management and Audit Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to the recognized clearing agency under this order, the Risk Management and Audit Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

19 REVIEW

- 19.1 The recognized clearing agency shall engage an independent qualified party, acceptable to the Commission, to conduct a review of the clearing agency's rules within 9 months of the effective date of this order to assess whether such rules and the arrangements thereunder continue to be appropriate in light of change in ownership structure and for-profit business model and prepare a report on the finding, conclusions and recommendations. The Commission would have the ability to provide input into the scope of such review which may include a process for stakeholder consultation. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

PART III – Terms and Conditions Applicable to CDS Ltd.

20 FEES

- 20.1 Within three years of the effective date of this order and every three years subsequent to that date, or at other times required by the Commission, CDS Ltd. shall:
- (a) conduct a review of its fees and fee models and the fees and fee models of its affiliated entities that are related to clearing, settlement, depository, data and other services specified by the Commission that includes, among other things, a benchmarking or other comparison of the fees and fee models against the fees and fee models of similar services in other jurisdictions; and
 - (b) provide a written report on the outcome of such review to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

21 ALLOCATION OF RESOURCES

- 21.1 CDS Ltd. shall, subject to paragraph 21.2 and for so long as CDS Clearing carries on business as a clearing agency, allocate sufficient financial and other resources to CDS Clearing to ensure that CDS Clearing can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.
- 21.2 CDS Ltd. shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial or other resources to CDS Clearing as required under paragraph 21.1.

22 FINANCIAL VIABILITY

- 22.1 For the purpose of monitoring its financial viability, CDS Ltd. shall calculate, on a separate basis, the following financial ratios and metric:
- (a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;

- (b) a financial leverage ratio, being the ratio of total assets to shareholders' equity; and
- (c) working capital.

22.2 If CDS Ltd. fails to maintain, or anticipates it will fail to maintain:

- (a) a debt to cash flow ratio less than or equal to 4/1;
- (b) a financial leverage ratio less than or equal to 4/1; or
- (c) working capital to cover 6 months operating expenses (excluding from such operating expenses the amount of shared services fees charged to CDS Clearing);

it shall immediately notify the Commission. If CDS Ltd. fails to maintain either of the debt to cash flow ratio, the financial leverage ratio, or the working capital metric for a period of more than three months, its Chief Executive Officer shall deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.

22.3 On a quarterly basis (together with the financial statements required to be filed pursuant to paragraph 22.4), CDS Ltd. shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 22.1.

22.4 CDS Ltd. shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises ("CGAAP"). The quarterly and annual financial statements of CDS Ltd. shall be provided on a separate and consolidated basis. Any annual report provided to shareholders shall be concurrently filed by CDS Ltd. with the Commission.

22.5 CDS Ltd. shall file with the Commission (a) unaudited quarterly financial statements of each of its subsidiaries, other than CDS Clearing, within 60 days of the end of quarters one through three, and (b) audited annual financial statements of each of its subsidiaries, other than CDS Clearing, within 90 days of each year end, all prepared in accordance with CGAAP.

23 COMPLIANCE

23.1 CDS Ltd. shall do everything within its control to cause CDS Clearing to:

- (a) carry out its activities as a clearing agency recognized under section 21.2 of the Act and in accordance with Ontario securities law; and
- (b) as soon as practicable after the effective date of this order observe the FMI Principles.

PART IV – Terms and Conditions Applicable to CDS Clearing

24 FEES

24.1 CDS Clearing shall cause CDS Securities Management Solutions Inc. to provide the Commission with a schedule of fees for all the products or services offered by CDS Securities Management Solutions that is in effect within 30 days of the effective date of this order.

24.2 CDS Clearing shall cause CDS Securities Management Solutions Inc. to obtain prior Commission approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time, before implementing any amendments to the fees in the schedule filed pursuant to paragraph 24.1 above and any new fees.

25 FINANCIAL VIABILITY

25.1 For the purpose of monitoring its financial viability, CDS Clearing shall calculate the following financial ratios and metric:

- (a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, amounts due to Participants, customer deposits, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;
 - (b) a financial leverage ratio, being the ratio of adjusted total assets to shareholders' equity, where adjusted total assets is calculated as total assets less customer deposits, Participant cash collateral and any other assets held by CDS Clearing on behalf of a Participant all of which are recognized on CDS Clearing's statement of financial position. CDS Clearing shall notify the Commission, in advance, of the nature of any other assets held on behalf of a Participant that will be deducted from total assets; and
 - (c) working capital.
- 25.2 If CDS Clearing fails to maintain, or anticipates it will fail to maintain:
- (a) a debt to cash flow ratio less than or equal to 4/1;
 - (b) a financial leverage ratio less than or equal to 4/1; or
 - (c) working capital to cover 6 months operating expenses.
- it shall immediately notify the Commission. If CDS Clearing fails to maintain either of the debt to cash flow ratio, the financial leverage ratio or the working capital metric for a period of more than three months, its Chief Executive Officer shall deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.
- 25.3 On a quarterly basis (together with the financial statements required to be filed pursuant to paragraph 25.4), CDS Clearing shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 25.1.
- 25.4 CDS Clearing shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with CGAAP.

PART V – Terms and Conditions Applicable to Maple

26 PUBLIC INTEREST RESPONSIBILITY

- 26.1 Maple shall, and shall ensure that the recognized clearing agencies, conduct their business and operations in a manner that is consistent with the public interest.

27 FEES

- 27.1 Maple shall ensure that any of its affiliated entities do not, through any fee schedule, fee model or any contract with any marketplace participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the affiliated entity that is conditional upon the purchase of any service or product provided by the recognized clearing agency.

28 ALLOCATION OF RESOURCES

- 28.1 Maple shall, for so long as the recognized clearing agencies carry on business as clearing agencies, allocate sufficient financial and other resources to the recognized clearing agencies to ensure that the recognized clearing agencies can carry out their functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

- 28.2 Maple shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to the recognized clearing agencies, as required under paragraph 28.1.

29 PROVISION OF INFORMATION

- 29.1 Maple shall, and shall cause the recognized clearing agencies, to promptly provide the Commission, on request, any and all data, information and analysis in the custody or control of the recognized clearing agencies, without limitations, restrictions or conditions, including data, information and analysis relating to all of the recognized clearing agencies' businesses.
- 29.2 Maple shall, and shall cause the recognized clearing agencies to, share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.
- 29.3 The disclosure or sharing of information by Maple and the recognized clearing agencies pursuant to paragraph 29.1 and 29.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

30 CONFLICTS OF INTEREST

- 30.1 Maple shall establish, maintain, and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in CDS, and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the operations of CDS and the services and products provided by CDS.
- 30.2 Maple shall regularly review compliance with the policies and procedures established in accordance with paragraph 30.1, and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing the review(s) conducted shall be provided to the Commission on an annual basis.
- 30.3 The policies established in accordance with paragraph 30.1 shall be made publicly available on Maple's website.

31 COMPLIANCE

- 31.1 Maple shall promote fair access to the recognized clearing agencies and shall not unreasonably prohibit, condition or limit access by a person or company to any services provided by the recognized clearing agencies.
- 31.2 Maple shall promote within the recognized clearing agencies a corporate governance structure that minimizes the potential for any conflict of interest between any marketplace owned or operated by Maple or Maple's affiliated entities and the recognized clearing agencies that could adversely affect the clearance and settlement of trades in securities or the effectiveness of the recognized clearing agencies' risk management policies, controls and standards.
- 31.3 Maple shall do everything within its control to cause the recognized clearing agencies to carry out their activities as clearing agencies recognized under section 21.2 of the Act and in compliance with Ontario securities law, and to observe the FMI Principles as soon as possible after the publication of the final FMI Principles by CPSS-IOSCO.
- 31.4 Maple shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that Maple is in compliance with the terms and conditions applicable to it in this order and describe in detail:

- (a) the steps taken to require compliance;
- (b) the controls in place to verify compliance; and
- (c) the names and titles of employees who have oversight of compliance.

- 31.5 If Maple, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to Maple in this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of Maple of the breach or possible breach. The director, officer or employee of Maple shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.
- 31.6 The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 31.7 below.
- 31.7 The Regulatory Oversight Committee shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph 31.5. Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Maple in this order, the Regulatory Oversight Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual or anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX "A"

RULE PROTOCOL REGARDING THE REVIEW AND APPROVAL OF CDS CLEARING AND DEPOSITORY SERVICES INC. RULES BY THE ONTARIO SECURITIES COMMISSION

1. Purpose of the Protocol

On July 4, 2012 the Ontario Securities Commission ("Commission") issued a recognition order ("Recognition Order") with terms and conditions governing the recognition of each of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2(1) of the *Securities Act* (Ontario). To comply with the Recognition Order, CDS Clearing shall file, among other things, its rules with the Commission for approval. This protocol sets out the procedures for the submission of a rule by CDS Clearing and the review and approval of the rule by the Commission.

2. Definitions

In this protocol:

"rule" means a proposed new or amendment to or deletion of a participant rule, operating procedure, user guide, manual or similar instrument or document of CDS Clearing which contains any contractual term setting out the respective rights and obligations between CDS Clearing and participants or among participants.

All other terms have the respective meanings ascribed to them in the Recognition Order and in securities legislation as that term is defined in NI 14-101.

3. Classification of Rules

CDS Clearing shall classify a rule as either "material" or "technical/housekeeping" for the purposes of the approval process set out in this protocol.

(a) *Technical/Housekeeping Rules*

For the purpose of this protocol, a rule shall be classified as "technical/housekeeping" if the rule involves only:

- (i) matters of a technical nature in routine operating procedures and administrative practices relating to the CDS Services;
- (ii) consequential amendments intended to implement a material rule that has been published for comment pursuant to this protocol which only contain material aspects already contained in the material rule or disclosed in the notice accompanying the material rule;
- (iii) amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement;
- (iv) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing; or
- (v) stylistic formatting, including changes to headings or paragraph numbers.

(b) *Material Rules*

A rule that is not a technical/housekeeping rule, as defined above, would be classified as a "material" rule.

4. Procedures for Review and Approval of Material Rules

(a) Prior Notice of a Significant Material Rule

If CDS Clearing is developing a material rule that it anticipates will result in a significant change in its policy, will require amendments to a significant number of rules or may be the subject of significant public comment as a result of publication, then CDS Clearing shall notify Commission staff in writing at least 30 calendar days prior to submitting such a significant material rule. The purpose of such prior notification is to enable the Commission to react in a timely manner to the material rule upon filing. Prior notification shall not be interpreted as an opportunity for Commission staff to participate in CDS Clearing policy development. Commission staff will not begin a formal review of the material rule until all relevant documents have been filed.

(b) Documents to be Filed

For a material rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by Commission staff and CDS Clearing from time to time:

- (i) a cover letter that indicates the classification of the rule and the rationale for that classification and includes a statement that the rule is not contrary to the public interest;
- (ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule;
- (iii) a notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:
 - A. a description of the rule,
 - B. a concise statement, together with supporting analysis, of the nature and purpose of the rule,
 - C. a description and analysis of the possible effects of such rule on CDS Clearing, participants and other market participants and the securities and financial markets in general, including but not limited to any impact on competition, risks and the costs of compliance borne by any of the foregoing parties or within any market, and where applicable, a comparison of the rule to international standards promulgated by Committee on Payment and Settlement Systems of the Bank for International Settlements, the Technical Committee of the International Organization of Securities Commissions and the Group of Thirty,
 - D. a description of the rule drafting process, including a description of the context in which the rule was developed, the process followed, the issues considered, consultation done, the alternative approaches considered, the reasons for rejecting the alternatives and a review of the implementation plan,
 - E. where the rule requires technological systems changes to be made by participants, other market participants or CDS Clearing, CDS Clearing shall provide a description of the implications of the rule on such systems and, where possible, an implementation plan, including a description of how the rule will be implemented and the timing of the implementation,
 - F. where CDS Clearing is aware that another clearing agency has a counterpart to the rule, CDS Clearing shall include a reference to the rules of the other clearing agency, including an indication as to whether that clearing agency has a comparable rule or has made or is contemplating making a comparable rule, and a comparison of the rule to same,
 - G. a statement that CDS Clearing has determined that the rule is not contrary to the public interest, and

- H. an explanation that all comments should be sent to CDS Clearing with a copy to the Commission, and that CDS Clearing will make available to the public on request all comments received during the comment period.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (b).

(d) Publication of a Material Rule by the Commission

As soon as practicable, Commission staff will publish in the OSC Bulletin the notice and rule filed by CDS Clearing under subsection (b) for a comment period of 30 calendar days ("comment period"), commencing on the date on which the notice first appears in the OSC Bulletin or website.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their initial review of the material rule and provide comments to CDS Clearing during the comment period. However, there will be no restriction on the amount of time necessary to complete the review of the material rule.

(f) CDS Clearing Responses to Commission Staff's Comments

- (i) CDS Clearing shall respond to any comments received to Commission staff in writing.
- (ii) CDS Clearing shall provide to Commission staff a summary of all public comments received and CDS Clearing's responses to the public comments, or confirmation of having received no public comments.
- (iii) If CDS Clearing fails to respond to comments from Commission staff within 120 calendar days after receipt of their comment letter, CDS Clearing shall be deemed to have withdrawn the material rule unless Commission staff otherwise agree.

(g) Approval by the Commission

Commission staff will use their best efforts to prepare the material rule for approval within 30 calendar days of the later of (a) receipt of written responses from CDS Clearing to staff's comments or requests for additional information, and (b) receipt of the summary of public comments and CDS Clearing's response to the public comments, or confirmation from CDS Clearing that there were no comments received. If at any time during the review period, Commission staff determine that they have further comments or require further information from CDS Clearing in order to prepare the materials for Commission approval, the review period will be extended by an additional period of 30 calendar days commencing on the day that Commission staff receive responses to the comments or the information requested. Commission staff will notify CDS Clearing of the Commission's approval of the material rule within 5 business days.

(h) Publication of Notice of Approval

Commission staff will prepare and publish in the OSC Bulletin and on its website a short notice of approval of the material rule within 15 business days of delivery of the notification to CDS Clearing of the decision. CDS Clearing shall provide the following information to accompany the publication of the notice of approval:

- (i) a short summary of the material rule;
- (ii) CDS Clearing's summary of public comments and responses received, if applicable; and
- (iii) if changes were made to the version published for public comment, a blacklined copy of the revised material rule.

(i) Effective Date of a Material Rule

A material rule shall be effective as of the date of the notification of approval by Commission staff in accordance with subsection (g) or on a date determined by CDS Clearing, if such date is later.

(j) Significant Revisions to a Material Rule

When a material rule is revised subsequent to its publication for comment in a way that Commission and CDS Clearing staff determine has a material effect on the substance of the rule or its effect, the revision shall be published in the OSC Bulletin with a notice for a second 30 calendar day comment period. The request for comment shall include CDS Clearing's summary of comments and responses submitted in response to the previous request for comments, together with an explanation of the revision to the material rule and the supporting rationale for the amendment.

(k) Withdrawal of a Material Rule

If CDS Clearing withdraws or is deemed to have withdrawn a rule that was previously submitted, then it shall provide a notice of withdrawal to be published by the Commission in the OSC Bulletin as soon as practicable.

5. Procedures for Review and Approval of a Technical/Housekeeping Rule

(a) Documents to be Filed

For a technical/housekeeping rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by the Commission staff and CDS Clearing from time to time:

- (i) a cover letter that indicates the classification of the rule and the rationale for that classification;
- (ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule; and
- (iii) a short notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:
 - A. a brief description of the technical/housekeeping rule,
 - B. the reasons for the technical/housekeeping classification, and
 - C. the effective date of the technical/housekeeping rule, or a statement that the technical/housekeeping rule will be effective on a date subsequently determined by CDS Clearing.

(b) Effective Date of Technical/Housekeeping Rules

The technical/housekeeping rule shall be effective upon CDS Clearing filing the documents in accordance with subsection (a) or on a date determined by CDS Clearing. Where CDS Clearing does not receive any communication of disagreement with the classification from Commission staff in accordance with subsection (d) within 15 business days after filing the rule, CDS Clearing may assume that the Commission staff agree with the classification.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (a).

(d) Disagreement with Classification

Where CDS Clearing has classified a rule as "technical/housekeeping" and Commission staff disagree with the classification:

- (i) Commission staff will communicate to CDS Clearing, in writing, the reasons for disagreeing with the classification of the rule within 15 business days after receipt of CDS Clearing's filing.

- (ii) After receipt of Commission staff's written communication, CDS Clearing shall re-classify the rule as material and the Commission will review and approve the rule under the procedures set out in section 4.
- (iii) Commission staff may require that CDS Clearing immediately repeal the technical/housekeeping rule and inform its participants of the reason for the repeal of the rule.

(e) Publication of Technical/Housekeeping Rules

Commission staff will publish the notice filed by CDS Clearing under clause (a)(iii) as soon as practicable.

(f) Comments received on Technical/Housekeeping Rules

If comments are raised in response to the publication of the notice or the implementation of the technical/housekeeping rule, Commission staff may review the rule in light of the comments received. Commission staff may determine that the rule was incorrectly classified and require that the rule be classified as a material rule and reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

6. Immediate Implementation of a Material Rule

(a) Criteria for Immediate Implementation

CDS Clearing may make a material rule effective immediately where CDS Clearing determines that there is an urgent need to implement the material rule because of a substantial and imminent risk of material harm to CDS Clearing, participants, other market participants, or the Canadian capital markets or due to a change in operation imposed by a third party supplying services to CDS Clearing and to its participants.

(b) Prior Notification

Where CDS Clearing determines that immediate implementation is necessary, CDS Clearing shall advise Commission staff in writing as soon as possible but in any event at least 5 business days prior to the implementation of the rule. Such written notice shall include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

- (i) Commission staff will notify CDS Clearing, in writing, of the disagreement, or request more time to consider the immediate implementation, within 3 business days of being advised by CDS Clearing under subsection (b).
- (ii) Commission staff and CDS Clearing will discuss and resolve any concerns raised by Commission staff.
- (iii) If no notice is received by CDS Clearing by the 3rd business day after Commission staff received CDS Clearing's notification, CDS Clearing may assume that Commission staff does not disagree with their assessment.

(d) Review of Material Rules Implemented Immediately

A material rule that has been implemented immediately shall be published, reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

7. Miscellaneous Provisions

(a) *Waiving Provisions of the protocol*

Commission staff may waive any part of this protocol upon request from CDS Clearing. Such a waiver shall be granted in writing by Commission staff.

(b) *Amendments*

This protocol and any provision hereof may be amended at any time or times with the agreement of the Commission and CDS Clearing.

APPENDIX "B"

FEE AND REBATE MODEL APPROVED BY THE COMMISSION

1. For the fiscal year commencing on November 1, 2011 (fiscal year 2012) and subsequent fiscal years, fees for services and products offered by the recognized clearing agency shall be the prices on the fees schedule published on CDS's website and effective November 1, 2011 (CDS 2012 Fee Schedule), attached as Appendix C.
2. Maple shall not seek approval for fee increases on clearing and other core CDS services unless there is a significant change from current circumstances.
3. For the fiscal year commencing on November 1, 2012 and subsequent fiscal years, Maple shall share 50% of any increase in annual revenue on clearing and other core CDS services as compared to annual revenues in fiscal year 2012 with Participants. Sharing of revenue on core services for any fiscal year shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year, intra-year discount(s) and a year-end proportionate rebate by core service category to Participants (paid pro rata to Participants in accordance with the fees paid by such Participants for such core service).
4. For the purposes of paragraphs 2 and 3 above, "clearing and other core CDS services" means services with the codes in the CDS 2012 Fee Schedule highlighted in Appendix "C":
5. For the fiscal year commencing on November 1, 2012 (fiscal year 2013) and subsequent fiscal years, Maple shall rebate an additional amount to Participants each year in respect of clearing services for trades conducted on an exchange or ATS. The aggregate rebate shall be \$2.75 million in fiscal year 2013, \$3.25 million in fiscal year 2014, \$3.75 million in fiscal year 2015, and \$4 million in fiscal year 2016 and each year thereafter. This additional rebate for any fiscal year shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year, intra-year discount(s) and a year-end proportionate rebate to Participants (paid pro rata to Participants in accordance with the fees paid by such Participants in respect of clearing services for trades conducted on an exchange or ATS).

APPENDIX "C"

CDS' PUBLISHED FEE SCHEDULE EFFECTIVE NOVEMBER 1, 2011

CDS' clearing and other core services are indicated in grey shading.



CDS Clearing and Depository Services Inc.

2012 PRICE SCHEDULE

Effective November 1, 2011

All Prices Subject to Change

CLEARING SERVICES			
6000	Exchange Trade - Reported	Charge per trade reported to both buyer and seller	0.0041*
6010	Trade – Matched Institutional	Charge per trade to both buyer and seller using a virtual matching utility, which generates a confirmed trade in CDSX	0.08
6020	Trade – Other	Charge per trade to both submitter and confirmer for trades that are not exchange or matched institutional trades	0.0852*
6031	FINet® Subscription – Base Fee	Charge per business day to all FINet eligible CUIDs.	25.00
6032	FINet® Subscription – Supplemental Fee	Charge per business day to all FINet eligible CUIDs that net/report at the internal account level. <u>This fee is in addition to 6031.</u>	5.00
6050	FINet® Netting Fee	Charge per original trade that has been netted in the FINet netting processes.	0.09
6060	FINet® Trade Confirmation	Charge to participant when the status of a netted trade moves to confirmed (C).	0.18
6080	Continuous Net Settlement (CNS) Eligible Exchange Trades Netted	Charge per CNS eligible exchange trade submitted for netting to both buyer and seller	0.0041*
6085	CNS Netted and Novated Positions	Charge per CNS netted position after netting and novation to both buyer and seller	0.015
6155	Trade Reconciliation - Exchange/Exchange-type Trades	Charge for each electronic data file processed by CDS related to an exchange or an Alternative Trading System (ATS) for participants and subparticipants	4.85
SETTLEMENT SERVICES			
6071	FINet® Settlement – Full	Charge to participant when only one transaction is required to fully settle an outstanding netted trade.	0.16
6072	FINet® Settlement – Partial	Charge to participant when more than one transaction is required to fully settle an outstanding netted trade. This fee is only applied on the first partial settlement. All subsequent partial settlements relating to the original netted trade are not subject to billing.	0.18
6076	Batch Net Settlement (BNS) FINet® Settlement	Charge per FINet trade settled fully in the BNS process	0.09
6110	Pledge Entry and Confirmation	Charge per pledge or substitution item to both submitter and confirmer for entry and confirmation, including DK's	1.43
6134	FINet® Buy-in – Pass-Through	Pass-through of FINet buy-in specialist charges.	As per FINet buy-in specialist
6100	Trade-for-Trade (TFT) Intraday Settlement	Charge per TFT trade settled intraday to both buyer and seller	0.1136*
6117	GIC Funds-Only Trade Alert - Email	Charge per addressee on the email (Effective June 4, 2012)	1.00
6118	GIC Funds-Only Trade Alert- Web	Charge per recipient of the web alert (Effective June 4, 2012)	1.00

6119	Pledge Settlement	Charge per pledged position settled intraday to both pledgee and pledgor	0.085
6120	Notice of Intent to Buy-In – Receiver	Charge to participant in a fail-to-receive position for each notice entered through CDSX indicating the intention to buy-in an outstanding trade for a specific security	0.50
6125	Notice of Intent to Buy-In – Deliverer	Charge to participant in a fail-to-deliver position for each notice received through CDSX indicating the intention to buy-in an outstanding trade for a specific security	1.00
6130	Notice of Buy-In Execution – Deliverer	Charge to participant in a fail-to-deliver position on executable date for each notice received through CDSX of the intention by the receiver to execute a buy-in	1.25
6132	Notice of Buy-In Execution – Receiver	Charge to participant in a fail-to-receive position on executable date for each notice entered through CDSX indicating the intention to execute a buy-in	0.25
6137	Buy-In Execution Trade Floor – Deliverer	Charge to participant in a fail-to-deliver position for each buy-in trade order being sent to an exchange for execution	15.00
6140	Certificate Settlement Envelope Service	Charge per envelope to both deliverer and receiver	4.50
6141	BNS TFT Settlement	Charge per TFT trade settled in BNS to both buyer and seller	0.0639*
6190	Detailed/Consolidated Cash Recap Online Report Request	Charge per online request for detailed or consolidated cash recap report	6.70
6196	BNS CNS Batch Settlement	Charge per outstanding CNS position settled in BNS to both buyer and seller	0.03
6197	CNS Real-Time Settlement	Charge per each CNS real-time settlement to both buyer and seller	0.16
DEPOSITORY, CUSTODIAL AND ENTITLEMENT SERVICES			
6200	Deposit	Charge per deposit transaction	1.90
6231	Eligibility Certificated Non BEO	Charge per issue represented by a definitive certificate and the certificate is deposited with CDS	1,100.00
6232	Eligibility Certificated BEO Global	Charge per issue represented by a BEO global note and the note is deposited with CDS	550.00
6234	Eligibility Request Cancellation Fee	Charge for each cancellation of an eligibility request	33.00
6235	Money Market ISIN Activation Fee	Charge per money market ISIN activated	20.00
6250	Withdrawal	Charge per withdrawal transaction	25.50
6255	Withdrawal - Corporate Action	Charge per withdrawal of matured issues from system	1.94
6260 / 6261	Strip Bond Adjustment - Debit/Credit	Charge per strip debit (6260) or credit (6261) adjustment transaction processed	6.15
6270	Strip Bond (Physical Strip) Deposit Surcharge	Surcharge, in addition to the normal deposit fee for each deposit of physical strip bonds, of the greater of a) \$50 and b) the number of coupons/residuals x \$0.50 + the face value in thousands or part thereof (face value/1,000) x \$0.30 x the number of years to maturity (i.e., maturity year - 2000 base year)	50.00 or as calculated
6300	Custody - Equity - Position	Charge per daily average of positions held; positions held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.74
6305	Custody - Equity - Volume	Charge per daily average of increments of 100,000 shares; the volumes held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.2532
6310	Custody - Debt - Position	Charge per daily average of positions held	1.62
6320	Custody - Debt - Volume	Charge per daily average of pro rata increments of \$100,000 par value	0.019
6330	Custody - Strip Bond - Position	Charge per daily average of positions held	0.75
6350	Bank of Canada Safekeeping Cost	Pass-through of Bank of Canada safekeeping charge per daily average of pro rata increments of \$100,000 par value	0.0026

6360	Ledger Reconciliation	Charge per electronic data file processed by CDS	9.15
6370	Ledger Account	Monthly charge per ledger account	235.50
6390	TRAX Entitlements Tracking	Charge per day on all eligible CUIDs that subscribe to the entitlements tracking service	1.75
6400	Corporate Action Transaction – Manual	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring a manual set-up for processing	23.45
6410	Corporate Action Transaction – Auto	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring an automated set-up for processing	4.70
6417	Dividend Transaction – Manual	Charge per credit or debit of a ledger position related to a dividend event requiring a manual set-up for processing	23.74
6418	Dividend Transaction – Auto	Charge per credit or debit of a ledger position related to a dividend event requiring an automated set-up for processing	4.98
6930	Create or Acknowledge Corporate Action Liability record	Charge to participant for each record created or for each record acknowledged	6.55
6947	CALMS ² Alert Activity – Email	Charge per addressee on the email	1.00
6948	CALMS Alert Activity – Web	Charge per recipient of the web alert	1.00
6982	TRAX Transfer Request – Deleted	Charge per TRAX transaction deleted in the system	1.94
6989	TRAX Transfer Request Alert Activity - Email	Charge per addressee on the email	1.00
6990	TRAX Transfer Request Alert Activity - Web	Charge per recipient of the web alert	1.00
7996	Reconstitution Reservation Extension	Charge per day per reconstitution reservation request extension	32.50
7997	Strip Foreign Market Bond - Incremental	Incremental charge per foreign market bond stripped	75.00
7998	Strip Ineligible Domestic Bond - Incremental	Incremental charge per ineligible domestic bond stripped	65.00
INTERNATIONAL SERVICES			
5000	International Trade - Entry	Charge per international non-exchange trade transaction entered	0.56
5200	International Trade - Settlement	Charge per international non-exchange trade settled within CDSX	2.75
5035	Cross-Border Movement - Pass-Through	Pass-through charge per electronic transfer of security positions between CDS and other foreign securities depositories or custodians	CAD equivalent
5036	ADR Custody Fee – Pass-through	Pass-through of ADR custody fees charged by US depository banks of ADR	As per ADR depository banks
5041	U.S. Deposit	Charge per regular U.S. deposit	105.00
5044	U.S. Deposit Reject	Pass-through of DTC charges per U.S. rejected deposit	CAD equivalent
5046	U.S. Withdrawal - Regular	Charge per regular U.S. withdrawal	232.00
5047	U.S. Withdrawal - Instant	Charge per instant U.S. withdrawal (Effective March 1, 2012)	316.00
5048	U.S. Withdrawal Reject	Pass-through of DTC charges per U.S. rejected withdrawal	CAD equivalent
5050	Depository Trust and Clearing Corporation (DTCC) Mark-up - Tier 1	CDS mark-up of NSCC/DTC/Omgeo monthly billing statements for New York and DTC Direct Link users based on previous month's activity; first US\$20,000 in monthly billings	USD 20.60%
5051	DTCC Mark-up - Tier 2	monthly billings in USD from \$20,000.01 - \$35,000 per month	USD 13.60%
5052	DTCC Mark-up - Tier 3	monthly billings in USD above \$35,000.00 per month	USD 9.10%

² Corporate Action Liability Management Service

5306	Euroclear UK Direct Access ID	One-time charge for the setup of each Euroclear UK Direct service operator ID and password	100.00
5307	Euroclear UK Direct Surcharge	CDS surcharge per Euroclear UK Direct message request	1.90
5310	Euroclear UK Direct Pass Through	Pass-through of Euroclear UK & Ireland charges. These include transaction charges, custody charges, settlement fines, standing charges and other charges as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5317	Euroclear UK Direct Other	Ad-hoc and miscellaneous charges, as provided by Euroclear UK & Ireland, not included in the pass-through charges summarized under 5310 – Euroclear UK Direct Pass Through. These include charges not specific to transactions entered in Euroclear UK & Ireland's CREST Graphical User Interface (GUI). For example, charges for research, trialing, training, etc.	as per Euroclear UK & Ireland
5321	Euroclear UK Direct Volume Discount	Volume discount amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5322	Euroclear UK Direct Rebate	Rebate amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5331	SWIFT UK – GUI Access Right	One-time charge per Euroclear UK & Ireland's CREST GUI access right, as provided by SWIFT UK	as per SWIFT UK
5332	SWIFT UK – Pass Through	Charges for messaging activity related to the Euroclear UK Direct service, as provided by SWIFT UK	as per SWIFT UK
5335	SWIFT UK PST Recovery	Charge for the recovery of provincial sales tax paid by CDS for applicable Euroclear UK Direct services provided by SWIFT UK.	8% of applicable SWIFT UK charges
5400	International Custody Fee	Charge per \$100,000 of the average monthly value of the securities held in safe custody at Euroclear France	0.50
5515	OTC ³ Correction	Charge per correction	10.00
5533	ACT Monthly Subscription Fee	Charge per month for each Market Participant Identifier (MPID)	388.00
5534	ACT Trade Fee – Tier 1	Charge per transaction per month for first 25,000 transactions per MPID	0.068
5535	ACT Trade Fee – Tier 2	Charge per transaction per month over 25,000 up to 50,000 transactions per MPID	0.019
5536	ACT Trade Fee – Tier 3	Charge per transaction per month over 50,000 transaction per MPID	0.01
5560	International Trade Reconciliation Service (ITRS)	Charge per electronic data file processed by CDS; New York Link participants' and DTCC's trade files are compared and exception reports are generated	4.85
5570	International Ledger Reconciliation Service (ILRS)	Charge per electronic data file processed by CDS; New York Link and DTC Direct Link participants' ledger position files are compared to DTC's and an exception report is generated	8.80
5576	New York Link Monitoring Service – Email	Charge per addressee on the email	1.00
5577	New York Link Monitoring Service – Web	Charge per recipient of the web alert	1.00
5580	NYL Soft Cap Alert – Email	Charge per addressee on the email	1.00
5581	NYL Soft Cap Alert – Web	Charge per recipient of the web alert	1.00
5910	Regulation SHO Close-Out Fee	Charge for each close-out initiated due to a Regulation SHO requirement	234.00

INFORMATION AND SUPPORT SERVICES

³ Over-the-Counter

4001	CDSX Security Master File (SMF) Information	Charge per business day for SMF information		3.00
4003	CDSX SMF or Entitlements Information – On Request	Charge per one-time SMF or Entitlement Information transmission upon request		725.00
4006	CDSX Entitlements Information	Charge per business day for entitlements information		1.85
4007	Entitlements Messaging – MT564	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)		13.25
4008	Entitlements Messaging – MT564/568	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)		5.25
2811	SWIFT Network – Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As	per SWIFTNet
2812	SWIFT Network – International Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As	per SWIFTNet
4015	Dividend Eligibility Reporting Service – Subscription	Annual subscription charge for dividend eligibility information files		1,045.00
4016	Dividend Eligibility Reporting Service – Archive	Charge for each archive file of dividend eligibility information for a specific taxation year		1,045.00
4017	Dividend Eligibility Reporting Service – e-mail Notification	Annual subscription charge for e-mail notification service from January 1 to January 31 informing of changes to dividend eligibility information for dividends paid in the previous taxation year		91.00
4020	Mutual Fund and Limited Partnership Tax Reporting – Subscription	Annual subscription charge for each category of Mutual Fund and Limited Partnership Tax Reporting information files. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)		905.00
4021	Mutual Fund and Limited Partnership Tax Reporting – Archive	Charge for each archive file of a category of Mutual Fund and Limited Partnership Tax Reporting information for a specific taxation year. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)		905.00
4022	Mutual Fund and Limited Partnership Tax Reporting – e-mail Notification	Annual subscription charge for e-mail notification service on replacement records from January 1 to April 30 related to distributions made in the previous taxation year for one of the categories of Mutual Fund and Limited Partnership Tax Reporting information. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)		91.00
4050	Shareholder Meetings	Per meeting published; each publication of meetings (original and updates) in financial press as per National Instrument 54-101 (NI 54-101)		100.00
4120	Bulletins	Charge per month for 10 users (including SEDAR attachments); an additional charge of \$50 applies for each additional 10 user IDs		363.00
4125	Bulletin Extraction for Tax Reporting - Subscription	Monthly subscription for receiving updated and consolidated information about wind-up redemptions and other corporate action event types via the bulletin database		75.00
4200	Strip Component Listing Inquiry	Charge per component listing provided		9.00
4220	Strip Bond Monthly Reports - Monthly E-mail	Annual charge for base service subscription by e-mail for up to five users		610.00
4221	Strip Bond Monthly Reports - Additional Users	Annual charge per five additional users added to a base subscription		50.00
4230	Strip Bond Monthly Reports - Extra Hardcopy	Hardcopy version in addition to the base service annual subscription (monthly e-mails)		120.00

4210	Strip Bond Monthly Reports - Single Month	Charge per suite of monthly reports sent to participant non-strip subscribers	100.00
4400	ATON ⁴ Set-up	One-time charge to set-up ATON profiles and access administration for limited participants	3,175.00
4410	ATON Request for Transfer (RFT)	Charge per RFT to deliverer and receiver; applies to all original RFTs and all residual asset RFTs linked to original RFTs	0.91 ⁴
4420	ATON Movement	Charge to both deliverer and receiver for a CDSX trade generated by ATON	0.81 ⁴
4430	ATON Confirmed Asset	Charge to both deliverer and receiver per confirmed asset	0.135 ⁴
4610	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Serial Bond	Charge per ISIN upon initial set-up	100.00
4620	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Other	Charge per ISIN upon initial set-up	250.00
6186	FINet [®] Cumulative Transaction Detail file - subscription fee	Charge for each electronic file processed by CDS.	4.85
6170	Outbound File	Charge for each electronic file processed by CDS, that can be retrieved and used as input to participant systems (e.g., for reconciliation, record-keeping, analysis or other purposes)	4.85
7000	InterLink Set-up	One-time set-up fee for InterLink service	5,770.00
7010	InterLink	Daily charge per CUID	1.80
7015	Intraday InterLink Batch File	Charge per batch file	4.85
7030	Data File Transmission	Charge per electronic transmission of data files	4.85
7050	Test Region Fee	Charge per day for access to CDS's test regions within published testing calendar dates. Tests conducted outside of the published testing calendar dates will be considered on a best efforts basis and will incur a premium charge of \$1,500 per day.	1,000.00
7990	Research	Charge for research of items per customer request for items over 60 days and includes audit confirmation for participants	50.00
7020	Special Research Request	Charge per archived file accessed at five-month increments (e.g., search for past year's trades are three five-month increments)	100.00

OTHER SERVICES

4900	Tax Refund Claim NR7-R - Non-Canadian Claimant	Charge per tax refund claim on Canadian-source income (non-Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	USD 55.00
4910	Tax Refund Claim NR7-R - Canadian Claimant	Charge per tax refund claim on Canadian-source income (Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	60.50
4992	Limited Tender	Flat charge for processing a tender for less than 20 per cent of the outstanding shares of a public company	4,000.00
7306	On-Site Contingency Service - Subscriber Standby	Monthly standby charge	109.00
7307	On-Site Contingency Service - Subscriber Usage	Usage charge (use of any part of a day)	454.00
7308	On-Site Contingency Service - Special Set-up	Special set-up charge for non-subscribing customers	3,175.00
7309	On-Site Contingency Service - Special Usage	Usage charge (use of any part of a day)	454.00

⁴ Account Transfer Online Notification

7500	TCP/IP (Frame Relay) Port and Up to 16 LUs	Monthly charge for Logical Units (LUs) of Terminals/Printers per port. Per port LUs should be less than or equal to 16.	54.50
7501	TCP/IP Port and 17-256 LUs	Total per month flat fee per port, if LUs on the port are more than 17 but less than or equal to 256. No charges against first tier will be applied	1,451.25
7502	TCP/IP Port and 257-512 LUs	Total per month flat fee per port, if LUs on the port are more than 257 but less than or equal to 512. No charges against first and second tiers will be applied	2,177.00
7503	TCP/IP Port and 513 LUs and Over	Total per month flat fee per port, if LUs on the port are more than 512. No charges against above tiers will be applied	2,903.00
7530	Enhanced IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,046.00
7531	Enhanced IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,106.00
7532	T1 IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,178.00
7533	T1 IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,238.00
7534	Dual T1 IPVPN + Dual Firewall	Charge per month flat fee per connection	2,174.00
7535	Secured Sockets Layer (SSL)	Charge per month flat fee per connection	20.00
7540	Site-to-site connection	Charge per month flat fee per connection	251.00
7536	Fractional T1 gIPVPN + ADSL + Single Firewall	Charge per month flat fee per connection	1,870.00
7537	Fractional T1 gIPVPN + ADSL + Dual Firewall	Charge per month flat fee per connection	1,930.00
7538	T1 gIPVPN + SDSL + Single Firewall	Charge per month flat fee per connection	2,299.00
7539	T1 gIPVPN + SDSL+ Dual Firewall	Charge per month flat fee per connection	2,359.00
7550	Network and Data Processing Move/Add	Labour charges for physical and logical changes	1,000.00
7965	Transfer Agent Pass-through - CDSX	Pass-through of transfer fees charged by transfer agents	Per TA price
7966	Transfer Fees - Other	Transfer fees submitted by transfer agents where CDS uses an internal CUID to process transactions on behalf of participants	Per TA price
7967	Transfer Fees - Adjustments	Any adjustments in transfer fees submitted by transfer agent	Per TA price
7991	Invoice – Soft copy	Charge per invoice per company per month; the invoice is provided in soft copy (e.g., Excel) on a PC diskette or via email	20.00
7992	Dormant Participant Status	Annual charge for reservation of CUID by participant	4,000.00
7080	Participant Merge	Charge to receiving CUID of merger of ledger positions	13,950.00
7090	Agent Merge	Charge to receiving custodian/paying agent of merger of ledger positions	13,950.00
3010	Courier Services - Taxable	Fee passed through CDS for courier shipments within Canada. See Appendix A - CDS Delivery Services Price List	Per fee schedule
3020	Courier Services - Zero Tax	Fee passed through CDS for courier shipments to or from outside of Canada - GST-free. See Appendix A - CDS Delivery Services Price List	Per fee schedule

INCIDENTAL FEES

9900	Late Collateral Delivery	Charge per incident for failure to deliver collateral within required timeframes	1,000.00
9905	Central Counterparty (CCP) Services Failure to Receive	Charge per day for failure to receive delivery of securities to settle an outstanding FINet trade prior to the start of payment exchange or CNS settlement position in the last intra-day CNS cycle	1,000.00
9910	Proper Valuation Not Provided	Charge per unvalued security for failure to provide valuation of all transfers, deposits and withdrawals	10.00

9920	Bank Declaration Not Submitted	Charge per day per share per International Securities Identification Number (ISIN) (daily maximum of \$1,000) for non-compliance with Depository Rules regarding the failure to submit a bank declaration	0.001
9925	Failure to Close-out Fails subject to SEC Regulation SHO	Charge of \$5,000 against the participant upon the first failure to close out fails. A charge of \$10,000 upon the second such occasion within the rolling twelve-month period from the first failure	5,000.00 or 10,000.00
9930	Failure to Provide Compliance Information	Charge for failure to provide required financial, regulatory, or other information within requested timeframe	1,000.00
9950	Envelope Not Picked Up by Close of Business	Charge per envelope per day for failure to pick up envelope before close of business	25.00
9960	Position Not Reconstituted	Charge per million par value (or part thereof) per business day reserved for failure to reconstitute a position reserved for reconstitution	1,000.00
9970	Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation for each of the first four times in a rolling 12-month period	1,000.00
9971	Non-standard Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation more than four times in a rolling 12-month period	10,000.00
9972	Variable Non-compliance Fee – NYL Soft Cap	Fee is calculated based on the difference between the participant's net payment obligation to DTC/NSCC and the amount of the soft cap multiplied by the rate as established for CDS's credit facility per day (total 365 days)	Per CDS rate for credit facility
9990	Delay of CDSX Payment Exchange - Initial 15 Minutes	Charge for first 15-minute extension for participant requesting a delay	2,500.00
9991	Delay of CDSX Payment Exchange - Additional 15 Minutes	Charge for a further 15-minute extension for participant requesting a delay	5,000.00

Applicable taxes are not included.

The service prices listed here cover only those authorized uses that are directly related to a Participant's use of CDS depository and clearing services, and that are authorized in the CDS Participant Agreement and Service Rules and procedures. Additional authorization is required from CDS and additional fees may apply if the Participant uses a service in any other manner.

Notes:

[†]Prices are in Canadian dollars and are effective November 1, 2011, unless mentioned otherwise in the 'Billing Definition' column. All Trade Clearing & Settlement Services and Depository Custodial & Entitlement Services, except for 7996, 7997 and 7998, are subject to transactional volatility premium

*Discounts may apply to selected services

¹A minimum monthly charge of \$1,000 for total ATON services applies to limited participants after the first three calendar months



Effective November 1, 2011

All Prices Subject to Change

CDS SAME – CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Same-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to/from transfer agents in the same city.

Certificate transfers (per envelope)	6.15
New deposit envelopes (per envelope)	1.19
New withdrawal (paper input) envelopes (per envelope)	No charge
Transfer/deposit rejects surcharge (per envelope)	3.99

CDS INTER-CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Inter-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to or from transfer agents located in other CDS centres.

Calculation: The greater of either the sum of appropriate liability, weight and per package charges or the minimum charge.

	Toronto Montreal	Vancouver Calgary
Liability charge (per \$1,000 declared value or part thereof)		
➤ Class II (negotiable items)	0.1743	0.2747
➤ Class III (non-negotiable items/registered items)	0.0630	0.1072
Plus weight charge (per 10 grams or part thereof)	0.1489	0.1883
Plus rate per package	33.36	33.83
Minimum charge per shipment	74.12	84.72

BRANCH TO BRANCH AND NEW YORK ENVELOPES

Service Description: Branch-to-Branch and New York Link envelopes are used where a participant drops off a shipment at a CDS branch location for delivery and pick-up at another CDS branch location, the Depository Trust Company (DTC) or Securities Industry Automation Corporation (SIAC).

Calculation: The greater of either the sum of appropriate liability, weight and per package charges or the minimum charge.

	Toronto Montreal Ottawa	Vancouver Calgary	New York (DTC/SIAC)
Liability charge (per \$1,000 declared value or part thereof)			
➤ Class II (negotiable items)	0.1710	0.2742	0.1798
➤ Class III (non-negotiable items/registered items)	0.0622	0.1069	0.0677
Plus weight charge (per 10 grams or part thereof)	0.1486	0.1852	0.1578
Plus rate per package	27.11	27.65	64.18
Minimum charge per shipment	64.91	75.42	103.77

CONSOLIDATED COURIER – DEPOT SERVICE

Service Description:

Outbound: Where the deliverer drops off a shipment at a CDS branch location for delivery by Brink's to the receiver's location.

Inbound: Where Brink's picks up a shipment from the deliverer's location and the receiver picks up the shipment from a CDS branch location.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per \$1,000 declared value or part thereof)				
➤ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➤ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939
Plus rate per package	61.65	128.41	63.70	63.70
Minimum charge per shipment	136.61	203.34	147.31	147.31

Notes:

1. State taxes are applied to all shipments to or from certain U.S. states.
2. Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

CONSOLIDATED COURIER – DOOR-TO-DOOR SERVICE

Service Description: Brink's picks up a shipment from the deliverer and delivers the shipment to the receiver.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per \$1,000 declared value or part thereof)				
➤ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➤ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939

Plus rate per package	61.65	128.41	63.70	63.70
<hr/>				
Minimum charge per shipment				
Regular schedules	162.57	229.30	172.64	172.64

Notes:

1. State taxes are applied to all shipments to or from certain U.S. states.
2. Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

APPENDIX "D"

CDS PERFORMANCE STANDARDS

Performance Standards	Measurement Criteria
<u>Payment exchange</u> Payment process completed by 5:30 p.m. ET	≥99.6%
<u>CDSX availability</u> 7:00 a.m. – 7:30 p.m. and 12:30 a.m. – 4:00 a.m. during normal business days.	≥99.8%
<u>Operational reliability</u> Execution of 22 daily CDSX systems deliverables.	≥99.6%
<u>Days of disruption</u> A day of disruption is one where: Online service is out for more than one hour between 10 a.m. and 5 p.m. Payment exchange is completed after 5:30 p.m. due to CDS error OR CDS causes a highly visible and significant disruption in the operations of a significant number of Participants (as agreed to by the Governance/HR committee of the board).	0 days
<u>Payments on payable date</u> Income entitlements (interest and dividends) on payable date. AND All corporate actions (re-organizations) on payable date where pre-determined. Where not pre-determined, deemed to be date on which funds are released to CDS. Except in the event where the paying agent was unable to pay CDS prior to payment exchange, due to problems on their end, and CDS successfully claimed interest (use of funds) from the paying agent/issuer or where CDS has done everything possible to obtain payment and the Governance/HR Committee agrees to exclude the payment from the calculation.	≥ 99.9%
Internal Business Process Deliverables	Measurement Criteria
<u>"Clean" 3416 Report</u> All control objectives are met for CDS Limited and there are less than 4 control exceptions.	Clean Audit Report
<u>Disaster recovery</u> Two-hour recovery capability from the point of failure for all CDS core services.	Performance as planned

APPENDIX "E"

REPORTING OBLIGATIONS

In addition to the notification, reporting and filing obligations set out in Schedule "B" to the Recognition Order, CDS Ltd. and CDS Clearing shall also comply with the reporting obligations set out below.

1. Prior Notification

1.1 CDS Ltd. and CDS Clearing shall provide to Commission staff prior notification of:

- (a) any proposed change to CDS Ltd. and CDS Clearing's corporate governance structure other than significant changes to the governance structure or constating documents for which prior approval is required under item 4.6 of Schedule "B" to the Recognition Order;
- (b) a decision to enter into an agreement, memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market; or
- (c) a decision to, either directly or through an affiliate, engage in a new type of business activity or cease to engage in a business activity in which CDS Ltd. and CDS Clearing are then engaged.

2. Immediate Notification

2.1 CDS Ltd. and CDS Clearing shall immediately notify the Commission of any event or occurrence that has caused or could reasonably be expected to cause a significant risk to; an adverse material effect on; or a significant or potential disruption to CDS Ltd., CDS Clearing, its participants, any of its services or the Canadian financial markets, including, but not limited to, a participant default; fraudulent activity; or a significant breach of CDS Clearing rules by its participant(s).

2.2 CDS Ltd. and CDS Clearing shall provide to the Commission immediate notice of:

- (a) the appointment of any new director or officer, including a description of the individual's employment history; and
- (b) the receipt of notice of resignation from, or the resignation of a director or officer or the auditors of CDS Ltd. and CDS Clearing, including a statement of the reasons for the resignation.

2.3 CDS Ltd. and CDS Clearing shall immediately notify the Commission if either organization:

- (a) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;
- (b) becomes aware that either organization is the subject of a criminal or regulatory investigation; or
- (c) becomes, or is aware that either organization will become, the subject of a material lawsuit.

2.4 CDS Clearing shall immediately file with the Commission copies of all notices, bulletins and similar forms of communication that CDS Clearing sends its participants.

2.5 CDS Ltd. and CDS Clearing shall immediately file with the Commission any unanimous shareholder agreements to which it is a party.

2.6 CDS Ltd. and CDS Clearing shall immediately file with the Commission any minutes of the board of directors, board committees, management committees and Participants committees promptly after their approval.

3. Quarterly Reporting

- 3.1 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of the internal audit reports and risk management reports issued in the previous quarter.
- 3.2 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of integration of its information technology systems, clearing, settlement or depository systems, or operations with any affiliated entities in the previous quarter that are not subject to the prior approval requirement under term and condition 12.1.

4. Annual Reporting

- 4.1 CDS Ltd. and CDS Clearing shall provide to the Commission annually:
- (a) a list of the directors and officers of CDS Ltd. and CDS Clearing;
 - (b) a list of the committees of the CDS Ltd. and CDS Clearing boards of directors, setting out the members, mandate and responsibilities of each of the committees;
 - (c) a list of all participants in each settlement service operated by CDS Clearing;
 - (d) CDS's strategic plan; and
 - (e) CDS's assessment of the risks facing CDS and the plans for addressing the risks.

5. General

- 5.1 CDS Ltd. and CDS Clearing shall continue to comply with the reporting obligations set out in their tailored Automation Review Program document.

**SUMMARY OF COMMENTS
AND RESPONSES**

Summary of Comments and Responses

Comment	Response
Exchange Governance	
<p>Maple's corporate governance structure should provide that at least 50% of the directors be both independent and unrelated to the original Maple shareholders and that, in addition, the Chair be independent and unrelated to the Maple shareholders. Note that the Chair would not be taken into account in determining whether at least 50% of directors are independent and unrelated to the Maple shareholders</p>	<p>At present, we have concluded that the Board composition requirements in the Exchange Recognition Order strike an appropriate balance between board size and independence (including independence from original Maple shareholders).</p> <p>We note that the chair of the Board is presently required under the Exchange Recognition Order to be independent and is also required to be unrelated to original Maple shareholders for so long as any Maple nomination agreement is in effect.</p>
<p>We note that the CEO as defined in the draft Exchange Recognition Order would not be taken into account in determining whether at least 50% of the directors are independent. While we believe that the intent of this statement is to strengthen the independence of the Board, we have some concern that the CEO, in some circumstances, may be unduly influenced by the Maple shareholders, particularly if that individual has previously been an executive of one of the major shareholders. If that were the case, then the Board, as proposed in the draft Exchange Recognition Order, would be composed of 8 Maple shareholder directors plus the CEO, who, acting together, would form a majority and could outvote the independent directors in any matters.</p>	<p>Under the Exchange Recognition Order, the meaning of independence is connected to the definition in section 1.4 of National Instrument 52-110 <i>Audit Committees</i>. Through this, the CEO of Maple would not be considered to be an "independent director".</p> <p>We note that the specific term and condition from the published draft Exchange Recognition Order that is the subject of this comment could be construed as suggesting that in all circumstances the CEO is considered to be unrelated to original Maple shareholders. This might not be the case.</p> <p>Under paragraph 1(c)(iv) of Schedule 2 to the Exchange Recognition Order, whether a person can be considered to be "unrelated" is also dependent on whether the person has, or has had, "any relationship with an original Maple shareholder that could, in the view of the Governance Committee having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized exchange."</p> <p>Given that it was not our intention to deem the CEO in all circumstances to be "unrelated to original Maple shareholders", we have deleted the provision which removes the CEO from the count towards at least 50% unrelated directors, and believe that reliance should be placed on the Governance Committee's determination as to whether the CEO can be considered to be "unrelated" within the meaning of that term.</p>
<p>Independent directors of the boards must represent the interests of all investors</p> <ul style="list-style-type: none"> • It is critical that independent directors have sufficient knowledge of capital markets and marketplace operations to make sound, fair, and informed decisions on complex matters. • Independent directors must include 	<p>The Governance Committee of Maple's board will be responsible for reviewing the composition of the board and identifying any gaps in skills or experience represented by current directors. In assessing the skills and experience of all potential nominees to the board, not just the independent directors, the Governance Committee is mandated to consider a</p>

Comment	Response
representatives of small investors	nominee's capital markets experience. Staff's view is that the fiduciary duties of Maple's directors, together with the recognized exchanges' express obligations to conduct their business and operations in a manner consistent with the public interest, will result in all directors on Maple's board, not just independent directors, representing the interests of all investors, including small investors. In addition, we note that the Commission will exercise oversight of the Governance Committee and its processes.
The directors of the boards should include a broad diversity of representation reflecting the Canadian investor base, including representation from diverse geographic regions.	The terms and conditions of the Exchange Recognition Order require the recognized exchanges to meet the recognition criteria set out in Schedule 1 to the order. The recognition criteria include the requirement that a recognized exchange's corporate governance structure provide for fair, meaningful and diverse representation on the board of directors, including a proper balance among the interests of the different persons or companies using the services and facilities of the exchange.
<p>The nomination process for new nominees to Maple's board of directors should be transparent so that new nominations do not come exclusively from existing Board members.</p> <ul style="list-style-type: none"> • Public postings and/or the use of search firms should be considered to identify suitable candidates. 	<p>The Governance Committee of the Maple board will be responsible for nominating all directors who will not otherwise be nominated pursuant to a nomination agreement of the original Maple shareholders and for assessing and approving all directors who are nominated pursuant to the nomination agreement. The Governance Committee will be authorized to retain external consultants to assist it in the identification of prospective board nominees and will maintain a list of potential director candidates for its ongoing consideration.</p>
There should be specified term limits for directors, including term limits for the Chair of the Board.	At this time, we have concluded that it is not necessary to prescribe term limits for directors of the recognized exchanges in the Exchange Recognition Order. However, the Commission will consider the appropriateness of specified term limits for directors as part of its enhanced oversight of Maple and may require this issue to be considered as part of the mandated review of Maple's governance structure.
There should be quorum requirements for the Board, including appropriate representation of independent directors	A term and condition of recognition has been added at paragraph 5(e) of Schedule 2 to the Exchange Recognition Order to establish requirements for the quorum for the Board of each recognized exchange to consist of at least two-thirds of the Board members.
<p>Market Participant Advisory Committees (MPACs) should be mandated for all activities of the exchange (listing, trading, and data).</p> <ul style="list-style-type: none"> • Both TMX and Alpha should strike MPACs similar to those proposed for CDS. • The Bank of Canada should have observer status for MPAC meetings. • The proposed Regulatory Oversight Committee (ROC) of Maple's board would not 	<p>At present, we have concluded that requiring MPACs for exchange activities similar in nature to those required for CDS should not be mandated. We also note that MPACs may not be well suited to the competitive environment in which the Maple marketplaces will operate and may represent a functional constraint on competition not shared equally by other marketplaces.</p>

Comment	Response
<p>be a sufficient mechanism for user input due to the conflicting duties of its members.</p>	<p>We will, however, continue to monitor the degree to which user input regarding exchange activities is sought and considered by Maple and in so doing, we will continue to assess the possible need for MPACs for exchange activities. In addition, we have amended section 7 of Schedule 2 to the Exchange Recognition Order to require that the Governance Review include a review of the degree to which Maple's corporate governance structure allows for adequate user input.</p>
<p>The Commission should be clearer regarding the Maple board's responsibility to the public interest role of Maple, especially its role in regard to fair and transparent trade execution costs.</p> <ul style="list-style-type: none"> • Section 2 of Schedule 2 to the draft Exchange Recognition Order should be amended to extend the definition of "public interest" for the benefit of both Maple Directors and market participants. • The definition of "public interest" would be enhanced with reference to sections 1-11 of Schedule 1 to the Exchange Recognition Order. 	<p>Our view is that the determination of the public interest depends upon a particular set of facts and circumstances that apply when the Commission carries out its mandate to provide investor protection and foster fair and efficient capital markets and confidence in capital markets, and when the recognized exchanges carry out their business and operations.</p>
<p>The provisions in the Exchange Recognition Order that provide for a single director to represent "independent dealers" is unlikely to provide enough independent scrutiny of Maple from perspective of unaligned market intermediaries.</p> <ul style="list-style-type: none"> • Section 6 of Schedule 2 to the draft Exchange Recognition Order should be amended to clarify that at least one broker-dealer not associated with Maple investors should be represented on the board. 	<p>We note that the Exchange Recognition Order currently requires at least one director of the recognized exchange to be a representative of a marketplace participant that is not affiliated with any Canadian Schedule I bank, and, for so long as any nomination agreement is in effect, is unrelated to original Maple shareholders. We note that this is a minimum requirement and does not preclude additional representation of independent dealers on the boards of the recognized exchanges.</p> <p>We also note the requirement in the Exchange Recognition Order that the governance structure and the governance arrangements of the recognized exchanges meet the governance criteria in Schedule 1 to the order, including the requirement for fair, meaningful and diverse representation on the board of directors, including a proper balance among the interests of the different users of the exchanges' services and facilities. As part of the Commission's ongoing oversight of Maple, Staff will have regard as to whether the interests of independent dealers are appropriately represented in Maple's governance structure. We would also expect that the adequacy of the representation of independent dealers on Maple's board be considered as part of the Governance Review required by section 7 of Schedule 2.</p>
<p>Many governance and conflicts-related arrangements provided for in the draft Exchange Recognition Order are directed to "original Maple shareholders" or "significant Maple shareholders". Governance and conflicts-related provisions should not be limited to a particular ownership</p>	<p>While there are a variety of terms that would relate directly to the "original Maple shareholders" or "original significant Maple Shareholders", as those terms are defined in the Exchange Recognition Order, we note that the broad requirements for the recognized exchanges to implement conflicts of interest policies</p>

Comment	Response
<p>position in Maple at a particular point in time.</p> <ul style="list-style-type: none"> If an entity were to take a 5% position in Maple in the open market, the potential conflicts of interest would be the same as with the original Maple shareholders. 	<p>focus on the conflicts that may arise as a result of the involvement of or relationship with a “significant Maple shareholder”.</p> <p>The definition of “significant Maple shareholder” would capture any other persons or companies that obtain more than a 5% ownership interest in Maple, excluding shares obtained in connection with certain normal-course activities (see the definition of “significant Maple shareholder” in section 1 of Schedule 2 to the Exchange Recognition Order). Consequently, these broader conflicts policies and procedures must address any such future shareholders.</p> <p>Despite this, the various requirements imposed on the original Maple shareholders under Schedule 9 are imposed on these shareholders as parties to the Exchange Recognition Order. It is our view that it would not be appropriate to impose the terms and conditions on persons or companies that are not party to the Exchange Recognition Order. Reporting requirements under NI 21-101 will provide us with information as to any person or company owning more than 5% of Maple. We may consider imposing similar requirements on any such person or company as are applicable to the original Maple shareholders, if appropriate.</p>
Governance Review Process	
<p>Given the complexity of the issues to be considered as part of the governance review, the Commission should consider a Governance Review Committee composed of individuals with skills and expertise in market microstructure, clearing and settlement, legal, and accounting.</p> <ul style="list-style-type: none"> There should be a public process for submitting issues and complaints to the individual/committee carrying out the governance review 	<p>We note that the Governance Review is to be carried out by an independent consultant or independent consultants acceptable to the Commission. Any assessment of the acceptability of the consultant or consultants to carry out the review will include an assessment of their skills and expertise in all facets of exchange and clearing and settlement operations.</p> <p>We note as well that the provisions of the Exchange Recognition Order relating to the Governance Review have been changed to require that the scope of the review be approved by the Commission and that the review itself must include an appropriate degree of public consultation, including consultation with users of the exchanges services and facilities.</p>
Conflicts of Interest	
<p>The Commission should require a report on addressing conflicts of interest in listings regulation within 12 months of the Exchange Recognition Order coming into effect.</p> <ul style="list-style-type: none"> The Exchange Recognition Order should require that the proposed new listings regulation structure set out in report should comply with international best practice standards. 	<p>We note that the Commission is particularly mindful of the potential for conflict of interest in the discharge by the recognized exchanges of their listings regulation functions. The Commission will continue to pay particular attention to the potential for conflict of interest as part of its enhanced oversight of Maple and its regulated affiliates.</p> <p>We also note that paragraph 20(a)(iii) of Schedule 3 to</p>

Comment	Response
	<p>the Exchange Recognition Order expressly provides that the Regulatory Oversight Committee of the Maple board consider real or perceived conflicts of interest in the context of the profit-making objective and the public interest responsibilities of Maple, including general oversight of the management of the regulatory and public interest responsibilities of TMX Group, TSX, Alpha LP and Alpha Exchange. Our view is that this consideration would include consideration of the listings regulation structure of the recognized exchanges.</p>
<p>The draft Exchange Recognition Order includes restrictions on the use and disclosure of confidential information regarding marketplace operations or regulation functions of a Maple marketplace or regarding a participating organization of or listed issuer on TSX that is obtained by a nominee to Maple's board of directors. However, representatives of the original Maple shareholders may also be customers of unaffiliated marketplaces and may, as a result, acquire confidential information about one of Maple's competitors. There should be an onus on TSX and Maple's shareholders to ensure that confidential information relating to one of Maple's competitors is not shared with TSX.</p>	<p>The restrictions regarding confidential information in the Exchange Recognition Order are directed at constraining the inappropriate use and disclosure of information relating to Maple marketplace operations or regulation functions, a Maple marketplace participant, or a Maple issuer acquired by a representative of a significant Maple shareholder. It is beyond the scope of the Exchange Recognition Order to create terms and conditions regarding the use and disclosure of confidential information relating to unaffiliated entities that are not parties to the order.</p>
<p>There are presently no provisions relating to the non-preferencing by Maple shareholders in relation to listings. There should be similar prohibitions on Maple shareholders re: listings activity as there are for coordination of routing activity.</p>	<p>We note that the decision of where to list is ultimately a decision made by the issuer, but acknowledge that the decision may be influenced by the recommendation of the dealer underwriter(s). We have amended the terms and conditions applicable to original Maple shareholders to extend restrictions on incentives to any such incentives intended to promote recommendations to list on a Maple recognized exchange, and to extend the policies and procedures requirements applicable to Maple dealers to ensure that listing recommendations are based on what would be most advantageous for the issuer or prospective issuer, without regard to any ownership interest in Maple.</p>
<p>Require the banks within the Maple Group to display CNSX quotes on their brokerage websites (after ensuring CNSX fees for such quotes are reasonable).</p>	<p>Staff are of the view that this goes beyond the measures that are necessary at this time. The question of whether a marketplace's quotes (which would include an exchange's quotes of its listed securities) should be displayed on the brokerage websites of a dealer has traditionally been left to the dealer to determine based on its own appreciation of its clients' needs relative to the costs associated with providing that information.</p>
Exchange Fee Models and Incentives	
<p>Guidelines should be included in the Exchange Recognition Order regarding the specific framework for assessing fee proposals</p>	<p>In connection with the Maple transaction, Staff will be reviewing its current approach to the review and assessment of fee proposals and will make any</p>

Comment	Response
<ul style="list-style-type: none"> • the draft Exchange Recognition Order should be amended accordingly • the framework should include either allowable margins or allowable rates of return on capital. 	<p>changes it deems necessary and appropriate.</p> <p>Staff also note that a requirement for more formal approval of all fees charged by any marketplace commences on July 1, 2012. Staff will consider the extent to which more transparency with respect to the framework for its review of fees may be appropriate.</p>
<ul style="list-style-type: none"> ▪ Existing fee structures should be reviewed against the standards in the Exchange Recognition Order ▪ Maple should be required to file initial applications for existing trade execution, market data fees and listing fees for approval by OSC within three months of closing, and this requirement should be reflected in the Exchange Recognition Order 	<p>Prior to the effective date of recognition, the recognized exchanges will need to review their existing fee structures against the standards in the Exchange Recognition Order in order to ensure compliance with the terms and conditions of recognition. This includes a review by Maple of the fee structures / schedules of each regulated Maple marketplace. To the extent that the fee structure / schedule of a Maple recognized exchange or other regulated Maple marketplace is not in compliance, it must be brought into compliance prior to the effective date of recognition. OSC staff will monitor the actions taken by the recognized exchanges towards ensuring compliance.</p> <p>We also note that changes have been made to the terms and conditions pertaining to fees that would require prior Commission approval for discounts, rebates, etc. that are accessible only to a class of marketplace participants. This requirement is applicable to the existing fees, and any such discount, rebate, etc., must be filed with the Commission for approval within 30 days of the effective date of recognition. If it is not filed for approval, or approval is not granted, the discount, rebate, etc. can no longer be offered.</p> <p>The more formal process for the review and approval of fees referred to in the previous response applies to each regulated Maple marketplace, and so any changes to their respective fee structures / schedules will be subject to the review and approval process applicable to that entity. For TSX and Alpha, as recognized exchanges, the process for the review and approval of fee changes is outlined in Schedule 10 of the Exchange Recognition Order.</p>
<p>The restrictions on fees and incentives in the draft Exchange Recognition Order should apply to existing agreements held by any of the Maple entities.</p>	<p>While some changes have been made to the terms and conditions pertaining to fees, we have maintained a prohibition on discounts rebates, etc., that are accessible only to a particular marketplace participant.</p> <p>To the extent that there are any agreements between the recognized exchanges and Maple marketplace participants with respect to fees that are not in compliance with this term and condition of recognition, these agreements must be terminated by or upon the effective date of recognition. OSC staff will be following up with staff of the recognized exchanges to ensure compliance.</p>

Comment	Response
	<p>Staff also note that transparency requirements applicable to marketplace fees, effective July 1, 2012, would preclude non-transparent agreements or arrangements pertaining to pricing.</p>
<p>The TMX ELP and Alpha OTS Market Making pricing structures appears to be offside of the provisions of the draft Exchange Recognition Order pertaining to fair and reasonable pricing. These provisions should ensure the elimination of these, and any future similar pricing structure.</p>	<p>As noted earlier, changes have been made to the terms and conditions pertaining to fees that would require prior Commission approval for discounts, rebates, etc. that are accessible only to a class of marketplace participants. To the extent that the TMX ELP and Alpha OTS Market Making pricing programs are subject to this requirement, TSX and/or Alpha, as applicable, would need to file these with the Commission for approval within 30 days of the effective date of their recognition as an exchange.</p>
<p>TMX should be required to adopt Alpha's trading fees where those are lower than TMX's current fees. (Otherwise if they close or abandon Alpha that lower priced option disappears).</p>	<p>We will monitor the effect of the proposed transactions on competition to assess whether or not there is an absence of competition that would otherwise have continued to affect the TSX's trading fees. The Exchange Recognition Order requires a triennial review of the fees and fee models of the recognized exchanges and regulated Maple marketplaces. To the extent the Commission believes a review should be conducted sooner, the Exchange Recognition Order provides the ability for the Commission to require that. It also provides the Commission with the ability to require previously filed fees to be resubmitted for approval. We believe these measures to be sufficient at this time.</p>
<p>OSC should not accept the existing trading fee model of TSX (maker-taker) without near-term detailed review of both the model and the exchange fee levels</p> <ul style="list-style-type: none"> • Pending review, Alpha's fee levels should be used as a basis for interim regulated pricing • Near-term review should be spelled out in the Exchange Recognition Order <p>An interim order and request for comment on maker-taker pricing should be implemented, in coordination with the CSA</p> <ul style="list-style-type: none"> • the interim order and request for comment should be referred to in the Exchange Recognition Order 	<p>The potential issues associated with the maker-taker model, are beyond the scope of the recognition itself and need to be examined more broadly, given that the maker-taker pricing model is the predominant model for equity trading fees charged by marketplaces in Canada. Staff will be commencing a review of trading fee models in Canada that would also have to consider any developments with respect to the maker-taker model both in North America and internationally (including any steps taken by IOSCO to review trading fee models). This review will examine fees charged under the various trading fee models as part of our analysis of the different pricing models and strategies employed by the marketplaces.</p> <p>With respect to the comment about using Alpha's fee levels as the basis for interim pricing for TSX, see the response to the immediately preceding comment.</p>
<p>OSC should not accept the current market data pricing schedule and fee model of TSX</p> <ul style="list-style-type: none"> • Pending near-term review, Alpha's market data model should be used as a base for interim regulated pricing <p>An interim order and request for comment on</p>	<p>Any potential issues associated with the pricing of market data are beyond the scope of the recognition itself. The OSC has committed in its fiscal 2012-2013 <i>Statement of Priorities</i> to develop and publish a consultation paper that seeks to address issues associated with market data in a multi-marketplace environment. OSC staff have undertaken a review of</p>

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<p>market data charges should be implemented, in coordination with the CSA</p> <ul style="list-style-type: none"> the interim order and request for comment should be referred to in the Exchange Recognition Order <p>TSX should not be allowed to charge for both Alpha and TSX market data following closing of the transaction</p>	<p>market data pricing in Canada and are working on finalizing a concept paper with the intention of publishing it later this calendar year.</p>
<p>TMX should cease charging for Alpha market data on completion of the transaction</p> <ul style="list-style-type: none"> OSC should publish a "roadmap" for future market data fee regulation. 	<p>See the response to the immediately preceding comment.</p>
<p>Any proposed new or amended fees or fee models should be published for 30-day comment prior to OSC assessment.</p>	<p>Publication of fees for comment is not presently contemplated under the review protocols applicable to fee changes made by exchanges or ATSS, effective July 1, 2012. As noted earlier, we will monitor the effect of the proposed transactions on competition to assess whether it may become appropriate or necessary to publish fees for comment. Any future decision to publish TSX's fee changes for comment may necessitate that this be made applicable to fee changes for all marketplaces.</p>
<p>The three-year fee review provided for in the RO is too long a period to go without a comprehensive review of pricing levels</p> <p>The triennial report on fees should be subject to a specific review and approval by the Commission and published by Maple for a 30-day comment period prior to any review by the Commission</p> <p>The draft Exchange Recognition Order does not provide sufficient guidance for how the OSC will assess the relevancy of any other jurisdiction's fees against the Canadian marketplace</p>	<p>To the extent the Commission believes a review should be conducted sooner than three years, the Exchange Recognition Order provides the ability for the Commission to require that.</p> <p>Under the terms and conditions of recognition, the report is to be provided to the Commission and it will therefore be reviewed and considered. To the extent that there are issues identified with previously filed fee models or fees, the Exchange Recognition Order provides that the Commission may require these to be resubmitted for approval.</p> <p>While we do not believe it is necessary for the report to be published for comment, we do believe that it would be appropriate for there to be an element of public consultation in formulating the findings and conclusions of the report. The term and condition pertaining to the triennial review of fees has been amended accordingly. It has also been amended to require the scope of the review to be agreed to with the Commission. We will consider what type of benchmarking might be appropriate when considering the scope of the review to be conducted.</p>
Financial Viability and Monitoring	
<p>Amend the thresholds for the financial ratios applicable to TSX to allow the OSC to lower the thresholds if circumstances warrant.</p>	<p>Staff review the financial statements and ratios as part of its monitoring of the financial viability of the recognized entity. To the extent that additional information is necessary, Staff can request this through the general provision of information</p>

Comment	Response
	<p>requirements included in Schedule 2 of the Exchange Recognition Order.</p> <p>If staff are of the view that the threshold for the ratios should be lowered, this may be revisited through amendments to the Exchange Recognition Order.</p>
Routing Decisions	
<p>The draft Exchange Recognition Order should be amended to require each Maple shareholder to provide the Commission with a summary of orders routed to a Maple exchange plus orders routed to third party venues.</p>	<p>We have concluded that, at this point, it is not necessary to amend the Exchange Recognition Order to specifically require Maple's shareholders to provide to the Commission summaries of its order routing to Maple-owned exchanges or other unaffiliated venues. The Commission does have broad powers to request information from market participants.</p>
Exchange General	
<p>The Commission should identify a legitimate domestic bidder for the OTC swaps clearing business outside of Alpha, CDS and CDCC.</p>	<p>Our view is that this matter is beyond the scope of what should be appropriately addressed by the Exchange Recognition Order or CDS Recognition Order and consequently, we have not made any changes to the orders in this regard.</p>
<p>The Commission's role regarding negative externalities of TSX decisions (such as Quantum XA rollout) should be clarified</p> <ul style="list-style-type: none"> • Through its near-monopoly, TSX decisions may impose costs on markets beyond its own price schedule 	<p>In the context of its mandate to provide investor protection and foster fair and efficient capital markets and confidence in capital markets, the Commission pays close attention to the consequences of actions and decisions taken by all market participants. The Commission and Staff will continue to carry out this role through the enhanced oversight program in connection with the oversight of Maple and its regulated affiliates.</p>
CDS Governance	
<p>The ability of directors to balance their primary responsibility against a much more vague responsibility for the "public interest" is a cause for concern and would benefit from additional clarity. Section 2 of T&Cs to the CDS Recognition Order should be amended to further clarify the "public interest" by reference to Parts 1 to 12 of Schedule A to the CDS Recognition Order.</p>	<p>Our view is that the determination of the public interest depends upon a particular set of facts and circumstances that apply when the Commission carries out its mandate to provide investor protection and foster fair and efficient capital markets and confidence in capital markets, and when the recognized exchanges carry out their business and operations.</p>
<p>The review contemplated in section 19.1 of the T&Cs of the CDS Recognition Order should ensure appropriate representation (and the ability to file a minority report) by members of the Participant Committee.</p>	<p>In order to ensure timely completion of the review and to encourage frank input from all stakeholders, the T&C now contemplates the review to be completed by an independent third party with input from all stakeholders.</p>
<p>The CDS Recognition Order should provide for regular communication between the Participant Committee and the Commission.</p>	<p>The CDS Recognition Order already provides that a Participant Committee can on its own initiative report to the Commission. As well, Commission staff can sit as observers on the Participant Committees. As the</p>

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	Commission will already be aware of ongoing matters there is unlikely to be much additional benefit from establishing regular meetings or other means of communication.
<p>With respect to the composition of the board of directors:</p> <ul style="list-style-type: none"> • At least one dealer be independent of Maple and its shareholders; • At least 50% of the directors be both independent and unrelated to the original Maple shareholders; • The same principles of independence should apply to CDS and CDCC that apply to Maple, TMX Group, TSX, ME and TSX Venture; • At least 50% independent directors when excluding the chair, an independent chair, an open process to find candidates, representation from small dealers, diversity, term limits and transparency of process; • A maximum of 50% of non independent directors; • A minimum of one third of participants must be independent members of CDS who consume these services; and • One representative from a marketplace that clears on CDS. 	<p>Some of the comments received, such as a representative of a marketplace, reiterate requirements already included in the T&Cs. Other comments, such as 50% of directors being both independent and unrelated to original Maple shareholders, independence requirements similar to those for Maple and affiliated marketplaces, and 50% independent directors and an independent chair, are also being made in reference to Maple and its affiliated marketplaces.</p> <p>We believe that clearing agencies are different than marketplaces and that this needs to be reflected in the governance structure as well. One of the key considerations is that participants using CDS's services also accept the mutualisation of risk to ensure the stability of the clearing infrastructure and hence have a significant interest in the design and operation of the clearing and settlement system and appropriate risk management. To ensure that the clearing agency continues to be responsive to industry needs, the CDS board has requirements not only for independent directors but also directors representing users of the system. No change is proposed to the CDS Recognition Order.</p>
One member must work for a regulator or commission and be nominated from that entity.	As CDS is not a government owned entity, we do not think it is appropriate or necessary to have a regulator on the board. This is not a model that we have with any of our other entities. No change to CDS Recognition Order proposed.
If the Maple transaction were to proceed, CDCC should be folded into CDS with a single board. The board would be constructed as proposed in the draft CDS Recognition Order. The CDCC functions should be subject to the same scrutiny, participant committee framework and pricing model restrictions and oversight as the CDS functions.	These proposed requirements would be considered in the CDCC Recognition Order, not the CDS Recognition Order. We note that any integration of CDS and CDCC would be subject to the Commission approval.
Issuers and transfer agents have an interest or role in the services offered by the clearing agency. Up to two seats should be allocated to issuers and transfer agents on the board of CDS and that MPACs also permit their representation .	The roles of issuers and transfer agents is limited and board seats are already few for those directly involved in CDS for settlement obligations. It is not proposed that there be any seats dedicated to issuers and transfer agents. However, we do recognize transfer agents are important stakeholders of CDS, we expect CDS to accept them as members of MPAC, which is an important governance mechanism.

Comment	Response
Arrangements between CDS and Participants	
<p>The foundation of CDS’s business practices and legal agreements contemplate CDS dealing with its participant owners in a not-for profit environment. It is necessary to review these legal agreements in the context of a for-profit commercial venture to confirm the terms and conditions are still relevant. For example, the rules specifically limit the dollar value of claims resulting from errors and omissions by CDS or its staff. As CDS will be a for-profit organization under the Maple Proposal, CDS should be accountable for its performance.</p>	<p>Review of the arrangements between CDS and the participants to assess whether they continue to be appropriate is already a T&C in the CDS Recognition Order.</p>
Competition	
<p>The CDS Recognition Order should include further requirements to ensure or facilitate competition in the provision of clearing, settlement and depository services. There should be requirements to allow for bilateral or multilateral clearing by third party providers before submission to CDS, and to provide that participants should have the right to choose where their trades are to be sent for clearing. The T&Cs of the CDS Recognition Order should also address, not only new actions or requirements from CDS but also any existing requirements or practices.</p>	<p>Both the Exchange Recognition Order and CDS Recognition Order include T&Cs that contemplate market participants using alternative providers for post-trade services. We have clarified those provisions by prohibiting the rules of the clearing agency or an arrangement between the clearing agency and market participants from prohibiting, limiting or impeding a participant from engaging other third party post-trade service providers, or prohibiting, limiting or impeding any such third party service provider in the provision of their services</p>
Transparency	
<p>CDS must submit various reports to the Commission for review and ultimately to ensure they are abiding by the CDS Recognition Order. These submissions should all be made in an open and transparent way such that Participants have access to this information. As well, there should be full transparency around the pricing and internal accounting within the clearing vertical.</p>	<p>A new T&C has been included to require that certain reports, self-assessments, and third party reports be made available to all CDS participants.</p> <p>A T&C has also been included to require that CDS continue to provide participants with an annual report containing substantially the same type of financial and other information that it has historically done. No further conditions have been made to require more detailed financial information relating to pricing and internal accounting. We are sensitive to the fact that as a commercial enterprise, certain disclosure may negatively impact its competitive position.</p>
CDS Fees - Fee Model	
<p>In relation to the proposed fee model it was noted that:</p> <ul style="list-style-type: none"> • fees on a “per unit” basis and participants will not gain the benefit of further economies of scale as they have over the last several years; • the model ignores the rebate system that has typically lowered effective fees to participants below the posted rates; 	<p>The comments reflect certain aspects of the current CDS model that will change under the proposed Fee and Rebate Model. The proposed model is intended to allow CDS to convert to a for-profit enterprise. The rebates and fee discounts which characterised the cost recovery model have been replaced under the Fee and Rebate Model which provides for a sharing of future revenue gains between CDS and the participants. No change to the CDS Recognition</p>

Comment	Response
<ul style="list-style-type: none"> • CDS has historically had automatic discounting to the fee schedule upon achieving overall volume thresholds; and • Fee caps, on a per transaction basis, at current levels should be reconsidered given the history of such fees. 	<p>Order is proposed.</p>
<p>The CDS Recognition Order should provide for, or be clearer on, the regulation of fees and in particular:</p> <ul style="list-style-type: none"> • price regulation would be on all existing services of CDS, not simply core services; • new services would be subject to comprehensive price regulation on some standard of margins or returns to capital; and • the exercise judgement on what additional products and services should be considered “clearing and other core CDS services”. 	<p>The comments reflect some uncertainty or ambiguity about the nature and extent of the fee regulation contemplated under the CDS Recognition Order.</p> <p>Under section 7.6 of the T&Cs, CDS must obtain prior Commission approval before implementing any amendments to existing fees in the fee schedule, any new fees, any other fees for products or services designated by the Commission and any change in the Fee and Rebate model. Under section 7.8, any fee approval must follow the process set out in the Rule Protocol between CDS and the Commission, which includes a public comment period for any such fee approval.</p> <p>Under these sections, the Commission would be approving fees for any service or product, whether considered a core service or non-core service. Additional clarification has been added to section 7.6.</p>
<p>Future requirements for capital under the FMI Principles should not be considered in any fee setting process by the Commission, but that CDS must comply with any such minimum capital guidelines.</p>	<p>Under the Fee and Rebate Model, Maple would not seek a fee increase unless is a significant change in circumstances. Since the PFMI's are already finalised, compliance with those standard could not be considered a change in circumstances.</p>
<p>The Fee and Rebate Model in Appendix B to the CDS Recognition Order should clarify the basis of allocation of rebates to Participants under section 5.</p>	<p>Maple has provided the clarification in the appendix "B" which describes the Fee and Rebate Model.</p>
<p>The fee schedule in Appendix C of the CDS Recognition Order should be modified to allocate pro-rata any rebates that would otherwise have been made for 2012.</p>	<p>CDS had decided not to provide any rebates in 2012 in order to meet the requirements under the PFMI's. No change is proposed to the CDS Recognition Order.</p>
<p>All regulated revenue should be subject to the 50% profit share.</p>	<p>The Commission has already considered the Fee and Rebate Model as published. No change is proposed to the fees that would be captured in the model.</p>
CDS Fees - Process	
<p>The Commission should provide guidance as to the basis for approval of fee requests.</p>	<p>Staff will be reviewing its approach to the review and assessment of fee proposals and will make any changes it deems necessary and appropriate. No change is proposed to the CDS Recognition Order.</p>
<p>The fee schedule for CDS Securities Management Solution Inc. should be approved by the Commission prior to 90 days from closing.</p>	<p>CDS must provide to the Commission the fee schedule for CDS Securities Management Solution Inc. that is in effect 30 days prior to the date of the</p>

Comment	Response
	CDS Recognition Order. In the future any changes to the fees must be approved by the Commission in accordance with the procedures applicable to other fees for CDS services. Additional wording to clarify this has been included in section 24.2 of the T&Cs of the CDS Recognition Order.
CDS Fee Schedule	
The CDS Recognition Order essentially freezes CDS' prices at their current levels. It will be very difficult to prevent monopoly pricing because of the complex nature of CDS' pricing and costing. In particular, CDS' current pricing already reflects some aspects of monopoly pricing behaviour. And there are important services currently provided by CDS that do not appear on CDS' price list, either because the costs of those services are included in other existing prices or because CDS (and its industry owners/users) wanted to promote certain behaviour by not charging for its use.	Proposal to have a review undertaken of the fees to determine if they are fair and competitive, or create an impediment to potential competition is already included in CDS Recognition Order.
CDS Financial Stability and Viability	
There should be a role for the Bank of Canada and OFSI in the oversight of CDS.	Each regulator must determine what its role is in the oversight of CDS. To the extent that roles and responsibilities may overlap we would seek to improve coordination and cooperation with other regulators
CDS should not be levered at all, given its critical role. section 22.2 of T&Cs should be amended such that both ratios read "1/1". Also notification should be given for anticipation or failure to meet FMI Capital standards.	A requirement has been added in the Financial Viability T&C that notice be given if CDS fails or anticipates that it will fail to meet the FMI Capital standards.
CDS should maintain minimum capital levels commensurate with the PFMI's.	A requirement has been added in the Financial Viability T&C that CDS must be observant with the FMI Capital standards.
Cross Margining	
Cross-margining between the derivative and cash markets implies risk sharing amongst the participants in those groups. This potentially introduces new levels of exposure for CDS participants when cross-margining and new services are introduced. Cross margining could also have the unintended consequence of banks being forced to provide credit support and an implicit subsidy to the new owners of CDS.	Any proposed cross-margining arrangements would be subject to the Commission approval and a public comment process. No change proposed to the CDS Recognition Order.
Clearing General Issues	
The provisions in the CDS Recognition Order relating to the sharing of information and cooperation with other regulated entities should be expanded to include Participant's data and to	The T&Cs providing for sharing of information and cooperation with other recognised and exempted regulated entities is similar to requirements applicable to other regulated entities and the circumstances

Comment	Response
require that the recipient of the information is subject to the same confidentiality provisions as CDS is.	relating to CDS does not warrant different requirements. No change is proposed to the CDS Recognition Order
The Commission should mandate that any new services of CDS (such as security lending) be accomplished on a stand-alone credit ring basis.	Criteria 6.4 requires a clearing agency that carries out any non-settlement services to prevent any spill-over of risks.
Post-implementation there should be a public review of the functioning of the exchanges and CDS. This could take the form of a triennial open comment period on the recognition orders,	We have already identified aspects of the exchange and CDS that would require review and have incorporated such requirements in the relevant recognition orders, e.g. governance review of the exchange, pricing review of both exchange & CDS, arrangements between CDS & participants. No change is proposed to either of the Exchange Recognition Order or CDS Recognition Order.
The OSC should require Maple, as a condition of approving the CDS Recognition Order, to negotiate a fair price with the CDS shareholders not included in their consortium	We believe the negotiation of a price for CDS shares is a corporate/commercial matter for the shareholders to address and not a securities regulatory issue. We do not believe it is appropriate to intervene in that process given that it is not a regulatory concern
Commission Capacity / Capability	
<p>The complexity of the proposed governance/oversight arrangements underscores the serious conflicts raised by the proposed transaction.</p> <p>The Commission must undertake more extensive responsibilities than its existing mandate to manage those conflicts.</p> <ul style="list-style-type: none"> The Commission must ensure that it acquires sufficient expertise and resources to manage new responsibilities 	We acknowledge the demands that the recognized exchanges will place on the Commission's capacity and capability to carry out meaningful and effective oversight. In the face of these demands, we will refocus on how oversight is carried out and will staff appropriately to see that it is carried out effectively.
<p>The Commission should recognize the substantial increase in capacity and capability that will be required to make it an effective regulator of market structure and fees.</p> <ul style="list-style-type: none"> Staffing must be commensurate with expanded role it will be undertaking 	Please see the response to the immediately preceding comment.
Enhanced oversight could impact the Commission's responsiveness to other regulated entities.	We intend to refocus how oversight is done and will staff accordingly. We believe that the enhanced oversight of Maple will not negatively impact the Commission's responsiveness to other regulated entities.
<p>Prohibitions in the Exchange Recognition Order (especially with respect to routing and preferencing arrangements) will be difficult to monitor and enforce.</p> <ul style="list-style-type: none"> It will also be difficult for the original Maple shareholders to ensure that individual employees are meeting their obligations 	The Exchange Recognition Order provides for extensive reporting obligations to the Commission by the recognized exchanges. Together with the Commission's enhanced program of oversight, we believe that the terms and conditions of recognition will be adequately monitored and appropriately enforced.

Comment	Response
Costs of enhanced oversight	
<p>Any costs associated with the enhanced oversight of Maple should be specifically attributed to Maple, TMX and CDS and not borne by industry participants at large.</p>	<p>Our expectation is that any costs associated with the oversight of the recognized exchanges will be recovered through participation fees and activity fees payable by the recognized exchanges and not from market participants in general.</p> <p>Under the CDS fee model, the prices would not reflect any increase in regulatory cost. Since Maple has been put on notice of potentially greater regulatory costs this would not be accepted as a reason for increasing fees for clearing, settlement and depository services.</p>
Ombudsman / Dispute Resolution	
<p>There should be a dispute mechanism or ombudsman to which affected parties could seek arbitration to address customer concerns.</p>	<p>At this point, we have concluded that an Ombudsman or other dispute resolution process to address specific concerns by stakeholders is not necessary. We note that stakeholders may address any concerns to the Commission directly.</p>

**Summary of Transitional Periods Proposed by Maple with
OSC Staff Response**

Summary of Transitional Periods Proposed by Maple with

OSC Staff Response

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
Schedule 2, section 2(b) of the Exchange Recognition Order	Board mandates of Maple, TMX Group, TSX to include regulatory and public interest responsibilities	<p>This would be completed between take-up under the Maple offer (which is when the Exchange Recognition Order goes into effect) and the closing of the subsequent arrangement so that the new boards of each entity and their governance committees would accordingly review and approve these items.</p> <p>A draft of the Maple board mandate will be provided to the OSC by June 22, 2012. Mandates for TMX Group and TSX will be substantially the same.</p>	Transitional period added to the Exchange Recognition Order that has effect of delaying application of 2(b) until earlier of the completion of the Subsequent Arrangement or 30 days from the effective date of recognition of Maple as an exchange.
Schedule 2, section 11(a) of the Exchange Recognition Order and Schedule B, section 8.1 of the CDS Recognition Order	Maple/TMX Group/TSX/CDS to implement an internal cost allocation model and policies with respect to the allocation of costs and transfer of prices, with prior OSC approval before implementation	<p>From the effective date of the orders, Maple will apply the existing TMX Group and CDS cost allocation policies. We will provide copies of these policies to the OSC.</p> <p>The new internal cost allocation model and policies will take approximately 8 months after the closing of the subsequent arrangement to implement, not including time for prior approval by the OSC.</p>	See changes made to section 11 of Schedule 2 of the Exchange Recognition Order and section 8.1 of the CDS Recognition Order. An explicit transition period of 9 months from the effective date of recognition has been added in each case.
Schedule 2, Section 16(a) of Exchange Recognition Order and Schedule B, sections 18.1 and 31.4 of CDS Recognition Order	CEO and General Counsel certification of compliance with terms and conditions of recognition	Elements of the compliance controls and compliance steps referenced therein will not all be in place at the effective date of the orders, but rather will be developed over the course of the first year after the effective date of the orders. The first certifications to be provided pursuant to the orders will make reference to this fact and will also make reference to the transitional periods specified above (including in the case of the certificates to be provided pursuant to	To the extent that elements of the compliance controls and steps will be implemented subsequent to the effective date of recognition in accordance with various timelines set out in this chart, we agree that the first certifications to be provided should make reference to this fact, and that the certification might therefore only cover the period the

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
		Schedule 6, section 48(c) of the Exchange Recognition Order).	respective controls and steps were in place.
Schedule 2, section 16(b), (c) and (d) of the Exchange Recognition Order and Schedule B, Section 31.5 of the CDS Recognition Order	Maple/TMX Group/TSX each to establish procedures so that if it, its directors, officers or employees become aware of a breach of any terms and conditions of the Exchange Recognition Order or CDS Recognition Order, as applicable, such person notifies the Regulatory Oversight Committee, the Regulatory Oversight Committee notifies the OSC, the Regulatory Oversight Committee causes an investigation to be conducted and the Regulatory Oversight Committee notifies the OSC of its determination of whether there has been a breach or that there is an impending breach	The whistleblower procedure will be established at the same time the mandate of the Regulatory Oversight Committee is approved, as discussed below.	Transitional period added to the Exchange Recognition Order that has effect of delaying application of section 16(b), (c) and (d) until earlier of the completion of the Subsequent Arrangement or 30 days from the effective date of recognition of Maple as an exchange. Section 31.5 of the CDS Recognition Order will become effective 30 days from the effective date of that order.
Schedule 3, section 19(b) of the Exchange Recognition Order	Maple to establish a mandate of the Governance Committee	This would be completed between take-up under the Maple offer (which is when the Exchange Recognition Order goes into effect) and the closing of the subsequent arrangement so that the new Maple board and Maple governance committee would accordingly review and approve this item. OSC approval would also be received in this period. A draft of this mandate will be provided to the OSC by June 22, 2012.	No explicit transitional provision added to the Exchange Recognition Order. The requirement in 19(b) is that any changes to be implemented with respect to the mandate are subject to prior Commission approval. The draft mandate provided on June 22, 2012 will be treated as the initial mandate, and any changes to be implemented as a result of the subsequent review and approval by the new Maple board and Maple governance committee will be subject to the requirement for prior Commission approval in 19(b).

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
Schedule 3, section 20(a) and (b) of the Exchange Recognition Order	Maple to establish the Regulatory Oversight Committee and its mandate	<p>This would be completed between take-up under the Maple offer (which is when the Exchange Recognition Order goes into effect) and the closing of the subsequent arrangement so that the new Maple board and Maple governance committee would accordingly review and approve this item. OSC approval would also be received in this period.</p> <p>A draft of this mandate will be provided to the OSC by June 22, 2012.</p>	<p>No explicit transitional period added. We agree with the proposed timeframe for the establishment of the ROC.</p> <p>With respect to the mandate, we the draft mandate provided on June 22, 2012 will be treated as the initial mandate, and any changes to be implemented as a result of the subsequent review and approval by the new Maple board and Maple governance committee will be subject to the requirement for prior Commission approval in 20(b).</p>
Maple Schedule 3, section 22(a)(i); TMX Group Schedule 4, section 27(a)(i); TSX Schedule 5, section 31(a)(i)(A), in each case, of the Exchange Recognition Order	Maple to establish a conflicts policy to manage "involvement of ... a significant Maple shareholder in the management or oversight of the marketplace operations..."	Maple and TMX Group are currently reviewing the manner in which they would implement such policy. This policy would be completed approximately 3 months after take-up under the Maple offer. The new Maple board would accordingly review and approve this item.	No explicit transitional period added. We expect the required policies to be established within 3 months from the effective date of recognition.
Maple Schedule 3, section 22(a)(ii); TMX Group Schedule 4, section 27(a)(ii); TSX Schedule 5, section 31(a)(ii), in each case, of the Exchange Recognition Order	Maple to establish a confidentiality policy that requires confidential information of Maple marketplace operations/participants /issuers that is obtained by a significant Maple shareholder through involvement in the management or oversight of marketplace operations to be kept confidential and not used to the advantage of the Maple shareholder or its affiliates	Maple and TMX Group are currently reviewing the manner in which they would implement such policy. This policy would be completed approximately 3 months after take-up under the Maple offer. The new Maple board would accordingly review and approve this item.	No explicit transitional period added. We expect the required policies to be established within 3 months from the effective date of recognition.

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
<p>Maple Schedule 3, section 22(b), TMX Group, Schedule 4, section 27(b) and TSX Schedule 5, section 31(c), in each case, of the Exchange Recognition Order</p>	<p>Maple and TMX Group to cause each regulated Maple marketplace to mandate that each marketplace participant of the regulated Maple marketplace (being TSX, Alpha Exchange Inc. and TMX Select Inc.) that is a Maple dealer, an affiliated entity of the Maple dealer or a dealer affiliate to disclose its Maple relationship to its clients (trading) and where it acts as underwriter. TSX and Alpha have equivalent obligations</p>	<p>The applicable Maple dealers, affiliated entities of Maple dealers or dealer affiliates will provide written confirmation to Maple and the regulated Maple marketplaces that the procedures described below with respect to obligations under Schedule 6, section 44(a) and (b) will be in place by the time periods specified below.</p>	<p>It will not be sufficient for the applicable Maple dealers, affiliated entities of Maple dealers or dealer affiliates to provide written confirmation. The identified provisions, and the similar provisions applicable in the Alpha terms and conditions, indicate that the regulated Maple marketplace "will require" the specified parties to make the indicated disclosures. To the extent this is to be done through amendments to the participation / membership / subscriber agreements with the specified parties, we acknowledge that some time will be needed to make those amendments. Consistent with the timelines proposed for the similar requirements imposed through Schedule 9, we expect this to be completed by the completion of the subsequent arrangement. No explicit transitional period has been provided.</p> <p>We note this will also apply in the context of the terms and conditions of recognition applicable to Alpha and the expectations as to timing are the same.</p>
<p>TSX Schedule 5, section 31(a)(i)(B) of the Exchange Recognition Order</p>	<p>TSX to establish a conflicts policy to address instances where TSX may be exercising discretion that involves an original Maple shareholder or a significant Maple shareholder</p>	<p>Given the breadth of application of this policy, this will take approximately 6 months after take-up under the Maple offer to develop and implement as it would need to be jointly developed between the TMX Group General Counsel's Office, the TSX listings department and</p>	<p>No explicit transitional period added. We expect the required policies to be established within 3 months from the effective date of recognition.</p>

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
		the TSX equities trading department.	
TSX Schedule 5, section 31(a)(i)(C) of the Exchange Recognition Order	TSX to establish a conflicts policy to address conflicts that arise between the regulation functions and business activities of TSX	Given the breadth of application of this policy, this will take approximately 6 months after take-up under the Maple offer to develop and implement.	No explicit transitional period added. We expect the required policies to be established within 3 months from the effective date of recognition.
TSX Schedule 5, section 31(b) of the Exchange Recognition Order	TSX to establish a conflicts policy that identifies and manages conflicts of interest arising from the listing of the shares of any significant Maple shareholder on TSX	This will take approximately 6 months to complete, including time to take into account the provisions of the final form of Listing-Related Conditions to be attached as Appendix A to the Exchange Recognition Order, including obtaining OSC approval.	No explicit transitional period added. We expect the required policies to be established within 3 months from the effective date of recognition.
Schedule 6, sections 42(a) and (b) of the Exchange Recognition Order	Each original significant Maple shareholder to establish conflicts policies	This item would be completed between take-up under the Maple offer and the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the suggested timeline for completion.
Schedule 6, section 43 of the Exchange Recognition Order	Restrictions on the ability of original Maple shareholders to enter into, or cause their affiliates to enter into, certain arrangements, undertakings, commitments, understandings or agreements	Each of the original Maple shareholders will adopt any applicable policies or procedures necessary to support the certification of compliance with this section between take-up under the Maple offer and the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the suggested timeline for completion.
Schedule 6, section 43(f) of the Exchange Recognition Order	Original Maple shareholder that is not a Maple dealer to provide written directive to its traders that they shall not cause routing decisions to be made based on the original Maple shareholder's interest in Maple	This item would be completed between take-up under the Maple offer and the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the suggested timeline for completion.
Schedule 6, section 43(g) of the Exchange Recognition Order	Each Maple dealer, or its affiliated entities that are marketplace participants, to establish, maintain and require compliance with a written directive requiring its traders to base routing decisions on the best execution and order	Each Maple dealer (or the applicable affiliated entities) will establish and implement such written directive between take-up under the Maple offer and the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the suggested timeline for completion.

Summary of Relevant Order Provision	Period Proposed by Maple for Implementation	OSC staff response
	protection obligations without regard to any ownership interest of such Maple dealer in the Maple marketplace or Maple trading facility	
Schedule 6, section 44(a) and (b) of the Exchange Recognition Order	<p>Maple dealers and original Maple shareholders that are not Maple dealers who have affiliated entities that are Maple marketplace participants to disclose relationship of Maple dealer or affiliated entities that are Maple marketplace participants, as applicable, to clients in connection with routing of orders and clients for whom the Maple marketplace participant is acting or proposing to act as underwriter</p>	<p>Each of the original Maple shareholders that are dealers will include disclosure of the applicable relationship to clients whose orders might be, and clients whose orders have been, routed to a Maple marketplace, in: (a) account opening documentation circulated at any time following closing of the subsequent arrangement; and (b) quarterly account statements delivered to clients in respect of any quarterly period beginning after closing of the subsequent arrangement.</p> <p>Each of the original Maple shareholders will adopt any applicable policies or procedures necessary to support the certification of compliance with sections 44(a)(ii) and 44(b)(ii) of the Exchange Recognition Order by the closing of the subsequent arrangement.</p> <p>Each of the original Maple shareholders will, and will ensure that any affiliated entities that are Maple marketplace participants will, provide disclosure regarding the relationship of the original Maple shareholder with Maple and Maple's affiliated entities to any underwriting clients that are engaged or proposed to be engaged following closing of the subsequent arrangement.</p>
		No explicit transitional period added. We agree with the suggested timeline for completion.

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
Schedule 6, section 45 of the Exchange Recognition Order	Each original Maple shareholder must not enter or, in the case of Maple dealers or original Maple shareholders with a dealer affiliate, cause its affiliated entities or dealer affiliates to enter, into certain arrangements, undertakings, commitments, understandings or agreements regarding the trading of any derivatives or related products, and certain arrangements, undertakings, commitments, understandings or agreements with respect to back-office, post-trade or ancillary services	Each of the original Maple shareholders will adopt any applicable policies or procedures necessary to support the certification of compliance with this section by the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the suggested timeline for completion.
Schedule 6, section 46 of the Exchange Recognition Order	Maple dealers (and original Maple shareholders with dealer affiliates) must not require another person or company to obtain products or services from Maple or any of Maple's affiliated entities as a condition of the applicable Maple dealer or dealer affiliate supplying or continuing to supply a product or service	Each of the original Maple shareholders will adopt any applicable policies or procedures necessary to support the certification of compliance with this section by the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the suggested timeline for completion.
Schedule 6, section 49 of the Exchange Recognition Order	Upon becoming aware that there has been a breach or possible breach of any of the terms and conditions applicable to it, each original Maple shareholder (or its partners, officers, directors, or employees, or in the case of an original Maple shareholder that is not a dealer, its relevant officers, directors, or employees that are subject to policies and procedures implemented by the Maple non-dealer for purposes of complying with Schedule 6), shall notify the "Designated Recipient" of the breach or possible breach	Each of the original Maple shareholders will adopt any applicable policies or procedures necessary to support the certification of compliance with this section by the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the suggested timeline for completion.

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
Schedule B, section 4.4 of the CDS Recognition Order	Establishment of new Market Participant Advisory Committee on fees, and mandate for such committee	Appointment of the members of the new fee MPAC, and approval of the mandate by those new members, would be completed within 3 months of completion of the amalgamation between CDS and Maple's wholly-owned subsidiary (the " Amalgamation ") (which is when the CDS Recognition Order goes into effect) .	No explicit transitional period added. We agree with the proposed timeline.
Schedule B, sections 4.6 and 4.7 of the CDS Recognition Order	Establishment of Risk Management and Audit Committee and Governance Committee, and mandates for such committees	This would be completed between completion of the Amalgamation (which is when the CDS Recognition Order goes into effect) and the closing of the subsequent arrangement.	No explicit transitional period added. We agree with the proposed timeline.
Schedule B, sections 4.5, 7.9, 8.2 and 12.4 of the CDS Recognition Order	Annual reports due after fiscal year end in respect of (i) recommendations of market participant advisory committees, (ii) audit of compliance with fee model, (iii) audit of compliance with cost allocation model and (iv) audit regarding compliance with performance standards	There are only three months between the Amalgamation and CDS' fiscal year end. The revenue sharing model will not yet have taken effect during this time, and the cost allocation model will not yet have been implemented. In addition, the market participant advisory committees and performance standards will have been operated under the existing structure at CDS for nine months of fiscal year 2012. Accordingly, in light of the significant costs of these reports and their very limited utility in respect of fiscal year 2012, we would request that the requirement for these annual reports not begin until the fiscal year ending October 31, 2013.	We agree that audits of compliance with the fee model, cost allocation model and performance standards are not warranted for fiscal year 2013 and have amended sections 7.9, 8.2 and 12.4 to require the audits commencing in fiscal year 2013. For the report on recommendations of market participant committees, a revision has been made to section 4.5 to clarify that the report is in relation to recommendations made from the effective date of the CDS Recognition Order.
Schedule B, Section 18.2 of the CDS Recognition Order	CDS to establish procedures so that if it, its directors, officers or employees become aware of a breach of any terms and conditions of the CDS Recognition Order, such person notifies the Risk Management and Audit Committee, the Risk Management and Audit Committee notifies the OSC, the Risk Management and	The whistleblower procedure will be established at the same time the mandate of the Risk Management and Audit Committee is approved, as discussed above.	Transitional period added to order that has effect of delaying application of section 18.2 until 30 days from the effective date of the CDS Recognition Order.

Summary of Relevant Order Provision		Period Proposed by Maple for Implementation	OSC staff response
	Audit Committee causes an investigation to be conducted and the Risk Management and Audit Committee notifies the OSC of its determination of whether there has been a breach or that there is an impending breach		
Schedule B, section 30 of the CDS Recognition Order	Maple to establish a conflicts policy to manage any conflicts arising from its interest in CDS and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the operations of CDS	Maple is currently reviewing the manner in which it would implement such policy. This policy would be completed approximately 3 months after take-up under the Maple offer. The new Maple board would accordingly review and approve this item.	No explicit transitional period added. We expect the required policies to be established within 3 months from the effective date of recognition.