

APPENDIX A

Draft Recognition Order Conditions

Definitions

1. For the purposes of this order:

“Exchange” means the TSX Venture Exchange Inc.;

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

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

“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 marketplace participant” means a marketplace participant of any of the marketplaces owned or operated by Maple or Maple’s affiliated entities;

“original Maple shareholder” means each of 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, GMP Capital Inc., 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.;

“significant Maple shareholder” means a shareholder of Maple who

- (i) beneficially owns or exercises control or direction over more than 5% of the outstanding shares of Maple;
- (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 by way of undertakings to the Commission have not terminated and (B) that has a partner, officer, director or employee who is a director on the Exchange board or 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 Exchange board or the Maple board;

“TSX Venture marketplace participant” means a member or participating organization of the Exchange.

2. For the purposes of this order, an individual is unrelated to an original Maple shareholder if the individual:
 - (a) is not a director, partner, officer or employee of an original Maple shareholder or any of its affiliated entities or an associate of that director, partner, officer or employee;
 - (b) is not nominated under a Maple nomination agreement; and
 - (c) 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 the individual’s independent judgment as a director of the Exchange.

3. For the purposes of this order, 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, and is not:
 - (a) 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
 - (b) 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.

Mission

4. The Exchange will adopt a mission statement that includes the objective of maintaining and growing a competitive Canadian public venture market that leads the world in venture financing.
5. The Exchange will operate a national exchange for venture issuers under a separate brand identity and separately from the national exchange for senior issuers operated by TSX.
6. The Exchange will maintain an office in Vancouver through which it will
 - (a) provide corporate finance services to, and perform corporate finance functions for, its listed issuers and applicants for listing; and
 - (b) perform issuer regulation functions.

7. The Exchange will locate in its Vancouver office executive leadership, management, and significant operational talent for:
 - (a) achieving its objective of maintaining and growing a competitive Canadian public venture market that leads the world in venture financing;
 - (b) developing innovations in the venture market;
 - (c) developing policy that enhances the competitive position of the Exchange;
 - (d) ensuring the Exchange's continued expertise in the venture market; and
 - (e) ensuring the Exchange's continued capacity to operate.

Public interest

8. The Exchange will operate in the public interest.
9. The Exchange will maintain and enforce rules, policies, and other similar instruments to ensure that:
 - (a) TSX Venture marketplace participants and listed issuers comply with securities legislation and the rules, policies or other instruments of the Exchange;
 - (b) investors are protected; and
 - (c) those seeking access to the listing, trading and other services of the Exchange are granted access without unreasonable discrimination.
10. The Exchange will notify the Commission of any violation of securities legislation, the Exchange's rules, policies or similar instruments, or conduct contrary to the public interest of which it becomes aware.

Regulation functions

11. The Exchange will
 - (a) set rules for listing and other corporate finance requirements for its listed issuers; and
 - (b) set rules for the conduct of and trading by TSX Venture marketplace participants.
12. The Exchange will not, without prior Commission approval, make any significant change to the manner in which it provides and performs corporate finance services and functions and performs issuer regulation functions.

Regulatory oversight

13. The Exchange will provide reports to the Commission:

- (a) at the times;
- (b) in the form; and
- (c) containing the information

that the Commission specifies from time to time.

14. The Exchange will not, without prior Commission approval, make any changes to its rules, policies or other similar instruments or introduce any new rules, policies or other similar instruments.

15. The Exchange will not, without prior Commission approval, make any change to its business or operations that

- (a) is outside the ordinary course of its business, or
- (b) is inconsistent with its past business or operational practices.

Industry advisory committee

16. The Exchange will establish at least one industry advisory committee comprised of participants in the Canadian public venture capital market to provide advice and recommendations to the Exchange on all policy and other issues that are likely to have a significant impact on the venture market. The Exchange will allocate financial and other resources to any advisory committee it establishes that are sufficient to ensure the committee can meaningfully fulfil its mandate.

17. Each industry advisory committee will report to the board of the Exchange, at least quarterly, and to the Commission, at least annually. In each case where the Exchange board has not followed the recommendation or advice of an industry committee, it will provide the Commission as soon as practicable with a written explanation.

Corporate governance

18. The Exchange will ensure

- (a) that its board is composed of individuals that provide a reasonable balance between the interests of the different entities using its services and facilities;

- (b) fair, diverse and meaningful representation of stakeholders on the board and any board or advisory committee, having regard to the fact that it is a national venture exchange;
 - (c) that it has appropriate qualification, remuneration and conflict of interest provisions and limitation of liability and indemnification protections for its directors, officers and employees generally; and
 - (d) that the Exchange board of directors appoints the chief executive officer of the Exchange and the chief executive officer reports to the Exchange board.
19. At least 25% of the directors of the Exchange will, at all times, be persons who, from the perspective of a reasonable person actively engaged in the Canadian public venture capital market, have currently relevant expertise and direct experience in that market. This means directors who have currently relevant and direct experience developed through a significant period of employment in:
- (a) operating and financing an issuer in the Canadian venture market; or
 - (b) underwriting or financing Canadian venture issuers or advising Canadian venture issuers on financing, trading, or mergers and acquisitions.
20. The Exchange will notify the Commission of any person nominated to the Exchange board to satisfy the public venture experience requirement set out in paragraph 19 before the nominee is announced to the public for election to the Exchange board.
21. The Exchange will
- (a) ensure that at least fifty per cent of its directors are independent, as defined in this order or as amended with Commission approval;
 - (b) ensure that at least fifty percent of its directors are independent of original Maple shareholders; and
 - (c) provide the Commission notice of and promptly remedy any instance where the thresholds in subsections (a) and (b) are not met.
22. The standards for independence set out in this order will be made available on the Exchange's website.
23. The Exchange will provide the Commission with prior written notice of any changes to its governance structure and practices of its board, including changes to the composition and terms of reference of its board committees and advisory committees, and will obtain Commission approval before implementing any substantive changes.

Fitness

24. The Exchange will take reasonable steps to ensure that each officer and director of the Exchange is a fit and proper person and will perform the officer or director's duties with integrity.

Conflicts of interest and confidentiality

25. The Exchange must

- (a) establish, maintain, comply with and require compliance with policies and procedures that
 - (i) identify and manage any conflicts of interest or potential conflicts of interest arising from the operation of the marketplace or the services it provides;
 - (ii) require that confidential information regarding exchange operations, regulation functions, a TSX Venture marketplace participant, or a listed issuer that is obtained by a nominee to the Exchange board of an original Maple shareholder through their 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 original 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 its disclosure of the information, and
 - (B) not be used to provide an advantage to the original Maple shareholder or its affiliated entities.
- (b) regularly review compliance with the policies and procedures established in accordance with paragraph (a). The Exchange must document each review, any deficiencies it identifies and how it remedied those deficiencies. and
- (c) make the policies established in accordance with paragraph (a) publicly available on the website of the Exchange.

Due process

26. The Exchange will ensure that

- (a) the parties to any of its decisions to deny access to its trading and listing facilities are given notice and an opportunity to be heard or make representations; and

- (b) it keeps a record, gives reasons and provides for reviews of its decisions.

Fees

- 27. The Exchange will have a fair and appropriate process for setting fees and incentives.
- 28. These fees and incentives will
 - (a) be allocated on an equitable basis as among its listed issuers, applicants for listing, TSX Venture marketplace participants, and other market participants;
 - (b) not have the effect of creating barriers to access;
 - (c) be balanced with its need to have sufficient revenues to satisfy its responsibilities; and
 - (d) be fair, reasonable and appropriate.
- 29. The Exchange will not, without prior approval of the Commission, make any changes to its fees or incentives.
- 30. The Exchange must not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any TSX Venture marketplace participant or any other person, provide:
 - (a) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the Exchange that is conditional upon the purchase of any other service or product provided by the Exchange or any affiliated entity;
 - (b) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, particular TSX Venture marketplace participants; and
 - (c) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the Exchange that is conditional upon a TSX Venture marketplace participant:
 - (i) routing trades to a Maple marketplace as the default or first marketplace; or
 - (ii) using a Maple marketplace router as its primary router.
- 31. The Exchange must obtain prior Commission approval before implementing any incentives relating to

- (a) discounts for any trading fees that are conditional upon a TSX Venture marketplace participant executing or routing more than a certain size of trading activity or percentage of its overall trading volume in Canada or more than a certain size of trading activity or percentage of its overall active or passive trading volume in Canada on or to the Exchange; and
- (b) arrangements that provide for equity ownership in Maple for TSX Venture marketplace participants or their affiliated entities based on trading volumes or values on the Exchange.

32. The Exchange must not, without prior Commission approval, require another person to purchase or otherwise obtain products or services from the Exchange, any Maple marketplace, any Maple clearing agency or a significant Maple shareholder as a condition of the Exchange's supplying, or continuing to supply, a product or service.

Order Routing

33. The Exchange must not support or encourage, either through fee incentives or otherwise, TSX Venture marketplace participants to coordinate the routing of any of their orders to particular Maple marketplace or trading facility owned by Maple or using a particular Maple clearing agency.

Financial viability

34. The Exchange will notify the Commission immediately upon becoming aware that it does not or will not have sufficient financial and other resources to perform its functions in a manner that is consistent with its mission statement, the public interest or the terms and conditions of this order.

Outsourcing

35. The Exchange will obtain prior Commission approval for any outsourcing arrangements related to any of its key services or systems with any third party, including entities affiliated or associated with the Exchange.

Related party transactions

36. Any agreement or transaction entered into between the Exchange and

- (a) Maple, TMX Group, TSX, or
- (b) any affiliate or associate of Maple, TMX Group or TSX

will be on market terms and conditions.

Change in operations or ownership

37. The Exchange must, before ceasing to operate; before suspending, discontinuing or winding up all or a significant portion of its operations; or before disposing of all or substantially all of its assets
- (a) provide the Commission at least six months' prior written notice; and
 - (b) comply with any requirements the Commission may impose.
38. The Exchange will not cease to be wholly owned or directly controlled by TSX or indirectly wholly owned or controlled by TMX Group or Maple without
- (a) providing the Commission at least three months' prior notice; and
 - (b) complying with any terms and conditions that the Commission may impose in the public interest.

Records and information sharing

39. The Exchange will keep in Canada the information and records it creates, maintains, collects or keeps, or that it is required to create, maintain, collect, or keep or a copy of them. The Exchange will keep in Canada information obtained by a person to whom the Exchange has outsourced a function or a copy of that information.
40. The Exchange will provide the Commission all information the Commission requests, in the form it specifies, and will otherwise co-operate with the Commission and its staff.
41. In accordance with section 169.1(4) of the Securities Act, TSX Venture Exchange will disclose or share information of a regulatory nature and will otherwise cooperate with other exchanges and self-regulatory organizations recognized in Canada, and Canadian regulatory authorities responsible for the supervision or regulation of securities

Clearing and settlement

42. The Exchange will impose a requirement on TSX Venture marketplace participants to have appropriate arrangements in place for clearing and settlement.
43. The Exchange will not establish requirements relating to clearing and settlement of trades that would result in:
- (a) unfair discrimination of or between TSX Venture marketplace participants based on the clearing agency used;

- (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 to services offered by the Exchange or a Maple clearing agency.

Commission approval

44. When seeking the approval of the Commission under these terms and conditions, the Exchange will comply with the procedures established from time to time by the Commission for the regulatory oversight of the Exchange.