

TSX

September 3, 2002

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DELIVERED BY FAX AND COURIER

Douglas M. Hyndman
Chair
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
12th Floor, 701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2

Dear Sir:

Re: Continued Recognition of TSX Venture Exchange Inc. ("TSX Venture Exchange"), formerly Canadian Venture Exchange Inc. in conjunction with the Reorganization of TSX Inc. ("TSX") ("Reorganization") and Initial Public Offering of TSX Group Inc. ("TSX Group")

TSX (formerly The Toronto Stock Exchange Inc.) and TSX Group have seen a copy of the order of the British Columbia Securities Commission (the "Commission") for the continued recognition of TSX Venture Exchange as an exchange under section 24(b) of the *Securities Act* (the "Order"). TSX and TSX Group are aware of the terms and conditions of the Order and agree with the terms and conditions of the Order.

In support of the Order, TSX and TSX Group represent, acknowledge and undertake to the Commission as set out below. TSX and TSX Group understand that the Commission is relying on these representations, acknowledgements and undertakings in issuing the Order.

Performance of TSX Venture Exchange Functions

1. Each of TSX and TSX Group represents that, subject to paragraph 3, it will allocate sufficient financial and other resources to TSX Venture Exchange to ensure that TSX Venture Exchange can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of the Order.

2. Each of TSX and TSX Group represents that it will do everything in its control to cause TSX Venture Exchange to carry out its activities as an exchange recognized under section 24(b) of the Act and to comply with the terms and conditions of the Order.
3. Each of TSX and TSX Group undertakes to notify the Commission:
 - (a) at least six months before it voluntarily allocates financial and other resources to TSX Venture Exchange in a way that could reasonably be expected to prevent TSX Venture Exchange from carrying out its functions in a manner that is consistent with the public interest and the terms and conditions set out in the Order; and
 - (b) immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to TSX Venture Exchange to ensure that it can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of the Order.
4. Each of TSX and TSX Group acknowledges that the Ontario Securities Commission ("OSC") has agreed to promptly advise the Commission in writing, if the OSC
 - (a) becomes concerned about the financial viability of TSX Group or TSX;
 - (b) is advised by TSX Group that TSX Group will not 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 the terms and conditions of the order continuing the recognition of TSX and recognizing TSX Group issued by the OSC in conjunction with the Reorganization ("OSC Recognition Order");
 - (c) is advised by TSX that TSX has failed to satisfy the financial tests set out in the OSC Recognition Order; or
 - (d) is considering revoking or revokes its recognition of TSX Group or TSX.

Change in Operations or Ownership

5. Each of TSX and TSX Group undertakes not to cause or permit TSX Venture Exchange to cease to operate or suspend, discontinue or wind-up all or a significant portion of TSX Venture Exchange's operations, or dispose of all or substantially all of TSX Venture Exchange's assets, without
 - (a) providing the Commission at least six months' prior notice of its intention; and
 - (b) complying with any terms and conditions that the Commission may impose in the public interest for the orderly discontinuance of the operations or the orderly disposition of the assets of TSX Venture Exchange.
6. Each of TSX and TSX Group undertakes not to complete or authorize a transaction that would result in TSX Venture Exchange ceasing to be wholly-owned or directly controlled by TSX without
 - (a) providing the Commission at least three months' prior notice of its intention; and
 - (b) complying with any terms and conditions that the Commission may impose in the public interest.
7. TSX Group undertakes to advise the Commission if it applies or intends to apply for an amendment to the attached order of the Ontario Securities Commission (Schedule 1) to permit TSX Group to own, directly or indirectly, less than all of the issued and outstanding voting shares of TSX.
8. TSX acknowledges that the OSC will promptly advise the Commission in writing if the OSC becomes aware of an impending change of control of TSX Group or TSX or of an intention by TSX Group or TSX to cease operations or dispose of all or substantially all of its assets.

Systems

9. If securities of issuers that are listed on TSX Venture Exchange trade on systems operated by TSX or TSX Group, each of TSX and TSX Group undertakes to

- (a) meet standards equivalent to those set out in sub-paragraphs (a) and (b) of paragraph 33 of Schedule A to the Order for the trading of TSX Venture Exchange listed securities;
 - (b) adopt procedures that do not unreasonably discriminate against TSX Venture Exchange listed securities;
 - (c) provide the same or better market and listed company surveillance tools as were provided by TSX Venture Exchange prior to the transfer of TSX Venture Exchange listed securities to facilities operated by TSX;
 - (d) ensure that capital pool companies and inactive issuers listed on TSX Venture Exchange are specifically designated as such or otherwise differentiated in any trading and market data feed provided by TSX Venture Exchange or by TSX on TSX Venture Exchange's behalf; and
 - (e) use commercially reasonable efforts to ensure that any display of trading and market data information to end-users includes the designation or differentiation referred to in sub-paragraph (d).
10. TSX acknowledges that the OSC will, immediately upon receipt of same, provide to the Commission any reports provided to the OSC by TSX regarding the results of any tests, reviews or monitoring performed by TSX in connection with its systems.

Access to Information

11. Each of TSX and TSX Group undertakes to permit and cause its subsidiaries to permit the Commission to have access to and to inspect all data and information in its or their possession that is required for the assessment by the Commission of the performance by TSX Venture Exchange of its regulation functions and the compliance of TSX Venture Exchange with the terms and conditions of the Order.

Corporate Governance

12. TSX Group undertakes to create and maintain a committee of the Board of Directors of TSX Group, to be named the Public Venture Market Committee (the "Committee"), in a manner consistent with the attached terms of reference (Schedule 2). TSX Group further undertakes to refer to the Committee for recommendation and advice all policy issues and matters that are likely to have a significant impact on the public venture

capital market in Canada and the role of TSX Group and/or TSX Venture Exchange in relation thereto.

General

13. These representations, acknowledgements and undertakings will cease to have effect if
- (a) the Commission revokes the Order; or
 - (b) TSX Venture Exchange ceases to carry on business after complying with any terms and conditions the Commission may impose.

Yours truly,

A handwritten signature in black ink, appearing to read 'B. Stymiest', written in a cursive style.

Barbara Stymiest
Chief Executive Officer
TSX Inc. and TSX Group

cc: Mr. Stephen P. Sibold, ASC
Mr. David A. Brown, OSC



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19e étage
20, rue Queen ouest
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Web site: www.osc.gov.on.ca
TDX 76
CDS-OSC

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

AND

IN THE MATTER OF
TSX INC.

and

TSX GROUP INC.

ORDER

(Section 21.11)

WHEREAS The Toronto Stock Exchange Inc. (the "TSE") proposes to effect a reorganization whereby a newly incorporated company, TSX Group Inc. ("TSX Group"), will own all of the issued and outstanding voting shares of the TSE, being the entity which currently operates the Toronto Stock Exchange;

AND WHEREAS the TSE has changed its name to TSX Inc. ("TSX");

AND WHEREAS the Commission's approval is required, pursuant to section 21.11(1) of the Act, as amended by regulation pursuant to section 21.11(5) of the Act, in order for any person, company or combination of persons or companies acting jointly or in concert to beneficially own or exercise control or direction over more than 10 per cent of any class or series of voting shares of TSX;

AND WHEREAS the Commission may by order, pursuant to section 21.11(4) of the Act, grant the required approval on such terms and conditions as the Commission considers appropriate;

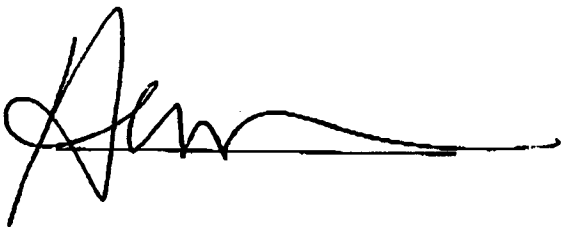
AND UPON considering the submissions of TSX and TSX Group and based upon the representations and undertakings made and given by TSX and TSX Group to the Commission;

AND UPON the Commission being satisfied that the ownership by TSX Group of the entity which operates the Toronto Stock Exchange would not be contrary to the public interest;

The Commission orders that the acquisition by TSX Group of all of the issued and outstanding voting shares of TSX is approved, subject to the following terms and conditions:

1. TSX Group shall continue to own, directly or indirectly, all of the issued and outstanding voting shares of TSX; and
2. the restrictions on share ownership set out in section 21.11(1) of the Act, as amended from time to time by regulation, shall apply to the voting shares of TSX Group, and the articles of TSX Group 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 the net proceeds of the sale or redemption to the person entitled thereto.

DATED 3 September, 2002.

A handwritten signature in black ink, appearing to be 'Alan', written over a horizontal line.A handwritten signature in black ink, appearing to be 'R. [unclear]', written over a horizontal line.

SCHEDULE 2

TSX GROUP INC.

PUBLIC VENTURE MARKET COMMITTEE

Terms of Reference

Composition

The Public Venture Market Committee (the "Committee") shall be a committee of the board of TSX Group Inc. (the "Corporation") composed of at least four Directors of the Corporation. The Chief Executive Officer of the Corporation may attend all meetings of the Committee in an ex-officio capacity but shall not be entitled to vote. The Board of Directors of the Corporation shall appoint a Chair of the Committee.

The Board of Directors of the Corporation will refer to the Committee all policy issues and matters that are likely to have a significant impact on the public venture capital market in Canada and the role of the Corporation and/or TSX Venture Exchange Inc. in relation thereto.

Quorum

A duly constituted quorum shall be a majority of the members on the Committee, present in person or by teleconferencing.

Subject to any resolution of the Board of Directors of the Corporation, the Committee may from time to time determine the manner in which it may act and its procedures generally.

Frequency of Meetings

The Committee shall meet at the request of its Chair, but in any event it will meet at least twice per year to consider matters referred to it by the Board of Directors of the Corporation. Notices calling meetings shall be sent to all Committee members and to the Chief Executive Officer of the Corporation.

Responsibilities

The responsibilities of the Committee shall be as follows:

1. To advise and make recommendations to the Board on all policy issues and matters that are likely to have a significant impact on the public venture capital market in Canada and the role of the Corporation and/or TSX Venture Exchange Inc. in relation thereto.
2. To consider such other matters as the Board of Directors of the Corporation shall determine from time to time.