

COR# 02/097

Exemption from Recognition

TSX Inc.

Section 33(1) of the *Securities Act*, RSBC 1996, c. 418

On March 26, 2002, the Commission issued an order exempting The Toronto Stock Exchange Inc. (TSE) from recognition as an exchange under section 33(1) of the Act (COR#02/034).

The TSE changed its name to TSX Inc. (TSX) and the Canadian Venture Exchange Inc. changed its name to TSX Venture Exchange Inc./Bourse de croissance TSX Inc. (TSX Venture Exchange).

The TSX will complete a reorganization. Under the reorganization, TSX will become a wholly owned subsidiary of a new holding company, TSX Group Inc. (TSX Group) and TSX Venture Exchange will continue to be a wholly owned subsidiary of TSX. Following the reorganization, TSX Group intends to conduct an initial public offering.

The Commission received the following representations in connection with the TSX's application to continue to be exempted from recognition as an exchange following the reorganization:

1. TSX will continue to carry on business in British Columbia.
2. The Ontario Securities Commission (OSC) will continue to recognize TSX as a stock exchange under section 21 of the *Securities Act* (Ontario).
3. TSX will continue to be subject to the regulatory oversight of the OSC.
4. TSX is aware that
 - (a) the Commission will enter into a Memorandum of Understanding (MOU) about the continued oversight of exchanges and quotation and trade reporting systems, including TSX, under which the OSC will act as the lead regulator for TSX, and

- (b) the MOU or a similar agreement will continue to apply to the regulatory oversight of TSX by the OSC.
- 5. Under the terms of the MOU, the OSC is responsible for conducting an oversight program of TSX to ensure that TSX meets appropriate standards for market operation and regulation.
- 6. TSX and the OSC have adopted a protocol for the approval of changes to TSX's by-laws, rules, policies and other regulatory instruments (regulatory instruments), under which TSX provides to the OSC copies of all proposed regulatory instruments. TSX expects that this protocol or a similar protocol will continue to apply to the approval of changes to TSX's regulatory instruments.
- 7. Under the terms of the MOU, the OSC acknowledges that TSX will provide the Commission with
 - (a) copies of all proposed regulatory instruments at the same time TSX files them with the OSC, and
 - (b) copies of all final regulatory instruments approved by the OSC.

The Commission considers it appropriate to set out in an order revised terms and conditions for the continued exemption from recognition of TSX as an exchange following the reorganization.

TSX agrees to the terms and conditions of this order.

Based on the application of TSX, including the representations and undertakings made by TSX to the Commission in connection with the application, the Commission is satisfied that it would not be prejudicial to the public interest to continue to exempt TSX from recognition as an exchange following the reorganization.

Under section 33(1) of the Act, the Commission orders the continued exemption of TSX from recognition as an exchange, effective on the closing of the reorganization, provided TSX meets and continues to meet the following revised terms and conditions:

1. TSX operates a national exchange for senior issuers separately from the national exchange for junior issuers operated by TSX Venture Exchange;
2. TSX continues to be recognized as an exchange or a stock exchange by the OSC under the *Securities Act* (Ontario).

3. The OSC continues to be the lead regulator of TSX under the MOU or an amended or similar agreement and TSX continues to be subject to the oversight program established by the OSC from time to time.
4. Neither the Commission nor the OSC has terminated the MOU or any amended or similar agreement.
5. TSX concurrently provides to the Commission copies of all proposed regulatory instruments that it files with the OSC, and all final regulatory instruments approved by the OSC.
6. TSX provides the Commission, when requested by the Commission through the OSC, any information in the possession of TSX about participating organizations, shareholders and the market operations of TSX, including, but not limited to, shareholder and participating organization lists, products, trading information and disciplinary decisions.

The Commission will consider that TSX is complying with conditions 5 and 6 unless it provides TSX with written notice of non-compliance and TSX fails to provide the documents or information within 10 business days of receipt of the notice.

This order revokes and replaces COR#02/034.

September 3, 2002

Douglas M. Hyndman
Chair

Ref: COR#02/034