

STANDARD
& POOR'S

S&P/TSX VENTURE COMPOSITE

INDEX METHODOLOGY



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Introduction

The S&P/TSX Venture Composite is a broad market capitalization-based index which is designed to measure the performance of securities listed on the TSX Venture Exchange, which is Canada's public venture equity market.

Partnership

The S&P/TSX Venture Composite is calculated and managed by Standard & Poor's. The Toronto Stock Exchange (TSX) is the owner and distributor of all S&P/TSX equity index data.

Related Indices

Standard & Poor's calculates related Canadian indices, listed below, which are covered in separate methodology documents:

- S&P/TSX Composite
- S&P/TSX 60
- S&P/TSX MidCap
- S&P/TSX SmallCap
- S&P/TSX Income Trust Indices
- S&P/TSX Capped Sector Indices
- S&P/TSX Canadian Bond Index
- S&P/TSX Global Gold Index

Eligibility Criteria

Eligibility Factors

Market Capitalization. To be eligible for inclusion in the S&P/TSX Venture Composite, a security must meet the following criteria:

At the end of every calendar quarter, a security must have a relative weight of at least 0.05% of the total capitalization of the S&P/TSX Venture Composite to be in the index, after taking into consideration all share changes, additions and deletions.

Any security that does not qualify because it has not met the minimum 12-month listing requirement (as indicated in the Eligible Securities section below), may qualify for inclusion in the S&P/TSX Venture Composite if it has been listed for at least six full calendar months, as of the effective date of the quarterly revision, and is ranked between 1 and 100 of the current S&P/TSX Venture Composite securities, on a quoted market value (QMV) basis, as of that prior month-end.

Domicile. Securities must be incorporated under Canadian federal, provincial, or territorial jurisdictions and listed on the TSX Venture Exchange.

Eligible Securities. Shares of capital pools and NEX issuers, preferred shares, exchangeable shares, warrants, rights, USD-denominated securities, inactive or suspended issuers and other financial instruments the Index Committee deems inappropriate are not eligible for inclusion in the index. Installment receipts are not eligible for inclusion in the index, but can be used in lieu of common share trading history.

All securities must be listed on the TSX Venture Exchange for at least 12 full calendar months as of the effective date of the quarterly revision before becoming eligible for inclusion in the S&P/TSX Venture Composite.

Shares Outstanding. All classes of common shares (excluding inactive issuers) -- those issued and outstanding shares which represent the residual equity of the earnings in the company -- are eligible for inclusion in the index. However, only one class of common shares for each company will be included in the index.

The number of shares of a company used for the calculation of the index will be the total shares issued and outstanding less shares held in escrow, as determined by the TSX Venture Exchange.

Please refer to the Index Construction section for additional information on the treatment of multiple classes of a security.

Index Construction

Index Calculations

On any given day, the index value is the quotient of the market capitalization of the index's constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents' share capital after the base date. This includes additions and deletions to the index, rights issues, share buybacks and issuances, and spin-offs. The divisor's time series is, in effect, a chronological summary of all changes affecting the base capital of the index. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

Multiple Classes of Stock

In the event that a company has more than one class of common shares listed on the TSX Venture Exchange, the shares of each class will be combined, into the largest, most liquid class for the purpose of index inclusion and calculation, at the Index Committee's discretion.

With respect to taxable-dividend and tax-deferred dividend shares, the treatment for index calculation purposes is to aggregate all reported outstanding shares and to value these at the price for the most active class. This will normally mean using the price for the taxable-dividend shares.

Index Maintenance

Rebalancing

The entire constituent list and their representative shares for the S&P/TSX Venture Composite will be reviewed at each calendar quarter ending in March, June, September and December. The new index composition will be announced within the first two weeks of the following quarter and becomes effective after the close of business on the third Friday of the first month of that quarter. The review procedures will be as follows:

1. All TSX Venture Exchange eligible candidates, as at quarter-end, will be combined with current index constituents to form the index universe.
2. All securities in the index universe will be ranked by their total market capitalization, using their quarter-end shares and last traded board lot price.
3. A cumulative market value will be calculated for each security, starting with the largest security and concluding with the smallest security in the universe.
4. A relative weight for each security will be calculated with the assumption that the company is the smallest security in the universe.
5. Any security with a relative weight greater than or equal to 0.05% will either remain in the index or, if it is not already in the index, will be added to the index.
6. Any security previously in the index, with a relative weight less than 0.05%, will be removed from the index.

All changes resulting from the above exercise will become effective after the close of business on the third Friday of the month following the calendar quarter end. For example, the March review will become effective after the close of business on the third Friday of April.

Corporate Actions

1. When a constituent of the S&P/TSX Venture Composite undergoes a reorganization as a result of an asset spin-off, plan of arrangement or the like, the successor company's stock (the Index Committee will determine which resulting company is deemed to be the successor) will remain in the index subject to the following:
 - a. The security must meet all the Eligibility Criteria, and
 - b. The successor company's relative weight must be greater than 0.05% of the index, calculated including the successor company's market capitalization.

If the successor company remains in the index, an adjustment will be made to the index by calculating an assigned value for the distribution and adjusting the last traded board lot price of the affected stock by that amount. This change will cause the divisor to be adjusted so that the stock price index level will not be impacted by the price change.

The assigned value of such a distribution will be determined by either: 1) the spun-off company's closing value on the TSX Venture Exchange (when both spun-off and parent company are listed) or 2) the average of the bid/ask prices that may be available in the over-the-counter market, or 3) a value as determined by Standard & Poor's.

If the spun-off company ranks between 1 and 100 of the current S&P/TSX Venture Composite securities on a QMV basis (with rankings based on the month-end prior to the stock replacement review date), it will be added to the index at the first practical date, subject to meeting the Eligibility Criteria. Otherwise, the spun-off company will be placed in the stock pool of securities eligible for inclusion and must meet all S&P/TSX Venture Composite Eligibility Criteria in order to be considered.

2. For stock dividends in kind, stock dividends of a different company, rights distributions, and cash distributions of less than four percent of the underlying security price based on the last traded board lot, no adjustment will be made to the index. At the open on the ex-date the stock price of the underlying issue will fall relative to the value of the distribution. The stock price index value will be similarly affected.
3. For stock dividends in kind, stock dividends of a different company, rights distributions and cash distributions of greater than or equal to four percent of the underlying stock price, based on the last traded board lot, an adjustment will be made to the index by calculating a value for the distribution and adjusting the last traded board lot price of the effected stock by that amount. This change will cause the divisor to be adjusted so that the index level will not be impacted by the price change.
4. A security will be removed from the index at the first practical date upon confirmation that a takeover bid for that security is successful.
5. When a stock splits into two new classes or issues, one of the new classes of shares will remain in the S&P/TSX Venture Composite subject to the Eligibility Criteria. The float shares of this issue will be adjusted to reflect the float shares of both issues on the date the reclassification becomes effective.
6. In the event a company in the index merges or amalgamates with another company or companies, the resulting company will be retained subject to the following:
 - a. The company must meet all standards set out in the Eligibility Criteria, and
 - b. The company's relative weight must be greater than 0.05% of the index, calculated including the successor company's market capitalization.

7. In the event a security within the index is declared bankrupt, the security will be removed from the index within five trading days. If the security is halted and does not open on the removal date, then Standard & Poor's will determine a removal price.
8. All share capitalization changes, or series of share capitalization changes to individual index constituents, regardless of size, will be implemented at the next quarterly review.

Currency of Calculation

The S&P/TSX Venture Composite is calculated in Canadian dollars. Calculation in other currencies and hedged calculations are available from Standard & Poor's on a custom basis.

Other Adjustments

1. Securities will be removed from the index at the first practical date if they are delisted, become defunct or fail to meet the S&P/TSX Venture Composite Eligibility Criteria related to Domicile and Eligible Securities.
2. In the event a security is halted or suspended from trading for five consecutive trading days, the security will become subject to review and may be removed at a price determined by Standard & Poor's.

Index Governance

Index Committee

The S&P/TSX Venture Composite is maintained by the S&P/TSX Canadian Index Committee. The Index Committee is comprised of four members representing Standard & Poor's and three members representing the Toronto Stock Exchange. The Index Committee is chaired by a member designated by Standard & Poor's. Meetings are held monthly, and from time to time, as needed.

The Index Committee is responsible for setting rules and policies for the S&P/TSX Venture Composite, determining composition of the index and administering the methodology. In fulfilling its responsibilities, the Index Committee has full and complete discretion to amend, apply or exempt the application of the methodology and other index policies as circumstances may require, and add, remove or by-pass any security in determining the composition of any of the indices.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. Where a public document used by the Index Committee is available in both official languages, the Committee may assume that the contents of both versions are identical. The Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole and absolute discretion.

In using trading data to determine any matter relating to the S&P/TSX Venture Composite, including index composition and calculations, the Index Committee will rely solely on data resulting from trading on the TSX Venture Exchange.

Index corrections and changes to index composition will be implemented at such time and in such manner, as the Index Committee deems appropriate. The timing of any index change made in response to a correction shall be at the sole and absolute discretion of the Index Committee.

Standard & Poor's considers information about changes to its Canadian indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Advisory Panel

Standard & Poor's maintains an Index Advisory Panel to provide advice to the Index Committee, to Standard & Poor's and to the TSX on index related matters. The Panel meets at the request of the Index Committee to discuss matters related to the use of equity indices in Canada; typically the Panel meets annually. The Index Committee designates members of the Advisory Panel to provide representation of major financial market entities including leading institutional investors, investment banks, brokerage firms and others with an interest in the development of the equity markets in Canada. Meetings of the Advisory Panel are not open to the public or the press; however the proceeding are not confidential and members are free to discuss them publicly.

Index Policy

Announcements

Announcements of additions and deletions for the S&P/TSX Venture Composite are generally made at 05:15 PM Eastern Time. Press releases are posted on the Web site www.indices.standardandpoors.com and are released to major news services.

In addition, TSX Datalinx offers a fee-based subscription to Index Notices. The Index Notices provide the most detailed and comprehensive coverage of index changes. Complete data for index replication (including share counts, tickers and data on index levels and returns) are also available through TSX Datalinx. In order to subscribe, contact TSX Datalinx by phone at +1.416.947.4452 or by email at marketdata@tsxdatalinx.com.

Holiday Schedule

The S&P/TSX Venture Composite is calculated when the TSX Venture Exchange is open.

A complete holiday schedule for the year is available on the TSX Web site at www.tsx.com.

Index Dissemination

The Toronto Stock Exchange (TSX) serves as the distributor of both real-time and historical index data. In addition, index levels are available on Standard & Poor's Web site at www.indices.standardandpoors.com, through major quote vendors, through numerous investment oriented Web sites and various print and electronic media.

Tickers

Bloomberg: SPTSXVEN

Reuters: .SPCDNX

Thomson: .JX-V

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