

**TORONTO STOCK EXCHANGE
SIGNIFICANT TMX SHAREHOLDER
TRADING-RELATED CONFLICTS MANAGEMENT POLICY¹**

Toronto Stock Exchange (“**TSX**”) follows established policies and procedures to identify and manage any potential conflicts of interest, real or perceived.

In accordance with the Recognition Order, TSX must identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, that arise from any interactions between TSX and a Significant TMX Shareholder, where TSX may be exercising discretion that involves or affects the Significant TMX Shareholder either directly or indirectly.

This policy codifies the practices of TSX Markets on behalf of TSX to manage conflicts of interest or potential conflicts of interest, real or perceived, as required by the Recognition Order. The policy creates a continuum for conflict management that balances the degree of the conflict, whether real or perceived, with the importance of effective and efficient exchange operations to the overall market.

1. DEFINITIONS AND INTERPRETATION

For the purposes of this Policy:

- (a) **“Equities Trading Management”** means those holding the position of Vice President and above within TSX Markets, including but not limited to the President and Group Head of Equities, the Senior Vice-President of Trading, Vice-President of Trading, and the Vice-President Business Development.
- (b) **“Participating Organization”** has the meaning given in the TSX Rule Book;
- (c) **“Recognition Order”** means the Ontario Securities Commission recognition order recognizing each of TMX Group Limited, TSX Inc. and Alpha Exchange Inc. as an exchange, as amended from time to time.
- (d) **“Related TMX Shareholder”** means a Significant TMX Shareholder and, if within the actual knowledge of TSX, an issuer which is a Subsidiary Company of a Significant TMX Shareholder and an issuer for whom a Significant TMX Shareholder is a Subsidiary Company.
- (e) **“Significant TMX Shareholder”** means “significant TMX shareholder” as defined in the Recognition Order, if within the actual knowledge of TSX.
- (f) **“Subsidiary Company”** has the same meaning ascribed to it in the *Securities Act* (Ontario).

¹ This policy is intended to address trading related matters. Separate policies will address other business lines as necessary.

- (g) **“Trading Applicant”** means a firm that has submitted an application for approval to become a Toronto Stock Exchange Participating Organization.
- (h) **“TSX Rule Book”** means the TSX Trading Rules and Policies as amended from time to time.

2. **CONFLICTS**

- (a) TSX Markets staff shall identify Potential Conflict Matters (as defined in Section 3 below) that arise in the course of the performance of its functions.
- (b) TSX shall provide instructions to Equities Trading Management and staff in TSX Markets to enable them to identify and consider Potential Conflict Matters as required in accordance with this Policy.
- (c) Trading applications and other matters subject to review under the TSX Rule Book (**“Trading Matters”**) shall include:
 - (i) any formal notice or application for approval to TSX;
 - (ii) any other formal application made to TSX;
 - (iii) any instances of non-compliance with the TSX Rule Book after having been advised of such non-compliance by TSX;
 - (iv) any suspension or termination of a Participating Organization by TSX; and
 - (v) any suitability matters involving a director or officer of a Participating Organization.

For greater certainty, filings and notices made to TSX for informational, procedural or operational purposes where TSX is not required to exercise any discretion or regulation function shall not be considered Trading Matters.

- (d) TSX Markets staff is required to apply and follow all applicable rules, policies and procedures for dealing with: (i) processing and approving applications; and (ii) responding to trading customer requests, calls, emails and issues, on a first come first serve basis, subject to prioritizing issues that may have an impact on the market as a whole.
- (e) TSX Markets staff will present Trading Matters to a minimum of two (2) members of Equities Trading Management for its review and approval if:
 - (i)
 - (A) the Related TMX Shareholder is the Trading Applicant or Participating Organization directly involved in the Trading Matter, or
 - (B) TSX Markets is advised by the Trading Applicant, Participating Organization or the Related TMX Shareholder, or is otherwise

aware, that the Trading Matter involves or affects a Related TMX Shareholder either directly or indirectly, and

- (ii) TSX Markets proposes to deal with the Trading Matter outside of the ordinary course (each, a “**Potential Conflict Matter**”).

For greater certainty, outside the ordinary course shall mean other than the manner in which TSX Markets has dealt with such matters, whether through an exercise of discretion or otherwise, for Trading Applicants or Participating Organizations. In addition, all novel Trading Matters shall be considered outside the ordinary course.

3. The applicable Equities Trading Management members will consider the Potential Conflict Matter and the proposed course for dealing with the Potential Conflict Matter and form a determination regarding whether a conflict of interest exists or not, or is likely to arise or not, with respect to TSX Markets staff’s proposed course for dealing with the Potential Conflict Matter. Equities Trading Management will then proceed as follows depending on the circumstances:

- (a) If Equities Trading Management determines that a conflict of interest does not exist and is unlikely to arise with respect to the proposed course for dealing with the Potential Conflict Matter, TSX Markets staff will deal with the Potential Conflict Matter in the ordinary course as proposed by TSX Markets staff.
- (b) Where Equities Trading Management has considered the Potential Conflict Matter based on the information provided to it by TSX Markets staff under section 2(e) above, and has determined that it does not agree with the recommendation of TSX Markets staff, Equities Trading Management may:
 - (i) require TSX Markets staff to reformulate its recommendation; or
 - (ii) direct TSX Markets staff to take such other action the Equities Trading Management considers appropriate in the circumstances; or
 - (iii) escalate the matter to TMX Group Limited’s Executive Committee for consideration and direction.

4. **Reporting**

- (a) On an annual basis, TSX Markets staff will prepare, for internal record-keeping purposes, a confidential report logging the Potential Conflict Matters.
- (b) On an annual basis, TSX Markets staff will prepare a confidential report, for internal record-keeping purposes, logging the Trading Matters where:
 - (i) the Related TMX Shareholder is the Trading Applicant or Participating Organization directly involved in the Trading Matter, or
 - (ii) TSX is advised by the Trading Applicant, Participating Organization or the Related Significant TMX Shareholder, or is otherwise aware, that the

Trading Matter involves or affects a Related TMX Shareholder either directly or indirectly,

and that were of a routine nature and dealt with in the ordinary course (each, a “**Routine Reporting Matter**”).

5. For internal record-keeping purposes, TSX Markets staff will prepare and maintain a brief memo to file noting that the matter has been dealt with in the ordinary course, and identifying similar matters to evidence the ordinary course nature of the matter.
6. Upon request of Equities Trading Management, TSX Markets will provide additional information on Routine Reporting Matters.
7. **Oversight**

In accordance with the Recognition Order, this policy is subject to the oversight of the Regulatory Oversight Committee.