London Stock Exchange Group

TMX

May 13, 2011

VIA EMAIL & DELIVERED

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Calgary, Alberta
T2P 0R4

British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia
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Attention: David Linder, Executive Director, ASC
Mark A. Wang, Manager, Legal Services, Capital Markets Regulation Division, BCSC

Dear Sirs:

Re: TMX Group Inc. - Proposed Merger with London Stock Exchange Group PLC

In connection with the proposed merger (the "Merger") of TMX Group Inc. ("TMX Group") with London Stock Exchange Group PLC ("LSEG"), pursuant to an agreement (the "Merger Agreement") dated February 9, 2011, LSEG and TMX Group hereby apply, on behalf of TSX Venture Exchange Inc. ("TSX Venture"), for an order of the Alberta Securities Commission (the "ASC") and the British Columbia Securities Commission (the "BCSC") (collectively, the "Commissions") approving an amended and restated recognition order of TSX Venture reflecting changes relating to the Merger with LSEG. In this application "Mergeco" means LSEG after giving effect to the Merger and "Merged Group" means Mergeco and its subsidiaries worldwide (and, for the avoidance of doubt, includes TMX Group and its subsidiaries).

We also hereby make application on behalf of TMX Group's wholly-owned subsidiary, TSX Inc. ("TSX"), for an order amending and restating the Commissions' exemption order of TSX dated September 3, 2002 (the "Existing TSX Exemption Order") to update the representations supporting the Existing TSX Exemption Order to reflect the Merger.

We are not making an application at this time to the ASC for any amendments to the Natural Gas Exchange Inc. ("NGX") recognition orders. In our view, the Merger does not affect the terms of the NGX recognition orders.

As a threshold matter, it is important to note that the Merger will have no impact on the Canadian regulatory oversight regime applicable to TMX Group, and its Canadian subsidiaries, including TSX Venture and NGX, other than to strengthen it pursuant to commitments made in the Merger Agreement. The ASC and the BCSC will continue as the joint lead regulators of TSX

Venture (as will the ASC continue as lead regulator of NGX, the Ontario Securities Commission (the "OSC") in respect of TMX Group and TSX, and the Autorité des marchés financiers in respect of Montreal Exchange Inc. and the Canadian Derivatives Clearing Corporation ("CDCC")). The changes to the TSX Venture recognition orders being proposed have the principal objective of ensuring the continuation of the strong local elements of TSX Venture operations and regulation. Indeed, the Merger satisfies a main goal of TMX Group for its exchanges and clearing agencies: to solidify and enhance their international position in the midst of a rapidly globalizing and consolidating industry on a basis that best supports the interests of the Canadian financial community.

We also note that under the proposed transaction, the TMX Group exchanges and clearing agencies will continue to operate in the same manner as before; that is, the Merger does not involve any mergers of any of the regulated exchanges themselves with those operated by LSEG, but rather a pooling of the ownership of LSEG and TMX Group.

This application has been divided into seven parts:

I. MERGER DESCRIPTION

A. <u>Implementation</u>

The Merger will be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario). Under the terms of the plan of arrangement, TMX Group shareholders will receive 2.9963 Mergeco ordinary shares for each TMX Group share. TMX Group resident Canadian shareholders that are not exempt from taxation may receive, at their election, 2.9963 exchangeable shares in an indirect Canadian subsidiary of Mergeco ("Exchangeco") for each TMX Group share, each exchangeable by the holder at any time into an Mergeco ordinary share. LSEG shareholders will therefore at closing own 55 per cent and TMX Group shareholders 45 per cent of Mergeco, which will be renamed after closing. Mergeco will be listed on both London Stock Exchange and Toronto Stock Exchange; Exchangeco will be listed on Toronto Stock Exchange.

The sole purpose of Exchangeco and the exchangeable shares is to provide TMX Group resident Canadian shareholders that are not exempt from taxation the ability to receive shares at closing on a tax-free roll-over basis and to permit those shareholders to receive beneficial tax treatment on dividends on those shares. The exchangeable shares provide the holder with a security having, as nearly as is practicable, economic terms and voting rights that are the same as the Mergeco ordinary shares. The exchangeable shares are subject to redemption by Exchangeco in certain circumstances, including at any time seven years after the closing of the Merger. This exchangeable share structure is substantially similar to structures the Commissions are familiar with pursuant to the Exemption for Certain Exchangeable Security Issuers under section 13.3 of National Instrument 51-102 – *Continuous Disclosure Obligations* and this structure would meet the requirements for the exemption thereunder.

B. Mergeco Board

At closing, Mergeco will be the parent holding company of the various exchange entities and related businesses that operate within the Merged Group. LSEG currently does not, and Mergeco will not, carry on any active business operations. All active business operations will be carried on by the respective subsidiaries of the Merged Group.

At closing, the board of Mergeco will consist of 15 directors, eight to be nominated by LSEG, including three from Italy, and seven to be nominated by TMX Group. Wayne Fox, currently Chair of TMX Group, will be the Chairman of the board of Mergeco, and the current Chair of LSEG, Chris Gibson-Smith, and LSEG's Italian Deputy Chair will be Deputy-Chairmen. The executive board members of Mergeco will be:

- Chief Executive Officer – Xavier Rolet, currently Chief Executive Officer of LSEG (based in London);
- President – Thomas Kloet, currently Chief Executive Officer of TMX Group (based in Toronto);
- Chief Financial Officer – Michael Ptasznik, currently Chief Financial Officer of TMX Group (based in Toronto); and
- Director – Raffaele Jerusalmi, currently Chief Executive Officer of Borsa Italiana S.p.A. (based in Milan).

The Mergeco Board will be responsible for setting and overseeing implementation of the Merged Group's strategic objectives and will be accountable for the financial and operational performance of the Merged Group. Accordingly, responsibilities of the Mergeco board will include: (i) approval of the Merged Group's long term objectives and commercial strategy; (ii) approval of the Merged Group's annual operating and capital expenditure budgets; (iii) approval of changes to the Merged Group's corporate and capital structure; (iv) the Merged Group's financial reporting, including internal controls; and (v) risk management for the Merged Group.

Mergeco will be jointly headquartered in London and Toronto. The executive management and senior leadership of Mergeco will be drawn from a balance of leaders from both organizations and will be represented in its co-headquarters of London and Toronto as well as other core centres, including Calgary, Colombo, Milan, Montreal, Rome and Vancouver.

The various operating exchanges in the combined group will continue under their existing highly recognized brand names. Mergeco will also continue to maintain local boards of directors of the regulated legal entities in Europe and Canada (including for TMX Group, TSX, Montreal Exchange Inc. (the "Bourse"), TSX Venture and CDCC).

The day-to-day operations of the individual companies in the Merged Group are, and will remain, the responsibility of the boards of directors of those companies, subject to the strategic and policy direction of Mergeco.[1] In this regard, each subsidiary board is responsible for (i) financial matters relating to the individual entity, including approving accounts and recommending budgets for approval by the Mergeco board; (ii) ensuring compliance with local regulatory requirements, including approving matters relating to licenses to operate and recognition orders and operating of local markets; and (iii) ensuring the integrity of local capital markets and that local customer bases are maintained.

Commitments for participation in the board of directors of TSX Venture are also provided for in connection with the Merger as described in Section IV(C)(i).

C. Corporate Structure

The first chart below shows the corporate entities involved in the Merger immediately upon the completion of the Merger. The Exchangeco, Callco and Interco entities referenced in the chart all exist solely to support the exchangeable share structure and for associated tax reasons and have no separate business function or operations. Each of the subsidiary entities of Mergeco is wholly-owned, except in the case of Exchangeco, which will issue the exchangeable shares to electing former shareholders of TMX Group (and which are non-voting in respect of Exchangeco and instead confer voting rights in respect of Mergeco).[2]

The second chart below shows the Merged Group after the Merger, focusing on key operating entities and business lines.

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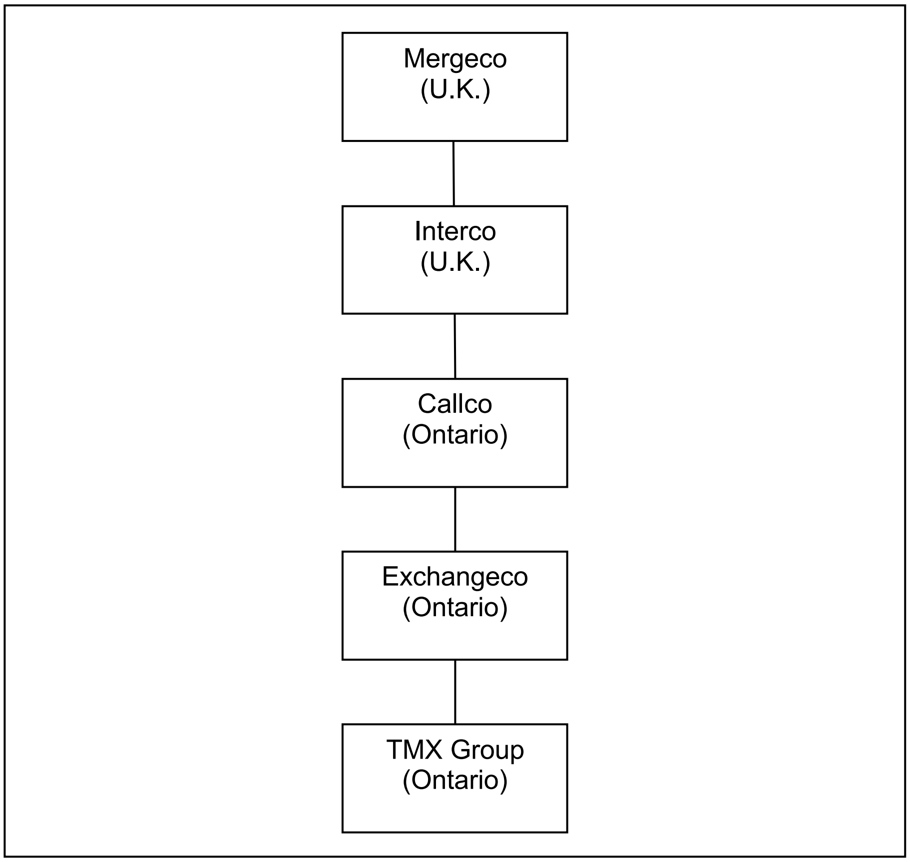
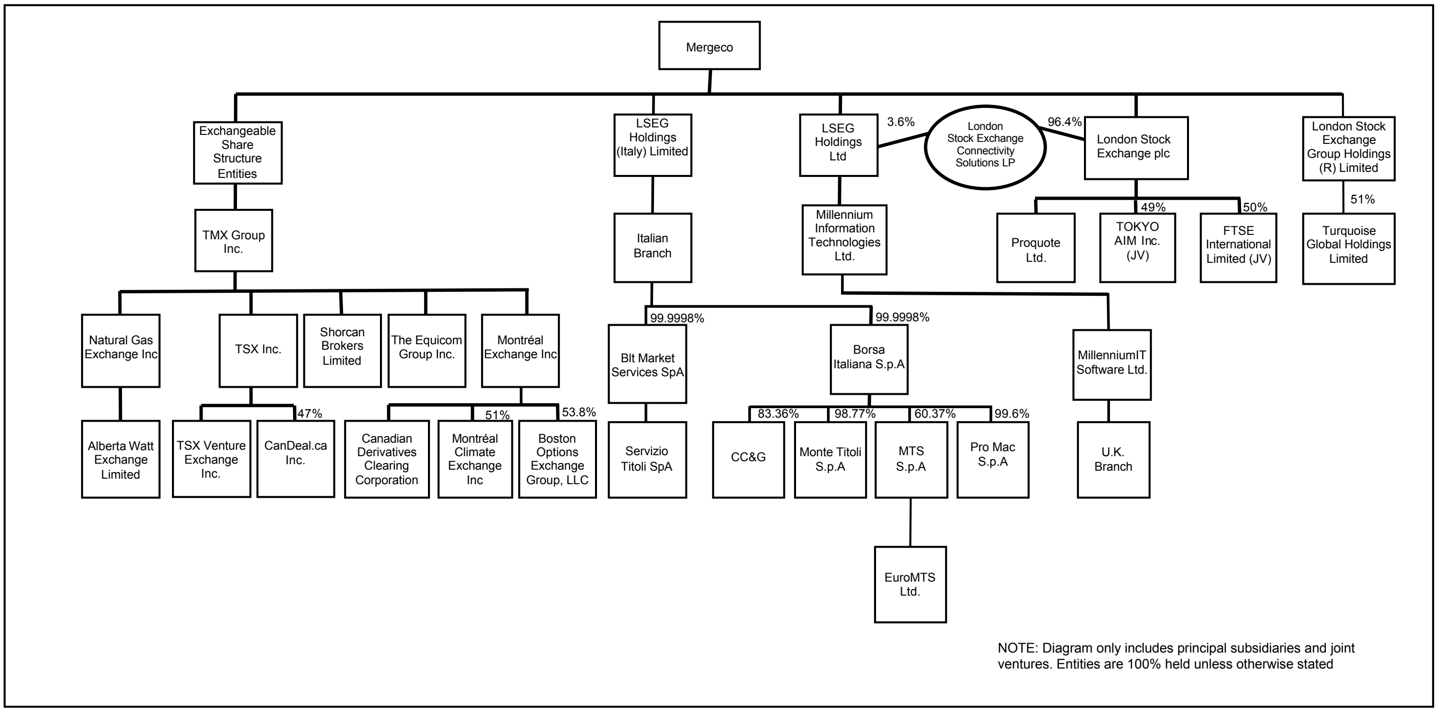
[1] The reference to being subject to the "strategic and policy direction of Mergeco" reflects the fact that TMX Group and its subsidiaries will operate as part of the Merged Group and that the board of Mergeco is ultimately responsible for setting and overseeing implementation of the Merged Group's strategic objectives.

[2] There are other trust and similar vehicles that will be established for purposes of holding and conferring voting rights on behalf of the holders of exchangeable shares.

Corporate Entities Involved in Merger



Merged Group Structure



II. INFORMATION REGARDING LSEG[3]

LSEG is a diversified international exchange business which operates a wide range of markets in the European Union. It is headquartered in London, U.K. with significant operations in Italy and Sri Lanka and employs approximately 1,500 people. Through its advanced trading platforms and diverse listing services, LSEG offers domestic and international issuers and investors, both institutional and retail, access to Europe's highly liquid capital markets. LSEG offers its customers an extensive range of real-time and reference data information products and robust post-trade services and also develops high performance technology trading and surveillance platforms and capital markets software.

A. Capital Markets

LSEG provides a highly attractive international venue for the public listing of shares, bonds and other securities by companies seeking to raise capital from investors, both at the time of their initial listing and through subsequent offerings. The key equity markets operated by LSEG are the U.K.'s Main Market and Italy's MTA Market and AIM (for small and growing companies).

LSEG also operates a range of electronic trading platforms that provide high speed order and quote-driven matching services for investors that wish to buy and sell securities. Some of these platforms are operated by recognized exchanges while others are run by authorized firms, such as "alternative trading systems" (known in Europe as multilateral trading facilities or "MTFs"), which undertake both lit and dark trading of securities.

The key listing and trading venues in LSEG are:

- London Stock Exchange plc (the "LSE"), a Recognised Investment Exchange ("RIE") regulated by the U.K.'s Financial Services Authority ("FSA"), which offers listing services and operates several equity and bond markets including the "Main Market", AIM and the "International Order Book" for international equities;

- Borsa Italiana S.p.A. ("Borsa Italiana"), LSEG's Italian exchange business, regulated by Commissione Nazionale per le Società e la Borsa ("Consob"), Italy's main securities regulator, which offers listing services and operates a range of equity, derivative and bond markets, including MTA (the main Italian equity trading platform), IDEM (its Italian derivatives market, trading contracts based on equities and related indices) and IDEX (its Italian energy derivatives segment, trading contracts based on commodities and related indices);

- Turquoise Global Holdings Limited ("Turquoise"), an MTF regulated by the FSA, which offers lit and dark trading in pan-European and U.S. equities. Turquoise is planning to launch shortly a European derivatives offering running on TMX Group's SOLA® technology;[4] and

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[3] The information in Part II has been provided by LSEG.

[4] As has recently been announced, LSEG is shortly going to combine EDX London Limited into Turquoise, utilizing TMX Group's market leading derivatives trading technology, SOLA®.

- Società per il Mercato dei Titoli di Stato S.p.A. ("MTS S.p.A."), which controls and operates a series of electronic trading platforms for European fixed income securities, including EuroMTS Limited, a U.K. incorporated entity which is an MTF regulated by the FSA.

B. Post-trade

LSEG's post-trade entities are:

- Cassa di Compensazione e Garanzia S.p.A. ("CC&G"), a majority-owned subsidiary of LSEG, which is a clearing house regulated by the Banca d'Italia and Consob that guarantees trades between counterparties and manages counterparty risk in a range of assets and instruments, including cash equities, derivatives, energy products and government bonds. CC&G's services are used primarily for trading taking place on Borsa Italiana. LSEG's U.K. trading platforms use the services of third party clearers such as LCH.Clearnet and EuroCCP.

- Monte Titoli S.p.A. ("Monte Titoli"), a majority-owned subsidiary of LSEG, which is a settlement system and securities depositary regulated by Banca d'Italia and Consob that provides settlement and custody services, primarily for Italian securities, to a broad client basis and has a wide range of connections to international markets and central counterparties. LSEG's U.K. trading platforms use the services of third party settlement systems and depositaries such as Euroclear.

C. Information Technology

LSEG's information and technology services include:

- the provision of high speed, real time pre-trade and post-trade data, trade confirmation, reconciliation and reporting services, corporate news information and co-location services; and

- the sale and license of exchange-related technology and services to a variety of global capital markets businesses through its Millennium Information Technologies Ltd. ("MillenniumIT") business in Sri Lanka.

MillenniumIT has recently implemented new trading platforms at the LSE and Turquoise, which have made it the fastest trading platform in Europe, with average round-trip latencies well below 200 microseconds.[5]

D. Regulation of Markets

LSEG recognizes the importance of ensuring its markets continue to be well regulated and that they have the appropriate standards of transparency, orderliness and integrity. In relation to both admission to its primary markets and secondary market trading, LSEG's regulated entities impose balanced and proportionate regulatory standards to maintain high levels of investor confidence. More specifically:

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[5] At the 99th percentile, which means a calculation of the mean average latency across 99 per cent of all messages.

- LSE and Borsa Italiana have rules for issuers whose securities are admitted to their markets; both to ensure their suitability to be traded on a public market and to govern the issuers' continuous disclosure of corporate information to investors.

- Each regulated entity in LSEG has rules for its trading participants that govern their trading activity on each of its platforms.

- Trading prices and volumes are monitored by LSE and Borsa Italiana to identify any asymmetry of information in the market or evidence of possible leaks of price sensitive information, which might necessitate the issuers making further announcements to the market.

- Each regulated entity in LSEG uses sophisticated surveillance technology to monitor the group's markets in real-time and on a post-trade basis. This surveillance ensures the ongoing orderliness of the markets, monitors compliance with the rules of the platforms and detects possible market manipulation and market abuse.

- Each regulated entity in LSEG ensures that trading taking place on each of the group's trading platforms, whether executed electronically or bilaterally and then reported to it under its rules, has the appropriate level of pre-trade and post-trade transparency.

- To ensure reliable, continuous price formation, the high speed trading technology used by the regulated entities in LSEG utilizes a variety of automatic controls, such as volatility interruptions and auction extensions.

In addition to the rules applicable on LSEG's various trading platforms, users of each platform must also comply with the regulations promulgated by local regulatory authorities, such as the FSA (in the case of the platforms authorized or recognized in the U.K.) and Consob (in the case of the platforms based in Italy).

All of the regulated entities within LSEG work closely with their respective statutory regulators to maintain high regulatory standards throughout LSEG. Further information on LSEG can be found in its 2010 annual report or on its corporate website located at www.londonstockexchangegroup.com.

E. Regulation of LSEG

(i) *U.K. Regulation of LSEG*

LSEG is the ultimate parent company of LSE, which is an RIE, and of Turquoise and EuroMTS Limited, both of which are FSA "authorized firms". This section briefly describes how the RIE and authorized firm regulatory regimes apply to LSEG itself as the owner of U.K. regulated subsidiaries, and accordingly how they would apply to Mergeco post-Merger.

The regulatory regime for RIEs is relatively concise, high level and principles-based and obliges RIEs to meet certain recognition requirements on an ongoing basis. An RIE's compliance with the recognition requirements is supervised by the FSA in a close and continuous manner. This regime contrasts with the much more detailed, rules-based regime to which all FSA authorized firms are subject, based largely on harmonized European Union requirements.

LSEG is a U.K.-listed, unregulated holding company that does not itself perform any regulated activities and accordingly does not itself require either recognition as an RIE or authorization as a firm. The FSA therefore does not have direct regulatory control over LSEG but does have to approve certain changes in ownership of LSEG as the ultimate parent of the U.K. regulated subsidiaries, as described in Part IV – Ownership Restrictions. In addition, the FSA has regulatory influence over the individual board members of LSEG as follows.

The FSA's regime for authorized firms requires the approval of the individuals such as directors, non-executive directors or senior managers employed by an unregulated parent undertaking or holding company whose decisions, opinions or actions are regularly taken into account by the governing body of the authorized firm. As a result, the FSA interviews and approves the key board members (typically the Chairman, Chief Executive Officer and Senior Independent Directors) of unregulated holding companies of high impact authorized firms such as banks. The presence of the two FSA authorized firms in the LSEG group therefore gives the FSA the ability to require the board members of LSEG to be formally approved.

RIEs are exempt from authorization and therefore from the requirement that their key holding company board members be approved. However, in recent years the FSA has adopted the practice of interviewing prospective board members of RIE holding companies to establish their suitability, in a manner very similar to the approach taken for high impact authorized firms. The RIE recognition requirements specifically allow the FSA to take into account LSE's connection with any person and require that individuals in a position to exercise significant influence over an RIE, whether directly or indirectly, be suitable. Therefore, the FSA is able to use its regulatory influence over LSE, the RIE, as the basis for its assessment of the suitability of LSEG board members.

On an annual basis, the FSA meets with LSEG to discuss the risk mitigation program for the regulated entities in LSEG. The FSA's risk assessment is a high level review aimed at assessing the significance of the risks posed by the regulated entities to the FSA's statutory objectives (market confidence, financial stability, consumer protection and the reduction of financial crime). The program assesses the impact on their statutory objectives if a particular risk actually materialized and the probability of the risk materializing.

(ii) ***Italian Regulation of LSEG***

Following the Merger, Mergeco will also be the parent company of Borsa Italiana, CC&G, Monte Titoli and MTS S.p.A., all of which are companies regulated by Consob and Banca d'Italia. Specifically, Borsa Italiana is supervised by Consob only, while MTS S.p.A., CC&G and Monte Titoli are under Consob and Banca d'Italia supervision.

Italian law requires that any direct or indirect shareholders of more than 5 per cent in market operators (such as Borsa Italiana and MTS S.p.A.), in central depositaries (such as Monte Titoli) and in central counterparties (such as CC&G) or any persons who otherwise control these entities, be persons of integrity and make a declaration to Consob (and Banca d'Italia for the companies it supervises) accordingly. If those shareholders are legal persons then it is the directors of the shareholder companies that must be persons of integrity and must make appropriate declarations. Where the parent undertaking is an overseas company, Italian law allows for the integrity requirement to be met through a substantially equivalent requirement that is imposed by an appropriate overseas competent authority. In 2007, after the merger between LSEG and Borsa Italiana, in which LSEG became the parent undertaking, the FSA wrote a letter, which was sent to Consob and Banca d'Italia, confirming the status of LSE as an RIE and stating the requirement for an RIE to be "fit and proper" taking into account its connections with any person, including its owners. This U.K. requirement met the Italian equivalence test for LSEG, the ultimate holding company of the Italian regulated companies.

III. BENEFITS OF THE MERGER

Overview

The proposed merger of TMX Group (which operates Canada's principal equities and derivatives markets) and LSEG (which operates leading markets in the U.K. and Italy) is intended to attract new investment to Canadian public issuers and contribute directly to the success of Canada's capital markets. This in turn underpins economic activity and growth in Canada (as well as achieving similar effects in the U.K. and Europe).

Canadian capital markets have operated on the international stage for some time, attracting global issuers and investors to TMX Group's exchanges. This has helped to strengthen the performance of these exchanges and has contributed to enhanced financial sector activity. We believe that the Merger will further enhance this effort. TMX Group's exchanges will be able to take advantage of LSEG's global footprint (notably, a European and international sales force, deep customer relationships in key foreign markets and connections to global investors) to promote the TMX Group issuers and products and investment in Canada internationally. In addition, the trans-Atlantic link (both in terms of people and technology) will help simplify European and international investor access to Canadian markets, deepening the capital pool available to Canadian publicly listed issuers and enhancing activity on TMX Group's domestic equity and derivatives exchanges.

The resulting increase in demand and liquidity in the Merged Group's Canadian platforms is expected to reduce trading costs and lower the cost of capital for issuers listed on Toronto Stock Exchange and TSX Venture, permitting more effective and efficient financing for Canadian issuers of all sizes. The increased trading and investment activity that we expect to generate on TMX Group's Canadian markets will facilitate access to capital for smaller capitalized and early stage corporations to fund important new development projects and will allow larger capitalized corporations to raise the financing required to fund large projects and strategic initiatives. We anticipate that this will in turn promote job expansion and innovation in Canada.

An increased demand for securities of issuers listed on Toronto Stock Exchange and TSX Venture is expected to similarly increase the demand for derivatives related to those securities (including options) that trade on the Bourse and for clearing them on CDCC.[6] CDCC will also benefit from being part of a larger organization with additional clearing assets and expertise. In addition, CDCC will benefit from enhanced opportunities to create a trans-Atlantic over-the-counter ("OTC") derivatives clearing services offering. In this regard, and in response to the financial crisis, in September 2009 the G-20 made a commitment that all standardized OTC derivative contracts should be cleared through central counterparties by the end of 2012 at the latest.

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[6] Currently, all equities options traded on the Bourse are based on securities listed on Toronto Stock Exchange.

The following sections describe the benefits of the Merger to TMX Group and its Canadian stakeholders in detail.

A. Greater Visibility Promotes Canada

Given the mobility of and competition for international capital, TMX Group needs to continually work to increase awareness of, and simplify access to, Canadian markets to ensure that Canada obtains its fair share or more of global asset allocation. We believe that the Merger will help achieve these objectives.

LSEG's global footprint, in particular its existing strong customer relationships in key foreign markets[7], and an established LSEG global sales force (with offices across Europe and Asia) will increase the visibility of TMX Group's capital markets around the world, helping it to promote Canada internationally and attract new investment to Canada.

B. Greater Accessibility to Canadian Markets Improves Liquidity

One of the keys to international investor access to Canadian markets is connectivity: that is, the mechanism that enables a market participant to send orders to the exchange. Different messaging protocols, arranging for telecommunications lines and technology latency are key impediments to connectivity. TMX Group has addressed these issues within North America in recent years by providing a standard FIX messaging protocol, using physical points of presence in key U.S. hubs with telecommunication lines connecting into Canadian hubs as well as continually improving trading system speed of execution. These steps, among others, have made access to TMX Group's exchanges and listed issuers more attractive and easier and have resulted in a significant increase in the number of TMX Group's U.S.-based customers.[8]

To maximize Canada's potential, it is critical to open new pathways and streamline access to TMX Group's markets for a broader cross-section of international investors. To that end, Europe represents one of the world's largest capital pools. The total global managed assets in Europe, including the U.K., is estimated to be $18 trillion (of which the U.K. constitutes $2.8 trillion, or 16 per cent), while in Canada it is estimated to be $0.7 trillion.[9]

Through the Merger we plan to establish connectivity between European and Canadian data centres and to implement common technology and application platforms. This will facilitate access to Canada for European investors and, when combined with proactive and more effective marketing of Canadian opportunities to European investors, is expected to increase capital and order flow into Canada from Europe's significant capital pool.

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[7] LSEG has issuers from over 20 countries admitted to its markets and over 400 trading members based in the European Economic Area.

[8] For example, the number of U.S.-based data subscribers increased 51 per cent from 2006 to 2008. This coincided with the connection of TMX Group to the U.S.-based Secure Financial Transaction Infrastructure (SFTI) telecommunication network in June, 2007.

[9] The European statistics are as reported by the European Fund and Asset Management Association in "Asset Management in Europe Facts and Figures: EFAMA's Third Annual Review" (April 2010) and converted to Canadian dollars. The Canadian statistic is as reported by the Investment Funds Institute of Canada in "IFIC Monthly Analytical Package: February 2011" (March 15, 2011).

C. Deeper Liquidity and Demand

Market liquidity is an asset's ability to be bought or sold in a timely manner without causing a significant movement in its price. On an exchange, liquidity is measured by the number and size of buy and sell orders posted and available for execution on its platforms. Deep liquidity pools have the benefit of more efficient pairing of buyers and sellers, which results in tighter spreads between bid and ask prices on an exchange.

The increase in visibility of and accessibility to TMX Group markets described above is expected to lead to deeper liquidity pools by attracting more international order flow. We believe this will narrow spreads and lower market impact costs, thereby lowering the cost of trading to investors, in particular investment funds that take large positions. It should also have the effect of lowering the cost of capital for listed issuers because increased investor demand and reduced transaction costs should lead to higher valuations for the securities of those issuers. As stated in the Department of Finance's 2007 budget document *Creating a Canadian Advantage in Global Capital Markets*, "the more liquid and efficient are domestic equity and bond markets, and the wider the range of Canadian derivative instruments, the lower the cost of raising capital for Canadian business of all sizes."[10]

As this enhanced capital pool can be accessed domestically, we also expect that this will reduce the need for issuers to seek foreign investment through a listing on a foreign exchange. The listing standards set by Toronto Stock Exchange and TSX Venture will not change as part of the Merger and dual-listing between LSEG and TMX Group exchanges will not occur automatically as a result of the Merger. As is currently the case, an issuer will make its own determination as to whether it would derive benefit from a dual-listing. An issuer will be required to follow local rules and regulations to qualify for a listing on a particular exchange.

D. Global Positioning

TMX Group exchanges offer a unique value proposition in key areas. For example, TMX Group's exchanges are recognized as leaders in the small and medium enterprise ("SME") space, and are world leaders in the facilitation of public venture capital financing for early-stage companies; TMX Group is a global centre and leader in the mining sector and in energy and resource financing; TMX Group is expanding its presence and leadership into new growth segments, such as clean technology; and TMX Group exchanges list some of the world's most profitable and stable financial institutions.

These benefits have made TMX Group exchanges an attractive listings destination for international companies. However, there are limitations on TMX Group's ability to seek and secure new foreign listings given TMX Group's relative size and the modest international footprint of its operations. The addition of LSEG's expertise in global sales and its global footprint (which includes a significant London-based sales force and offices in Italy, Tokyo, Hong Kong and Beijing) will help TMX Group to market the value of listing on Canadian exchanges to international issuers more extensively.

For domestic Canadian investors, a broadening of TMX Group's issuer base will offer new investment opportunities. The enhanced international exposure that will come to TMX

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[10] Canada, Department of Finance, *Budget 2007: Creating a Canadian Advantage in Global Capital Markets* (2007) at 13.

Group through the Merger, and the increase in foreign listings on TMX Group exchanges that we expect will follow, should benefit Canadian investors through a wider choice of investments on TMX Group's domestic exchanges. A broadened issuer base should also benefit the Bourse, as new listings on Toronto Stock Exchange create opportunities for new derivative products to be traded on the Bourse.

We also expect that TMX Group's inter-dealer bond broker, Shorcan Brokers Limited, as well as NGX, will derive new and increased business from this enhanced global profile as these services become exposed to a greater international audience.

E. Benefits to Market Participants, Intermediaries and Advisors

Increased capital flow from a global investment base will also benefit Canadian market participants more broadly. As opportunities for capital raising by domestic and foreign issuers increase in Canada, the demand for financial advisory services and related professionals such as investment bankers, securities lawyers, accountants, analysts and geologists is expected to increase, benefiting the Canadian financial services sector as a whole.

Additional capital flow will also have a positive impact on Canadian market intermediaries by creating more opportunities to provide related services such as transaction clearing, depositary, registration, transfer agency and trade execution services.

F. Improved Competitive Position

The exchange environment is becoming increasingly competitive as a result of the emergence of new trading platforms and demands from customers for increased speed of trade execution and data delivery and for lower trading costs. The technology required to operate leading-edge exchanges in this increasingly competitive, time-sensitive environment is extremely sophisticated and constitutes a major fixed cost for companies that operate exchanges. Furthermore, it takes time to develop and deliver such technology reliably.

In our industry, there have been several waves of combinations, as exchange operators around the world have begun to strengthen their collective positioning by joining forces. These combinations have occurred in response partly to an increase in competition and partly due to developments in technology, which have facilitated new entrants and resulted in changing demands from exchange customers, including demand for new products and services. Pooling ownership has allowed exchange operators to combine their resources to achieve greater economies of scale in connection with investments in technology and other areas needed to serve investors and market participants at competitive prices, while extending their reach internationally. Many of these combinations have occurred across national boundaries and even across continents.

Exchanges that develop their own technology position themselves on the leading edge of the industry. Developing this technology is extremely resource intensive. For example, Singapore Exchange Limited is reporting that it will spend U.S.$195 million[11] on its new trading infrastructure, creating a platform that is approximately twenty times faster than TMX Group's current TSX Quantum® trading engine. Efficiencies result when the technology development

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[11] Gaurav Raghuvanshi "Singapore Exchange to Launch New Trading Engine in August" *The Wall Street Journal* (19 January 2011), online: The Wall Street Journal <http://online.wsj.com/ article/BT-CO-20110119-703441.html>.

costs are shared across an exchange group that can use technology on multiple platforms and build on existing expertise within the group's businesses to develop technology more quickly. The combined technology know-how of the Merged Group will allow TMX Group and its Canadian exchanges to compete more effectively for liquidity by facilitating crucial technology developments to meet customer demand for speed and functionality. Combined technology development and deployment by the Merged Group will benefit from economies of scale that result from having many exchanges and marketplaces on common technology and should enable TMX Group to deliver leading edge technology to its customers more quickly and cheaply.

Further gains are realized when technology can be sold to non-affiliated marketplaces. This is the current successful model of LSEG through its MillenniumIT business, which develops, sells and deploys software such as trading systems, smart order routers and risk management technology to customers globally. The parties expect to be able to extend this approach following the Merger.

The Merger provides the combined organization with an immediate, larger customer base. We expect that existing TMX Group products will benefit from this broadened scope including, for example, the SOLA® trading technology. The SOLA® trading technology, which was developed and is supported by TMX Group's technology team based in Montreal, is currently used by LSEG for its derivatives trading platforms and is being deployed in LSEG's Turquoise multilateral trading facility to support futures and options trading on that marketplace. After the Merger, the TMX Group technology team will benefit from the strengths of its new affiliate, MillenniumIT, which operates a technology sales and deployment infrastructure that can help to accelerate the global commercialization of SOLA® to interested marketplaces. The Merger will allow Canadian expertise in trading software to flourish, as a highly-skilled workforce will be in demand to develop enhancements to SOLA® technology and other Merged Group technology.

G. Enhanced Product Offerings

The Merger allows for the sharing of a global suite of products and services that can be provided to investors and market participants in a streamlined way, creating new levels of efficiency and simplicity. These products and services will include provision of access to local and intercontinental telecommunication lines, North American and European market data and pre-existing investment products that are currently not readily available to trans-Atlantic customers.

In particular, TMX Group will be able to offer its customers new products and services that have already been developed, implemented, and proven by LSEG. One such example is the UnaVista post-trade information management platform, which can be imported and customized for use by Canadian market intermediaries. We believe that Canadian participants could benefit from aspects of the UnaVista platform that perform data validation, matching, reconciliation, and other back-office functions. Access to existing LSEG products will significantly lessen the investment necessary, and shorten the time to market, for TMX Group to bring such products and services to its customers.

Another example of this type of opportunity is the access to FTSE International Limited ("FTSE") indices. LSEG's 50 per cent ownership stake in FTSE will assist in the development of TMX Group's relationship with FTSE, facilitating the creation of FTSE index-based exchange traded funds ("ETFs") and index-based derivatives in Canada. Currently, in order for a Canadian investor to trade FTSE indices, multiple intermediaries must be engaged to ultimately place the order on the foreign marketplace as these are only traded on European venues, and foreign-exchange costs for trading in British pounds or euros are applied to the trade. After the Merger, the combined group could more readily bring together FTSE and Canadian ETF providers that could then list FTSE index-based ETFs on Toronto Stock Exchange and options on those ETFs could also be traded on the Bourse. Listing these products on a Canadian exchange would enable domestic investors to trade on a Canadian venue, in Canadian dollars, using one (Canadian) intermediary. In addition, we could develop FTSE index-based derivative products to be traded on the Bourse.

H. <u>Small and Medium Enterprise Companies</u>

The biggest proportion of the TMX Group exchange equity market listings are SMEs.[12] These smaller-cap companies are the lifeblood of the Canadian capital markets and are expected to be future key contributors to Canadian economic growth. We expect to see continued growth and success in this market. We believe that the improved international profile and liquidity that the Merger is expected to generate, together with LSEG's evidenced commitment to and expertise in SME markets, will only help the continued growth and success of these markets.

For example, LSEG is the operator of AIM. Since AIM's launch, over 3,200 companies have raised a combined £73 billion.[13] This demonstrates a strong institutional commitment to SMEs seeking efficient financing options.

It is also important to note that the Merger will not in any way reduce the access of issuers to TMX Group markets. It is an important commercial function for Toronto Stock Exchange and TSX Venture to facilitate listing for issuers that meet required listing standards (which, as noted above, will not change as a result of the Merger) and increase the overall number of listings. As an example, if a mining company in Northern Ontario, a gas exploration company in Alberta or a forestry company in British Columbia proposes to list on one of the TMX Group exchanges post-Merger, it will go through exactly the same listing process as is currently the case. We also expect, as a result of the Merger, to be able to offer that company access to new investors from Europe that will be attracted to TMX Group's Canadian exchanges through broader reach of TMX Group's exchange brands and easier connectivity to TMX Group's exchanges.

Accordingly, the highly successful listing model that brings companies to TSX Venture, and helps them graduate to Toronto Stock Exchange, will continue to flourish and will allow these SMEs to continue to develop on Canadian exchanges.

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[12] 82 per cent of Toronto Stock Exchange and TSX Venture issuers have a market capitalization of less than $250 million.

[13] In 2009, U.K.-based AIM companies directly contributed £12 billion to the U.K. GDP and supported 240,000 jobs according to a Grant Thornton report entitled "Economic impact of AIM and the role of fiscal incentives" (September 2010).

I. Canadian Centres for Mind and Management[14]

The Merger provides opportunities for Canadian leadership around the world. It will result in the development of special centres of excellence across the new combined entity. For the combined group, the global listings business unit and global finance function will be headquartered in Toronto and run by executives based in Toronto; the global derivatives business unit will be headquartered in Montreal and run by executives based in Montreal; and the global energy business unit will be headquartered in Calgary and run by executives based in Calgary. For this purpose, a business unit or support function is “headquartered” in the jurisdiction where both:

(i) the most senior executive officer of Mergeco (other than the Chief Executive Officer or President) responsible for that business unit or support function; and

(ii) executives who are responsible for managing the development and execution of the policy and direction for that business unit or support function sufficient to permit that executive officer to execute his or her responsibilities from that location;

perform their respective duties and responsibilities and are resident.

A matrix management model will be implemented across the Merged Group that creates functional reporting lines for each of the global business units as well as local reporting lines, which is common in large organizations.

The Calgary and Vancouver offices will remain the joint headquarters for TSX Venture and will also coordinate the Merged Group’s marketing efforts for SME listings.[15] This domestic leadership as part of the global enterprise allows for the export of Canadian expertise generally, while retaining Canadian talent and enables Canadian talent to improve its international experience. The current TMX Group Chief Executive Officer, Tom Kloet, will become the President of Mergeco (reporting to the Chief Executive Officer) and will manage all global business units while remaining Chief Executive Officer of TMX Group.

Support functions such as finance, information technology, human resources and legal will also continue to be provided by local staff. Any reduction in our collective workforce which may arise as a result of the Merger is expected to occur mainly through attrition and to be shared in broadly equal proportions across LSEG and TMX Group.[16]

J. Summary of Benefits to Canadian Stakeholders

The Merger, by enhancing TMX Group’s global reach and competitiveness and activities in a rapidly changing global exchange industry, will enhance the profile of Toronto, Montreal,

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[14] The arrangements described in this section are provided for in the Merger Agreement as undertakings proposed to be provided to the Commissions and in proposed amendments to the recognition order of TMX Group and TSX, all as described in detail in Part IV and Part VI of this application, and pursuant to four year undertakings proposed to be provided under the Merger Agreement in connection with the application for *Investment Canada Act* approval.

[15] Under the direction of the Head of the Global Listings business unit. The marketing efforts for large capitalization listings will be coordinated by the Heads of Listings in each of London and Milan, under the direction of the Head of the Global Listings business unit.

[16] In LSEG’s combination with Borsa Italiana the impact on the workforce was broadly equal.

Vancouver and Calgary as financial centres and increase the international profile of TMX Group as a leader in natural resource, mining, energy and clean-technology listings, as well as SME listings. The benefits for Canadian stakeholders include:

- more awareness and brand recognition of Canadian capital markets on the world stage;
- more and cheaper capital for Canadian companies to grow, innovate and prosper;
- more products and services available for Canadian investors;
- an improved competitive position to attract foreign issuers to list in Canada; and
- a more effective capital market which underpins a strengthened economy, driving innovation and jobs.

The Merger will contribute directly to Alberta's aspirations to create a global energy trading and clearing hub. Calgary will remain the NGX headquarters, but will also become the headquarters of the global energy business unit of the Merged Group.

Vancouver will also remain, with Calgary, the co-headquarters of TSX Venture, and will coordinate, with Calgary, the Merged Group's marketing efforts for SME listings. As described above, the Merger will also bring the prospect of enhanced capital raising opportunities for TSX Venture-listed issuers, including those based in Alberta and British Columbia.

In short, Canadian issuers, investors, market intermediaries and the wider Canadian economy will benefit as a result of the expanded global reach and scope of TMX Group through the Merger.

IV. GOVERNANCE, UNDERTAKINGS AND PROPOSED AMENDMENTS TO RECOGNITION ORDERS

The TMX Group board determined that it would enter into a strategic combination transaction only if it believed it would result in the enhancement of Canadian capital markets. In particular, the TMX Group board, in considering such a transaction, sought one that would: (i) be advantageous to shareholders and to all other stakeholders, including Canadian investors, issuers listed on TMX Group's exchanges and potential issuers, and securities dealers and other market intermediaries; (ii) achieve benefits for Canada, including through continuing effective participation of residents of Canada in the governance and management of Mergeco; and (iii) preserve under the Canadian securities regulatory regime requirements for the local governance, management and operation of TMX Group's exchanges and clearing agencies and the ongoing regulation of them by Canadian securities regulators.

The board of directors of TMX Group approved the Merger with LSEG after determining that these requirements were satisfied.

First, the Merger Agreement provides for substantive business continuity commitments regarding the future of TSX Venture's Alberta and British Columbia operations and Canadian participation in the governance of Mergeco. These commitments both protect the value inherent in TSX Venture and, as described in Part III above, open new opportunities for growth that we believe will have far reaching benefits across the full spectrum of the Canadian business and financial services sectors.

Second, the Merger Agreement preserves the existing regulatory regime applicable to TSX Venture's business and strengthens it further pursuant to regulatory commitments provided for in the Merger Agreement. Accordingly, the Merger Agreement ensures the full and complete continued autonomy of the ASC and BCSC to exercise their existing powers and oversight responsibilities over TSX Venture. In addition, issuers on TSX Venture will see no change to their processes or regulatory relationships and obligations.

Accordingly, consistent with their fiduciary obligations, the board of directors of TMX Group approved the Merger because they feel it is in the best interests of the Canadian capital markets and is consistent with their public interest mandate, and is therefore in the best interests of TMX Group and its operations in Alberta and British Columbia.[17]

The business continuity and regulatory commitments referenced above have been reflected in the proposed undertakings to be provided by Mergeco to the Commissions and in the proposed changes to TSX Venture's recognition order, each of which is described in further detail below.

The board of directors of TMX Group also recognized and took into account that these types of provisions would be important to the Commissions in their consideration of whether the Merger with LSEG is in the public interest.

The following describes the undertakings proposed to be provided by Mergeco to each of the Commissions and the proposed changes to the recognition orders of TSX Venture in detail.

A. Mergeco Undertakings

(i) *Compliance*

Mergeco will undertake to the ASC and the BCSC that it will:

(i) do everything within its control to cause TMX Group and TSX to perform their undertakings to the ASC and BCSC with respect to TSX Venture;

(ii) do everything within its control to cause TSX Venture to comply with the terms and conditions of its recognition order; and

(iii) assume the following undertakings of TMX Group with respect to TSX Venture as if it were the maker of them: sections 1, 2 and 3 ("Performance of TSX Venture Exchange Functions"); sections 5, 6 and 7 ("Change in Ownership or Operation"); section 9 ("Systems"); section 11 ("Access to Information"); section 12 ("Corporate Governance", with respect to the creation and maintenance of the Public Venture Market Committee); and section 13 ("General").

The undertakings are set out in full in Appendix A.

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[17] See *BCE Inc. v. 1976 Debentureholders*, 2008 SCC 69 at paragraph 82: In each case, the question is whether, in all circumstances, the directors acted in the best interests of the corporation, having regard to all relevant considerations, including, but not confined to, the need to treat affected stakeholders in a fair manner, commensurate with the corporation's duties as a responsible corporate citizen.

B. Proposed Amendments to Recognition Orders

(i) *Corporate Governance*

At least 50 per cent of the directors and members of each of the committees of the TSX Venture board of directors will be both ordinarily resident in Canada and independent.

(ii) *Regulation Functions*

The recognition orders will be revised to ensure that all regulation functions will be carried on in Canada.

(iii) *Outsourcing*

The requirements of section 35 of the TSX Venture recognition orders that apply to third parties also apply to affiliates and associates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

V. ITEMS IN TSX VENTURE'S RECOGNITION ORDERS AND THE UNDERTAKINGS OF TMX GROUP AND TSX THAT ARE NOT IMPACTED

A. TSX Venture Recognition Orders

All provisions in TSX Venture's recognition orders will remain in effect, except as modified by the additional provisions outlined above. In particular, there will be no changes to the following provisions:

- TSX Venture will operate a national exchange for junior issuers under a separate brand identity and separately from the national exchange for senior issuers operated by TSX and TMX Group;
- pursuant to its recognition order from the ASC, TSX Venture will maintain an office in Calgary through which it will
    - provide corporate finance services to, and perform corporate finance functions for, its listed issuers and applicants for listing; and
    - perform issuer regulation functions;
- pursuant to its recognition order from the BCSC, TSX Venture will maintain an office in Vancouver through which it will
    - provide corporate finance services to, and perform corporate finance functions for, its listed issuers and applicants for listing; and
    - perform issuer regulation functions;
- TSX Venture will obtain, solicit and provide regional input on the development of listing and other corporate finance requirements for its listed issuers and applicants for listing;

- TSX Venture will continue to perform its corporate finance and issuer regulation functions, including
  - setting listing and other corporate finance requirements for its listed issuers and applicants for listing;
  - monitoring the conduct and activities of its listed issuers for compliance with its rules; and
  - making decisions under its rules about its listed issuers, persons associated with its listed issuers and applicants for listing and providing for a review or appeal process for these decisions;
- TSX Venture
  - will provide the Commissions with an annual report in the form and with the information specified by the Commissions from time to time; and
  - will not, without prior approval of the Commissions, make any significant changes to the manner in which it provides and performs corporate finance services and functions and performs issuer regulation functions; and
- at least 25 per cent of the directors of TSX Venture will, at all times, be persons that have expertise in or are associated with the Canadian public venture capital market.

B. <u>TMX Group and TSX Undertakings</u>

The TMX Group and TSX undertakings to the Commissions with respect to TSX Venture will remain in effect, including the following undertakings:

- each of TSX and TMX Group undertakes not to cause or permit TSX Venture to cease to operate or suspend, discontinue or wind-up all or a significant portion of TSX Venture's operations, or dispose of all or substantially all of TSX Venture's assets, without
  - providing the Commissions at least six month's prior notice of its intention; and
  - complying with any terms and conditions that the Commissions may impose in the public interest for the orderly discontinuance of the operations or the orderly disposition of the assets of TSX Venture;
- TMX Group undertakes to create and maintain a committee of the Board of Directors of TMX Group, to be named the Public Venture Market Committee (the "Committee"), in a manner consistent with the terms of reference attached to the TMX Group undertakings to the Commissions. TMX 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 TMX Group and/or TSX Venture in relation thereto;
- each of TSX and TMX Group represents that it will allocate sufficient financial and other resources to TSX Venture to ensure that TSX Venture can carry out its functions in a

manner that is consistent with the public interest and the terms and conditions of TSX Venture's recognition orders; and

- each of TSX and TMX Group represents that it will do everything in its control to cause TSX Venture to carry out its activities as an exchange recognized under section 62(2) of the *Securities Act* (Alberta) and section 24(b) of the *Securities Act* (British Columbia) and to comply with the terms and conditions of TSX Venture's recognition orders.

VI. AMENDED EXEMPTION ORDER IN RESPECT OF TSX

A. Recognition Order Amendments

On April 3, 2000, varied on January 29, 2002, September 3, 2002, August 12, 2005, December 16, 2005, August 10, 2006 and June 1, 2008, TMX Group and TSX were recognized by the OSC as an exchange in Ontario under section 21 of the *Securities Act* (Ontario).

TMX Group, TSX and LSEG are making application to the OSC to amend and restate the recognition order of TMX Group and TSX to reflect the Merger. Amendments to the TMX Group and TSX recognition order are proposed in a number of areas: corporate governance, offices, senior management, continuity of operations, change in operations, regulation functions, self-listing conditions, outsourcing and related party transactions. A copy of the application to the OSC has been provided to the Commissions.

B. Exemption Order Amendments

We respectfully request that the ASC and the BCSC each make an order amending and restating the Existing TSX Exemption Order to update the representations supporting the Existing TSX Exemption Order to reflect the Merger. We are not proposing any changes to the terms and conditions of the Existing TSX Exemption Order.

VII. ENCLOSURES

Appendix A - Draft LSEG undertakings

Yours truly,

"Sharon C. Pel"

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Senior Vice President, Group Head of Legal and Business Affairs
TMX Group Inc.

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cc: John McCoach, *TSX Venture Exchange Inc.*
Susan Greenglass, *Ontario Securities Commission*
Jacinthe Bouffard, *Autorité des marchés financiers*

Appendix A - Draft LSEG Undertakings

[LSEG Letterhead]

■, 2011

William S. Rice, Q.C.
Chair
Alberta Securities Commission
Suite 600, 250-5th St. SW
Calgary, Alberta
T2P 0R4

Dear Mr. Rice:

Re: TMX Group Inc. - Merger with London Stock Exchange Group PLC

We are writing to provide certain undertakings to the Alberta Securities Commission (the "Commission") in support of the application of TMX Group Inc. ("TMX Group") and London Stock Exchange Group PLC ("LSEG") on behalf of TSX Venture Exchange Inc. ("TSX Venture") filed under subsection 62(2) of the *Securities Act* (the "Application") in connection with TMX Group's merger (the "Merger") with LSEG. In connection with the Merger, TMX Group will become an indirect subsidiary of LSEG. In support of the Application, LSEG undertakes to the Commission as set out below. LSEG understands that the Commission is relying on these undertakings to issue an order (the "Order") for the continued recognition of TSX Venture as an exchange under section 62 of the *Securities Act*. In these undertakings, "Mergeco" means LSEG after giving effect to the Merger.

Mergeco undertakes that it will:

Compliance

1. do everything within its control to cause TMX Group and TSX Inc. ("TSX") to perform their September 3, 2002 undertakings to the Commission with respect to TSX Venture;

2. do everything within its control to cause TSX Venture to comply with the terms and conditions of its Order;

Performance of TSX Venture Functions

3. subject to paragraph 5, allocate sufficient financial and other resources to TSX Venture to ensure that TSX Venture can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of the Order;

4. do everything in its control to cause TSX Venture to carry out its activities as an exchange recognized under section 62(2) of the *Securities Act* and to comply with the terms and conditions of the Order;

5. notify the Commission:

   (a) at least six months before it voluntarily allocates financial and other resources to TSX Venture in a way that could reasonably be expected to prevent TSX Venture 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 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;

Change in Operations or Ownership

6. not cause or permit TSX Venture to cease to operate or suspend, ***di***scontinue or wind-up all or a significant portion of TSX Venture's operations, or dispose of all or substantially all of TSX Venture's assets, without

(a) providing the Commission at least six month's 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;

7. not complete or authorize a transaction that would result in TSX Venture ceasing to be wholly-owned or directly controlled by TSX without

(a) providing the Commission at least three month's prior notice of its intention; and

(b) complying with any terms and conditions that the Commission may impose in the public interest;

8. advise the Commission if TMX Group applies or intends to apply for an amendment to the attached order of the Ontario Securities Commission (Schedule 1) to permit TMX Group to own, directly or indirectly, less than all of the issued and outstanding voting shares of TSX;

Systems

9. if securities of issuers that are listed on TSX Venture trade on systems operated by TSX or TMX Group, Mergeco undertakes to cause each of TSX and TMX Group 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 listed securities;

(b) adopt procedures that do not unreasonably discriminate against TSX Venture listed securities;

(c) provide the same or better market and listed company surveillance tools as were provided by TSX Venture prior to the transfer of TSX Venture listed securities to facilities operated by TSX;

(d) ensure that capital pool companies and inactive issuers listed on TSX Venture are specifically designated as such or otherwise differentiated in any trading and market data feed provided by TSX Venture or by TSX on TSX Venture'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);

Access to Information

10. permit and cause its subsidiaries to permit the Commission to have access to and to inspect all data and information in its possession that is required for the assessment by the Commission of the performance by TSX Venture of its regulation functions and the compliance of TSX Venture with the terms and conditions of the Order;

Corporate Governance

11. cause TMX Group to maintain a committee of the Board of Directors of TMX Group, to be named the Public Venture Market Committee (the "Committee"), in a manner consistent with the attached terms of reference (Schedule 1). It will further cause TMX Group 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 TMX Group and/or TSX Venture in relation thereto;

Term

12. these undertakings will cease to have effect if

(a) the Commission revokes the Order for any reason other than the failure by Mergeco to fulfill its undertakings with the Commission;

(b) TSX Venture ceases to carry on business after complying with any terms and conditions the Commission may impose; or

(c) TSX Venture ceases to be a subsidiary of Mergeco; and

General

13. these undertakings will take effect at the effective date of the Merger.

Yours truly,

[Xavier Rolet]
[Chief Executive]
[London Stock Exchange Group PLC]

SCHEDULE 1

TMX GROUP INC.
(the "Corporation")
PUBLIC VENTURE MARKET COMMITTEE
CHARTER

1. General

The Board of Directors of the Corporation (the "Board") has established a Public Venture Market Committee (the "Committee") to advise and make recommendations to the Board with respect to 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. Members

The Board will in each year appoint a minimum of four (4) directors as members of the Committee. All members of the Committee shall be non-management directors. In addition, the Committee will have an appropriate representation of independent directors as required by law and all recognition orders and exemption orders issued in respect of the Corporation by applicable securities regulatory authorities.

The Chief Executive Officer ("CEO") of the Corporation and the President of TSX Venture Exchange Inc. and, to the extent the Chair of the Board is not otherwise a member of the Committee, the Chair, and all other non-management directors who are not members of the Committee may attend all meetings of the Committee in an ex-officio capacity and will not vote. Directors who are also members of management, other than the CEO and the President of TSX Venture Exchange Inc., shall be entitled to attend meetings of the Committee if invited to do so by the Chair of the Committee. In-camera sessions of the Committee will initially include the CEO but exclude the presence of other staff of the Corporation and subsequently continue without the CEO.

3. Duties

The Committee shall have the following duties:

(a) 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.

(b) To consider such other matters as the Board shall determine from time to time.

(c) To review and consider the minutes from all National Advisory Committee meetings (a committee comprised of the President of TSX Venture Exchange Inc. and other individuals having expertise on matters relating to the Canadian public venture capital market, constituted to advise TSX Venture Exchange on issues related to the public venture market).

4. Chair

The Board will in each year appoint the Chair of the Committee from among the members of the Committee. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

5. Meetings

The Committee shall meet at the request of its Chair, but in any event it will meet at least twice a year. Notices calling meetings shall be sent to all Committee members and to the CEO of the Corporation, the President of TSX Venture Exchange Inc., the Chair of the Board and to all other directors.

6. Quorum

A majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

7. Removal and Vacancy

A member may resign from the Committee, and may also be removed and replaced at any time by the Board. A member will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all its powers.

8. Experts and Advisors

Any member may, subject to the prior approval of the Governance Committee, engage an outside advisor, at the expense of the Corporation, to provide advice with respect to a Corporate decision or action. The Governance Committee shall receive and consider all such requests for the retention of outside advisors.

9. Secretary and Minutes

The President of TSX Venture Exchange Inc., or such other person as may be appointed by the Chair of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board.