



(b) The Exchange is registered as a commodity futures exchange pursuant to subsection 15(1) of the Act.

BY ORDER OF THE COMMISSION

Director – Legal

Appendix "A" to Order Number 3767 dated May 31, 2002

Terms and conditions

Notice of Share Ownership

1. In the event that the Exchange or Holdings intend to amend their Articles of Incorporation, the Commission will be given notice of this intention and will be given notice of any meeting of shareholders called for that purpose or a copy of any resolution in lieu of a meeting that is circulated to shareholders.
2. Holdings shall immediately inform the Commission in writing, if it becomes aware that any person holds, owns or exercises control, either directly or indirectly, shares of any class or series of voting shares of Holdings that violates any restrictions on share ownership contained in the Articles of Incorporation of the Exchange or of Holdings and shall take the necessary steps to remedy the situation in accordance with the provisions of the Articles.
3. Holdings shall submit to the Commission a list of its shareholders and their respective shareholdings on an annual basis.
4. Holdings shall immediately notify the Commission in writing of any unanimous shareholder agreements between the shareholders of Holdings or any agreements it becomes aware concerning the voting of shares of Holdings or the election of directors of Holdings.
5. Holdings and the Exchange shall provide the Commission with a minimum of 21 days notice respecting the acquisition of voting shares of the Exchange by any entity other than Holdings.

Corporate Governance

6. The governance structure of the Exchange shall provide for:
  - a. fair and meaningful representation on its governing body, in the context of the nature and structure of the Exchange, and any committee established by the Exchange;
  - b. the appointment of no less than two of its directors shall consist of individuals who are not associated with a participant, and in the event that at any time it fails

to meet such requirement, it shall promptly remedy such  
c. appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of the Exchange and Holdings generally.

7. The Exchange shall establish and maintain conflict of interest rules and/or policies for the Board, all committees, including the SRC, and Exchange staff. Such rules and/or policies shall extend to anyone in a position to affect the outcome of a decision and shall provide for all such persons to be required to declare their interests and to foresee the possibility that a person may withdraw from a matter.

#### Access

8. The requirements of the Exchange shall permit all registered dealers that satisfy the criteria of the Exchange, including a requirement for recognition by another organization, if applicable, to access the trading facilities.

9. The Exchange will maintain written rules and application forms for granting access to trading on its facilities.

10. The Exchange will not unreasonably prohibit or limit access by a person or company to the regulated services offered by it.

11. The Exchange will keep detailed records relating to all applications for access to the facilities of the Exchange that have been granted as well as requests for access that have been refused, including the reasons for denying or limiting access to any applicant.

#### Fees

12. Any and all fees imposed by the Exchange on its participants shall be reasonably allocated. Fees shall not have the effect of creating barriers to access; however they must take into consideration that the Exchange must have sufficient revenues to perform its duties and obligations as a commodity futures exchange and a self regulatory organization.

13. The process used by the Exchange to set fees shall be fair and appropriate.

#### Financial Viability

14. The Exchange shall maintain sufficient financial resources for the proper performance of its functions.

15. The Exchange shall provide to the Commission quarterly financial statements within 60 days of each quarter end and audited financial statements within 90 days of year-end. In addition, the Exchange will immediately provide the Commission with a written report advising of any circumstances that compromise or may potentially compromise the financial viability of the Exchange.

## Regulatory Division and Special Regulatory Committee

16. The Exchange shall establish and maintain a Regulatory Division which shall be responsible for all matters relating to compliance and market surveillance as set out in the Act or as further required by the Commission from time to time. As part of the Regulatory Division, the Exchange shall constitute and maintain a Special Regulatory Committee (SRC), which shall be a special committee appointed by the board of directors of the Exchange responsible for the Regulatory Division. .

17. The operations of the Regulatory Division, including the investigation and compliance functions of the Exchange, shall be independent of the for-profit operations of the Exchange and Holdings.

18. The Exchange shall ensure that the Regulatory Division has the necessary resources to fulfill its market and regulation functions.

19. Each SRC member shall be appointed by the board of directors of the Exchange for a term not less than two years. Appointments to SRC can be renewed.

20. The Exchange shall advise the Commission in writing of the names and background of each person proposed for appointment to the SRC.

21. In recognition that the SRC has been established to promote the protection of the public interest and protection of the integrity of markets, a reasonable number and proportion of members of the SRC shall not be associated with a participant registered with the exchange or a shareholder of Holdings.

22. SRC shall be autonomous in accomplishing its functions and in its decision-making process. The independence of the SRC shall be ensured and strict partition measures shall be established in order to prevent conflicts of interest with other activities of the Exchange and Holdings.

23. Disciplinary decisions of the SRC, arising out of hearings, shall be subject to appeal to the Commission in accordance with the Act.

24. The SRC shall provide the Commission with a written report on the operations of the Regulatory Division on an annual basis. The report shall be in a form specified by the Commission and shall include:

- a. description of the activities of the Regulatory Division,
- b. financial information relating to all of the operations of the Regulatory Division , including all compliance and enforcement functions; and
- c. such information as may be requested by the Commission from time to time.

25. The SRC shall promptly provide a written report to the Commission detailing any misconduct or fraud on the part of a participant or its representatives, or such other circumstance that may result in material loss or damage to the Exchange or its operations.

## Systems

26. For each of its systems that support the operations of the Exchange, the Exchange shall:

- a. Make reasonable current and future capacity estimates;
- b. Conduct necessary stress tests of critical systems on a reasonably frequent basis to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;
- c. Develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems;
- d. Review the vulnerability of those systems and computer operations to internal and external threats including physical hazards and natural disasters;
- e. Establish reasonable contingency and business continuity plans; and
- f. Notify the Commission, in writing, of any material systems failures or changes that impact market operations.

## Purpose of Rules

27. The Exchange shall, through the Regulatory Division and otherwise, establish such rules, regulations, policies, procedures, practices or other similar instruments as are necessary or appropriate to govern and regulate all aspects of its business and internal affairs and shall in so doing specifically govern and regulate so as to:

- a. seek to ensure compliance with the Act
- b. seek compliance with the terms and conditions of this order as well as any regulations, rules, policies or orders issued by the Commission;
- c. seek to prevent fraudulent and manipulative acts and practices;
- d. seek to promote just and equitable principles of trade;
- e. seek to foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, trades in futures and options contracts and
- f. seek to provide for appropriate discipline.

## Due Process

28. The Exchange, including the Regulatory Division, shall ensure that the requirements of the Exchange relating to access to its facilities, the imposition of limitations or conditions on access and denial of access are fair and reasonable, including, but not limited to, proper notice, an opportunity to be heard and make representations, the keeping of records, the giving of written reasons for decision and the provisions for appeals.

## Information Sharing

29. The Exchange and Holdings shall cooperate by the sharing of necessary and reasonably relevant information, with the Canadian Investor Protection Fund and other Canadian exchanges, recognized self-regulatory organizations and regulatory authorities responsible for the

supervision or regulation of contracts (as defined in the Act) , subject to the applicable laws concerning the sharing of information and the protection of personal information.

#### Additional Requirements

30. The Exchange shall notify the Commission prior to providing any regulatory duties or regulatory operations to other exchanges, self-regulatory organization, or other persons.

31. The Exchange shall obtain prior written approval from the Commission before subcontracting a portion of its regulatory duties or regulatory operations to other self-regulatory organizations.

32. The Exchange shall use all reasonable efforts to ensure that confidential information concerning its regulatory operations is maintained in confidence and not shared inappropriately with any for-profit operations of the Exchange or Holdings.

33. The Exchange shall provide the Commission and its staff with such information as it may, from time to time, request.

#### Holdings to facilitate Exchange in its compliance requirements

34. Holdings shall not take any action that has the effect, either directly or indirectly, of interfering with the ability of the Exchange to comply with the terms and conditions of this order or with any other requirement applying to a commodity futures exchange or self-regulatory organization under the Act.

**ALL OF WHICH ARE INCORPORATED AS TERMS AND CONDITIONS OF THE ORDER  
ISSUED BY THE COMMISSION**