

**ALBERTA SECURITIES COMMISSION
NOTICE**

**Application by the TSX Venture Exchange
to amend its Recognition Order as an Exchange
to Revise the Definition of “Independent Director”**

May 20, 2005

Background

By application dated April 28, 2005 the TSX Venture Exchange (TSXV) applied to each of the Alberta Securities Commission (the Commission) and the British Columbia Securities Commission (the BCSC) for approval to amend its current recognition order dated September 3, 2002 (the Third Recognition Order) to revise the definition of “independent director” (the Application).

The Application included draft recognition orders continuing the recognition of TSXV as an exchange in Alberta and British Columbia and new proposed board independence standards (attached as Schedule C to the Application) (the Board Independence Standards).

The Commission and the BCSC are publishing for comment the Application and draft revised recognition order (the Revised Recognition Order) for 30 days.

Proposed Changes

Currently, an independent director of TSXV is defined in paragraph 20 of the Third Recognition Order as follows:

At least 50% of the directors of TSX Venture Exchange will be independent directors, and an independent director is a director that is not

- (a) associated with any member or participating organization of TSX Venture Exchange, as defined in TSX Venture Exchange’s by-law;
- (b) an officer or employee of TSX Venture Exchange or its affiliates, or an associate of that officer or employee;
- (c) a person who owns or controls, directly or indirectly, over 10% of TSX Venture Exchange; or
- (d) an associate, director, officer or employee of any person who owns or controls, directly or indirectly, over 10% of TSX Venture Exchange (other than a director of TSX Group or TSX [Inc.]).

TSXV proposes that the definition of independent director in the Third Recognition Order be deleted and replaced with the definition of independent director in section 1.4 of Multilateral Instrument 52-110 *Audit Committees* and an additional requirement that the board of directors

adopt standards for determining when a director could be considered independent of TSXV (the Board Independence Standards).

The proposed Board Independence Standards identify individuals who are considered to have a material relationship with TSXV and are therefore not considered to be independent within the meaning of the Revised Recognition Order. For example, an individual who is an employee or associate (within the meaning of TSXV's by-law), or executive officer of a member or participating organization of TSXV, is considered to have a material relationship with TSXV and is thereby considered not to be independent. However, the board of directors may determine that an individual who is considered to have a material relationship with TSXV in the first instance is nonetheless independent if the board of directors is satisfied that the relationship will not reasonably interfere with the exercise of that individual's independent judgment. If the board of directors makes this determination, it must notify the Commission.

TSX Group and TSX Inc. Joint Letter of Undertaking

As noted in paragraph 8 of the Revised Recognition Order, the Commission will continue to rely on the representations, undertakings and acknowledgements made to it by TSX Group and TSX Inc. via letter dated September 3, 2002 provided in connection with TSXV's application for approval of the Third Recognition Order. See Appendix B to the Commission's Notice dated September 13, 2002 for further information regarding the undertakings, representations and acknowledgements by TSX Group and TSX Inc.

Comment Process

Please provide your comments in writing, in electronic form, on or before June 21, 2005. Comment letters and/or any questions about the Application or Revised Recognition Order should be addressed to:

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We will be sharing your comments with the BCSC and may share them with the Ontario Securities Commission, TSXV and/or TSX Inc. Consequently, we will not be able to maintain their confidentiality.