July 12, 2013

DELIVERED BY EMAIL

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Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment – Proposed National Instrument 62-105 – *Security Holder Rights Plans*, Proposed Companion Policy 62-105CP – *Security Holder Rights Plans* and Proposed Consequential Amendments

TMX Group Limited welcomes the opportunity to comment on behalf of Toronto Stock Exchange ("**TSX**" or the "**Exchange**") on the CSA Notice and Request for Comment – Proposed National Instrument 62-105 – *Security Holder Rights Plans*, Proposed Companion Policy 62-105CP – *Security Holder Rights Plans* and Proposed Consequential Amendments (the "**Request for Comment**") published by the Canadian Securities Administrators ("**CSA**") on March 14, 2013.

All capitalized terms have the same meanings as defined in the Request for Comment unless otherwise defined in this letter.

As an exchange operator in Canada, TSX is very interested in and committed to the long term success of Canada's capital markets. Overall, the Exchange supports the CSA's initiative to establish a regulatory framework for Rights Plans in all CSA jurisdictions. TSX strongly supports the CSA codifying the regulation of shareholder rights plans for a harmonized approach across

Canada. We believe that the regulation of shareholder rights plans is more appropriately managed by the CSA, given that not all reporting issuers are listed on TSX or TSX Venture Exchange.

We also believe that the proposed changes will increase deal certainty and reduce costs.

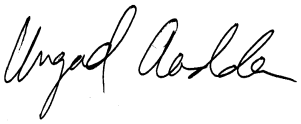
In our experience, shareholder rights plans are only one of a number of defensive tactics that may be utilized by a target company. We also recommend taking a more holistic approach which addresses defensive tactics more broadly. Such defensive tactics may include private placements that have the effect of impacting a shareholder vote or that are undertaken for a defensive purpose; lock-up or voting agreements that impact a shareholder vote or serve to entrench management; or a break fee in a transaction where the friendly bidder is in a stronger position than a hostile bidder or where the amount of the break fee may influence the security holder vote. Without a more holistic approach to defensive tactics, we are concerned that the CSA may not be able to fully achieve the objectives outlined in the Request for Comment.

TSX anticipates working with the CSA to amend the rules of the Exchange with respect to Rights Plans to reflect the final changes implemented by the CSA.

Attached as Appendix A to this letter are responses to certain of the specific questions set out in the Request for Comment.

Thank you for the opportunity to comment on the Request for Comment and on the Proposed Materials. Should you wish to discuss any of the comments with us in more detail, we would be pleased to respond.

Yours truly,



Ungad Chadda
Senior Vice President
Toronto Stock Exchange

APPENDIX A
RESPONSES TO CERTAIN QUESTIONS IN REQUEST FOR COMMENT

1. *In your view, is the Proposed Rule preferable to the status quo, amending the bid regime to mandate "permitted bid" conditions and disallow Rights Plans, or amending NP 62-202 to provide specific guidance on when securities regulatory authorities would intervene on public interest grounds to cease trade a Rights Plan?*

TSX is supportive of the Proposed Rule and is also supportive of a more holistic, general review of the defensive tactics regime across Canada.

6. *Do you believe that other changes or consequential amendments to applicable securities legislation will be necessary if the Proposed Rule is implemented? Please explain.*

TSX anticipates amending the TSX Company Manual, as required, to coordinate with the implementation of the Proposed Rule. If the Proposed Rule becomes effective, TSX contemplates that it will still require that rights issuable under Rights Plans be listed. TSX therefore anticipates that it may propose simplified procedures to list rights under a Rights Plan.

9. *While the Proposed Rule contemplates that Rights Plans are effective following adoption provided that they are approved by shareholders within the specified 90 day period, it does not mandate that a shareholder meeting be held within this 90 day period. This means, in effect, that a Rights Plan can remain in place for 90 days even if the board of directors choose not to hold a meeting. Should the Proposed Rule address the circumstance where an issuer does not take steps to call a shareholder meeting after a Rights Plan has been adopted?*

The 90 day period appears to allow issuers that do not intend to seek shareholder approval or are unable to obtain shareholder approval a grace period of 90 days each year. We are concerned that the 90 day period could be abused. We urge the CSA to consider a limitation on the number of annual renewals without shareholder approval where an issuer does not have an intention to seek shareholder approval or where it repeatedly fails to obtain shareholder approval. We suggest that the issuer should be required to state in a press release upon adoption of a Rights Plan that it has a present intention to seek shareholder approval of the Rights Plan within 90 days. We also suggest that the CSA may wish to state that it may intervene on a public interest basis if an issuer appears to be abusing the 90 day period.

11. *The definition of "security holder approval" in the Proposed Rule does not exclude votes cast by management of the issuer. Please explain whether or not you believe this is appropriate. Does your answer depend on whether the security holder approval is being sought in respect of a Rights Plan that was adopted in the absence of a proposed take-over bid or compared to one that was adopted in the face of a take-over bid? Would you like to see any other voting issues addressed?*

If a plan is not adopted in the face of an announced or potential bid, we agree that management should be permitted to vote. Although security holders, including insiders, should generally be entitled to exercise the voting rights attached to their shares, in situations where there is an outstanding bid, there typically exist heightened concerns about conflicts of interest or the appearance of conflicts of interest between management's interests and those of other security holders. As a result, we believe that disallowing management's votes in such situations may be appropriate.

13. *Do you agree with the application of the Proposed Rule to material amendments to a Rights Plan? Do you believe that the nature of what may constitute a material amendment should be more fully addressed in the Proposed Rule or the Proposed Policy?*

We agree that the Proposed Rule should apply to material amendments to a Rights Plan. We believe that it would be helpful to have guidance on what may constitute a material amendment in the Proposed Policy. We also suggest that non-material amendments to Rights Plans should be promptly filed by the issuer on SEDAR and disclosed in the issuer's next management information circular.

15. *Section 5 of the Proposed Rule provides a general exception from security holder approval for new reporting issuers. Should this exception be limited or subject to conditions depending on the manner by which the issuer becomes a reporting issuer or the circumstances of the transaction (for example, if the new reporting issuer is a spin-out of another reporting issuer?)*

We understand that the general exception is intended to apply to all issuers, regardless of the circumstances under which the issuer has gone public. As drafted, the general exception appears to preclude issuers that have gone public through reverse take-overs, amalgamation or other similar transactions involving reporting issuers from relying on the general exception.

We believe that the general exception is appropriate for all issuers, regardless of their going public transaction, as shareholders have an opportunity to indirectly approve a Rights Plan by making an investment decision, provided that there is disclosure of the Rights Plan in a prospectus or equivalent document. In addition, given the requirement for annual shareholder approval, we believe that it is appropriate to provide a general exception to all issuers.