



DEFINITION OF INDEPENDENT DIRECTOR

DEFINITION OF INDEPENDENT DIRECTOR ACCORDING TO ARTICLE 9.3 OF BY-LAW TWO OF THE GENERAL BY-LAWS OF THE MONTREAL EXCHANGE (the Bourse)

1. Independent Director means a physical person who is a member of the Board of the Bourse and who is not:
 - an Approved Participant or a Restricted Trading Permit Holder of the Bourse or a physical person related to them;
 - an Officer or an employee of the Bourse or one of its affiliates;
 - a shareholder, who owns, directly or indirectly, more than ten per cent (10%) of voting shares of the Bourse;
 - a person associated to a person mentioned in paragraphs i), ii) or iii) according to the definition of "associate" in the *Securities Act* (Québec).
2. For the purposes of this article, a physical person shall be considered to be related to an Approved Participant if he or she is an Approved Participant or a partner, shareholder, associate, insider (within the meaning of the *Securities Act* (Québec)), director, officer, employee, agent or representative of an Approved Participant.

DEFINITION OF INDEPENDENT DIRECTOR ACCORDING TO SECTIONS 1.4 OF MULTILATERAL INSTRUMENT 52-110

1. A director is independent if he or she has no direct or indirect material relationship with the Bourse.
2. For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the Bourse's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
3. Despite subsection (2), the following individuals are considered to have a material relationship with the Bourse:
 - an individual who is, or has been within the last three years, an employee or executive officer of the Bourse;
 - an individual whose immediate family member is, or has been within the last three years, an executive officer of the Bourse;
 - an individual who:
 - is a partner of a firm that is the Bourse's internal or external auditor,
 - is an employee of that firm, or
 - was within the last three years a partner or employee of that firm and personally worked on the Bourse's audit within that time;
 - an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - is a partner of a firm that is the Bourse's internal or external auditor,
 - is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - was within the last three years a partner or employee of that firm and personally worked on the Bourse's audit within that time;
 - an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Bourse's current executive officers serves or served at that same time on the entity's compensation committee; and
 - an individual who received, or whose immediate family member who is employed as an executive officer of the Bourse received, more than \$75,000 in direct compensation from the Bourse during any 12 month period within the last three years.
4. Despite subsection (3), an individual will not be considered to have a material relationship with the Bourse solely because
 - he or she had a relationship identified in subsection (3) if that relationship ended before June 30, 2005; or
 - he or she had a relationship considered to be material under this section with the subsidiary of the Bourse that ended before June 30, 2005.
5. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred

compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

6. For the purposes of clause (3)(f), direct compensation does not include:
 - o remuneration for acting as a member of the board of directors or of any board committee of the Bourse, and
 - o the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Bourse if the compensation is not contingent in any way on continued service.
7. Despite subsection (3), an individual will not be considered to have a material relationship with the Bourse solely because the individual or his or her immediate family member
 - o has previously acted as an interim chief executive officer of the Bourse, or
 - o acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Bourse on a part-time basis.
8. For the purpose of section 1.4, the Bourse includes a subsidiary entity of the Bourse.

ADDITIONAL INDEPENDENCE REQUIREMENTS FOR AUDIT COMMITTEE DIRECTORS ACCORDING TO SECTIONS 1.5 OF MULTILATERAL INSTRUMENT 52-110

1. Despite any determination made under section 1.4, an individual who
 - o accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Bourse or any subsidiary entity of the Bourse, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - o is an affiliated entity of the Bourse or any of its subsidiary entities,is considered to have a material relationship with the Bourse.
2. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - o an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - o an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Bourse or any subsidiary entity of the Bourse.
3. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Bourse if the compensation is not contingent in any way on continued service.