

**INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA (“IIROC”)**

CORPORATE GOVERNANCE COMMITTEE CHARTER

Mandate

The Corporate Governance Committee (the “**Committee**”) is appointed by the Board of IIROC and charged with (a) recommending to the Board candidates eligible to serve on the Board and its committees with a view to ensuring that the Board reflects the national character of IIROC and draws upon the diversity and expertise of its members, (b) reviewing the governance principles and practices of IIROC, (c) ensuring that IIROC identifies and manages potential conflicts of interest, (d) establishing a process for, and overseeing, self-assessment by the Board and its committees, and (e) appointing individuals to IIROC’s Hearing Committee/

Membership

The Committee shall consist of not less than five and not more than six directors and may include the Chair of the Board. Unless the Chair of the Board is a non-Independent Director, all of the Committee members shall be Independent Directors. The Chair of the Committee will be elected by the members of the Committee and shall be an Independent Director.

Members of the Committee, including the Chair, will be appointed by the Board for one year terms.

Organization

The Committee will meet at least four times a year, or more frequently as it deems necessary to carry out its responsibilities. Meetings may be called by the Chair or a majority of the members of the Committee. A majority of the Committee members will constitute a quorum and the act of the majority of the Committee members present at any meeting at which a quorum is present will be the act of the Committee. Each meeting may include a closed session at which only members of the Committee are present.

Attendance by invitation at all or a portion of Committee meetings is determined by the Committee Chair or its members, and would normally include the Chief Executive Officer and such other officers or support staff as may be deemed appropriate.

In discharging its responsibilities, the Committee will have the authority to obtain, at IIROC’s expense, advice and assistance from internal resources and external advisors or professionals it deems appropriate.

The Committee has the authority to make recommendations to the Board, but does not have decision-making authority unless such authority is specifically provided by resolution of the Board.

The Committee will periodically report to the Board and will report each year with respect to the activities of the Committee in compliance with this charter. It will assess the adequacy of this charter annually and may propose changes to the Board for approval.

Specific Responsibilities

The Committee's specific responsibilities include the following.

- (1) Broadly consult to identify through its own efforts or by retaining an independent search firm and recommend to the Board, in accordance with IIROC's By-law, qualified candidates to be elected to the Board and as are necessary to fill vacancies and newly created directorships and determine the eligibility of any proposed nominees based on the By-law criteria and a desire to ensure that the Board, as a whole, reflects the skills, experience, expertise and judgement necessary to effectively oversee the regulatory and other operations of IIROC. The Committee will consider all relevant factors in nominating directors to ensure that the composition of the Board. (a) complies with the requirements of IIROC's by-laws, (b) otherwise reflects, in the judgement of the Committee, the appropriate balance of interests and perspectives of IIROC's Members and stakeholders, and (c) addresses, in the judgement of the Committee, all potential conflicts of interest. Without limiting the generality of the foregoing, the Committee will consider, for each potential director:
 - (i) the business interests of the candidate or entities with which the candidate is associated;
 - (ii) ownership interests in Members held by entities with which the candidate is associated;
 - (iii) the extent of overlap and/or integration of the boards and/or management between Members and entities with which the candidate is associated (for example, consideration of the extent to which there are common managers and/or directors as between the candidate's firms and an ATS)-
 - (iv) contractual relationships between Members or IIROC and the candidate or entities with which the candidate is associated; and
 - (v) in the case of Independent Directors, whether the candidate would have met the test to be an Independent Director (as defined in the By-law) for a period of at least one year prior to commencement of the candidate's term of office.
- (2) Make recommendations to the Board with respect to determinations of director independence, where necessary.
- (3) Recommend to the Board Committee Chair and membership appointments.

- (4) Appoint qualified individuals to the Hearing Committee (from which disciplinary panels are appointed), in accordance with IIROC's rules. In respect of Dealer Hearing Committee members the appointment process shall be based on the recommendations of the relevant District Councils. In the case of Marketplace Hearing Committee members, the appointment process shall be based on the recommendations of the Marketplace members.
- (5) Monitor the overall effectiveness of IIROC's corporate governance, including.
 - (i) conducting the Board's governance review as set out in the recognition order;
 - (ii) periodically reviewing the appropriateness of IIROC's corporate governance guidelines, policies and practices, including the identification of governance priorities;
 - (iii) monitoring the effectiveness of the Board, including its overall size, structure and composition, and making recommendations to the Board with respect thereto;
 - (iv) periodically reviewing the composition, mandate and membership of each Board Committee and making recommendations to the Board with respect thereto; and
 - (v) ensuring that IIROC's corporate governance practices and policies are transparent and communicated clearly to the public.
- (6) Establish an appropriate process for: (1) the self-assessment of the Board (including Board and Committee self-assessments); and (2) with the assistance of an independent third party provider, the peer assessments of the Directors.
- (7) On a biennial basis, the Committee will oversee the Board and Committee self-assessment and the director peer review processes. The Committee will report the results of its own self-assessments to the Board. In the intervening years when self-assessments and peer reviews are not conducted, the Chair of the Committee and/or the Chair of the Board will contact each director to request updates on the information provided from the previous year's review/ The Chair of the Board and/or the Chair of the Committee will provide an update to the Board on these discussions and any recommendations, as applicable.
- (8) Review the performance of incumbent directors for purposes of determining whether to nominate such directors for re-election.
- (9) Ensure that there is a proper orientation process for new directors.
- (10) Ensure that IIROC identifies and manages potential conflicts of interest through written policies and procedures (and periodically review and report to the Board as

to the appropriateness of such policies and procedures). Consider questions of possible conflicts of interest of Board members and of senior management. Review and approve material transactions with any related party.

- (11) Convey within IIROC basic values of ethical integrity as well as the imperatives of legal compliance.
- (12) Approve policies and processes designed to ensure high ethical standards and integrity for staff and Board members.
- (13) Periodically review the effectiveness of ethical reporting policies and procedures to ensure their effectiveness, including reviewing procedures for the confidential receipt, retention and treatment of complaints or concerns regarding ethical matters or conflicts of interest and for the protection from retaliation of those who report such complaints or raise such concerns in good faith.
- (14) Conduct or oversee, as appropriate, inquiries into any matter brought to its attention within the scope of its duties.
- (15) Review and approve the use of restricted funds (i.e., fine and settlement monies).
- (16) Chair of the Committee will participate in meetings of the Human Resources & Pension Committee with respect to matters relating to CEO succession planning and report to the Committee.