

## AgriClear Q&A for NGX Customers

### **Q: What is AgriClear?**

A: AgriClear (AC) is an electronic platform and payment and settlement system for physical agricultural product transactions in Canada and the United States. The first commodity available for transactions is cattle.

### **Q: What is the value add that AC provides to the cattle industry?**

A: Physical cattle participants primarily utilize cattle auctions and middlemen (order buyers) for buying and selling physical cattle. AC is able to provide a solution that costs less, allows for greater price transparency, and provides payment and settlement services that ensure buyers and sellers receive payment.

### **Q: Who owns AgriClear?**

A: AC is a joint venture between NGX and a third party entity that has expertise in the cattle industry.

### **Q: What is NGX's role with respect to AC?**

A: AC has outsourced the operation of its payment and settlement system to NGX. NGX has dedicated personnel which perform these services. NGX has no obligations to AC beyond the provision of such services..

### **Q: Will AC impact my dealings with, or level of service provided by, NGX?**

A: No. AC is operated by a separate management team with dedicated resources and its own governance structure. NGX has provided some project support during development of the AC business, but operations will be managed by AC personnel.

### **Q: What is TMX's role with respect to AC?**

A: TMX has a controlling interest in AC and as such provides funding as well as a governance role including the appointment of AC's Board of Directors.

### **Q: What is the impact of AC on NGX's financial statements?**

A: The financial results of AC will be consolidated into NGX's financial statements. Capital investments and operational expenses, however, will be funded from TMX Group and not NGX.

### **Q: Will AC increase the risk of our NGX dealings?**

A: No. A common clearinghouse practice is to establish different clearing structures for different lines of business. This is generally done when products are not highly correlated, have a different set of participants, and transact under different rules and/or regulatory requirements. This is the situation for AgriClear. It is legally segregated from NGX and NGX has no direct or contingent liabilities with respect to AgriClear.

**Q: What happens if AC has large operating or credit default loss?**

A: Funding of losses in AC is at the discretion of TMX and will be managed no differently than the investment decisions for any other business unit. With respect to potential credit default liabilities, TMX has established a limited backstop fund, with no further recourse to any TMX Group entities including NGX.

**Q: Who are the AC market participants? Are any of them NGX customers as well?**

A: AC market participants are cattle producers, middlemen and feeders (feedlots) across the United States and Canada. There are very few energy market participants in the feeder cattle market that are NGX customers.

**Q: Why has the TMX group made this investment?**

A: A component of TMX's strategy is to leverage existing assets and expertise to expand and diversify its business offerings. AC provides an excellent opportunity to leverage the expertise and services that NGX has been providing in the energy sector for over 20 years.

**Q: Does AC impact NGX's regulatory status?**

A: No. AC has agriculture related industry requirements only and is not governed by NGX's commodities regulators in Canada or the United States

**Q: Does AC utilize NGX's IT infrastructure? If so, is there an increased risk of cybersecurity issues?**

A: The trading platform for AC is a proprietary system which has no impact on NGX's markets operated on the ICE platform. From a clearing perspective, the systems are segregated, managed and secured separately from the energy clearing system.