

**TERMS OF REFERENCE FOR THE CORPORATE GOVERNANCE  
AND COMPENSATION COMMITTEE**

**I. PURPOSE**

1. Corporate governance means the process and structure used to supervise the business and affairs of the Company with the objective of enhancing shareholder value, which includes ensuring the financial viability of the business. The process and structure define the division of power and establish mechanisms for achieving accountability among shareholders, the Board of Directors and management.
2. The purpose of the Corporate Governance and Compensation Committee (the “Committee”) is to:
  - (a) provide a focus on governance that will enhance Canaccord Genuity’s performance, including the development of governance guidelines and principles specifically designed for the Company;
  - (b) assess and make recommendations regarding Board effectiveness and establish and lead the process for identifying, recruiting, appointing, re-appointing and providing ongoing development for directors; and
  - (c) assist the Board in fulfilling its obligations relating to human resource and compensation matters and to establish a plan of continuity and development of senior management

**II. COMPOSITION AND OPERATIONS**

1. The Committee shall be composed of not fewer than three directors and not more than five directors.
2. The Committee shall be composed of independent directors.
3. From time to time, as deemed required by the Committee, the Committee shall retain independent advice regarding governance or nominating issues.
4. The Committee shall meet at least twice each year.
5. The secretary to the Committee will be the Corporate Secretary or his/her delegate.

**III. GOVERNANCE DUTIES AND RESPONSIBILITIES**

The Committee has the responsibility to:

1. Ensure that the Board is operating in a fashion that is consistent with “governance best practices” and the Company’s ownership profile.

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2. Develop, annually update and recommend to the Board for approval, a long term plan for Board composition that takes into consideration:
  - (a) the independence of each director;
  - (b) the competencies and skills the Board, as a whole, should possess;
  - (c) the current strengths, skills and experience represented by each director, as well as each director's personality and other qualities as they affect Board dynamics;
  - (d) retirement dates;
  - (e) the appropriate size of the Board, with a view to facilitating effective decision-making; and
  - (f) the strategic direction of the Company.
3. Develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term needs and long term succession plans.
4. In consultation with the Executive Chairman and the CEO, recommend to the Board nominees for election as members of the Board, giving consideration to whether or not each nominee can devote sufficient time and resources to his or her duties as a Board member
5. Review, monitor and make recommendations regarding the orientation and ongoing development of existing and new directors. Facilitate the ongoing education of directors as necessary.
6. Develop and review directors' compensation program at such time as one is required.
7. Annually review the Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for the Board, the Executive Chairman, the CEO, individual directors and Board committees.
8. Assess the needs of the Board in terms of the frequency and location of Board and Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required.

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9. Recommend to the Board, and annually implement, an appropriate evaluation process for the Board and its committees, as a whole and assume responsibility for recommending an individual director evaluation at the appropriate time.
10. In consultation with the Executive Chairman, recommend committee members and committee chair appointments to the Board for approval and review the need for, and the performance and suitability of, those committees and make recommendations as required.
11. Ensure there is a system that enables a committee or director to engage separate independent counsel in appropriate circumstances, at the Company's expense, and be responsible for the ongoing administration of such a system. (See Tab A-8 – Board Operating Guidelines)
12. Review the company's governance practices in comparison to the current regulatory requirements.
13. Ensure the Company has a method for interested parties to communicate directly with the independent directors through the Lead Director, and ensure that method is disclosed in the Company's Annual Report and on the Company's web site.
14. Recommend to the Board any reports on corporate governance that may be required or considered advisable.
15. At the request of the Executive Chairman or the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Company.

**IV. COMPENSATION DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Committee will:

1. Be responsible for leading the Board with regard to CEO evaluation and compensation, including:
  - (a) periodically review the terms of reference for the CEO and recommend any changes to the Board for approval;
  - (b) review corporate goals and objectives relevant to CEO compensation and recommend them to the Board for approval;

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- (c) with input from management and from other sources such as a 360° evaluation, as appropriate and as required, lead the annual CEO review/evaluation process and report the results of the process to the Board;
  - (d) based on the results of this evaluation, recommend CEO compensation to the Board for approval; and
  - (e) review, and if appropriate recommend for approval to the Board, any agreements between the Company and the CEO, including those addressing retirement, termination of employment or other special circumstances, as appropriate.
2. Review and recommend to the Board for approval, the compensation philosophy, guidelines and plans (including incentive and equity-based plans) for employees and executives of Canaccord Genuity and ensure these plans are linked to corporate performance.
  3. In consultation with the CEO, review the appointment and approve the compensation, including stock ownership plans, incentives and bonuses and benefit plans for the executive team including the CEO.
  4. Review the stock ownership plan or similar plans with the CEO including:
    - (a) designation of the employees who will participate; and
    - (b) share ownership availability.
  5. Review with the CEO existing executive management resources, and performance evaluations, including recruitment and training programs, to ensure that compensation is linked to performance and that qualified management will be available for succession to executive positions at the Company. Report on this matter to the Board at least once each year.
  6. Review and endorse major changes in the organizational structure of management as proposed by the CEO.
  7. Review with the CEO any significant outside commitments the CEO is considering before the commitment is made. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations.
  8. Review executive compensation disclosure before the Company publicly discloses this information.

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9. Review the directors' compensation and expenses.
10. Annually review and recommend changes to the Committee's terms of reference.

**V. ACCOUNTABILITY**

The Committee shall report its discussions to the Board by oral or written report at the next Board meeting.

**VI. COMMITTEE TIMETABLE**

The timetable on the following pages outlines the Committee's schedule of activities.

	January	February	March	Apr	May/June	June	July	August	September	October	November	December
<b>GOVERNANCE</b>												
A. Board composition plan											X	
B. New director criteria											X	
C. Recommend nominees		X			X							
D. Orientation and development plan		X										
E. Director compensation					X							
F. Review Board Manual		X										
G. Board and committee evaluation		X										
H. Recommend committee structure and members/chairs to the Board					X							
I. Review governance practices in comparison to current TSX requirements					X							
<b>COMPENSATION</b>												
A. CEO evaluation – for fiscal year completed					X	X		X	X			

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	January	February	March	Apr	May/June	June	July	August	September	October	November	December
B. Review CEO goals and objectives – for coming fiscal year					X							
C. Compensation philosophy guidelines and plans											X	
D. CEO and executive compensation											X	
E. Long Term Incentive Plan (LTIP)												
F. Directors' compensation and expenses					X							
G. Succession plans								X				
H. Terms of reference		X										