

TMX Group Annual and Special Meeting
April 28, 2010
Remarks for Tom Kloet
FINAL

Thank you, Wayne. Good afternoon everyone.

I am very pleased to be here this afternoon to provide an update on TMX Group's accomplishments since our last annual meeting. I am also very happy to be here in this space. We feel very much at home here because Toronto Stock Exchange was located in this building from 1937 to 1983.

As you may know, TSX was the first exchange to introduce electronic trading back in 1977, and we've been fully electronic for about 13 years. So, as I am standing here on what was once our open-outcry trading floor, I am struck by how much equities trading has changed since we moved to the Exchange Tower in 1983. And since 1993. And since 2003. Or for that matter...since January! The distance travelled since we did business on this floor is vast, and the pace of this change is both rapid and accelerating.

Here is but one stat to demonstrate that. Ten years ago, TSX set a new trading record. In 1999, average daily volume was about 117 million shares and the average number of transactions each day was about 70,000. Ten years later, TSX again set trading records. In 2009, average daily volume rocketed up to 473 million and the average number of transactions was more than ten times higher at almost 764,000.

Our business changed to accommodate, facilitate and encourage this exponential growth.

But our business has done much more than grow bigger – we are a very different organization from the one that operated on this floor. Today we aren't just a senior equities market. Today we also run the world's largest and most successful public venture market, providing early stage emerging companies with access to much needed growth capital.

More than that, TMX Group has expanded and diversified into energy trading and clearing with NGX; derivatives trading and clearing with Montréal Exchange and CDCC; fixed income trading and data with Shorcan and PC-Bond; and investor relations services with Equicom.

But as much as our company has changed, the competitive landscape we operate in has changed even more. We have always had competitors, but today we have domestic competition that is putting pressure on our equity trading business. It has given us an even more acute focus on our products, our pricing and our technology to ensure that we are meeting our clients' needs.

But while competition is good, our regulatory environment has become a distinct concern. Because of the rapidly-evolving business of trading, including new market entrants, regulation must continually adapt and respond quickly. Regulators need to have a broad and a deep understanding of what's happening around them, both internationally and within Canada's unique market situation. They must strive to understand fully how any regulation will impact the market before rules are written.

We have been quite focused on this area because it is so critical both for TMX Group and for the Canadian capital markets as a whole. And we have been very vocal when we see regulatory shortcomings. But I do appreciate how difficult it is to provide a regulatory framework for a business that is changing as quickly as I described just a few minutes ago. I am striving to be a passionate and productive voice for change.

There has been some progress here. There were changes around new order types, and I was very pleased with the recent industry forum on dark pools. But what we need now is the next step – a clearly articulated vision and strong policies and positions. TMX Group is prepared to assist in any way we can in this vitally important work.

Turning now to TMX Group's business performance. I am proud to tell you that, in spite of the very difficult economic environment, there were many important milestones achieved by TMX Group in 2009. Michael will be covering our financial performance with you; I will spend the next few minutes on our operational successes.

In our equity trading business in 2009, we introduced our smart order router, migrated the TSX Venture Exchange symbols to TSX Quantum, and introduced our new order entry gateway, which made our order speed five times faster. And earlier this month, we announced the completion of the first phase of our enterprise expansion project, which cut latency by another half. As future phases are complete, trade speed will be improved even further.

We also recently lowered our trading fees, making us even more competitive in pricing. More than just competing hard for existing market share, we also hope that these changes will encourage new order flow to our exchanges.

We are extremely fast, cost effective, customer focused, transparent, unconflicted and single-minded in our determination to compete and win in this business. We offer clients the best trading environment in Canada, with market-leading latency, the deepest liquidity and the richest functionality.

In our listings area, last year Toronto Stock Exchange and TSX Venture Exchange saw about \$65 billion raised in new financing despite the economic slow down.

That's \$65 billion dollars that helps our listed issuers to grow and innovate, invest and compete. That figure set a record for our 157-year-old company and made us the number six exchange group in the world based on this metric. Last week we celebrated the 20th anniversary of the first exchange traded fund on Toronto Stock Exchange – the very first in the world and an innovation that has grown on TSX and beyond with the passage of time. Last year we listed 38 new ETFs, bringing the total to 122.

In our derivatives business, I am very pleased to report that we have completed the integration of Montreal Exchange. In 2009, we launched new products, including a mini futures contract on the S&P/TSX Composite Index. We entered into an agreement with the London Stock Exchange to provide our SOLA trading platform for the derivatives businesses of EDX London and Borsa Italiana, as well as the Oslo Bors. We also acquired a 19.9 per cent ownership interest in EDX London to further extend our geographic reach.

Importantly, the SOLA clearing system was launched last year, which positioned us to compete for and win the recommendation of the Investment Industry Association of Canada to develop a central counterparty and netting solution for Canada's fixed income market.

Our energy business, NGX, offers trading and clearing for natural gas, electricity and now crude oil with the acquisition and successful integration of NetThruPut. Also in 2009, we expanded our physical clearing capabilities for the U.S. crude oil marketplace, and added ten new natural gas clearing points.

Turning to TMX Datalinx... We were very proud that our information processor solution was awarded a five-year mandate by the Canadian Securities Administrators to provide a central source of consolidated Canadian equity market data. We have very recently begun receiving data from the last Canadian market place, so all of the IP products will be coming to market very soon.

At the end of 2009, we entered into an important agreement with NYSE Technologies, which is the third-party technology provider for our information processor. The agreement greatly extends the global availability of TMX Datalinx Canadian market data and provides enhanced global exchange feeds to our clients.

As you can see, your company had a very successful year. All of us are very proud of that. At the heart of our success was the diversified nature of our business, which allowed us to grow and add shareholder value in many areas.

Looking ahead now.

In 2010, TMX Group will continue to pursue this diversification strategy. Both by expanding the broad range of client-focused products and services we currently offer and by exploring new opportunities for growth from outside our company. We will also continue to extend all of our services and offerings to a broader array of clients both domestically and internationally.

TMX Group also plays a central role in the smooth operation of the Canadian capital markets as a whole. So we will continue to speak out about regulatory issues and we will also continue our efforts to sell the Canadian capital markets to the world. When the global financial system was imploding, Canada's financial system came through relatively unscathed. Canada has the safest and soundest financial system on the globe. TMX Group will seize the moment and sell our strengths as well as the strengths of our country. I recently returned from China where we did exactly that, and I was gratified by the very positive reception we received from regulators, potential listed issuers and investors. This trip is just one example of an extensive set of initiatives to extend the international reach of our listings business. We are pleased with our progress to date – we now have about 280 foreign domiciled issuers listed on our markets.

I am very proud of the team that works at TMX Group. They have helped our company excel even in the face of the worst economic downturn in generations. My thanks go to each of you. I would also like to say thank you to my executive team and especially to our board of directors for their leadership and guidance this past year.

I am very excited about TMX Group's future.

I look forward to updating you on our progress next year.

Thank you.