TMX Group Inc.

Q3-2009 Management's Discussion and Analysis

TMX Group Inc. (TMX Group) is providing this Management's Discussion and Analysis (MD&A) of our financial condition and results of operations to enable a reader to assess our financial condition, material changes in our financial condition and our results of operations, including our liquidity and capital resources, for the quarter and nine months ended September 30, 2009, compared with the quarter and nine months ended September 30, 2008, or the year ended December 31, 2008. This MD&A is dated October 28, 2009 and should be read carefully together with our Q3/09 unaudited interim consolidated financial statements and related notes for the corresponding period, as well as our 2008 audited annual financial statements, including notes and related MD&A. Each of these documents is filed with Canadian securities regulators and can be accessed through www.sedar.com or our website at www.tmx.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP), unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

On May 1, 2008, we completed our business combination with Montréal Exchange Inc. (MX or Montréal Exchange) to create TMX Group, a leading, integrated, multi-asset class exchange group. The results of MX and Boston Options Exchange Group, LLC (BOX) are included in TMX Group's Q3/09 and first nine months 2009 results and in our Q3/08 and first nine months 2008 results from May 1, 2008.

On August 29, 2008, MX acquired an additional 21.9% interest in BOX from the Boston Stock Exchange, giving MX a majority ownership interest of 53.3% in, and control of, BOX. Prior to the completion of this transaction, MX's 31.4% investment in BOX was accounted for under the equity method under which MX's 31.4% of the earnings from BOX was reported as income from investment in an affiliate and included in our first nine months 2008 results from May 1, 2008. From August 29, 2008, the results of BOX have been fully consolidated into TMX Group's consolidated results, with an adjustment made for the non-controlling interests. In October 2008, as a result of a buy back of units by BOX, MX's ownership increased to 53.8%.

On May 1, 2009, we completed the acquisition of NetThruPut Inc. (NTP) and therefore their results have been included in TMX Group's consolidated financial statements from that date.

Certain comparative figures have been reclassified in order to conform with the financial presentation adopted in the current year.

Additional information about TMX Group, including our most recent Annual Information Form, is available through www.sedar.com and on our website, www.tmx.com. We are not incorporating information contained on the website in this MD&A.

Non-GAAP Financial Measures

Toronto Stock Exchange customers are billed for initial and additional listing fees, and there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid by Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to, or at the time of, listing or reserving securities. In order to reflect these activities, we use the terms “issuer services fees billed”, “initial listing fees billed” and “additional listing fees billed”.

Certain measures used in this MD&A, specifically “initial listing fees billed”, “additional listing fees billed” and “issuer services revenue based on initial and additional listing fees billed” do not have standardized meanings prescribed by Canadian GAAP and therefore are unlikely to be comparable to similar measures presented by other issuers. We present these non-GAAP revenue measures as an indication of how initial and additional listing activity and the fees billed or received in connection with the listing or reserving of securities impact the financial performance and cash flows of our business. Management uses these measures to assess the effectiveness of our strategy to serve our listed issuers and to manage the listings portion of our business.

We present “adjusted earnings per share prior to loss on termination of joint venture” as an indication of operating performance exclusive of the payment made on April 1, 2008 to ISE Ventures, LLC (ISE Ventures), a wholly-owned subsidiary of International Securities Exchange Holdings, Inc. (ISE), related to terminating DEX, our proposed derivatives joint venture. This measure does not have a standardized meaning prescribed by Canadian GAAP and therefore is unlikely to be comparable to similar measures presented by other issuers. Management believes this measure allows it to assess operating performance excluding the type of payment made to ISE Ventures.

Market Conditions and Outlook[1]

Our revenue is impacted by the levels and nature of market activity on our exchanges, such as customer and product mix, including: volumes/contracts traded in cash equities and fixed income products, as well as derivatives and energy products; the number and market capitalization of listed issuers; the number and value of new and additional listings; as well as the number of subscribers to market data. Recent economic and market conditions affected these revenue drivers in the first nine months of 2009. While it is not possible to quantify the potential changes in some of these measures, future economic and market conditions may continue to affect these revenue drivers and impact future revenue and net income given our largely fixed cost structure.

Despite the challenging economic and market conditions in Canada and the rest of the world over the last year, we remain committed to our long term belief that exchanges and clearing houses will become even more important in providing transparent markets for price discovery,

[1] The “*Market Conditions and Outlook*” section above contains certain forward-looking statements. Please refer to “*Forward-Looking Information*” for a discussion of risks and uncertainties related to such statements.

well regulated venues for capital formation and effectively collateralized clearing mechanisms for managing counterparty credit risk.

We continue to operate in the highly competitive exchange industry. We believe we are strategically positioned domestically and internationally to succeed in this environment. Recently in Canada, new equity trading venues have entered the market. Our strategy remains unchanged - we remain committed to providing superior products at competitive prices delivered on world class technology.

Strategy Update[2]

Derivatives Trading and Clearing

Trading - EDX

In March 2009, MX entered into an agreement with the London Stock Exchange Group plc (LSE) granting LSE a license to use a customized version of SOLA Trading, a leading derivatives trading technology developed by MX, for certain LSE affiliates and partners. Revenue for the license will be recognized upon acceptance by the LSE, which is expected in Q4/09. In addition, we agreed to acquire a minority position in EDX London Limited (EDX), the equity derivatives business of LSE. On May 7, 2009, we acquired a 19.9% stake in EDX for $7.7 million.

We believe the acquisition of this equity position in EDX provides an avenue for us to participate in the growth and development of the European derivatives market, which adds a new geographic element to our diversification strategy. EDX markets will be migrated to the SOLA Trading platform later this year.

Trading - BOX

In Q3/09 BOX made multiple changes to its pricing structure in order to encourage greater customer order flow into BOX.

Clearing - SOLA Clearing

On May 25, 2009, MX and the Canadian Derivatives Clearing Corporation (CDCC) successfully launched the new SOLA Clearing platform. This new clearing platform, which leverages the strength of the SOLA technology, provides better service to clients as well as the flexibility to enhance CDCC's product offering.

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[2] The "*Strategy Update*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

With the implementation of SOLA Clearing complete, MX and CDCC now have the necessary flexibility and capacity to even better service the market's growing need for clearing and settlement of over-the-counter (OTC) products. Specifically, CDCC's OTC product strategy includes plans to introduce clearing of fixed income repurchase agreements.

Energy Trading – NTP (Crude Oil) and U.S. Expansion (Natural Gas)

NTP (Crude Oil)

Energy trading and clearing are important and growing aspects of our diversified business. On May 1, 2009, we completed the acquisition of NTP, a leading Canadian electronic trading platform and clearing facility for crude oil products, from Enbridge Inc. and Circuit Technology Limited. The aggregate estimated purchase price of $67.2 million was comprised of: approximately $23.7 million in cash and the issuance of 878,059 TMX Group common shares, valued at $32.1 million; the book value of the option to acquire NTP in the amount of $9.5 million; and estimated direct transaction costs and restructuring costs of $1.9 million.

On May 1, 2009, trading and clearing of NTP products transitioned to NGX's trading system and clearing facility. We believe this collateralized model provides significant capital efficiencies to customers who trade in multiple commodities. The majority of NTP customers have moved to NGX and we continue to work to attract new customers. As of October, 2009, NGX lists over 15 crude oil grades at 5 trading hubs in Canada and there are 30 active crude oil customers. NGX's crude oil volumes for Q3/09 averaged over 114,000 barrels per day.

In August, 2009, NGX launched clearing capabilities for the United States crude oil marketplace, adding further depth to NGX's product offering as a full-service energy marketplace with clearing capabilities for both natural gas and crude oil to U.S. customers.

U.S. Expansion (Natural Gas)

On September 14, 2009, NGX took another important step in its U.S. expansion strategy, launching three new natural gas clearing points: El Paso Keystone, TETCO ELA and TETCO STX. This brings the total to 20 cleared physical gas hubs in the U.S.

Market Data

TMX Information Processor

On June 5, 2009, the Canadian Securities Administrators announced that TSX Inc., a wholly-owned subsidiary of TMX Group, will act as an information processor for exchange-traded equity securities for a period of five years commencing July 1, 2009.

The role of an information processor is to provide a central source of consolidated Canadian equity market data that meets standards approved by regulators. We are confident that our solution is best able to serve the interests of all equity market participants, offering high-speed access to Canadian marketplace content for domestic and international clients.

The TMX Information Processor products will include the Consolidated Data Feed (CDF), Canadian Best Bid and Offer (CBBO), Consolidated Last Sale (CLS) and a Consolidated Depth of Book (CDB). CDF and CBBO are currently available and provide market participants with low-latency access to consolidated real-time market data from all but one Canadian equity marketplace. These products use world class third-party technology and are delivered to clients through existing telecommunication links with TSX Inc.

Co-location

On September 15, 2009, we announced a major expansion of our co-location services to offer our equity and derivatives trading and market data clients the opportunity to locate their trading and data applications in the TMX data centre to achieve lowest latency access to the TSX Quantum and SOLA trading enterprises. This move will offer clients reduced response times, increase their effectiveness and permit them to better serve their own customers as high frequency multi-asset class trading becomes an increasingly important component of capital markets activity.

To meet the significantly-increased international demand and to accommodate the expanded co-location services, we are increasing the size of our co-location facilities. Construction has begun to prepare the new space for targeted rollout beginning in the first half of 2010. The new facility is designed to accommodate up to 200 co-location spaces, which will meet current and medium-term demand for the services. The capital expenditures associated with the expansion project are expected to be incurred between Q4/09 and Q2/10 at a cost of approximately $10.0 million, which we plan to amortize over ten years. We expect to realize incremental revenue beginning in the second half of 2010.

Equities and Derivatives Trading

Equity Trading Fees

Fees under the Electronic Liquidity Provider (ELP) Program have been replaced with a single tier model which reduces the passive credit paid to ELP Program participants. The active fee paid by ELP Program participants has also been reduced in some cases. In addition, the revised fee schedule is expected to provide all participants with an average reduction of 24% in active trading fees on stocks trading at less than $1 in the post-open continuous market. It is expected that these fee changes will have a neutral impact on our revenues based on historical volumes and product and customer mix. The ongoing impact of these fee changes on actual cash markets equity trading revenue will depend on future trading activity and product and customer mix.

On September 22, 2009, we announced an equity trading packaged pricing program offered to customers for a limited time period. Clients who qualify and enter into the equity trading packaged pricing program with TSX will receive the applicable program benefits provided the minimum thresholds are maintained.

Trading Enterprise

In April 2009, we completed the launch of our smart order routing solution for Toronto Stock Exchange and TSX Venture Exchange Participating Organizations. In May we completed the successful migration of all of TMX Group's symbols to the TSX Quantum engine. Most recently we launched the enhanced TSX Quantum gateway. The new gateway is built on the same technology as the TSX Quantum engine and we plan to complete the rollout by the end of 2009.

In keeping with our commitment to deliver state of the art levels of technology to our markets, we are continuing to invest in and are planning a multi-phased initiative to upgrade the infrastructure across our trading enterprise. In order to increase speed and improve performance, we are upgrading our internal networks. In addition, we are also working to expand our message storage capabilities in order to handle higher speed transactions and the increasing number of messages that need to be stored. We are planning to have this completed in Q1/10. We expect to incur annual operating expenses of approximately $8.0 million to support this initiative. However, we estimate these costs will be largely offset by the decommissioning of legacy hardware beginning in the second half of 2010. The upgrade of the trading and data enterprise is designed to create the necessary infrastructure to attract additional customers and order flow to our marketplace.

Quarter Ended September 30, 2009 Compared with Quarter Ended September 30, 2008

Net income was $41.7 million, or $0.56 per common share for Q3/09 (on both a basic and diluted basis), compared with net income of $50.9 million, or $0.66 per common share (on both a basic and diluted basis) for Q3/08, representing a decrease of 18% in net income. Net income in Q3/09 was lower than Q3/08 due to lower cash markets equity trading revenue on Toronto Stock Exchange, lower issuer services revenue, increased expenses partially related to new technology initiatives and lower investment income. The decreases were partially offset by higher revenue from energy trading, cash markets equity trading revenue on TSX Venture Exchange and fixed income trading. BOX's results were consolidated in our Q3/09 financial statements (with an adjustment made for non-controlling interests) and were consolidated in our Q3/08 financial statements from August 29, 2008. Prior to acquisition of control on August 29, 2008, 31.4% of earnings from BOX were included as Income from investments in affiliates.[*]

Revenue

Revenue was $130.2 million for Q3/09, down $9.0 million, or 6% compared with $139.2 million for Q3/08, largely due to lower revenue from cash markets equity trading on Toronto Stock Exchange and issuer services primarily related to lower sustaining listing fees and other issuer services. The decrease was partially offset by increased revenue from energy trading, cash markets equity trading revenue on TSX Venture Exchange and fixed income trading. Revenue

[*] Based on MX's ownership interest in BOX, prior to acquisition of control.

included $24.8 million of revenue from MX and BOX in Q3/09, compared with $23.3 million in revenue from MX in Q3/08 and BOX revenue from August 29, 2008 in Q3/08.

Issuer Services Revenue

The following is a summary of issuer services revenue reported based on initial and additional listing fee revenue reported, and issuer services revenue based on initial and additional listing fees billed** (reconciled below in this section) in Q3/09 and Q3/08.

(in millions of dollars)

	Reported				*Billed***			
	Q3/09	**Q3/08**	**$ increase/ (decrease)**	**% increase/ (decrease)**	**Q3/09**	**Q3/08**	**$ increase/ (decrease)**	**% increase/ (decrease)**
Initial listing fees	$ 4.2	$ 4.1	$ 0.1	2%	$ 3.0	$ 4.3	($ 1.3)	(30%)
Additional listing fees	$ 14.6	$ 13.1	$ 1.5	11%	$ 22.4	$ 17.2	$ 5.2	30%
*Sustaining listing fees****	$ 13.6	$ 17.5	($ 3.9)	(22%)	$ 13.6	$ 17.5	($ 3.9)	(22%)
Other issuer services	$ 2.7	$ 3.3	($ 0.6)	(18%)	$ 2.7	$ 3.3	($ 0.6)	(18%)
Total	$ 35.1	$ 38.0	($ 2.9)	(8%)	$ 41.7	$ 42.3	($ 0.6)	(1%)

Initial and additional listing fees are non-refundable fees paid by listed issuers for the listing or reserving of securities. These fees are recorded as "deferred revenue – initial and additional listing fees" and recognized on a straight-line basis over an estimated service period of ten years.

In the case of Toronto Stock Exchange, listed issuers are billed for initial and additional listing fees, and there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid by Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to, or at the time of, listing or reserving securities. The following is a reconciliation of initial and additional listing fees billed** to initial and additional listing fees reported:

Initial Listing Fees (in millions of dollars)	**Q3/09**	**Q3/08**
Initial listing fees billed**	$ 3.0	$ 4.3
Initial listing fees billed** and deferred to future periods	($ 2.9)	($ 4.2)
Recognition of initial listing fees billed** and previously included in deferred revenue	$ 4.1	$ 4.0
Initial listing fee revenue reported	$ 4.2	$ 4.1

** See discussion under the heading "*Non-GAAP Financial Measures*".

*** Sustaining listing fees billed, as shown in this table, represents the amount recognized for accounting purposes during the quarter. Sustaining listing fees are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis.

Additional Listing Fees (in millions of dollars)	**Q3/09**	**Q3/08**
Additional listing fees billed**	$ 22.4	$ 17.2
Additional listing fees billed** and deferred to future periods	($ 22.0)	($ 16.9)
Recognition of additional listing fees billed** and previously included in deferred revenue	$ 14.2	$ 12.8
Additional listing fee revenue reported	$ 14.6	$ 13.1

- *Initial and additional listing fees reported* increased in Q3/09 compared with Q3/08, reflecting an increase in capital market activity during the period from October 1, 1999 to September 30, 2009 compared with the period from October 1, 1998 to September 30, 2008. *Initial and additional listing fees billed*** increased in Q3/09, as compared with Q3/08, due to an increase in initial and additional financings on Toronto Stock Exchange, somewhat offset by a decrease in initial and additional financings on TSX Venture Exchange. While there was significant increase in the value of initial and additional financings on Toronto Stock Exchange in Q3/09 compared with Q3/08, this was driven by a number of high value transactions where issuers paid the maximum listing fee.

- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The decrease in sustaining listing fees was due to the overall lower market capitalization of listed issuers at the end of 2008 compared with the end of 2007, somewhat offset by price changes on Toronto Stock Exchange that were effective January 1, 2009.

- *Other issuer services* revenue of $2.7 million decreased from $3.3 million in Q3/08, reflecting lower demand for investor relations services compared with Q3/08.

** See discussion under the heading "*Non-GAAP Financial Measures*".

Trading, Clearing and Related Revenue[3]

(in millions of dollars)

	Q3/09	Q3/08	$ increase/ (decrease)	% increase/ (decrease)
Cash markets:				
• *Toronto Stock Exchange*	$ 15.2	$ 26.0	($ 10.8)	(42%)
• *TSX Venture Exchange*	$ 7.5	$ 5.6	$ 1.9	34%
	$ 22.7	$ 31.6	($ 8.9)	(28%)
• *Shorcan*	$ 4.0	$ 2.8	$ 1.2	43%
Cash markets revenue	$ 26.7	$ 34.4	($ 7.7)	(22%)
Derivatives markets revenue	$ 19.4	$ 16.9	$ 2.5	15%
Energy markets revenue	$ 10.3	$ 7.6	$ 2.7	36%
Total	$ 56.4	$ 58.9	($ 2.5)	(4%)

Cash Markets

- *Cash markets* equity trading revenue from Toronto Stock Exchange decreased due to the impact of changes to our equity trading fee schedule which were effective January 1, 2009 and a change in trading mix. The fee changes included increased credits to electronic liquidity providers (ELP), a reduction in the spread between active fees and passive credits, and the elimination of a premium fee on ETF transactions. This decrease was partially offset by a 10% increase in the volume of securities traded on Toronto Stock Exchange in Q3/09 over Q3/08 (28.3 billion securities in Q3/09 versus 25.7 billion securities in Q3/08).

- *Cash markets* equity trading revenue from TSX Venture Exchange increased due to a 56% increase in the volume of securities traded in Q3/09 over Q3/08 (12.5 billion securities in Q3/09 versus 8.0 billion securities in Q3/08). The increase was partially offset by fee reductions that were effective in 2009.

- In October 2008, we indicated that based on historical trading activity, patterns and product mix, changes to the equity trading fee structure put into place effective January 1, 2009 could reduce trading revenue by approximately $11.0 to $14.0 million on an annual basis if offsetting benefits, including increased volumes, were not realized. During Q3/09, there were changes in customer and product mix including a higher proportion of volumes coming from new ELP market participants. These changes, together with the change in fee structure, led to a larger than anticipated reduction in cash markets equity trading revenue.

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[3] The "*Trading, Clearing and Related Revenue*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

- On August 14, 2009, we announced changes to the equity trading fee schedule that took effect October 1, 2009. Fees under the ELP Program have been replaced with a single tier model which reduces the passive credit paid to ELP Program participants. The active fee paid by ELP Program participants has also been reduced in some cases. In addition, the revised fee schedule is expected to provide all participants with an average reduction of 24% in active trading fees on stocks trading at less than $1 in the post-open continuous market. It is expected that these fee changes will have a neutral impact on our revenues based on historical volumes and product and customer mix. The ongoing impact of these fee changes on actual cash markets equity trading revenue will depend on future trading activity and product and customer mix.

- The increase in revenue from Shorcan primarily reflects an increase in trading of Government of Canada bonds and swaps in Q3/09 versus Q3/08.

Derivatives Markets

- *Derivatives markets* revenue includes $19.4 million in trading and clearing revenue from MX and trading revenue from BOX, versus $16.9 million in trading and clearing revenue from MX in Q3/08 and trading revenue from BOX from August 29, 2008 when BOX's results were consolidated into our financial statements, with an adjustment for non-controlling interests.

- MX volumes decreased by 16% (8.3 million contracts traded in Q3/09 versus 9.9 million contracts traded in Q3/08) reflecting reduced trading in both the BAX and CGB contracts, partially offset by an increase in ETFs derivatives trading. We believe the reduction in fixed income futures trading is a reflection of the current interest rate environment of historically low rates with little volatility.

- BOX volumes decreased by 30% (34.1 million contracts in Q3/09 versus 48.9 million contracts traded in Q3/08).

Energy Markets

- *Energy markets* revenue increased due to a 6% increase in the volumes of natural gas and electricity contracts traded or cleared on NGX over Q3/08 (3.8 million terajoules in Q3/09 versus 3.6 million terajoules in Q3/08). This excludes the Alberta Watt Exchange Limited (Watt-Ex) volumes.

- The increase was also due to pricing changes on natural gas contracts that were effective January 1, 2009 and the inclusion of revenue from crude oil trading following the acquisition of NTP on May 1, 2009. We traded 10.5 million barrels of crude oil in Q3/09.

Market Data Revenue

(in millions of dollars)

Q3/09	Q3/08	$ (decrease)	% (decrease)
$ 34.5	$ 35.3	($0.8)	(2%)

- This decrease reflects a 12% decrease in the number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (over 145,000 professional and equivalent real-time market data subscriptions at September 30, 2009 versus over 165,000 at September 30, 2008).

- The decrease was also due to lower revenue recoveries related to under-reported usage of real-time quotes in Q3/09 compared with Q3/08.

- The decrease was largely offset by higher revenues from data feeds and co-location services as well as pricing changes that were effective January 1, 2009.

- *Market data* revenue included $3.7 million in data revenue from MX and BOX, compared with $3.4 million in market data revenue related to MX in Q3/08 and market data revenue from BOX from August 29, 2008. There were over 22,000 MX market data subscriptions at September 30, 2009 compared with over 28,000 at September 30, 2008, a decrease of 21%.

Business Services and Other Revenue

(in millions of dollars)

Q3/09	Q3/08	$ (decrease)	% (decrease)
$ 4.3	$ 7.0	($2.7)	(39%)

- *Business services* revenue in Q3/08 included two months of revenue from BOX (prior to consolidation on August 29, 2008) for technology and other services provided by MX. This revenue has been eliminated as BOX is now a subsidiary of MX. The decrease in Q3/09 was somewhat offset by the inclusion of revenue from the technology services arrangement with LSE.

- The decrease was also due to net foreign exchange losses on U.S. dollar accounts receivable.

Operating Expenses[4]

Operating expenses in Q3/09 were $68.4 million, an increase of $6.2 million, or 10%, as compared with $62.2 million in Q3/08. The increase was partially due to the inclusion of $17.9 million of expenses related to MX and BOX, versus $15.7 million related to MX in Q3/08 and the operations of BOX from August 29, 2008. In addition, we incurred higher expenses related to various technology initiatives in Q3/09 compared with Q3/08.

These higher expenses were partially offset by the cost synergies related to the integration with MX of approximately $1.5 million per month that were realized on a run-rate basis in Q3/09. As part of our integration plan, our offices, data centres and certain corporate support functions are being consolidated, and we will have eliminated 85 corporate support and operational positions, or approximately 10% of our workforce, by the end of 2009. The rationalization of data centres will enable customers to consolidate their connectivity networks at one location which should greatly reduce their technology and communication expenditures. By the fourth quarter of 2009, we expect to achieve $25.0 million of cost synergies on a run rate basis when compared with the 2008 business plans of the separate organizations.

Compensation and Benefits

(in millions of dollars)

Q3/09	Q3/08	$ increase	% increase
$ 32.5	$ 32.1	$0.4	1%

- *Compensation and benefits* costs include $6.4 million in costs related to MX and BOX in Q3/09, unchanged from MX compensation and benefits costs in Q3/08 and compensation and benefits costs from BOX from August 29, 2008.

- The increase was attributable to higher costs associated with technology initiatives, partially offset by lower costs related to short term performance incentives.

- There were 845 employees at September 30, 2009, which included 6 NTP employees, versus 850 employees at September 30, 2008.

[4] The "*Operating Expenses*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

Information and Trading Systems

(in millions of dollars)

Q3/09	Q3/08	$ increase	% increase
$ 12.1	$ 9.2	$2.9	32%

- *Information and trading systems* costs included $1.8 million in costs related to MX and BOX, compared with $1.5 million related to MX in Q3/08 and from BOX from August 29, 2008.

- *Information* and *trading systems* costs increased due to costs associated with our technology initiatives including data centre enhancements, the TSX Quantum gateway and enterprise expansion.

General and Administration

(in millions of dollars)

Q3/09	Q3/08	$ increase	% increase
$ 16.2	$ 13.8	$2.4	17%

- *General and administration* costs included $5.8 million in costs related to MX and BOX, compared with $4.5 million from MX in Q3/08 and from BOX from August 29, 2008.

- *General and administration* costs also increased as a result of increased spending related to our technology initiatives.

Amortization

(in millions of dollars)

Q3/09	Q3/08	$ increase	% increase
$ 7.6	$ 7.0	$0.6	9%

- *Amortization* costs increased reflecting amortization of $4.0 million related to MX and BOX, compared with $3.3 million from MX in Q3/08 and from BOX from August 29, 2008.

Investment Income

(in millions of dollars)

Q3/09	Q3/08	$ (decrease)	% (decrease)
$ 1.3	$ 2.9	($1.6)	(55%)

- *Investment income* decreased due to a reduction in cash available for investment and lower overall returns on investments during Q3/09 compared with Q3/08.

Interest Expense

(in millions of dollars)

Q3/09	Q3/08	$ (decrease)	% (decrease)
$ 1.3	$ 4.3	($3.0)	(70%)

- *Interest expense* decreased as a result of lower interest rates in Q3/09 compared with Q3/08. On April 30, 2008, we borrowed $430.0 million in Canadian funds on a three-year term facility (Term Facility) related to financing the cash consideration of the purchase price for MX (*see* **Long-term Debt**).

Income Taxes[5]

(in millions of dollars)

		Effective tax rate (%)	
Q3/09	Q3/08	Q3/09	Q3/08
$ 19.4	$ 24.8	32%	33%

- The effective tax rate for Q3/09 was somewhat lower than the effective tax rate of 33% for Q3/08 due to a lower federal income tax rate in Q3/09 compared with Q3/08.

- In the 2009 Ontario budget, the government proposed new tax reforms, which, if enacted, would reduce the general corporate tax rate from 14% in 2009 to 12% by July 1, 2010, with further reductions to 10% by July 1, 2013. Since these reforms were not substantively enacted during Q3/09, there was no impact on *Income Taxes*. If the legislation becomes substantively enacted, based on the future income tax asset as at September 30, 2009, we estimate there will be a net reduction in the value of the future income tax asset of approximately $8.0 million and a corresponding increase in *Income Taxes* of approximately

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[5] The "*Income Taxes*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

$8.0 million. While this accounting adjustment will have no immediate impact on cash flow, the decline in tax rates will reduce taxes payable in future periods.

Nine Months Ended September 30, 2009 Compared with Nine Months Ended September 30, 2008

Net income was $131.5 million, or $1.78 per common share for the first nine months of 2009 ($1.77 on a diluted basis), compared with net income of $132.9 million, or $1.82 per common share on a basic and diluted basis for the same period in 2008, representing a decrease of 1% in net income. In the first nine months of 2008, net income was reduced by $15.2 million, or 21 cents per common share (20 cents on a diluted basis) due to a payment to ISE Ventures with respect to the termination of our derivatives joint venture. EPS for the first nine months of 2009 was lower than the adjusted EPS prior to loss on termination of joint venture[**] of $2.03 per common share ($2.02 on a diluted basis) for the first nine months of 2008, due to lower cash markets equity trading revenue, lower issuer services revenue, increased expenses, partially related to new technology initiatives and lower investment income. The decreases were partially offset by higher energy trading, fixed income trading and market data revenue. In addition, in the first nine months of 2009, our financial statements reflected nine months of MX's results compared with five months of results in the first nine months of 2008. BOX's results were consolidated in our first nine months of 2009 financial statements (with an adjustment made for non-controlling interests) and were only consolidated in our 2008 financial statements from August 29, 2008. From May 1, 2008, to August 28, 2008, 31.4% of earnings from BOX were included as *Income from investments in affiliates*.[*]

The following is a reconciliation of earnings per share to adjusted earnings per share prior to a loss on termination of joint venture[**] in the first nine months of 2008:

Reconciliation for nine months ended September 30, 2009 and September 30, 2008

	Nine months ended			
	Sept. 30/09		Sept. 30/08	
	Basic	Diluted	Basic	Diluted
Earnings per share	$1.78	$1.77	$1.82	$1.82
Adjustment related to loss on termination of joint venture	-	-	$0.21	$0.20
Adjusted earnings per share prior to loss on termination of joint venture[**]	$1.78	$1.77	$2.03	$2.02

[**] See discussion under the heading "*Non-GAAP Financial Measures*".

[*] Based on MX's ownership interest in BOX, prior to acquisition of control.

Revenue

Revenue was $403.3 million for the first nine months of 2009, up $21.7 million, or 6% compared with $381.6 million for the first nine months of 2008, reflecting $78.1 million in revenue related to the business operations of MX and BOX, compared with $37.2 million from MX following the combination on May 1, 2008 and BOX from August 29, 2008. The increase was also due to increased energy and fixed income trading, which was more than offset by lower cash markets equity trading and issuer services revenue, related to sustaining listing fees and other issuer services.

Issuer Services Revenue

The following is a summary of issuer services revenue reported based on initial and additional listing fee revenue reported, and issuer services revenue based on initial and additional listing fees billed[**] (reconciled below in this section) in the first nine months of 2009 and the first nine months of 2008.

(in millions of dollars)

	Reported				*Billed*[**]			
	Nine months ended				**Nine months ended**			
	Sept. 30/09	**Sept. 30/08**	**$ increase/ (decrease)**	**% increase/ (decrease)**	**Sept. 30/09**	**Sept. 30/08**	**$ increase/ (decrease)**	**% increase/ (decrease)**
Initial listing fees	$ 12.6	$ 11.9	$ 0.7	6%	$ 6.9	$ 15.4	($ 8.5)	(55%)
Additional listing fees	$ 42.4	$ 37.9	$ 4.5	12%	$ 62.4	$ 61.1	$ 1.3	2%
Sustaining listing fees[***]	$ 40.9	$ 52.1	($ 11.2)	(21%)	$ 40.9	$ 52.1	($ 11.2)	(21%)
Other issuer services	$ 9.7	$ 12.0	($ 2.3)	(19%)	$ 9.7	$ 12.0	($ 2.3)	(19%)
Total	$ 105.6	$ 113.9	($ 8.3)	(7%)	$ 119.9	$ 140.6	($ 20.7)	(15%)

Initial and additional listing fees are non-refundable fees paid by listed issuers for the listing or reserving of securities. These fees are recorded as “deferred revenue – initial and additional listing fees” and recognized on a straight-line basis over an estimated service period of ten years.

[**] See discussion under the heading “*Non-GAAP Financial Measures*”.

[***] Sustaining listing fees billed, as shown in this table, represents the amount recognized for accounting purposes during the period. Sustaining listing fees are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis.

In the case of Toronto Stock Exchange, listed issuers are billed for initial and additional listing fees and there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid by Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to, or at the time of, listing or reserving securities. The following is a reconciliation of initial and additional listing fees billed** to initial and additional listing fees reported:

Initial Listing Fees (in millions of dollars)	**Nine months ended** **Sept. 30/09**	**Sept. 30/08**
Initial listing fees billed**	$ 6.9	$ 15.4
Initial listing fees billed** and deferred to future periods	($ 6.6)	($ 14.7)
Recognition of initial listing fees billed** and previously included in deferred revenue	$ 12.3	$ 11.2
Initial listing fee revenue reported	$ 12.6	$ 11.9

Additional Listing Fees (in millions of dollars)	**Nine months ended** **Sept. 30/09**	**Sept. 30/08**
Additional listing fees billed**	$ 62.4	$ 61.1
Additional listing fees billed** and deferred to future periods	($ 60.0)	($ 58.6)
Recognition of additional listing fees billed** and previously included in deferred revenue	$ 40.0	$ 35.4
Additional listing fee revenue reported	$ 42.4	$ 37.9

- *Initial and additional listing fees reported* increased in the first nine months of 2009 compared with the first nine months of 2008, reflecting an increase in capital market activity during the period from April 1, 1999 to September 30, 2009 compared with the period from April 1, 1998 to September 30, 2008. *Initial and additional listing fees billed*** decreased in the first nine months of 2009, as compared with the first nine months of 2008, due to a decrease in initial and additional financings on TSX Venture Exchange, somewhat offset by an increase in initial and additional financings on Toronto Stock Exchange. While the value of initial and additional financings on Toronto Stock Exchange in the first nine months of 2009 increased compared with the first nine months of 2008, this was driven by a larger proportion of high value transactions, where issuers paid the maximum additional listing fee.

- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The decrease in sustaining listing fees was due

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** See discussion under the heading "*Non-GAAP Financial Measures*".

to the overall lower market capitalization of listed issuers at the end of 2008 compared with the end of 2007, somewhat offset by price changes on Toronto Stock Exchange that were effective January 1, 2009.

- *Other issuer services* revenue of $9.7 million decreased from $12.0 million in the first nine months of 2008, reflecting lower demand for investor relations services compared with the first nine months of 2008.

Trading, Clearing and Related Revenue[6]

(in millions of dollars)

	Nine months ended Sept. 30/09	Sept. 30/08	$ increase/ (decrease)	% increase/ (decrease)
Cash markets:				
• *Toronto Stock Exchange*	$ 54.8	$ 74.3	($ 19.5)	(26%)
• *TSX Venture Exchange*	$ 18.4	$ 22.8	($ 4.4)	(19%)
	$ 73.2	$ 97.1	($ 23.9)	(25%)
• *Shorcan*	$ 12.6	$ 9.2	$ 3.4	37%
Cash markets revenue	$ 85.8	$ 106.3	($ 20.5)	(19%)
Derivatives markets revenue	$ 61.3	$ 25.8	$ 35.5	138%
Energy markets revenue	$ 29.4	$ 21.5	$ 7.9	37%
Total	$ 176.5	$ 153.6	$ 22.9	15%

Cash Markets

- *Cash markets* equity trading revenue from Toronto Stock Exchange decreased due to the impact of changes to our equity trading fee schedule which were effective January 1, 2009 and a change in trading mix. The fee changes included increased credits to ELP market participants, a reduction in the spread between active fees and passive credits, and the elimination of a premium fee on ETF transactions. This decrease was partially offset by a 20% increase in the volume of securities traded on Toronto Stock Exchange in the first nine months of 2009 over the first nine months of 2008 (91.3 billion securities in the first nine months of 2009 versus 76.2 billion securities in the first nine months of 2008).

- *Cash markets* equity trading revenue from TSX Venture Exchange decreased due to a 5% decrease in the volume of securities traded in the first nine months of 2009 over the first nine months of 2008 (31.6 billion securities in the first nine months of 2009 versus 33.3 billion

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[6] The "*Trading, Clearing and Related Revenue*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

securities in the first nine months of 2008). The decrease was also due to fee reductions that were effective in 2009.

- In October 2008, we indicated that based on historical trading activity, patterns and product mix, changes to the equity trading fee structure put into place effective January 1, 2009 could reduce trading revenue by approximately $11.0 to $14.0 million on an annual basis if offsetting benefits, including increased volumes, were not realized. During the first nine months of 2009, there were changes in customer and product mix including a higher proportion of volumes coming from new ELP market participants. These changes, together with the change in fee structure, led to a larger than anticipated reduction in cash markets equity trading revenue.

- On August 14, 2009, we announced changes to the equity trading fee schedule that took effect October 1, 2009. Fees under the ELP Program have been replaced with a single tier model which reduces the passive credit paid to ELP Program participants. The active fee paid by ELP Program participants has also been reduced in some cases. In addition, the revised fee schedule is expected to provide all participants with an average reduction of 24% in active trading fees on stocks trading at less than $1 in the post-open continuous market. It is expected that these fee changes will have a neutral impact on our revenues based on historical volumes and product and customer mix. The ongoing impact of these fee changes on actual cash markets equity trading revenue will depend on future trading activity and product and customer mix.

- The increase in revenue from Shorcan primarily reflects an increase in trading of Government of Canada bonds and swaps in the first nine months of 2009 versus the first nine months of 2008.

Derivatives Markets

- *Derivatives markets* revenue reflects $61.3 million in trading and clearing revenue from MX and trading revenue from BOX, compared with $25.8 million from MX in the first nine months of 2008 following the combination on May 1, 2008 and BOX from August 29, 2008 when BOX's results were consolidated into our financial statements, with an adjustment for non-controlling interests.

- MX volumes decreased by 16% (24.9 million contracts traded in the first nine months of 2009 versus 29.8 million contracts traded in the first nine months of 2008) reflecting reduced trading in both the BAX and CGB contracts, as well as index derivatives, partially offset by an increase in ETFs derivatives and equity options trading**.**

- BOX volumes decreased by 11% (118.9 million contracts in the first nine months of 2009 versus 134.1 million contracts traded in the first nine months of 2008).

Energy Markets

- *Energy markets* revenue increased due to the inclusion of revenue from crude oil trading following the acquisition of NTP on May 1, 2009. We traded 20.6 million barrels of crude oil between May 1, 2009 and September 30, 2009.

- The increase was also due to pricing changes on natural gas contracts that were effective January 1, 2009 and also as a result of NGX having deferred less revenue in the first nine months of 2009, on a net basis, than in the first nine months of 2008 due to a reduced level of forward contracts.

- The increased revenue was also due to the change in the exchange rate of the U.S. dollar relative to the Canadian dollar in the first nine months of 2009 compared with the first nine months of 2008.

- NGX traded or cleared 11.0 million terajoules in natural gas and electricity contracts in the first nine months of 2009 and in the first nine months of 2008. This excludes Watt-Ex volumes.

Market Data Revenue

(in millions of dollars)

Nine months ended			
Sept. 30/09	Sept. 30/08	$ increase	% increase
$ 109.1	$ 97.4	$11.7	12%

- *Market data* revenue included $12.7 million in revenue related to the business operations of MX and BOX in the first nine months of 2009, compared with $5.3 million from MX from May 1, 2008 and BOX from August 29, 2008. There was an 11% decrease in the average number of MX market data subscriptions in the first nine months of 2009 compared with the five months from May 1, 2008 to September 30, 2008. There were over 22,000 MX market data subscriptions at September 30, 2009.

- The increase was also due to the change in the exchange rate of the U.S. dollar relative to the Canadian dollar in the first nine months of 2009 compared with the first nine months of 2008, higher revenues from data feeds, usage-based quotes and co-location services as well as pricing changes that were effective January 1, 2009.

- The increase was partially offset by an 8% decrease in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products in the first nine months of 2009 compared with the first nine months of 2008. There were over 145,000 professional and equivalent real-time market data subscriptions at September 30, 2009.

Business Services and Other Revenue

(in millions of dollars)

Nine months ended			
Sept. 30/09	**Sept. 30/08**	**$ (decrease)**	**% (decrease)**
$ 12.1	$ 16.6	($4.5)	(27%)

- *Business services* revenue in first nine months of 2008 included four months of revenue from BOX for technology and other services provided by MX, which in the first nine months of 2009 has been eliminated on consolidation as BOX is now a subsidiary of MX. The decrease was somewhat offset by the inclusion of revenue from the technology licensing arrangement with LSE.

- The decrease was also due to net foreign exchange losses on U.S. dollar accounts receivable.

Operating Expenses

Operating expenses in the first nine months of 2009 were $205.5 million, an increase of $43.8 million, or 27%, as compared with $161.7 million in first nine months of 2008. The increase was due primarily to the inclusion of $57.5 million of expenses related to MX and BOX, versus $25.4 million related to MX from May 1, 2008 to September 30, 2008 and the operations of BOX from August 29, 2008 to September 30, 2008. In addition, we incurred higher expenses related to various technology initiatives in first nine months of 2009 compared with first nine months of 2008.

Compensation and Benefits

(in millions of dollars)

Nine months ended			
Sept. 30/09	**Sept. 30/08**	**$ increase**	**% increase**
$ 97.4	$ 81.4	$16.0	20%

- *Compensation and benefits* costs increased primarily due to the inclusion of $22.6 million in costs related to MX and BOX. There were $10.6 million in costs related to MX in the first nine months of 2008 following the combination on May 1, 2008 and BOX from August 29, 2008.

- The increase was also attributable to higher costs associated with technology initiatives, increased overall costs related to certain performance incentives, higher organizational transition costs and increased costs associated with salary increases compared with the first nine months of 2008.

- There were 845 employees at September 30, 2009, which included 6 NTP employees, versus 850 employees at September 30, 2008.

Information and Trading Systems

(in millions of dollars)

Nine months ended			
Sept. 30/09	**Sept. 30/08**	**$ increase**	**% increase**
$ 35.0	$ 25.0	$10.0	40%

- *Information and trading systems* costs included $5.2 million in costs related to MX and BOX, compared with $2.4 million in costs related to MX in the first nine months of 2008 following the combination on May 1, 2008 and BOX from August 29, 2008.

- *Information* and *trading systems* costs also increased due to costs associated with our technology initiatives including data centre enhancements, the TSX Quantum gateway, the smart order router and enterprise expansion. In addition, there were higher expenses related to NGX's arrangement with ICE.

General and Administration

(in millions of dollars)

Nine months ended			
Sept. 30/09	**Sept. 30/08**	**$ increase**	**% increase**
$ 51.0	$ 38.0	$13.0	34%

- *General and administration* costs included $18.0 million in costs related to MX and BOX, compared with $7.0 million in costs related to MX in the first nine months of 2008 following the combination on May 1, 2008 and BOX from August 29, 2008.

- *General and administration* costs also increased as a result of increased spending related to our technology initiatives and higher insurance costs.

Amortization

(in millions of dollars)

Nine months ended			
Sept. 30/09	**Sept. 30/08**	**$ increase**	**% increase**
$ 22.2	$ 17.3	$4.9	28%

- *Amortization* costs increased reflecting amortization of $11.7 million related to MX and BOX, compared with $5.3 million related to MX in the first nine months of 2008 following the combination on May 1, 2008 and BOX from August 29, 2008.

- The increase was somewhat offset by reduced amortization relating to assets that were fully depreciated by 2009.

Income from Investments in Affiliates

(in millions of dollars)

Nine months ended		
Sept. 30/09	**Sept. 30/08**	**$ (decrease)**
$ 0.2	$ 1.0	($0.8)

- *Income from investments in affiliates* of $0.2 million represents TSX Inc.'s share of CanDeal.ca Inc. (CanDeal) income for the first nine months of 2009 based on its 47% interest in CanDeal, compared with $0.3 million from the first nine months of 2008. CanDeal is an electronic trading system for the institutional debt market.

- In the first nine months of 2008, *Income from investments in affiliates* included $0.7 million representing MX's share of BOX income, based on its 31.4% interest in BOX from May 1, 2008 to August 28, 2008.

Investment Income

(in millions of dollars)

Nine months ended			
Sept. 30/09	**Sept. 30/08**	**$ (decrease)**	**% (decrease)**
$ 4.3	$ 10.7	($6.4)	(60%)

- *Investment income* decreased due to a reduction in cash available for investment and lower overall returns on investments during the first nine months of 2009 compared with the first nine months of 2008.

Interest Expense

(in millions of dollars)

Nine months ended			
Sept. 30/09	**Sept. 30/08**	**$ (decrease)**	**% (decrease)**
$ 4.7	$ 7.1	($2.4)	(34%)

- *Interest expense* decreased as a result of lower interest rates on the debt outstanding. On April 30, 2008, we borrowed $430.0 million in Canadian funds on a Term Facility related to financing the cash consideration of the purchase price for MX (*see* **Long-term Debt**).

Other Acquisition Related Expenses

(in millions of dollars)

Nine months ended		
Sept. 30/09	**Sept. 30/08**	**$ (decrease)**
-	$ 15.9	($ 15.9)

- In August 2007, TMX Group and ISE Ventures announced the execution of a shareholders' agreement for CDEX Inc. (CDEX), which was created to operate DEX, a new Canadian derivatives exchange scheduled to begin operations in March 2009. In connection with the agreement to combine with MX, we provided ISE Ventures with a notice of a competing transaction as required under the terms of the CDEX shareholders' agreement, and subsequently paid ISE Ventures $15.2 million on April 1, 2008, which was accrued in Q1/08.

- When we acquired NGX in 2004, TMX Group entered into an arrangement with MX for $5.0 million. TMX Group amortized this amount over five years, the remaining term of the 1999 Memorandum of Agreement with MX. As a result of the May 1, 2008 business combination with MX, we expensed the unamortized balance of $0.7 million in Q2/08.

Income Taxes[7]

(in millions of dollars)

		Effective tax rate (%)	
Nine months ended		**Nine months ended**	
Sept. 30/09	**Sept. 30/08**	**Sept. 30/09**	**Sept. 30/08**
$ 62.2	$ 75.3	32%	36%

- The effective tax rate in the first nine months of 2009 was lower than the effective tax rate of 36% for the first nine months of 2008 primarily due to the impact of paying $15.2 million to ISE Ventures in 2008, which was not deducted for income tax purposes.

- The effective tax rate for the first nine months of 2009 was also somewhat lower than that for the first nine months of 2008 due to an increase in income attributable to the Province of Quebec in the first nine months of 2009, compared with the period from May 1, 2008 to September 30, 2008. In our case, this income is taxed at a lower effective tax rate in Quebec. In addition, there was a lower federal income tax rate in the first nine months of 2009 compared with the first nine months of 2008.

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[7] The "*Income Taxes*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

- In the 2009 Ontario budget, the government proposed new tax reforms, which, if enacted, would reduce the general corporate tax rate from 14% in 2009 to 12% by July 1, 2010, with further reductions to 10% by July 1, 2013. Since these reforms were not substantively enacted during the first nine months of 2009, there was no impact on *Income Taxes*. If the legislation becomes substantively enacted, based on the future income tax asset as at September 30, 2009, we estimate there will be a net reduction in the value of the future income tax asset of approximately $8.0 million and a corresponding increase in *Income Taxes* of approximately $8.0 million. While this accounting adjustment will have no immediate impact on cash flow, the decline in tax rates will reduce taxes payable in future periods.

Non-controlling Interests[8]

As a result of the acquisition of control of BOX on August 29, 2008, the results of BOX were fully consolidated into our consolidated statements of income. MX now has a 53.8% ownership interest in BOX. The non-controlling interests represent the other BOX unitholders' share of BOX's income before taxes.

Segment Analysis

Cash Markets –Equities and Fixed Income

(in millions of dollars)

	Q3/09	Q3/08	$ (decrease)	% (decrease)
Revenue	$95.3	$108.2	($12.9)	(12%)
Net Income	$33.6	$41.9	($8.3)	(20%)

The decrease in revenue primarily reflects lower cash equity trading revenue from Toronto Stock Exchange and issuer services revenue related to sustaining listing fees and other issuer services, partially offset by higher cash equity trading revenue from TSX Venture Exchange and increased fixed income trading revenue. Net income decreased due to the decrease in revenue and an increase in expenses primarily related to various technology initiatives partially offset by a reduction in interest expense.

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8 In October 2008, BOX repurchased some of its units thereby increasing MX's ownership interest from 53.3% to 53.8%.

	Nine months ended			
	Sept. 30/09	Sept. 30/08	$ (decrease)	% (decrease)
Revenue	$296.0	$322.7	($26.7)	(8%)
Net Income	$107.9	$116.9	($9.0)	(8%)

The decrease in revenue primarily reflects lower cash equity trading and issuer services revenue related to sustaining listing fees and other issuer services, partially offset by increased market data revenue and fixed income trading revenue. Net income decreased due to the decreased revenue and an increase in expenses primarily related to various technology initiatives partially offset by a reduction in interest expense. In addition, in the first nine months of 2008, net income was reduced by $15.2 million due to a payment to ISE Ventures with respect to the termination of our derivatives joint venture.

(in millions of dollars)

	September 30, 2009	September 30, 2008	$ increase
Goodwill	$116.9	$46.7	$70.2
Total Assets	$500.4	$452.5	$47.9

The increase in Goodwill was attributable to the allocation of $67.1 million of goodwill in Q4/08 from the acquisition of MX and additional payments related to the acquisition of Equicom. The increase in Total Assets at September 30, 2009 reflects this increase in goodwill, partially offset by decreased cash and marketable securities due to the repurchase of common shares under our normal course issuer bid (NCIB). In Q4/08, we repurchased 1,000,000 common shares under our NCIB at a cash cost of $27.8 million. In the first nine months of 2009, we repurchased 1,000,000 common shares at a cost of $30.4 million pursuant to private agreements as part of our NCIB.

Derivatives Markets – MX and BOX

(in millions of dollars)

	Q3/09	Q3/08	$ increase/ (decrease)	% increase (decrease)
Revenue	$24.8	$23.3	$1.5	6%
Net Income	$ 5.3	$6.9	($ 1.6)	(23%)

BOX's results were consolidated in our Q3/09 financial statements (with an adjustment made for non-controlling interests) and were consolidated in our Q3/08 financial statements from

August 29, 2008. From July 1, 2008 to August 28, 2008, 31.4% of earnings from BOX were included as *Income from investments in affiliates*.*

	Nine months ended			
	Sept. 30/09	**Sept. 30/08**	**$ increase**	**% increase**
Revenue	$78.1	$37.2	$40.9	110%
Net Income	$14.8	$10.7	$ 4.1	38%

The increase in revenue and net income relates to the inclusion of nine months of MX's results in the first nine months of 2009 compared with five months of results in the first nine months of 2008. BOX's results were consolidated in our first nine months of 2009 financial statements (with an adjustment made for non-controlling interests) and were only consolidated in our 2008 financial statements from August 29, 2008. From May 1, 2008, to August 28, 2008, 31.4% of earnings from BOX were included as *Income from investments in affiliates*.*

(in millions of dollars)

	Sept. 30, 2009	**Sept. 30, 2008**	**$ increase/ (decrease)**
Goodwill	$493.8	$567.1	($73.3)
Total Assets	$2,069.6	$2,009.6	$60.0

The decrease in Goodwill related mainly to $67.1 million of goodwill from the acquisition of MX which was allocated to the Cash Markets segment in Q4/08.

Total Assets increased primarily due to an increase in Daily Settlements and Cash Deposits of $112.0 million. MX also carried offsetting liabilities related to daily settlements and cash deposits which were $112.0 million higher at September 30, 2009 compared with September 30, 2008. The increase was partially offset by $67.1 million of goodwill from the acquisition of MX which was allocated to the Cash Markets segment in Q4/08.

* Based on MX's ownership interest in BOX prior to acquisition of control.

Energy Markets

(in millions of dollars)

	Q3/09	Q3/08	$ increase	% increase
Revenue	$ 10.2	$ 7.7	$ 2.5	32%
Net Income	$ 2.9	$ 2.2	$ 0.7	32%

The increase in revenue and net income was largely due to the inclusion of the operations of NTP, following the acquisition on May 1, 2009. The increase was also due to pricing changes that were effective January 1, 2009, and an increase in the volumes of natural gas and electricity contracts traded or cleared on NGX over Q3/08. The increase in net income was somewhat offset by an increase in expenses related to NGX's arrangement with ICE.

	Nine months ended			
	Sept. 30, 2009	Sept. 30, 2008	$ increase	% increase
Revenue	$ 29.2	$ 21.7	$ 7.5	35%
Net Income	$ 8.9	$ 5.3	$ 3.6	68%

The increase in revenue and net income was due to the inclusion of the operations of NTP, the change in the exchange rate of the U.S. dollar relative to the Canadian dollar in the first nine months of 2009 compared with the first nine months of 2008, pricing changes that were effective January 1, 2009, and also as a result of NGX having deferred less revenue in the first nine months of 2009, on a net basis, than in the first nine months of 2008 due to a reduced level of forward contracts.

(in millions of dollars)

	Sept. 30, 2009	Sept. 30, 2008	$ increase/ (decrease)
Goodwill	$52.2	$21.3	$30.9
Total Assets	$883.0	$1,020.9	($137.9)

Total Assets decreased largely due to a decrease in energy contracts receivable of $353.5 million which was the result of lower natural gas prices at the end of September 2009, compared with the end of September 2008. This decrease was partially offset by an increase of $127.1 million in the fair value of open energy contracts receivable. As the clearing counterparty to every trade, NGX also carries offsetting liabilities in the form of energy contracts payable, which were also $353.5 million lower at the end of September, 2009 compared with the end of September, 2008. NGX also carried offsetting liabilities related to the fair value of open energy contracts which were $127.1 million higher at September 30, 2009 compared with September 30, 2008. The overall decrease was also slightly offset by an increase of $49.6 million in intangible assets and $30.9 million in goodwill from the acquisition of NTP on May 1, 2009.

Liquidity and Capital Resources

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)

September 30, 2009	December 31, 2008	$ (decrease)
$ 172.3	$ 198.7	($26.4)

- The decrease was due to three dividend payments of $0.38 per common share, or $84.7 million in aggregate, as well as to payments totalling $30.4 million relating to the repurchase of 1,000,000 common shares under our NCIB program in the first nine months of 2009.
- In addition, we paid $24.2 million in relation to the May 1, 2009 acquisition of NTP, net of cash acquired.
- We also paid $7.7 million for a 19.9% interest in EDX on May 7, 2009.
- The decrease was also due to non-acquisition related additions to intangible assets of $10.4 million, the payment of $6.4 million in dividends to non-controlling interests in BOX and $4.6 million in capital expenditures.
- The decrease was somewhat offset by cash generated from operating activities of $148.4 million.

Total Assets

(in millions of dollars)

September 30, 2009	December 31, 2008	$ (decrease)
$ 3,453.0	$ 3,688.6	($ 235.6)

- *Total assets* decreased due to lower energy contracts receivable of $487.5 million at September 30, 2009 related to the clearing operations of NGX, compared with $976.4 million at the end of 2008. The lower level of receivables reflected lower natural gas prices at the end of September 2009 compared with the end of December 2008. As the clearing counterparty to every trade, NGX also carries offsetting liabilities in the form of energy contracts payable, which were $487.5 million at September 30, 2009 compared with $976.4 million at the end of 2008.
- The overall decrease was partially offset by higher MX daily settlements and cash deposits of $610.1 million as at September 30, 2009 related to MX's clearing operations, compared with $497.3 million at the end of 2008. MX also carried offsetting liabilities related to daily settlements and cash deposits which were $610.1 million at September 30, 2009 compared with $497.3 million at the end of 2008. Daily settlements due from/to clearing members consist of amounts due from/to clearing members as a result of marking open futures

positions to market and settling options transactions each day that are required to be collected from/paid to clearing members prior to the commencement of the next trading day.

- The decrease was also partially offset by an increase in current assets related to the fair value of open energy contracts ($247.1 million as at September 30, 2009, compared with $155.3 million at December 31, 2008). NGX also carried offsetting liabilities related to the fair value of open energy contracts which were $247.1 million at September 30, 2009 compared with $155.3 million at December 31, 2008.

- In addition, the overall decrease in *Total assets* was partially offset due to recording $49.6 million in intangible assets and $30.9 million in goodwill related to the purchase of NTP on May 1, 2009, less cash paid of $24.2 million related to the acquisition.

Credit Facilities and Guarantee

Long-term Debt

(in millions of dollars)

September 30, 2009	December 31, 2008	$ increase
$428.8	$428.3	$ 0.5

- In connection with the combination with MX, we established the Term Facility with a syndicate of seven financial institutions. In addition, we also established a revolving three-year unsecured credit facility of $50.0 million with the same syndicate. We may draw on these facilities in Canadian dollars by way of prime rate loans and/or Bankers' Acceptances or in U.S. dollars by way of LIBOR loans and/or U.S. base rate loans. Currently, TMX Group's acceptance fee or spread on the loan is 0.45%. On April 30, 2008, we borrowed $430.0 million in Canadian funds on the Term Facility to satisfy the cash consideration of the purchase price for MX.

These credit facilities contain customary covenants, including a requirement that TMX Group maintain:

- ◦ a maximum debt to adjusted EBITDA ratio of 3.5:1, where adjusted EBITDA means earnings on a consolidated basis before interest, taxes, depreciation and amortization, all determined in accordance with GAAP but adjusted to include initial and additional listing fees billed and to exclude initial and additional listing fees reported as revenue;

- ◦ a minimum consolidated net worth covenant based on a pre-determined formula; and

- ◦ a debt incurrence test whereby debt to adjusted EBITDA must not exceed 3.0:1.

At September 30, 2009, all covenants were met.

We entered into a series of interest rate swap agreements which took effect on August 28, 2008 in order to partially manage our exposure to interest rate fluctuations. On August 31, 2009, swap agreements with a notional value of $100.0 million, representing one third of the total notional value of the swaps, matured.

Other Credit Facilities and Guarantee

To backstop its clearing operations, NGX currently has a credit agreement in place with a Canadian chartered bank which includes a US$100.0 million clearing backstop fund. We are NGX's unsecured guarantor for this fund up to a maximum of US$100.0 million.

CDCC has also arranged a total of $30.0 million in revolving standby credit facilities with a Canadian Schedule I bank to provide liquidity in the event of default by a clearing member.

These facilities have not been drawn upon at September 30, 2009.

Shareholders' Equity

(in millions of dollars)

September 30, 2009	December 31, 2008	$ increase
$ 826.5	$ 794.6	$ 31.9

- *Shareholders' equity* increased due to an increase of $32.1 million in share capital following the issuance of 878,059 TMX Group common shares in satisfaction of a portion of the purchase price for NTP on May 1, 2009.

- On August 14, 2008, we received approval from Toronto Stock Exchange to repurchase up to 7,595,585 of our common shares pursuant to an NCIB. *Shareholders' equity* decreased partially due to the repurchase of shares in connection with our NCIB. In the first nine months of 2009, we repurchased for cancellation 1,000,000 shares for $30.4 million pursuant to two private agreements between TMX Group and an arm's length third-party seller. These common shares were cancelled and the NCIB expired August 17, 2009.

- We earned $131.5 million of net income and paid $84.7 million in dividends during the first nine months of 2009.

- At September 30, 2009, there were 74,304,177 common shares issued and outstanding. In the first nine months of 2009, 22,541 common shares were issued on the exercise of share options. At September 30, 2009, 4,229,755 common shares were reserved for issuance upon the exercise of options granted under the share option plan. At September 30, 2009, there were 1,406,554 options outstanding.

- At October 27, 2009, there were 74,305,041 common shares issued and outstanding and 1,404,651 options outstanding under the share option plan.

Cash Flows from Operating Activities

(in millions of dollars)

	Q3/09	Q3/08	(Decrease) in cash
Cash Flows from Operating Activities	$ 37.4	$ 54.6	($ 17.2)

Cash Flows from Operating Activities were $17.2 million lower in Q3/09 compared with Q3/08 due to:

(in millions of dollars)

	Q3/09	Q3/08	Increase/ (decrease) in cash
Net income	$ 41.7	$ 50.9	($ 9.2)
Amortization	$ 7.6	$ 7.0	$ 0.6
Unrealized (gain)/loss on marketable securities	($ 0.6)	$ 0.7	($ 1.3)
Net (decrease) in future income taxes	($ 2.6)	($ 1.3)	($ 1.3)
Unrealized (gain) on interest rate swaps	($ 2.2)	-	($ 2.2)
(Increase)/decrease in accounts receivable and prepaid expenses	($ 9.3)	$ 8.6	($ 17.9)
(Increase)/decrease in other assets	($ 0.9)	$ 1.3	($ 2.2)
Net increase/(decrease) in accounts payable and accrued liabilities	$ 4.8	($ 2.5)	$ 7.3
(Decrease) in deferred revenue	($ 1.9)	($ 13.2)	$ 11.3
Net increase/(decrease) in income taxes	($ 0.8)	$ 2.2	($ 3.0)
Net increase in other items	$ 1.6	$ 0.9	$ 0.7
Cash Flows from Operating Activities	$ 37.4	$ 54.6	($ 17.2)

	Nine months ended		
	Sept. 30/09	**Sept. 30/08**	**(Decrease) in cash**
Cash Flows from Operating Activities	$ 148.4	$ 183.3	($ 34.9)

Cash Flows from Operating Activities were $34.9 million lower in the first nine months of 2009 compared with the first nine months of 2008 due to:

(in millions of dollars)

	Nine months ended		**Increase/ (decrease) in cash**
	Sept. 30/09	**Sept. 30/08**	
Net income	$ 131.5	$ 132.9	($ 1.4)
Amortization	$ 22.2	$ 17.3	$ 4.9
Unrealized (gain)/loss on marketable securities	($ 0.3)	($ 0.2)	($ 0.1)
Payment to ISE Ventures related to termination of joint venture	-	$ 15.2	($ 15.2)
Net (decrease) in future income taxes	($ 2.6)	($ 5.2)	$ 2.6
Unrealized (gain) on interest rate swaps	($ 5.6)	-	($ 5.6)
(Increase) in accounts receivable and prepaid expenses	($ 13.1)	-	($ 13.1)
(Increase)/decrease in other assets	($ 7.7)	$ 5.1	($ 12.8)
Net (decrease) in accounts payable and accrued liabilities	($ 9.8)	($ 35.8)	$ 26.0
Increase in deferred revenue	$ 45.3	$ 52.1	($ 6.8)
Net increase/(decrease) in income taxes	($ 17.0)	$ 0.5	($ 17.5)
Net increase in other items	$ 5.5	$ 1.4	$ 4.1
Cash Flows from Operating Activities	$ 148.4	$ 183.3	($ 34.9)

Cash Flows from (used in) Financing Activities

(in millions of dollars)

	Q3/09	Q3/08	Increase in cash
Cash Flows from (used in) Financing Activities	($ 29.0)	($ 152.2)	$ 123.2

Cash Flows (used in) Financing Activities were $123.2 million lower in Q3/09 compared with Q3/08 due to:

(in millions of dollars)

	Q3/09	Q3/08	Increase/ (decrease) in cash
Dividends paid on common shares	($ 28.2)	($ 29.4)	$ 1.2
Repurchase of common shares under NCIB	-	($ 123.3)	$ 123.3
Dividend paid to BOX non-controlling interests	($ 1.2)	-	($ 1.2)
Proceeds on term loan	-	($ 0.2)	$ 0.2
Proceeds from exercised options	$ 0.4	$ 0.7	($ 0.3)
Cash Flows from (used in) Financing Activities	($ 29.0)	($ 152.2)	$ 123.2

(in millions of dollars)

	Nine months ended		
	Sept. 30/09	**Sept. 30/08**	**(Decrease) in cash**
Cash Flows from (used in) Financing Activities	($ 120.6)	$ 91.5	($ 212.1)

Cash Flows (used in) Financing Activities were $212.1 million higher in the first nine months of 2009 compared with the first nine months of 2008 due to:

(in millions of dollars)

	Nine months ended		Increase/ (decrease) in cash
	Sept. 30/09	**Sept. 30/08**	
Dividends paid on common shares	($ 84.7)	($ 85.6)	$ 0.9
Repurchase of common shares under NCIB	($ 30.4)	($ 257.6)	$ 227.2
Dividends paid to BOX non-controlling interests	($ 6.4)	-	($ 6.4)
Proceeds on term loan	-	$ 427.8	($ 427.8)
Proceeds from exercised options	$ 0.5	$ 7.0	($ 6.5)
Net increase in other items	$ 0.4	($ 0.1)	$ 0.5
Cash Flows from (used in) Financing Activities	($ 120.6)	$ 91.5	($ 212.1)

Cash Flows from (used in) Investing Activities

(in millions of dollars)

	Q3/09	Q3/08	Decrease in cash
Cash Flows from (used in) Investing Activities	($ 3.3)	$ 56.6	($ 59.9)

Cash Flows (used in) Investing Activities were $59.9 million higher in Q3/09 compared with Q3/08 due to:

(in millions of dollars)

	Q3/09	Q3/08	Increase/ (decrease) in cash
Additional payments related to the 2007 acquisition of Equicom and the 2008 acquisition of controlling interest in BOX, net of cash acquired	($ 3.3)	($ 56.0)	$ 52.7
Capital expenditures primarily related to technology investments and leasehold improvements	($ 2.4)	($ 1.6)	($ 0.8)
Additions to intangible assets including TSX Quantum and SOLA internal development costs	($ 1.9)	($ 1.6)	($ 0.3)
Net sale of marketable securities	$ 4.3	$ 115.8	($ 111.5)
Cash Flows from (used in) Investing Activities	($ 3.3)	$ 56.6	($ 59.9)

	Nine months ended		
	Sept. 30/09	**Sept. 30/08**	**Increase in cash**
Cash Flows from (used in) Investing Activities	($ 40.5)	($ 250.5)	$ 210.0

Cash Flows (used in) Investing Activities were $210.0 million lower in the first nine months of 2009 compared with the first nine months of 2008 due to:

(in millions of dollars)

	Nine months ended		
	Sept. 30/09	**Sept. 30/08**	**Increase/ (decrease) in cash**
Additional payments related to the 2007 acquisition of Equicom and the acquisition of MX and controlling interest in BOX, net of cash acquired	($ 5.2)	($ 413.2)	$ 408.0
Acquisition of NTP, net of cash acquired	($ 24.2)	-	($ 24.2)
Investment in EDX	($ 7.7)	-	($ 7.7)
Payment to ISE Ventures related to termination of joint venture	-	($ 15.2)	$ 15.2
Capital expenditures primarily related to technology investments and leasehold improvements	($ 4.6)	($ 4.8)	$ 0.2
Additions to intangible assets including TSX Quantum and SOLA internal development costs	($ 10.4)	($ 5.6)	($ 4.8)
Net sale of marketable securities	$ 11.6	$ 188.3	($ 176.7)
Cash Flows from (used in) Investing Activities	($ 40.5)	($ 250.5)	$ 210.0

Summary of Cash Position[9]

We had $172.3 million of cash and cash equivalents and marketable securities at September 30, 2009 and have a three-year, $50.0 million revolving credit facility which is undrawn. Based on our current business operations and model, we believe that we have sufficient cash resources to operate our business. During the first nine months of 2009, with revenues of $403.3 million, we incurred operating expenses of $205.5 million. We had $430.0 million of debt outstanding under the Term Facility, which is due in April 2011. It is expected that this Term Facility will either be

[9] The "*Summary of Cash Position and Other Matters*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

refinanced in whole or in part, or repaid, prior to that date. Based on current levels of cash flow from operations, we believe that this Term Facility could be repaid with a combination of existing cash, future cash flow from operations and refinancing, as required. Cash flow from operations was $148.4 million in the first nine months of 2009. In addition, while there are no plans to reduce the existing dividend paid on common shares, we do have the flexibility to change our dividend policy if market conditions were to deteriorate to the point where we felt it necessary to maintain more cash to support operations. We paid $84.7 million in dividends on common shares in the first nine months of 2009. We repurchased 1.0 million common shares under our NCIB during the first nine months of 2009 at a cost of $30.4 million.

Future investment opportunities that may require debt financing could be limited by current and future economic conditions, the covenants on TMX Group's existing credit facilities and by our financial viability ratios imposed by securities regulators (see Capital Disclosures in our Annual MD&A for more information on the financial resources requirements imposed by securities regulators).

Defined Benefit Pension Plans[10]

Based on the most recent actuarial valuation for funding purposes as at December 31, 2008, we estimate a funding deficit of approximately $15.5 million on a solvency basis, of which $6.4 million was funded in the first nine months of 2009 and reflected as an increase in *Other assets*.

Financial Instruments

Cash, Cash Equivalents and Marketable Securities

Our financial instruments include cash, cash equivalents and investments in marketable securities. This includes units in a money market fund and a short-term bond and mortgage fund, managed by an external advisor. Marketable securities also include the investment portfolio of MX, which is managed by an external advisor; this portfolio includes federal, provincial and corporate bonds as well as bank-backed asset-backed debt securities.

These investments are recorded at fair value and unrealized gains of $0.6 million and $0.3 million were recorded in investment income in Q3/09 and the first nine months of 2009 respectively, compared with unrealized losses of $0.7 and unrealized gains of $0.2 million in Q3/08 and the first nine months of 2008 respectively.

CDCC - Daily Settlements and Cash Deposits

Amounts due from and to clearing members as a result of marking to market open futures positions and settling options transactions each day are required to be collected from or paid to

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10 The "*Defined Benefit Pension Plans*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

clearing members prior to the commencement of trading the next day. The amounts due from and due to clearing members are recognized in the consolidated assets and liabilities as daily settlements and cash deposits. There is no impact on the consolidated statement of income.

Long-term Debt

We established the Term Facility in connection with the combination with MX. In addition, we also established a revolving three-year unsecured credit facility of $50.0 million with the same syndicate (see **Credit Facilities and Guarantee - Long-term Debt**).

NGX - Fair Value of Open Energy Contracts

As part of its clearing operations, NGX becomes the central counterparty to each transaction. We record NGX's energy contract receivables and offsetting payables for all contracts where physical delivery has occurred or financial settlement amounts have been determined prior to the period end but payments have not been made. The fair value at the balance sheet date of the undelivered physically settled trading contracts and the forward financially settled trading contracts is recognized in the consolidated assets and liabilities as open energy contracts. There is no impact on the consolidated statement of income.

Interest Rate Swaps

Effective August 28, 2008, we entered into a series of interest rate swap agreements to partially manage our exposure to interest rate fluctuations on our Term Facility. We mark to market the value of these interest rate swaps, including a credit valuation adjustment as required under the Canadian Institute of Chartered Accountants (CICA) Emerging Issues Committee (EIC) Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", as an adjustment to income. During Q3/09, unrealized gains of $2.2 million and realized losses of $2.2 million were reflected in net income, compared with no unrealized or realized gains/losses in Q3/08. Both amounts have been included within net mark to market on interest rate swaps on the income statement. During the first nine months of 2009, unrealized gains of $5.6 million and realized losses of $6.5 million were reflected in net income, compared with no unrealized or realized gains/losses in the first nine months of 2008. Both amounts have been included within net mark to market on interest rate swaps on the income statement.

The notes to our December 31, 2008 audited annual financial statements (specifically note 21) and our 2008 Annual MD&A (under the headings "**Financial Instruments**" and **"Derivative Financial Instruments**") contain a discussion of our financial instruments, and derivative financial instruments. Please refer to these documents to review that discussion. The primary risks associated with financial instruments and derivative financial instruments and a description of these risks is contained in our 2008 Annual MD&A under the headings "**Financial Instruments**" and "**Derivative Financial Instruments**" and "**Financial Instruments Disclosure and Presentation**".

Changes in Internal Control over Financial Reporting

During Q3/09 we implemented a new general ledger system and integrated certain aspects of the Montreal Exchange accounting function. The financial processes and internal controls supporting the new general ledger system and MX accounting function have not changed significantly. The controls that were put into effect to support the operation of the new general ledger system and to administer access control are similar to those that were previously in place.

There were no other changes to internal control over financial reporting during the quarter ended September 30, 2009 that materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Quarterly Information

(in thousands of dollars except per share amounts)

	Sept. 30 /09	June 30/09	Mar. 31 /09	Dec. 31 /08	Sept. 30 /08	June 30/08	Mar. 31 /08	Dec. 31 /07
Revenue	$130,243	$137,582	$135,809	$151,395	$139,183	$130,077	$112,353	$111,191
Net Income	41,749	46,871	42,918	49,035	50,944	49,227	32,746	30,439
Earnings per share:								
Basic	0.56	0.63	0.58	0.65	0.66	0.65	0.49	0.46
Diluted	0.56	0.63	0.58	0.65	0.66	0.65	0.49	0.45

2007

- Revenue in Q4/07 increased over revenue in Q3/07 primarily due to higher issuer services, trading and market data revenue. Net income for Q4/07 decreased over Q3/07 primarily due to increased income taxes and expenses which more than offset the higher revenue.

2008

- Revenue in Q1/08 increased over revenue in Q4/07 primarily due to higher market data and issuer services revenue. Net income for Q1/08 increased over Q4/07 primarily due to a decrease in expenses and higher revenue. Net income for Q1/08 was reduced due to an expense of $15.2 million to ISE Ventures related to exiting our previously announced joint venture to operate DEX, whereas in Q4/07, net income was reduced due to increased income taxes as a result of a $13.3 million reduction to the value of the future income tax asset.

- Revenue in Q2/08 improved over revenue in Q1/08 primarily due to revenue associated with the combination with MX on May 1, 2008 and increased issuer services and market data revenue. Net income for Q2/08 increased over Q1/08 primarily due to the increase in revenue, somewhat offset by an increase in expenses, including interest expense, and a decrease in investment income.

- Revenue in Q3/08 improved over revenue in Q2/08 primarily due to a full quarter of revenue from the combination with MX. In addition, 100% of BOX's revenue is consolidated from acquisition of control on August 29, 2008, with an adjustment made for non-controlling interests. Net income for Q3/08 increased over Q2/08 primarily due to the increase in revenue, somewhat offset by an increase in expenses related to MX and BOX, interest expense, and a decrease in investment income.

- Revenue in Q4/08 increased over revenue in Q3/08 primarily due to higher revenue from cash equity trading, derivatives trading and energy trading and higher market data revenue. Net income for Q4/08 decreased over Q3/08 primarily due to higher operating expenses and a $13.3 million mark to market adjustment on our interest rate swaps, partially offset by higher revenue and investment income.

2009

- Revenue in Q1/09 decreased over revenue in Q4/08 primarily due to lower cash equity trading and issuer services revenue. Net income for Q1/09 decreased over Q4/08 primarily due to the reduced revenue and an increase in compensation and benefits expenses.

- Revenue in Q2/09 increased over revenue in Q1/09 largely due to higher revenue from TSX Venture Exchange cash equities trading and energy trading, including revenue from NTP, effective May 1, 2009. Net income for Q2/09 increased over Q1/09 primarily due to the increased revenue and a decrease in compensation and benefits expenses.

- Revenue in Q3/09 decreased over revenue from Q2/09 largely due to lower revenue from Toronto Stock Exchange cash equities trading and market data. Net income for Q3/09 decreased over Q2/09 primarily due to the decreased revenue and an increase in compensation and benefits costs, information and trading systems expenses as well as amortization.

Adoption of Accounting Policies

Changes in Accounting Policies Goodwill and Intangible Assets

Goodwill and Intangible Assets

Effective January 1, 2009, we adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces CICA Handbook Section 3062, "Goodwill and Other Intangible Assets" as well as CICA Handbook Section 3450, "Research and Development". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets, and has been applied retrospectively. Implementation of this new standard had no significant impact on our financial statements and disclosures.

Financial Instruments - Disclosures

In June 2009, the CICA amended CICA Handbook Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements primarily around the fair value measurement of financial instruments. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements. Level 1 represents assets and liabilities the fair values of which are determined by reference to quoted prices in active markets for identical assets and liabilities. Level 2 represents assets and liabilities the valuations of which use inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 represents assets and liabilities the valuations of which use inputs that are not based on observable market data. These amendments to Section 3862 will apply to our financial statements for the year ended December 31, 2009.

Future Changes in Accounting Policy

International Financial Reporting Standards (IFRS)[11]

In March 2009, the Canadian Accounting Standards Board reconfirmed in its second omnibus Exposure Draft that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous year, starting in the first quarter of 2011.

TMX Group commenced its IFRS conversion project in 2008. The IFRS project consists of three phases – (i) scoping, (ii) evaluation and design, and (iii) implementation and review.

The scoping phase, which is now complete, consisted of project initiation and awareness, identification of high-level differences between Canadian GAAP and IFRS and project planning and resourcing. As part of this stage, a project team was put in place, a detailed project plan was developed and an external advisor was engaged to assist with the conversion.

We completed a high level scoping exercise and a business impact study, which, at this stage of the transition project, identified the following IFRSs as being likely to have the most impact on our financial statements and/or processes: IFRS 1 - First Time Adoption of IFRS, IAS 18 - Revenue Recognition, IAS 19 - Employee Benefits, IFRS 3 - Business Combinations and IAS 12 - Income Taxes.

We are now in the evaluation and design phase of our conversion project. This phase includes analyzing the changes in and impacts on accounting policies, internal policies and procedures, internal control over financial reporting (ICFR) and disclosure controls and procedures (DC&P), and information systems and various covenants. It also includes analyzing the various alternatives available under IFRS, and ultimately analyzing and quantifying the impact on the

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[11] The "*Future Changes in Accounting Policy - IFRS*" section above contains certain forward-looking statements. Please refer to "*Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

financial statements and associated note disclosures. Each area identified during the scoping phase is specifically analyzed in order of significance and expected impact on TMX Group. Technical workshops, addressing these priority standards and others expected to impact us, are complete and we will monitor changes in IFRS and will change the project plan as necessary. Potential impacts identified as part of the workshops and some preliminary accounting policy decisions will be reviewed by the Finance & Audit Committee. However, TMX Group will not be in a position to make final accounting policy decisions on standards in effect as at the end of 2009 and to estimate potential impacts on the financial statements until 2010.

A training plan has been developed whereby the core project team will receive detailed training on relevant IFRS during the technical workshops discussed above, and separate training sessions have commenced for accounting staff and other affected employees. The Finance & Audit Committee of the Board (F&A) receive updates on the conversion project each quarter, and will receive training commencing in Q4 2009.

The financial position and performance as disclosed in our Canadian GAAP financial statements may be significantly different when such financial information is presented in accordance with IFRS.

The following table summarizes certain key activities and milestones associated with our IFRS conversion plan and their current status. Certain project activities and timelines could change as we proceed through the transition plan. For example, among other things, changes in IFRS or regulatory requirements from now until IFRS transition could result in changes to our conversion project and to the summary information provided below.

KEY ACTIVITY	MILESTONES	STATUS
Financial statement preparation:		
• Identify accounting differences between Canadian GAAP and IFRS accounting policies, and any associated accounting policy choices available • Select TMX Group's ongoing IFRS policies • Select the TMX Group's IFRS 1 policy choices • Develop IFRS-compliant financial statement format • Quantify the effects of these changes on the financial statements	Key differences identified and tentative accounting policy decisions made and presented to the F&A by the end of 2009. Final senior management sign-off and F&A review of all items in advance of transition (by Q3 2010)	Scoping phase completed and high-level differences identified. Currently in the evaluation and design phase, that includes an in-depth analysis and quantification of the significant differences identified and an assessment of the accounting policy choices available. Tentative accounting policy choices, including IFRS 1 elections, to be reviewed with F&A during Q4 2009. Development of financial statement format scheduled to commence in Q4 2009.
Training:		
Define and introduce the appropriate level of IFRS expertise for the following: • Core IFRS team • Other affected finance staff • Senior executives and the Board of Directors, including F&A and Disclosure Committee members	Appropriate level of expertise in place throughout TMX Group by mid 2010.	Training plan completed. Detailed training underway for core team since 2008, and ongoing throughout conversion. Training of other affected finance staff commenced in Q3 2009. F&A Committee receive quarterly IFRS updates.

KEY ACTIVITY	MILESTONES	STATUS
IT infrastructure:		
Confirm that business processes and systems are IFRS compliant, including: • IT system upgrades and changes • Gathering data for additional disclosure purposes • Budget and forecasting under IFRS	Confirm that systems can support dual reporting requirements by Q4 2009. Business processes and systems required for additional disclosure and for budgeting to be in place by transition.	Review of dual reporting options underway – to be finalized and implemented in Q4 2009 IT and business processes impact analysis included as part of the evaluation and design work. No major IT issues identified to date.
Control environment:		
• For all accounting policy changes identified, assess the control design and effectiveness implications (both ICFR and DC&P) • Implement appropriate changes	Key controls and design effectiveness implications to be assessed as part of the evaluation and design phase.	Impact on ICFR and DC&P considered as part of the evaluation and design phase; further analysis required during Q4 2009 and 2010.

KEY ACTIVITY	MILESTONES	STATUS
External reporting:		
Assess the effects of key IFRS-related accounting policy and financial statement changes on external reporting, including: • Identify the impact on financial covenants and regulatory capital adequacy requirements, and complete any required renegotiations/discussions • Consider expected MD&A communications up to and following transition • Consider the investor relations process for responding to IFRS-related queries, and confirm that 2011 investor relations communications are IFRS compliant	Publish regular updates on the status of the IFRS transition in the 2009 and 2010 annual and quarterly MD&A. Publish 2011 quarterly and annual financial statements and MD&A in accordance with IFRS, including 2010 comparatives and IFRS 1 required disclosures. Covenants and regulatory requirements to be reviewed and addressed as necessary by Q3 2010.	IFRS disclosure in the MD&A will be updated throughout the project. Identification of covenants and regulatory ratios that may be affected by the transition complete. Potential impact on the various covenants considered as part of the evaluation and design phase – further analysis required during Q4 2009 and 1H 2010. Investor communication plan to be finalized during Q4 2009.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued CICA HB 1582 – Business Combinations, which will replace CICA HB 1581 – Business Combinations. The CICA also issued CICA HB 1601 – Consolidated Financial Statements and CICA HB 1602 – Non-Controlling Interests, which will replace CICA HB 1600 – Consolidated Financial Statements. The new standards are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. The objective of the new standards is to harmonize Canadian GAAP for business combinations and consolidated financial statements with the International and U.S. accounting standards. The new standards are to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. Assets and liabilities that arose from business combinations the acquisition dates for which preceded the application of the new standards will not be adjusted upon application of these new standards. We will determine the impact these changes will have on our consolidated financial statements.

Forward-Looking Information

This MD&A contains "forward-looking information" (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this MD&A. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "believes", or variations or the negatives of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of TMX Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information in this MD&A.

Examples of such forward-looking information in this MD&A include, but are not limited to factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, financial condition, operations and prospects of TMX Group, including the creation (through the combination with MX) of opportunities to create cost and revenue synergies, which are subject to significant risks and uncertainties, including competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic uncertainties; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; risks of litigation; dependence on adequate numbers of customers; failure to develop or gain acceptance of new products; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence and restrictions imposed by licenses and other arrangements; dependence of trading operations on a small number of clients; new technologies making it easier to disseminate our information; risks associated with NGX's and CDCC's clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group shares; inability to protect our intellectual property; dependence on third party suppliers; adverse effect of a systemic market event on our derivatives business; risks associated with the credit of customers; cost structures being largely fixed; risks associated with integrating the operations, systems, and personnel of MX within TMX Group; dependence on market activity that cannot be controlled; and the risk that the cost savings, anticipated revenues from new product development; growth prospects and any other synergies expected to result from the combination with MX may not be fully realized or may take longer to materialize than expected. The forward looking information contained in this MD&A is presented for the purpose of assisting readers of this document in understanding our financial condition and results of operations and our strategies, priorities and objectives and may not be appropriate for other purposes. Actual results, events, performances, achievements and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global exchanges; the accuracy, timing and ability to realize the projected synergies in respect of among others, cost savings, which will be dependent on, but not limited to, such factors as optimizing technology and data centres, reducing corporate costs and rationalizing premises (cost synergies are presented in this MD&A to provide one strategic rationale to support the benefits of the combination with MX and these estimated cost synergies should not be relied on for any other purpose); business and economic conditions generally; exchange rates (including estimates of the U.S. dollar - Canadian dollar exchange rate), the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; the continued availability of financing on appropriate terms for future projects; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research & development activities; the successful introduction of new derivatives and equity products; tax benefits/changes; the impact on TMX Group and its customers of various regulations; TMX Group's ongoing relations with its employees; and the extent of any labour, equipment or other disruptions at any of its operations of any significance other than any planned maintenance or similar shutdowns.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained in our 2008 Annual MD&A under the heading **Risks and Uncertainties**; which risk factors are specifically incorporated by reference.

October 28, 2009