

**TMX GROUP INC.**

**ANNUAL  
INFORMATION  
FORM**

**March 27, 2009**

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*Unless otherwise noted, the information contained in this Annual Information Form is given as at February 27, 2009, and all dollar amounts are expressed in Canadian dollars.*

## INFORMATION INCORPORATED BY REFERENCE

Certain disclosure in this annual information form (“AIF”) is derived from and incorporated by reference from TMX Group Inc.’s Management’s Discussion and Analysis for the year ended December 31, 2008 (“2008 MD&A”) which is contained in our 2008 Annual Report and from our Management Information Circular dated March 23, 2009 (“Information Circular”). The table below identifies pages from the 2008 Annual Report and our Information Circular which are incorporated by reference into this AIF.

| AIF Item  | 2008 Annual Report | Information Circular |
|---|--------------------|----------------------|
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## CORPORATE STRUCTURE

### Name, Incorporation and Address

TMX Group Inc. (referred to, with its consolidated subsidiaries, as the context requires, as “TMX Group”, “we”, or “us”) is a leading, integrated, multi-asset exchange group with a history that dates back over 150 years. The Toronto Stock Exchange was founded in 1852. It demutualized and continued as The Toronto Stock Exchange Inc. under the *Business Corporations Act* (Ontario) on April 3, 2000. We renamed The Toronto Stock Exchange Inc. as TSX Inc. on July 10, 2002.

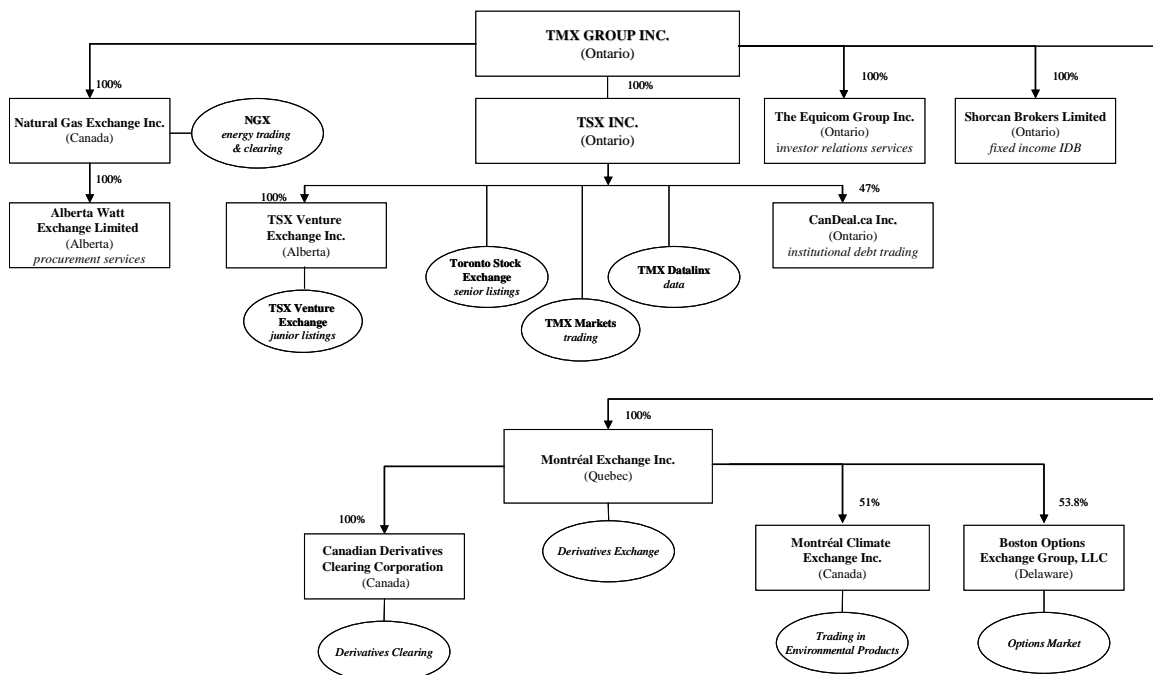
Immediately before we closed our initial public offering of our common shares on November 12, 2002, TSX Inc. and its affiliates completed a corporate reorganization under a court approved plan of arrangement. As part of the reorganization, TSX Group Inc., as it was then called, newly incorporated under the *Business Corporations Act* (Ontario) on August 23, 2002, acquired all of the outstanding shares of TSX Inc. and became the holding company for the TSX group of companies. The shareholders of TSX Inc. were issued shares of TSX Group Inc. in exchange for their shares of TSX Inc.

On May 1, 2008, we completed our business combination with Montréal Exchange Inc. (“MX”), and to reflect this combination, following shareholder approval on June 11, 2008, we changed our name from TSX Group Inc./Groupe TSX Inc. to TMX Group Inc./Groupe TMX Inc.

Our head and registered offices are at The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2. We also carry on business in Montreal, Calgary, Vancouver, Houston, Boston, Chicago and Washington D.C. Our website is [www.tsx.com](http://www.tsx.com). We are not incorporating information contained on our website in our AIF.

### Intercorporate Relationships<sup>1</sup>

We carry on our business directly or indirectly through the companies (boxed) and operations (circled) shown below:



<sup>1</sup> The chart above outlines the jurisdiction in which each company was incorporated, continued, formed or organized and the percentage of votes attaching to all voting securities of each company held directly or indirectly by TMX Group or its subsidiaries.

## GENERAL DEVELOPMENT OF THE BUSINESS

Advances in technology, globalization, consolidation, regulation and the introduction of alternative trading venues have changed the way global exchange markets operate. Exchanges have been combining across jurisdictions and asset classes and are moving to integrated and multi-product business models in an effort to broaden their revenue sources and realize efficiencies. Market participants are demanding faster, less expensive, and more sophisticated trading capability and are seeking new sources of liquidity, which has resulted in the creation of alternative trading venues that are competing with exchanges for order flow. The trends are apparent in Canada as well, where a number of alternative trading systems (“ATS”) operate both dark and visible trading venues. These trends have and will continue to fuel competition among global and regional exchanges and marketplaces and have impacted the development of our business and our strategies and our outlook and will continue to do so going forward.

The following table outlines the evolution of TMX Group from a stock exchange to a multi-asset class exchange group.

| Year        | Asset Class     | Brand                  |
|-------------|-----------------|------------------------|
| 1852 – 2000 | Senior Equities | Toronto Stock Exchange |
| 2001        | Junior Equities | TSX Venture Exchange   |
| 2002        | Fixed Income    | CanDeal <sup>2</sup>   |
| 2004        | Energy          | NGX                    |
| 2006        | Electricity     | Watt-Ex                |
|             | Fixed Income    | PC-Bond<br>Shorcan     |
| 2008        | Derivatives     | MX<br>BOX <sup>3</sup> |

### **Three Year History - Initiatives, Alliances and Acquisitions**<sup>4</sup>

Over the past three years, we have undertaken many initiatives which have enabled us to grow through diversification. We also embarked on other initiatives with the intention of growing our core business, expanding our products and services, and offering superior technology.

#### **2006**

We entered into the energy trading and clearing business in March 2004 when we purchased Natural Gas Exchange Inc. (“NGX”). We added to our energy business in October 2006, when NGX acquired the Alberta Watt Exchange Limited (“Watt-Ex”). Watt-Ex owns and operates a

<sup>2</sup> 47 percent ownership interest.

<sup>3</sup> 53.8 percent ownership interest.

<sup>4</sup> The “*Three Year History - Initiatives, Alliances and Acquisitions*” section contains certain forward-looking statements. Please refer to “*Forward-Looking Statements*” on page 31 of this AIF for a discussion of assumptions, risks and uncertainties related to such statements.

system for procurement of electric operating reserves by the Alberta Electric System Operator, which is used to balance supply and demand on the Alberta electricity grid.

Following our fixed income acquisitions in 2006, we are now the leading provider of fixed income indices in Canada. We also provide inter-dealer broker (“IDB”) fixed income trading. In October 2006, a wholly-owned subsidiary of TSX Group acquired Scotia Capital Inc.’s fixed income indices (since rebranded as the DEX fixed income indices), its PC-Bond analytics applications, and related data assets. These indices are the most widely used fixed income performance benchmarks in Canada. The best known of those indices is the DEX Universe Bond Index which tracks the broad Canadian bond market. Since the acquisition of these indices, we have added pricing from a number of dealers so that we now offer a multi-dealer pricing source for these indices. As of December 31, 2008, we have eleven pricing sources to provide input pricing for the DEX Universe Bond Index.

In December 2006, we acquired Shorcan Brokers Limited (“Shorcan”), Canada’s first fixed income IDB. Shorcan offers broker services for clients trading in federal, provincial, corporate, mortgage bonds and treasury bills.

## **2007**

In March 2007, we announced the formation of a transformative technology and clearing alliance for the North American natural gas and Canadian power markets between NGX and IntercontinentalExchange, Inc. (“ICE”). The alliance brings together the respective strengths of NGX, North America’s leading physical clearing and settlement facility in energy, and ICE, a world leading electronic energy and soft commodities marketplace. Under the arrangement, North American physical natural gas and Canadian electricity products are offered through ICE’s electronic commodities trading platform. NGX serves as the clearinghouse for these products and maintains responsibility for exchange trading in certain of these products. In February 2008, NGX’s Canadian energy products were launched through the ICE alliance and cleared U.S. products were launched in stages throughout 2008, beginning in March 2008. This alliance was immediately successful.

In September 2007, we entered into an agreement with Enbridge Inc. (“Enbridge”) and Circuit Technology Limited (“Circuit Technology”) granting us the option to acquire NetThruPut Inc. (“NTP”) at any time after March 15, 2009. NTP is a Canadian electronic platform and clearing facility for crude oil. We paid \$9.5 million for the option to acquire all the shares of NTP from its shareholders at a price between \$40 million and \$95 million depending on NTP’s 2008 net income. We anticipate acquiring NTP in the first half of 2009. We expect to satisfy the purchase price with cash of approximately \$20 million to \$30 million and the issuance of approximately \$25 million to \$35 million of TMX Group common shares.

In June 2007, we further expanded our service offerings to issuers with the purchase of The Equicom Group Inc. (“Equicom”), a leading provider of investor relations and related corporate communication services to public issuers in Canada.

In 2006, we began the internal development on our next generation equities trading engine, TSX Quantum. TSX Quantum, which contains patented technology, is a state-of-the-art platform designed to have world-class messaging capabilities and response times. We began a phased roll-out of TSX Quantum in December 2007 and completed the migration of all Toronto Stock Exchange symbols in June 2008. We expect to migrate the TSX Venture Exchange symbols to the TSX Quantum trading engine in the second quarter of 2009.

**2008**

On May 1, 2008, we completed our business combination with MX.<sup>5</sup> MX is the Canadian derivatives exchange and is headquartered in Montreal. MX offers trading in Canadian interest rate, index and equity derivatives, and, through its subsidiary, Canadian Derivatives Clearing Corporation (“CDCC”), clearing, settlement and risk management services.

The combination was effected by a series of amalgamations (the “Amalgamation”) whereby TMX Group indirectly acquired all of MX’s outstanding common shares for a total consideration of 15,316,608 TMX Group common shares and \$428.2 million in cash. Upon the completion of the Amalgamation, MX became a direct subsidiary of TMX Group.

Under the terms of the combination agreement between TMX Group and MX, MX shareholders could elect to receive 0.7784 of a common share of TMX Group or \$39.00 in cash for each common share of MX subject, in each case, to pro-ration.

For those MX shareholders who elected to receive cash or were deemed to have so elected, this represented an amount, for each MX common share, of approximately \$16.26 in cash and 0.454 of a TMX Group common share. Those who elected to receive shares of TMX Group received 0.7784 of a TMX Group common share for each MX common share. The consideration was distributed to MX shareholders on May 2, 2008.

In connection with the combination with MX, TMX Group established a non-revolving three-year term unsecured credit facility of \$430.0 million with a syndicate of seven financial institutions. We also established a revolving three-year unsecured credit facility of \$50 million with the same syndicate. TMX Group 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. On April 30, 2008, TMX Group drew \$430 million in Canadian dollars on the three-year term facility to finance the cash consideration of the purchase price for MX.

On May 1, 2008, MX had a 31.4 percent ownership interest in Boston Options Exchange Group, LLC (“BOX”). On August 29, 2008, MX acquired an additional 21.9 percent interest in BOX from the Boston Stock Exchange, giving MX a majority ownership interest of 53.3 percent in, and control of, BOX. The aggregate estimated purchase price, including estimated direct transaction costs for the increased ownership interest amounted to \$58.0 million<sup>6</sup>. BOX is one of the seven options markets in the U.S. offering an electronic equity derivatives market on almost 1,500 option classes. In October 2008, as a result of a buy-back of units by BOX, MX’s ownership increased to 53.8 percent.

A discussion of additional initiatives can be found throughout the “*Core Business of TMX Group*” section and in the “*Strategy*” section of our 2008 MD&A on pages 13 to 24 and pages 45 to 47 of our 2008 Annual Report.

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<sup>5</sup> We filed a Business Acquisition Report (Form 51-102 F4) on SEDAR on June 26, 2008 with respect to the combination with MX.

<sup>6</sup> The purchase price is estimated as at December 31, 2008 and will be finalized in the upcoming months as the estimates for direct transaction costs become final.

## **Market Conditions and Outlook and Strategy**

Information on our market conditions and outlook and on our strategy is located in the “*Market Conditions and Outlook*” and “*Strategy*” sections of our 2008 MD&A on page 12 and pages 45 to 47 of our 2008 Annual Report. The “*Core Business of TMX Group*” section also contains information on our market conditions and outlook and on our strategy on pages 13 to 24 of our 2008 Annual Report.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

### **Our Business Operations**

A complete description of the operations, revenues and results of operations of our cash, derivatives, energy and fixed income markets, including a description of our products and services, key statistics, pricing and competition can be found in the “*Overview of the Business*”, “*Core Business of TMX Group*”, “*Year Ended December 31, 2008 Compared with Year Ended December 31, 2007*”, “*Segment Analysis*” and “*Liquidity and Capital Resources*” sections of our 2008 MD&A on pages 12 to 35 of our 2008 Annual Report.

### **Regulatory Matters**

Different organizations regulate or monitor participants in the Canadian capital markets including issuers, brokerage firms, exchanges, ATSS, trading and quotation systems and IDBs. Self-regulatory authorities, such as Investment Industry Regulatory Organization of Canada (“IIROC”), regulate the activities of brokerage firms, their capital requirements, as well as their business and trading conduct. Our equity exchanges, Toronto Stock Exchange and TSX Venture Exchange, also establish standards for their listed issuers to maintain quality marketplaces and investor confidence.

We are a reporting issuer in all provinces and territories of Canada. TSX Venture Exchange Inc., TSX Inc. and TMX Group are all regulated as exchanges in Canada. NGX is regulated as an exchange and a clearing agency in Canada. In addition, NGX is registered as a derivatives clearing organization (“DCO”) with the U.S. Commodity Futures Trading Commission (the “CFTC”). MX is regulated as an exchange and a self-regulatory organization (“SRO”) in Canada. As outlined below, under “*Recognition and Regulation of Exchanges and Clearing Agencies – MX and CDCC*”, MX is subject to certain regulatory requirements imposed by foreign regulators. CDCC is regulated as an SRO in Canada. CDCC is also subject to regulatory requirements of the U.S. Securities and Exchange Commission (the “SEC”) and various U.S. state securities regulators. BOX is regulated in the U.S. by the SEC. CanDeal.ca Inc. (“CanDeal”) is registered as an ATS. Shorcan is an Ontario Securities Commission (the “OSC”) registrant under the category of “limited market dealer” and has been approved by IIROC to act as an IDB.

### **Recognition and Regulation of Exchanges and Clearing Agencies**

An exchange or clearing agency operating in Canada must be recognized in certain jurisdictions under applicable legislation. In some circumstances, an exchange or clearing agency may obtain an exemption from this requirement. The Quebec, Ontario, Alberta and British Columbia securities commissions have issued recognition orders and oversee our operations and those of Toronto Stock Exchange, TSX Venture Exchange, NGX, MX and CDCC to ensure we operate in the public interest. The OSC is the lead regulator for TMX Group and TSX Inc. (which operates

Toronto Stock Exchange), the Alberta and British Columbia securities commissions are the joint lead regulator for TSX Venture Exchange Inc. (which operates TSX Venture Exchange), the Alberta Securities Commission (the “ASC”) is the lead regulator for NGX and Quebec’s Autorité des marchés financiers (the “AMF”) is the lead regulator for MX and CDCC.

The lead regulator of an exchange or clearing agency focuses, among other things, on the listing or eligibility standards and trading or clearing activities (embodied in the rules of the exchange or the clearing agency), including its market quality rules, and, in the case of our equity exchanges, universal market integrity rules (“UMIR”) approved by all the recognizing regulators. Generally, the lead regulator must approve any new standards or rules or changes to existing rules. In some instances, new rules or changes to existing rules must be published for a 30-day public comment period as part of the rule approval process. However, with respect to MX, under Quebec’s *Derivatives Act*, new rules pertaining to market activities or new products, or rule changes must be submitted to the AMF in accordance with the self-certification process. Significant rule changes must also be published for a 30-day public comment period before self-certification. The lead regulator also has the general power to make any decision for an exchange or clearing agency that it deems necessary in the public interest, and can review any direction, decision, order or ruling of that exchange or clearing agency at the request of the regulator’s executive director, or equivalent position, or any person directly affected by the direction, decision, order or ruling.

### ***TMX Group and Toronto Stock Exchange***

TSX Inc. (which operates Toronto Stock Exchange) and TMX Group, as the parent holding company of TSX Inc., are recognized and regulated by the OSC as carrying on business as a stock exchange, subject to certain terms and conditions. TSX Inc. has received an exemption from recognition from the regulators in British Columbia, Alberta and Quebec.

The terms and conditions of the OSC recognition order for TSX Inc. include the following:

- TSX Inc. must ensure that its governance structure provides for fair and meaningful representation on its board of directors and any governance committee of the board, including a requirement that at least 50% of its board of directors be independent. A director is independent if he or she is independent within the meaning of Section 1.4 of National Instrument 52-110 - *Audit Committees* (“NI 52-110”), and he or she meets the additional standards established by our board of directors. The additional standards establish examples of when an individual is considered to have a material relationship with TSX Inc. and is therefore considered not to be independent (e.g., an employee of a participating organization). Approximately 89% of the current members of the board of TSX Inc. are independent for these purposes. TSX Inc. is also required to take reasonable steps to ensure that each of its directors and officers is fit to serve in that role.
- TSX Inc. is required to meet specified financial viability tests to ensure that it maintains sufficient financial resources to properly perform its functions. Those financial ratios are:
  - a current ratio that must be greater than or equal to 1.1-to-1 based on current assets to current liabilities (where current assets are adjusted to exclude the current portion of the future tax asset related to deferred revenue-initial and additional listing fees and current liabilities are adjusted to exclude the current portion of deferred revenue initial and additional listing fees);

- a debt to cash flow ratio that must be less than or equal to 4-to-1 based on total debt used to finance TSX Inc.'s operations to adjusted earnings before interest, taxes, depreciation and amortization for the most recent twelve months (adjusted to include initial and additional listing fees billed and to exclude initial and additional listing fees reported as revenue); and
  - a financial leverage ratio that must be less than or equal to 4-to-1, based on adjusted total assets to adjusted shareholders' equity (where adjusted total assets is calculated as total assets as reported on TSX Inc.'s balance sheet less the portion of the future tax asset on TSX Inc.'s balance sheet that is related to deferred revenue - initial and additional listing fees as reported on TSX Inc.'s balance sheet ("Adjusted Future Tax Asset") and adjusted shareholders' equity is calculated as shareholders' equity as reported on TSX Inc.'s balance sheet plus deferred revenue - initial and additional listing fees as reported on TSX Inc.'s balance sheet less Adjusted Future Tax Asset).
  - If any of these tests is not met for a period of more than three months, TSX Inc.'s Chief Executive Officer must immediately deliver a letter advising the OSC staff of the reasons for the continued deficiencies and the steps being taken to rectify the situation. In these circumstances, TSX Inc. will not, without the prior approval of the Director of the OSC, pay dividends (among other things) until the deficiencies have been eliminated for at least six months or a shorter period of time as agreed to by OSC staff.
- All fees imposed by TSX Inc. on participating organizations must be equitable and cannot have the effect of creating barriers to access.
  - TSX Inc. must meet requirements for the capacity and integrity of the components of its trading system.
  - Any material agreement or transaction entered into between TSX Inc. and TMX Group or a subsidiary or associate of TMX Group must be on terms that are at least as favourable to TSX Inc. as market terms and conditions.
  - TSX Inc. is required to maintain board-approved policies and procedures to: evaluate and approve material outsourcing arrangements with parties except TMX Group or an affiliate or associate of TMX Group; assess the risk of any such arrangement; and in certain circumstances ensure that the outsourcing contract permits the OSC to have access to any data and information maintained by the service provider.
  - TSX Inc. has special terms and conditions relating to the listing of TMX Group shares on Toronto Stock Exchange, which are described below in the section entitled "*Listing of our Shares on Toronto Stock Exchange*".

TMX Group has similar requirements to TSX Inc. under the terms of its recognition order for governance structure, including the independence requirement (TMX Group's independent directors are the same as TSX Inc.'s independent directors) and fitness of officers and directors. TMX Group is also required to allocate sufficient financial and other resources to TSX Inc., so long as TSX Inc. carries on business as a stock exchange, to permit TSX Inc. to operate in accordance with the terms of its recognition order. In addition, TMX Group is required to do

everything in its control to cause TSX Inc. to comply with the terms and conditions in its recognition order.

### ***TSX Venture Exchange***

The ASC and the British Columbia Securities Commission (the “BCSC”) jointly recognize and regulate TSX Venture Exchange Inc. (which operates TSX Venture Exchange) as an exchange, subject to certain terms and conditions. TSX Venture Exchange Inc. is exempt from recognition by the securities regulatory authorities in Ontario, Manitoba and Quebec.

The ASC and BCSC recognition orders for TSX Venture Exchange Inc. recognize it as an exchange and impose similar terms and conditions to those in the OSC recognition order for TSX Inc. regarding: governance structure, including the independence requirement (TSX Venture Exchange Inc.’s independent directors are the same as TSX Inc.’s independent directors), fitness of directors and officers, fees and equality of access to the trading facilities, trading system capacity and integrity, material related party agreements or transactions, and material outsourcing. In addition, at least 25% of the directors of TSX Venture Exchange Inc. must have expertise in or be associated with the Canadian public venture capital market. The current members of the board for this purpose are Messrs. Fox, Hagg, Jaako, Cedraschi, Martel, Normand, McCreery, Turmel, Mulvihill, Bertrand, Kloet and Mss. Chicoyne, O’Neill and Sinclair, who together comprise approximately 78% of the directors. TSX Venture Exchange Inc. cannot, without the prior approval of the ASC and BCSC, implement any significant changes to its governance structure and the practices of its board of directors.

The ASC and BCSC recognition orders also state that TSX Venture Exchange Inc. will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of its assets, without: (i) providing the ASC and the BCSC at least six months’ prior written notice of its intention; and (ii) complying with any terms and conditions that they may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets.

In addition, the ASC and BCSC recognition orders state that TSX Venture Exchange Inc. will not cease to be wholly-owned or directly controlled by TSX Inc. or TMX Group without TSX Venture Exchange Inc.: (i) providing the ASC and BCSC at least three month’s prior notice of its intention; and (ii) complying with any terms the ASC or BCSC may impose in the public interest.

TSX Inc. and TMX Group have provided related undertakings (the “TSX Venture Exchange Undertakings”), including allocating sufficient financial and other resources to TSX Venture Exchange Inc. to permit it to operate in accordance with its recognition orders. They have also agreed not to cause or permit TSX Venture Exchange Inc. to cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of TSX Venture Exchange Inc.’s assets without: (i) providing the ASC and BCSC with at least six months’ prior notice of their intention; and (ii) complying with any terms and conditions that the ASC or BCSC may impose in the public interest.

In addition, TMX Group and TSX Inc. have represented in the TSX Venture Exchange Undertakings that they will do everything in their control to cause TSX Venture Exchange Inc. to comply with the terms and conditions of its recognition orders. TMX Group has also created and agreed to maintain a public venture market committee of its Board of Directors. Please refer to “*Description of Share Capital of TMX Group – Restrictions on Ownership of TSX Inc., TSX*

*Venture Exchange Inc. and MX* for a description of the principal restrictions relating to share ownership of TSX Venture Exchange Inc. contained in the TSX Venture Exchange Undertakings.

### ***MX and CDCC***

The AMF recognizes and regulates MX as an exchange and an SRO for the purpose of carrying on business in Quebec, subject to certain terms and conditions. MX received an exemption from recognition as an exchange and registration as a commodities futures exchange from the OSC.

The AMF recognition order for MX imposes similar terms and conditions to those in the OSC recognition order for TSX Inc. regarding: the independence requirement of MX's governance structure (MX's independent directors are the same as TSX Inc.'s independent directors), fitness of directors and officers, fees and equality of access to the trading facilities, trading system capacity and integrity, material related party agreements or transactions, and material outsourcing of its business functions.

The terms and conditions of the AMF recognition order for MX (and CDCC to the extent applicable) also include the following:

- In addition to the independence requirement, MX's governance structure shall provide:
  - that at least twenty-five (25%) of its directors are residents of Quebec at the time of their election or appointment;
  - fair and meaningful representation of directors with expertise in derivatives on the board of directors and the Special Committee – Regulatory Division (the "Special Committee"). The MX's Special Committee is responsible for the MX's regulatory division (the "Regulatory Division"). Members of the Special Committee are appointed by the MX Board of Directors, and a majority of the Special Committee members must be residents of Quebec and must satisfy the same independence requirements as those set out for MX directors.
- The Regulatory Division must have a separate administrative structure and must be completely autonomous in performing its functions and in its decision-making process. The Regulatory Division must be a separate business unit of MX and operate on a cost-recovery/not-for-profit basis. Any changes to the Regulatory Division's administrative and organizational structure or to the Special Committee that may materially affect regulatory duties and operations must be approved by the AMF. The AMF imposes periodic financial reporting, activity reporting and other reporting obligations regarding the Regulatory Division's regulatory functions.
- The head office and executive offices of MX and CDCC will remain in Montreal, Quebec, and the most senior executive officer of each of MX and CDCC will be a resident of Quebec at the time of his or her appointment and for the duration of his or her term of office and will work in Montreal, Quebec.
- MX will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of its assets, without:
  - (i) providing the AMF at least six months' prior written notice of its intention; and
  - (ii) complying with any terms and conditions that the AMF may impose in the public

interest for the orderly discontinuance of its operations or the orderly disposition of its assets.

- MX shall maintain sufficient financial and other resources to ensure: (i) its financial viability and the proper performance of its functions; and (ii) the exercise of the self-regulatory functions of the Regulatory Division, by meeting the following financial viability tests:
  - a working capital ratio of not less than 1.5:1 (current liquid assets, i.e., cash, short-term investments, accounts receivable and long-term investments cashable at any time / current liabilities);
  - a cash flow to/total debt outstanding ratio greater than twenty percent (20%) (adjusted net earnings for the 12 most recent months of items that do not affect liquidities, i.e., amortization, deferred taxes and any other expenses that do not impact liquidities / short and long-term debts); and
  - a financial leverage ratio of less than 4:1 (total assets / capital).
  - The above-mentioned ratios are calculated based on consolidated financial statements and do not include the following items: (a) daily settlements due from clearing members; (b) daily settlements due to clearing members; (c) clearing members' cash margin deposits (in assets and liabilities); and (d) clearing fund cash deposits (in assets and liabilities).
  - Should MX fail to respect any of the above-mentioned financial ratios for a period of more than three months, it shall promptly inform the AMF in writing of the reasons for the continued ratio deficiencies and the steps being taken to rectify the problem and re-establish its financial equilibrium. In these circumstances, MX will not, without the prior approval of the AMF, pay dividends (among other things) until the ratio deficiencies have been eliminated for at least six months.

As a condition to obtaining the necessary approval for the combination with MX, on April 9, 2008, we provided the AMF with a written undertaking in support of the AMF recognition order for MX (the "TMX Group Undertaking") which provides for certain restrictions and undertakings. Please refer to "*Description of Share Capital of TMX Group – Restrictions on Ownership of Our Voting Shares*" and "*Restrictions on Ownership of TSX Inc., TSX Venture Exchange Inc. and MX*" on pages 15 and 16 of this AIF for a description of the principal restrictions relating to share ownership of TMX Group and MX contained in the TMX Group Undertaking.

In addition to restrictions relating to share ownership, we agreed in the TMX Group Undertaking that 25% of TMX Group directors will be residents of Quebec. We also agreed to cause five MX nominees (meaning the five persons designated by MX on May 1, 2008 to join the TMX Group Board of Directors) to be nominated for election to the Board at each of the three annual meetings of TMX Group called following the date of the TMX Group Undertaking, April 9, 2008. The TMX Group Undertaking also states that if any of the MX nominees were to resign, become ineligible or otherwise unable to serve as directors, the remaining MX nominees would nominate the requisite number of replacement candidates for election. The MX nominees must, among other qualifications, be residents of Quebec. The current members of the Board of Directors for

this purpose are Messrs. Bertrand, Normand, Turmel, Verreault and Ms. Chicoyne. Mr. Normand is retiring from the Board of Directors, and the remaining MX nominees have designated Mr. Martel a MX nominee for election at the annual meeting of shareholders on April 29, 2009. The Governance Committee has accepted the designation of Mr. Martel as an MX nominee.

MX is also subject to certain foreign regulatory requirements imposed by the regulators which have granted MX specific authorizations. The U.S. CFTC granted no-action relief to MX in 2002 permitting U.S. broker-dealers to have remote access to most of MX's futures products. According to the no-action relief, MX is required to report to the CFTC on a regular basis and disclose any material changes affecting its application. In the U.K., the Financial Services Authority ("FSA") granted comfort to MX to allow remote access to its futures and options products to U.K. "authorized persons". MX is required to notify the FSA of material changes to its business that could affect its status in the U.K. In France, the *Autorité des marchés financiers* recognized MX as an exchange, thereby enabling it to give remote access to its futures and options markets to French broker-dealers. MX is required to notify France's *Autorité des marchés financiers* of any material changes affecting its recognition.

The AMF recognizes and regulates CDCC as an SRO in Quebec (since 1987, when CDCC was known as Trans Canada Options Inc. and recognized by the Commission des valeurs mobilières du Québec, predecessor to the AMF). CDCC must provide the AMF, and the OSC through the AMF, with specified information on a regular basis in compliance with AMF requirements and pursuant to the terms and conditions of the OSC exemption order for MX, such as the rules that it files for review and approval with the AMF and financial information.

### **NGX**

The ASC recognizes and regulates NGX as an exchange for the trading of natural gas, electricity and related contracts (the "Contracts"), exempts NGX from the requirement of obtaining acceptance from the ASC of the form of NGX's current Contracts as exchange contracts and exempts NGX from registration requirements for the contracting parties who enter into NGX's standard form exchange agreement with NGX. The ASC also recognizes NGX as a clearing agency for clearing and settlement of natural gas, electricity and related commodity contracts, certain of which constitute exchange contracts, futures contracts or options. The terms and conditions of the ASC recognition orders require NGX to comply with certain operating and clearing principles, reporting requirements, notification and other obligations.

NGX currently operates as an exempt commercial market ("ECM") in natural gas, electricity, and other energy sources pursuant to the U.S. *Commodity Exchange Act*, and is also registered as a DCO with the U.S. CFTC since December 12, 2008. In order to operate as an ECM, NGX provided notice to the U.S. CFTC on November 5, 2002. As an ECM, NGX must comply with certain legislative requirements for the purpose of trading agreements, contracts, and transactions in exempt commodities that are traded on a principal-to-principal basis on electronic trading facilities between eligible commercial entities. The terms and conditions of the U.S. CFTC order of registration of NGX as a DCO include the operation of its clearing system in accordance with certain clearing principles as well as reporting and other obligations.

### **BOX**

BOX is regulated by the SEC. BOX's options trades are cleared through the Options Clearing Corporation. BOX is also a party to a regulatory services agreement with NASDAQ OMX Group, Inc., NASDAQ OMX BX, Inc., formerly Boston Stock Exchange, Inc., and Boston Options

Exchange Regulator LLC (“BOXR”), a wholly-owned subsidiary of NASDAQ OMX BX, Inc. Under this agreement, NASDAQ OMX BX, Inc. has delegated to BOXR certain of its day-to-day responsibilities for the surveillance operations of the BOX marketplace and also administers the regulatory aspects of BOX’s relationship with BOX participants.

### **Regulation of Brokerage Firms — Operations and Business Conduct Generally**

All brokerage firms trading through Toronto Stock Exchange, TSX Venture Exchange or MX must be members of a recognized SRO which regulates its members. These organizations regulate the broker-client relationships, business conduct, and capital adequacy of their members. This regulation seeks to maintain the credibility of marketplaces, protect investors’ interests and instil investor confidence by addressing general issues of trading ethics and investor protection in the markets. Participating organizations and member firms (collectively, “POs”) trading on Toronto Stock Exchange and TSX Venture Exchange, and Canadian approved participants trading on MX are regulated by IIROC. Foreign approved participants trading through MX must be regulated by a recognized SRO or regulator in their jurisdiction. The exchanges, however, also have criteria for access to their markets.

### **Regulation of Market Participants — Market Trading Conduct**

In Canada, an exchange can regulate its markets and its participants and enforce its requirements either directly, or through a regulation services provider. IIROC is the SRO that provides regulation services to both Toronto Stock Exchange and TSX Venture Exchange, monitoring and enforcing compliance with UMIR.

The regulatory functions of MX are conducted by the Regulatory Division of MX. As a recognized exchange and SRO, MX, through its Regulatory Division, is responsible for regulating its markets and its participants on a day-to-day basis. The Regulatory Division achieves this by adopting and enforcing rules and policies governing MX’s markets and the conduct of approved participants.

MX’s Regulatory Division is independent from its other operations and is under the sole internal oversight of MX’s Special Committee – Regulatory Division, which is fully independent from MX and its management. The objective of creating the Regulatory Division was to ensure neutrality and impartiality when the Regulatory Division applies the rules that govern MX’s markets and the relationships between MX and its market participants. More information on the Special Committee and the Regulatory Division can be found in the “*Core Business of TMX Group - MX and BOX – Derivatives Trading and Clearing*” section of our 2008 MD&A at page 19 of our 2008 Annual Report.

### **Issuers of Securities**

In Canada, there is one securities regulatory body in each province or territory. These provincial and territorial securities regulatory authorities regulate the offering of securities by issuers and their reporting and continuous disclosure requirements and, in certain cases, the conduct of various market participants including exchanges and intermediaries.

The ASC and BCSC have required TSX Venture Exchange to review and approve certain prospectuses filed by issuers listed on TSX Venture Exchange.

Each of our equity exchanges establishes standards for listed issuers, and enforces compliance with those standards through the exchange's powers to halt trading in a security or to suspend or delist the listing of a security.

### **Listing of our Shares on Toronto Stock Exchange**

Toronto Stock Exchange and staff of the OSC approved the listing and posting for trading of our common shares on Toronto Stock Exchange under the symbol "X" on November 12, 2002. The OSC established procedures which require Toronto Stock Exchange to promptly report to the OSC any conflicts or potential conflicts of interest that arise or may arise with respect to our continued listing or the initial listing or continued listing of a competitor of TMX Group or its affiliates. Under these procedures, a conflicts committee has been established, with at least two members who are independent of TSX Inc., and all conflict resolutions must be approved by staff of the OSC.

In addition, under Ontario securities legislation, the OSC has overriding powers to make decisions about Toronto Stock Exchange if it appears to be in the public interest. Toronto Stock Exchange's reporting requirements and the OSC's monitoring function for the listing of our common shares are set out in TSX Inc.'s recognition order.

### **Social Policies**

Our charitable contributions support our customers, employees and communities through a targeted program which ties into our brand and enhances our reputation as a corporate citizen. In this we foster initiatives which address family and community issues, health and research, the arts, educational endeavours improving literacy, and post-secondary investor education programs which are closely aligned with the capital markets industry. We also have a corporate matching program which supports organizations important to individual employees by matching a portion of their personal gifts.

Our major contributions in 2008 included support for the United Way, the Paralympic Curling team, Frontier College and St. Michael's Hospital Foundation, in addition to a number of not-for-profit organizations in communities across Canada.

Shorcan, through its annual charity day, supported All-A-Board Youth Ventures, Toronto Youth Developments, Princess Margaret Hospital Foundation, Big Brothers/Big Sisters as well as a number of other not-for-profit entities.

We made major donations in support of investor education programs in 2008 to the Capital Markets Institute, the DeGroote School of Business, École des hautes études commerciales de Montréal, Concordia's Institute for Governance of Private and Public Organizations, the University of British Columbia and the University of New Brunswick.

### **Risk Factors**

A discussion of risk factors related to TMX Group and its businesses appears in our 2008 MD&A under the heading "*Risks and Uncertainties*" on pages 48 to 55 of our 2008 Annual Report.

## **DESCRIPTION OF SHARE CAPITAL OF TMX GROUP**

On November 12, 2002, immediately before we closed our initial public offering, TSX Inc. and its affiliates completed a corporate reorganization under a court approved plan of arrangement. As part of the reorganization, we acquired all of the outstanding shares of TSX Inc. and became the holding company for the TMX group of companies and operating divisions. We also issued shares to the former shareholders of TSX Inc. in exchange for their shares of TSX Inc.

On May 1, 2008, we completed our business combination with MX to create TMX Group. The business combination was completed by TMX Group indirectly acquiring all of MX's outstanding common shares in exchange for cash and TMX Group common shares. We issued 15,316,608 of our common shares in connection with the combination. For more information on the combination with MX, please refer to the section "*Three Year History – Initiatives, Alliances and Acquisitions - 2008*" on page 5 of this AIF.

In addition, we have obtained conditional approval from Toronto Stock Exchange to issue up to 1.5 million common shares to satisfy a portion of the purchase price payable for NTP to Enbridge and Circuit Technology. For more information on this initiative, please refer to the section "*Three Year History – Initiatives, Alliances and Acquisitions - 2007*" on page 4 of this AIF.

Our authorized capital consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. Currently, only common shares of TMX Group are issued and outstanding. No preference shares have been issued.

### **Common Shares**

Each of our common shares is entitled to one vote at all meetings of our shareholders, except for meetings where only holders of another class or series of our shares are entitled to vote separately as a class or series. Each common share is also entitled to receive dividends if, as and when declared by the Board of Directors. If the Board of Directors declares and pays dividends, it must do so in equal amounts per share on all common shares (and subject to certain priority rights of the preference shares, if any). Common shareholders are entitled to participate in any distribution of our net assets if we liquidate, dissolve or wind-up (but subject to certain priority rights of preference shareholders, if any). The common shares do not have any pre-emptive, redemption, purchase or conversion rights except for the compulsory provisions described below related to enforcing the restrictions on ownership of our voting shares.

### **Preference Shares**

The Board of Directors may issue preference shares at any time and in one or more series. If the Board of Directors issues preference shares, it will, before they are issued, fix the number, consideration per share, designation of, and rights and restrictions for the preference shares of each series (subject to the special rights and restrictions attached to all preference shares). Each series of preference shares will rank equally with all other series of preference shares for the payment of dividends and return of capital if we liquidate, dissolve or wind-up. The preference shares have a priority right to receive dividends and any return of capital before the common shares and any other junior shares. We cannot amend the preference shares' special rights and restrictions as a class without obtaining any approval required by law, and the approval of at least two-thirds of the votes cast at a meeting of preference shareholders called and held for that purpose. To date, we have not issued any preference shares.

### **Restrictions on Ownership of Our Voting Shares**

Section 21.11 of the *Securities Act* (Ontario), as amended by regulation and an order of the OSC under section 21.11(4) of the *Securities Act* (Ontario) states that no person or company (or combination of persons or companies acting jointly or in concert) may beneficially own or exercise control or direction over more than ten percent of any class or series of our voting shares without the prior approval of the OSC (together with the share ownership restrictions outlined below are collectively referred to as the “Share Ownership Restrictions”).

As a condition to obtaining the necessary approval for the combination with MX, on April 9, 2008, we provided the AMF with the TMX Group Undertaking in which we agreed that we are subject to the restriction that no person or combination of persons acting jointly or in concert may beneficially own or exercise control or direction over more than ten percent of any class or series of our voting shares, without the prior approval of the AMF. The TMX Group Undertaking took effect on May 1, 2008, the effective date of the combination.

The OSC and the AMF can change the Share Ownership Restrictions (including the ownership percentage threshold) in the future.

### **Share Ownership Restrictions in Our Articles**

Our articles contain restrictions on voting share ownership (the “TMX Group Share Restrictions”) which are substantively identical to the Share Ownership Restrictions. Our common shares are currently our only outstanding voting shares. The articles provide that these restrictions will automatically change or be removed if the Share Ownership Restrictions are changed or removed.

Our articles contain provisions to enforce the TMX Group Share Restrictions, including our ability to suspend voting rights, forfeit dividends or any other distribution, prohibit share transfers, require a sale of shares or redeem and suspend other shareholder rights. The Board of Directors may at any time require holders of, or subscribers for, voting shares and certain other persons to make declarations and provide related information with respect to ownership, direction, or control of voting shares and certain other matters relevant to this restriction. The Board of Directors may also require holders or subscribers to produce documents, provide responses to written questions, and attend in person to answer questions concerning any declaration. We are prohibited from accepting any subscription or issuing or registering a transfer of voting shares if it would result in a violation of the TMX Group Share Restrictions.

### **Restriction On Ownership of TSX Inc., TSX Venture Exchange Inc. and MX**

#### **TSX Inc.**

Section 21.11 of the *Securities Act* (Ontario), as amended by regulation, states that no person or company (or combination of persons or companies acting jointly or in concert) may beneficially own or exercise control or direction over more than ten percent of any class or series of TSX Inc.’s voting shares without the prior approval of the OSC. Therefore, the corporate reorganization effected before we closed our initial public offering on November 12, 2002 which resulted in TSX Group Inc. (as it was then called) acquiring all the outstanding shares of TSX Inc. required the prior approval of the OSC. The OSC granted an order under section 21.11(4) of the *Securities Act* (Ontario) approving TSX Group Inc.’s acquisition of all the outstanding voting shares of TSX Inc. on the condition that TSX Group Inc. continue to own, directly or indirectly,

all of the issued and outstanding voting shares of TSX Inc. Any change to the ownership of TSX Inc. not contemplated in this order requires the prior approval of the OSC.

### **TSX Venture Exchange Inc.**

As outlined above under the section “*Recognition and Regulation of Exchanges and Clearing Agencies*”, the ASC and BCSC recognitions orders for TSX Venture Exchange Inc. impose conditions related to changes in ownership. TSX Inc. and TMX Group also agreed in the TSX Venture Undertakings not to complete or authorize a transaction that would result in TSX Venture Exchange Inc. ceasing to be a wholly-owned or directly controlled by TSX Inc. without: (i) providing the ASC and BCSC at least three months’ prior notice of their intention; and (ii) complying with any terms and conditions that the ASC or BCSC may impose in the public interest.

### **MX**

As outlined above under the section “*Recognition and Regulation of Exchanges and Clearing Agencies*”, the AMF recognition order for MX states that no person or company and no combination of persons or companies acting jointly or in concert shall own or exercise control or direction over more than ten percent of any class or series of voting shares of MX without the prior approval of the AMF, except for TMX Group or an affiliate of TMX Group.

TMX Group has also agreed, in the TMX Group Undertaking, that we will not complete or authorize a transaction that would result in any person or company, or any combination of persons or companies acting jointly or in concert, owning or exercising control or direction over more than ten percent of any class or series of voting shares of MX, without obtaining the prior authorization of the AMF, except for TMX Group or an affiliate of TMX Group. Furthermore, TMX Group undertook to continue to exercise control or direction over more than 50 percent of all classes or series of voting shares of MX. We also undertook not to complete or authorize a transaction that would result in more than 50 percent of any class or series of voting shares of MX ceasing to be controlled by TMX Group, directly or indirectly, without obtaining the prior authorization of the AMF.

### **Strategic Investor Policy**

We have established a policy that sets out criteria that we will follow to determine whether we will support a potential investor’s application for approval from the OSC and the AMF to own more than ten percent of our voting shares. Under this policy, we will take into consideration all factors that we consider relevant including: the potential investor’s ability to promote our growth and development; any synergies we identify as likely to result from the investment; any intention to maintain a balance of competing interests of our shareholders; involvement of the potential investor in our business; the potential investor’s knowledge or expertise in capital markets or in areas otherwise relevant to our operations; and our interest in ensuring the continued integrity of the Canadian capital market. The OSC and the AMF will have the ultimate discretion to approve such an application regardless of whether or not we support it.

### **Normal Course Issuer Bid**

On August 1, 2007, we obtained approval from Toronto Stock Exchange to purchase up to 6,841,051 of our common shares through the facilities of Toronto Stock Exchange by way of a normal course issuer bid (“NCIB”). By July 22, 2008, we had purchased the maximum number

of common shares possible under the NCIB for an aggregate of \$292.8 million. These common shares were cancelled once purchased.

On August 14, 2008, we obtained approval from Toronto Stock Exchange to renew our NCIB to repurchase up to 7,595,585 of our common shares, which represented ten percent of the public float on August 5, 2008. We entered into a pre-defined plan with our designated broker to allow for the repurchase of common shares at times when we would not ordinarily be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise. These purchases will terminate on August 17, 2009 or such earlier date as we complete our permitted purchases. We will make our purchases in accordance with Toronto Stock Exchange requirements and the price we pay for any such common shares will be the market price of such shares at the time of acquisition, unless otherwise permitted by an order from the relevant securities regulatory authority. All purchased common shares will be cancelled. From August 18, 2008 to December 31, 2008, we repurchased 3,082,060 common shares at a cost of \$100.2 million.

On February 4, 2009 and February 11, 2009, we entered into private agreements to purchase for cancellation, in each case, 500,000 of our outstanding common shares (individually, a "Private Purchase" or collectively, the "Private Purchases"). Each Private Purchase was made pursuant to a private agreement between TMX Group and an arm's length third party seller for an aggregate purchase price of approximately \$14.7 million and \$15.7 million, respectively. The Private Purchases were made under an issuer bid exemption order issued by the OSC. The common shares purchased under the Private Purchases will be included in calculating the number of common shares that we may purchase through our current NCIB. These common shares were cancelled once purchased.

### **Ratings**

A discussion of CDCC's rating can be found in the "*Core Business of TMX Group – MX and BOX - Derivatives Trading and Clearing*" section of our 2008 MD&A on page 19 of our 2008 Annual Report.

### **DIVIDENDS**

We paid a dividend of \$0.38 on each outstanding common share on February 27, 2009 to shareholders of record at the close of business on February 13, 2009.

In both 2008 and 2007, we paid dividends totalling \$1.52 on each outstanding common share. In 2006, we paid dividends totalling \$1.32 on each outstanding common share.

As a holding company, our ability to pay dividends on our shares depends in large part upon our subsidiaries paying dividends and other amounts to us. Our subsidiaries must comply with corporate and securities laws and with their agreements before they can pay dividends to us. We are not aware of any restriction that could prevent us from paying dividends, except as imposed by the OSC on TSX Inc. and the AMF on MX if certain financial viability ratios are not met, and as imposed by the debt covenants in our credit facility. These regulatory restrictions are outlined above under the heading "*Recognition and Regulation of Exchanges and Clearing Agencies*" and our debt covenants are outlined under the "*Liquidity and Capital Resources - Credit Facilities and Guarantee*" section of our 2008 MD&A on page 33 of our 2008 Annual Report.

The Board of Directors has adopted a dividend policy that is based on the following factors:

- a long-term intention to provide shareholders with regular and growing dividends, within the constraints arising from changes in our prevailing and projected earnings;
- prevailing market dividend yields, including those of comparable publicly traded stock exchanges and other Canadian financial institutions;
- the need to retain capital to support our stability and growth; and
- compliance with applicable law, regulation and orders.

This dividend policy is reviewed periodically by the Board of Directors. The Board of Directors has the sole discretion to declare and to adjust or eliminate dividends based on the above factors or other considerations.

## MARKET FOR SECURITIES

Our common shares are listed on Toronto Stock Exchange under the symbol “X.” The following table sets out the high and low sale prices per common share and the volume of common shares traded for the periods indicated, as reported on Toronto Stock Exchange.

| <b>2008</b> | <b>High (\$)</b> | <b>Low (\$)</b> | <b>Volume</b> |
|-------------|------------------|-----------------|---------------|
| January     | 53.09            | 41.25           | 8,782,454     |
| February    | 48.98            | 42.72           | 7,359,196     |
| March       | 44.46            | 35.34           | 11,395,831    |
| April       | 43.71            | 36.52           | 9,558,910     |
| May         | 47.99            | 42.50           | 14,020,318    |
| June        | 45.70            | 41.70           | 11,569,661    |
| July        | 42.35            | 30.00           | 11,768,318    |
| August      | 39.48            | 33.35           | 9,328,449     |
| September   | 37.05            | 28.00           | 14,106,617    |
| October     | 32.50            | 23.83           | 11,967,599    |
| November    | 29.84            | 20.73           | 9,003,306     |
| December    | 25.79            | 21.13           | 5,942,235     |

## DIRECTORS AND OFFICERS

### Directors

Directors are elected annually and will hold office until our next annual meeting of shareholders or until the director resigns, becomes ineligible, unable to serve or until his or her successor is elected or appointed. We are incorporating into this AIF the information about our Board of Directors who are standing for election at our next annual meeting, April 29, 2009, on pages 5 to 14 of our Information Circular. Information about Messrs. Garneau, McCreery and Normand, who are not standing for re-election, is outlined below.

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|---|---|
| <p>Raymond Garneau<br/>Montreal, Quebec</p> <p>Director since November 25,<br/>2003</p> | <p>Mr. Garneau is a Corporate Director. Until May 2005, he was Chairman of the Board of Industrial Alliance Insurance and Financial Services Inc. (life insurance and financial services company), a position he held since 2000, and its wholly-owned subsidiaries: The National Life Assurance Company of Canada, Industrial Alliance Pacific Insurance and Financial Services, Industrial Alliance Auto and Home Insurance and Industrial Alliance Trust Company. From 1996 to 2000, he was Chairman of the Board and CEO of Industrial Alliance Insurance and Financial Services Inc. Mr. Garneau is a director of La Fondation Jean-Louis-Lévesque and the C.D. Howe Foundation and is President of the Montreal Cancer Institute.</p> |
| <p>Owen McCreery<br/>Thornhill, Ontario</p> <p>Director since July 9, 2002</p>          | <p>Mr. McCreery is a Consultant (consulting services) and a Corporate Director. Mr. McCreery has been employed in various organizations as an accountant, a financial analyst, a portfolio manager and a partner/director. Mr. McCreery joined Beutel Goodman &amp; Co. Ltd. in 1973 where he held various positions, including Financial Analyst/Portfolio Manager. He subsequently became President of Beutel Goodman &amp; Co. Ltd. in 1994, a position he held until his retirement in 1999.</p>  |
| <p>Carmand Normand<br/>Montreal, Quebec</p> <p>Director since May 1, 2008</p>           | <p>Mr. Normand is a Corporate Director who has served since October 2006 as the Executive Chairman of the board of Addenda Capital Inc. Prior to that, from 1996 to 2006 he held the positions of Chairman of the board of directors, Chief Executive Officer and Chief Investment Officer of Addenda Capital Inc. Mr. Normand is also a director of the Laurentian Bank of Canada.</p>   |

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### **Board Charter**

In early 2004, the Board of Directors adopted a formal charter which was most recently amended in November 2008. The charter recognizes the primary responsibility of the Board of Directors to provide governance and stewardship and sets out the Board of Directors' responsibilities:

- appointing and supervising officers comprising the senior management team (including setting roles and responsibilities for the Chair of the Board of Directors and the Chief Executive Officer);
- strategic planning and risk management;
- financial reporting and management;
- shareholder communication;
- corporate governance; and

- adopting and monitoring compliance with a Board Code of Conduct and an Employee Code of Conduct.

The complete text of the charter of the Board of Directors and other related information is available on our website at [www.tsx.com](http://www.tsx.com).

### **Committees of the Board of Directors**

The Board of Directors currently has four standing committees: a governance committee, a finance and audit committee, a public venture market committee and a human resources committee. Each of the committees has a charter which contains detailed information about the committee. Each of the standing committees' charters is posted on our website at [www.tsx.com](http://www.tsx.com). A summary of each committee's responsibilities is set out below. The members of each committee are listed on page 14 of our Information Circular.

#### **Governance Committee**

The governance committee is responsible for providing the Board of Directors with recommendations relating to corporate governance in general, including, without limitation, all matters relating for the stewardship role of the Board of Directors in respect of the management, the size, composition, including the candidate selection process and the orientation of new members, and compensation of the Board of Directors and such procedures as may be necessary to allow the Board to function independently of management and non-independent directors.

The governance committee also reviews, approves and reports to the Board of Directors on codes and policies associated with an efficient system of corporate governance and oversee compliance therewith. Such policies include our Board Code of Conduct, our Employee Trading Policy, our Director Qualification Policy, our Internal Process for Handling Shareholder Communications to Directors, and our Timely Disclosure, Confidentiality and Insider Trading Policy ("Insider Trading Policy").

The Insider Trading Policy applies to all Directors and employees. Under that Insider Trading Policy, we have established a Disclosure Committee that is responsible for updating it regularly; monitoring the effectiveness of and compliance with the Insider Trading Policy; educating our Directors, officers and employees about the policy; reviewing and authorizing written, electronic and oral disclosure by us; and monitoring our website.

#### **Finance and Audit Committee**

The finance and audit committee assists the Board of Directors in fulfilling its responsibilities to oversee and supervise financial, audit and accounting matters. The committee has oversight and supervisory responsibilities for the integrity of our audited and unaudited financial statements, including through discussions with our external auditors, as well as for the adequacy and effectiveness of our internal controls and financial reporting and disclosure. The committee also oversees and reviews our external audit process and our internal audit process and assurance, and is responsible for reviewing and assessing the adequacy of our risk management policies and procedures. The committee is also responsible for reviewing our business plans (including our operating and capital budgets), our investment opportunities and our financing plans. Finally, the committee reviews and assesses management's reports on pension plan oversight.

As required under NI 52-110, the committee:

- is directly responsible for overseeing the work of the external auditor in connection with the audit of the annual financial statements and the review of the interim financial statements and any other audit, review or attest functions the external auditor performs for TMX Group, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- must pre-approve all non-audit services to be provided to TMX Group or its subsidiaries by the external auditor;
- must review TMX Group's financial statements and related management's discussion and analysis, and annual and interim earnings press releases before they are publicly disclosed;
- must be satisfied that adequate procedures are in place and must periodically assess the adequacy of those procedures for the review of TMX Group's public disclosure of financial information extracted or derived from our financial statements, other than the public disclosures referred to above;
- must establish procedures for (i) the receipt, retention and treatment of complaints received by TMX Group regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith; and
- review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

### *Charter*

The full text of the finance and audit committee's charter is included as Appendix A to this AIF.

***Composition of the Committee and Relevant Education and Experience of its Members***

The following are the members of the finance and audit committee, each of whom is a Director and is independent under Sections 1.4 and 1.5 of NI 52-110. The members of the audit committee are each financially literate under Section 1.6 of NI 52-110 and bring significant skill and experience to their responsibilities including professional experience in accounting, business and finance. The specific education and experience of each member that is relevant to the performance of his or her responsibilities as a member of the committee is set out below:

|                             |  |
|-----------------------------|--|
| J. Spencer Lanthier (Chair) | Mr. Lanthier is a chartered accountant and served as a partner of KPMG Canada LLP from 1972 until his retirement in 1999 and from 1993 until 1999 he was Chairman and Chief Executive Officer of KPMG Canada.  |
| Raymond T. Chan             | Mr. Chan is a chartered accountant and is the Executive Chairman (since January 1, 2009) and a director of Baytex Energy Trust. From September 2003 to December 2008, Mr. Chan was the Chief Executive Officer of Baytex. Over the past 27 years, he has, among other senior executive positions, served as a Chief Financial Officer or Chief Executive Officer of various public oil and gas companies.  |
| Denyse Chicoyne             | Ms. Chicoyne has worked in the securities industry as a top ranked analyst for brokerage firms such as BMO Nesbitt Burns, Nesbitt Thomson, and McNeil Mantha and was also a senior analyst and portfolio manager for the Caisse de dépôt et placement du Québec. Ms. Chicoyne holds an MBA in Finance and International Business from McGill University (1981) and has been a designated Chartered Financial Analyst (CFA) since 1986. Ms. Chicoyne is a member of the Montreal Society of Financial Analysts as well as of the CFA Institute. |

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|----------------------------|---|
| Harry A. Jaako             | Mr. Jaako is the Executive Officer and a Director and Principal of Discovery Capital Management Corp. (“DCMC”) (a venture capital firm) and is also President and a Director of British Columbia Discovery Fund (VCC) Inc., a British Columbia venture capital fund managed by DCMC. As a venture capital professional, Mr. Jaako has directed investments in over 30 companies during the past 12 years, and has been responsible for monitoring the financial reporting of many of these investments. He has also, over the past 20 years, served as a senior executive and/or director of numerous reporting and non-reporting issuers and been involved with all aspects of their financial reporting in such executive or board capacities. Throughout his career, Mr. Jaako has also served in an advisory capacity to securities regulators and SROs related to corporate finance. |
| Owen McCreery <sup>7</sup> | Mr. McCreery holds a Bachelor of Commerce degree, an MBA and obtained his Chartered Financial Analyst designation in 1977. Mr. McCreery has been employed in various organizations as an accountant, a financial analyst, a portfolio manager and a partner/director, and most recently served as President of Beutel Goodman & Co. Ltd. from 1994 until his retirement in 1999.  |
| Jean Martel                | Mr. Martel is a lawyer practicing in the areas of securities, corporate finance, financial institutions, financial services and capital markets infrastructure. Mr. Martel served as Assistant Deputy Minister of Finance of Quebec from 1988 to 1994, in charge of policy and law-making for financial institutions, market intermediaries, financial services and labour-sponsored investment fund corporations. From 1981 to 1988, he headed the legal department of the Ministry of Finance of Quebec, concentrating on financing operations and securities issues. Mr. Martel also served as Chairman, President and CEO of the Commission des valeurs mobilières du Québec (predecessor to the AMF) from 1995 to 1999.  |
| Kathleen M. O’Neill        | Ms. O’Neill is a chartered accountant and a fellow of the Institute of Chartered Accountants of Ontario. She has also been accredited through the Institute of Corporate Directors/Rotman School of Management Directors Education Program. Prior to January 2005, she was Executive Vice President of BMO Bank of Montreal. Prior to joining BMO Bank of Montreal in 1994, Ms. O’Neill was with PricewaterhouseCoopers for 19 years including eight years as a tax partner.  |

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<sup>7</sup> Mr. McCreery is not standing for re-election.

### ***Pre-Approval Policies and Procedures***

As set out in the committee's charter, the committee is responsible for pre-approving any non-audit services to be provided to TMX Group or its subsidiaries by its external auditor, with reference to compatibility of the service with the external auditor's independence.

### ***External Auditor Service Fees (by category)***

The aggregate fees billed by KPMG LLP, TMX Group's auditor, related to the years ended December 31, 2007 and 2008 for professional services are set out below:

| <b>Services Rendered</b>          | <b>Fees billed by KPMG</b> |                    |
|-----------------------------------|----------------------------|--------------------|
|                                   | <b>Fiscal 2007</b>         | <b>Fiscal 2008</b> |
| Audit Fees <sup>(1)</sup>         | \$466,000                  | \$1,046,000        |
| Audit Related Fees <sup>(2)</sup> | \$ 55,000                  | \$ 155,000         |
| Tax Fees <sup>(3)</sup>           | -                          | \$ 225,000         |

- (1) For the audit of our financial statements, including review of our quarterly financial statements and for services normally provided by the auditor in connection with statutory and regulatory filings. The amount for 2008 includes audit fees for MX and its subsidiaries. The 2008 audit fees also reflect fees for audit services related to our business combination with MX and MX's acquisition of an additional 21.9% ownership interest in BOX.
- (2) For assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported in (1), including the audit of the pension plan for our employees, French translation services and a Section 5970 report on internal control procedures at a service organization.
- (3) Fees for services provided to MX related to tax compliance, tax advice and tax planning.

### **Public Venture Market Committee**

The public venture market committee advises and makes recommendations to the Board of Directors on all policy issues and matters that are likely to have a significant impact on the public venture capital market in Canada and our role in relation to those matters.

### **Human Resources Committee**

The human resources committee ensures that we have high calibre executive management in place and a total compensation plan that is aligned with our performance, as well as being competitive, motivating and rewarding for participants. The human resources committee reviews and makes recommendations to the Board of Directors for the appointment and compensation of our executive officers, including the Chief Executive Officer, and the establishment of, and any material changes to, executive compensation programs (including the general compensation philosophy and guidelines, incentive plan design and other remuneration and any adjustments to that compensation (salary, incentives, benefits or other perquisites)), including that of the Chief Executive Officer. The committee reviews annually the Chief Executive Officer's performance targets and corporate goals and objectives; reviews and approves the Chief Executive Officer's performance evaluation against these targets, goals and objectives; and reviews and recommends to the Board of Directors the Chief Executive Officer's compensation. The committee approves and reports to the Board of Directors on management succession plans, including Chief Executive Officer succession plans. On an annual basis, the committee reviews the Employee Code of Conduct and recommends to the Board for approval any amendments to the Code of Conduct. It is also responsible for overseeing our employee benefits plans, including the design and administrative management of our pension plans.

## Executive Officers

As at the date of this AIF, the following are the executive officers of TMX Group, their titles and their municipalities of residence.

| <b>Name and Municipality of Residence</b>     | <b>Position</b>                                 | <b>Principal Occupation During the Five Preceding Years</b>  |
|---|---|--|
| Wayne C. Fox<br>Oakville, Ontario             | Chair of the Board,<br>TMX Group                | Mr. Fox is a Corporate Director. Since May 29, 2001, Mr. Fox has been the Chair of the Board of TMX Group or its predecessor. From September 2001 to September 1, 2005, he was the Vice-Chairman and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce. Prior to September 2001, he held several increasingly senior positions in CIBC and in several CIBC affiliates. |
| Thomas A. Kloet<br>Toronto, Ontario           | Chief Executive<br>Officer, TMX<br>Group        | Mr. Kloet became Chief Executive Officer on July 14, 2008. Prior to joining TMX Group, he was Senior Executive Vice-President and Chief Operating Officer of the American Zone for Fimat and its successor company, Newedge Group since 2003. Previously, from 2000 to 2002, he served as the first Chief Executive Officer and Executive Director of the Singapore Exchange Limited.                                    |
| Luc Bertrand <sup>8</sup><br>Montreal, Quebec | Deputy Chief<br>Executive Officer,<br>TMX Group | Mr. Bertrand became Deputy Chief Executive Officer of TMX Group on May 1, 2008. Mr. Bertrand is also President and Chief Executive Officer of MX, a position he has held since March 2000. He has served on the Board of Directors of MX since 1992. He served as Vice-Chairman in 1996 and 1997 and as Chairman from 1998 to the date of his appointment as President and CEO in 2000.                                  |

<sup>8</sup> On March 5, 2009, we announced that Mr. Bertrand would be stepping down from his position as our Deputy Chief Executive Officer and President and Chief Executive Officer of MX on June 30, 2009. Mr. Bertrand will also retire from the Boards of TMX Group and related companies on that date. Mr. Alain Miquelon, currently Executive Vice President, Chief Financial Officer and Head of Strategy & Development, MX, has been appointed to the position of President and Chief Executive Officer of MX, effective July 1, 2009.

| <b>Name and Municipality of Residence</b> | <b>Position</b>  | <b>Principal Occupation During the Five Preceding Years</b>  |
|---|--|--|
| Kevan Cowan<br>Calgary, Alberta           | President, TSX Markets and Group Head of Equities, and President, TSX Venture Exchange | Mr. Cowan became President, TSX Markets and Group Head of Equities on September 8, 2008. Mr. Cowan was named President, TSX Venture Exchange and Senior Vice President, Listings, TMX Group on April 30, 2007. Prior to that, he was Vice President, Listings, TMX Group from April 2004 to April 2007. He was appointed Senior Vice President, TSX Venture Exchange in August 2001.   |
| Christine Ellison<br>Georgetown, Ontario  | Vice President, Human Resources, TMX Group   | Ms. Ellison became Vice President, Human Resources, TMX Group on December 7, 2005. From 2004 to 2005, she was Vice President, Executive Resources of Canadian Imperial Bank of Commerce. Prior to that, she was Senior Vice President, Human Resources of Citibank Canada from 1998 to 2003.   |
| Robert Fotheringham<br>Dundas, Ontario    | Senior Vice President, Trading, TMX Group  | Mr. Fotheringham was appointed Senior Vice President, Trading, TMX Group on January 30, 2008. From February 1, 2006 to January 30, 2008 he was Vice President, Trading, TSX Group. From April 11, 2005 to February 2006, he was Vice President, Structured and Derivative Products. Prior to that, he was Vice President, Derivative and Quantitative Investments for OMERS (Ontario Municipal Employees Retirement System) from March 1997 to April 2005. |
| Brenda Hoffman<br>Toronto, Ontario        | Senior Vice President and Chief Information Officer, TMX Group                         | Ms. Hoffman became Chief Information Officer and Senior Vice President, TMX Group on April 30, 2007. Ms. Hoffman was Vice President Information & Trading Technologies, Development, TSX Technologies from January 2001 to April 2007. Prior to joining TMX Group, she was Director at Worldwide Competency Centre for e-Markets and e-Brokerage Solution at ISM, a division of IBM Global Services.   |

| <b>Name and Municipality of Residence</b> | <b>Position</b>  | <b>Principal Occupation During the Five Preceding Years</b>  |
|---|--|--|
| Peter Krenkel<br>Calgary, Alberta         | President, Natural Gas Exchange Inc., and Senior Vice President, Energy, TMX Group | Mr. Krenkel became Senior Vice President, Energy, TMX Group on April 27, 2004 and President of NGX upon its inception in 1994, a position he continues to hold, including an eight-month period in 2001 and 2002 when he was also the Head of the UK Power Exchange in London, a then-affiliated company. From 1998 through 2000, Mr. Krenkel was also the acting President of NRG Information Systems. Prior to joining NGX, from 1989 to 1993, he was President of Canadian Hydrocarbons Marketing Inc., and the Vice-President of Operations at ICG Resources Ltd. from 1984 to 1989. |
| Richard Nadeau<br>Montreal, Quebec        | Senior Vice President, Toronto Stock Exchange, TMX Group                           | Mr. Nadeau joined TMX Group as Senior Vice President, TMX Group and Toronto Stock Exchange on March 13, 2006. Prior to joining TMX Group, Mr. Nadeau was Vice President, Corporate Finance Division - Eastern Canada at Bank of Montreal from July 2000 to March 1, 2006.  |
| Sharon C. Pel<br>Toronto, Ontario         | Senior Vice President, Legal and Business Affairs, TMX Group                       | Ms. Pel became Senior Vice President, Legal and Business Affairs on February 24, 2004. Prior to that, from July 2003 to February 2004, Ms. Pel was Vice President, Corporate Development, General Counsel and Corporate Secretary of TMX Group. Prior to joining TMX Group she practiced corporate and securities law at Torys LLP for 21 years including 13 years as a partner.   |
| Michael Ptasznik<br>Thornhill, Ontario    | Senior Vice President and Chief Financial Officer, TMX Group                       | Mr. Ptasznik became Senior Vice President, TMX Group on January 25, 2005 and Chief Financial Officer of TSX Inc. in July 2002, a position he continues to hold. Prior to that, from September 2000 to July 2002, he was Vice President, Finance and Administration and Treasurer, TSX Inc. From October 1996 to September 2000, Mr. Ptasznik was Director, Finance and Administration, The Toronto Stock Exchange (a predecessor of TSX Inc.). Prior to joining TMX Group, he held a number of finance positions at Procter & Gamble Canada.   |

| <b>Name and Municipality of Residence</b> | <b>Position</b>  | <b>Principal Occupation During the Five Preceding Years</b>  |
|---|--|--|
| Eric Sinclair<br>Toronto, Ontario         | Senior Vice President, TMX Group and Senior Vice President, TSX Datalinx | Mr. Sinclair became Senior Vice President, TMX Group on February 1, 2006. Prior to that he became Vice President, TMX Group and Senior Vice President, TSX Datalinx, a position he continues to hold, in February 2003. From May 1999 to December 2002, he was Executive Vice President, Global Sales for the Wealth Management Division of Sanchez Computer Associates Inc. |

### **Shareholdings of Directors and Executive Officers**

To our knowledge, as at February 27, 2009, the directors and executive officers of TMX Group as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 1.4 percent of our outstanding common shares and no director or executive officer of TMX Group beneficially owned or controlled voting securities of any of our subsidiaries.

### **Corporate Cease Trade Orders or Bankruptcies**

There have been no bankruptcies, receiverships or similar proceedings against us or any of our subsidiaries, or any voluntary bankruptcies, receiverships or similar proceedings by us or any of our subsidiaries, within the three most recently completed financial years or current financial year.

To our knowledge and except as otherwise disclosed in this AIF or that portion of our Information Circular, incorporated by reference, in the last ten years, no director or executive officer of TMX Group is or has been a director, a chief executive officer, chief financial officer or executive officer, as the case may be, of an issuer that: (i) while that person was acting in the capacity as a director, chief executive officer or chief financial officer, was the subject of a cease trade order or similar order, or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or (ii) while that person was acting in the capacity as a director or executive officer or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties or Sanctions**

To our knowledge, no director or executive officer of TMX Group (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

To our knowledge, in the last ten years, no director or executive officer of TMX Group has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

### **Conflicts of Interest**

To our knowledge, no director or executive officer of TMX Group has an existing or potential material conflict of interest with us or any of our subsidiaries.

### **Employees**

We had a total of 845 employees as at December 31, 2008, which included 244 MX and BOX employees, compared with a total of 603 employees as at December 31, 2007, and 548 employees as at December 31, 2006. At December 31, 2008, 817 employees were located in Canada and 28 were located in the United States.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

We have provided services in the ordinary course of business to some of our POs. As at the date of this AIF, we do not have any members of our Board of Directors who are employees of our POs. In prior years, some of our POs or approved participants had employees who were members of our Board of Directors.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for our common shares is CIBC Mellon Trust Company at its principal offices in Vancouver, Calgary, Toronto, London, Montreal and Halifax.

## **MATERIAL CONTRACTS**

The following are the only material contracts, other than the contracts entered into the ordinary course of business, which have been entered into after January 1, 2002 and during the year ended December 31, 2008 and are still in effect:

- Option Agreement for the Purchase and Sale of Shares between Enbridge and Circuit Technology dated September 6, 2007 granting us the option to acquire NTP; and
- Credit Agreement dated as of April 18, 2008 between TMX Group and a syndicate of financial institutions. We entered into the Credit Agreement in connection with the combination with MX. Please refer to the section, “*Three Year History – Initiatives, Alliances and Acquisitions - 2008*” on page 5 of this AIF for information on the terms of the credit agreement. In addition, further details relating to the credit facility, including financial covenants, are located in our 2008 MD&A under the heading

*“Liquidity and Capital Resources - Credit Facilities and Guarantee”* on pages 32 to 33 of our 2008 Annual Report.

Copies of these documents have been filed on SEDAR and are available at [www.sedar.com](http://www.sedar.com).

## **EXPERTS**

Our auditor is KPMG LLP, who has prepared the Auditors' Report to the Shareholders in respect of our audited annual consolidated financial statements. KPMG LLP is independent with respect to TMX Group within the meaning of the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Ontario.

## **ADDITIONAL INFORMATION**

Additional information about us, including directors' and officers' remuneration and indebtedness, principal holders of our securities, options to purchase securities and interests of insiders in material transactions (where applicable), and our corporate governance approach and procedures, may be found in our Information Circular dated March 23, 2009 for our annual meeting of shareholders on April 29, 2009. We also provide additional financial information in our audited comparative consolidated financial statements for the year ended December 31, 2008 and in the related 2008 MD&A.

We will provide to any person, upon request to our Investor Relations Department at The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2 (or phone (416) 947-4277 or 1 (888) 873-8392; fax (416) 947-4727; or email [shareholder@tsx.com](mailto:shareholder@tsx.com)), a copy of this AIF and any documents we incorporate by reference, a copy of our audited comparative consolidated financial statements for the year ended December 31, 2008 together with the accompanying auditors' report and the related 2008 MD&A, a copy of any interim financial statements and related interim MD&A subsequent to the financial statements for the year ended December 31, 2008. If you are not our shareholder, we may require you to pay a reasonable charge for a copy of any of these documents. Additional information about us, including copies of these documents, may be found on our website at [www.tsx.com](http://www.tsx.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD-LOOKING STATEMENTS**

This AIF contains “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, estimates and projections as of the date of this AIF. 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 AIF.

Examples of such forward-looking information in this AIF include, but are not limited to factors relating to stock, derivatives and energy exchanges and the business, financial position, 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. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this AIF.

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 expected cash flows, cost savings and profitability, 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 AIF 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 AIF. 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.** See “*Risks and Uncertainties*” outlined in our 2008 MD&A filed with the securities regulatory authorities in Canada.

## **TRADE-MARKS**

DEX, Groupe TMX, Natural Gas Exchange, NEX, NGX, PC-Bond, TMX, TMX Group, TMX Datalinx, Toronto Stock Exchange, TSX, TSX Datalinx, TSX Group, TSX Markets, TSX Quantum, TSX Technologies, TSX Venture Exchange, TSXV and their respective designs are trade-marks of TSX Inc.

Montréal Exchange, Bourse de Montréal, Canadian Derivatives Clearing Corporation, CDCC and their respective designs are trade-marks of Montréal Exchange Inc. and are used under license.

Montréal Climate Exchange, MCeX and their respective designs are trade-marks of Chicago Climate Exchange Inc. and are used under license.

Boston Options Exchange, BOX and their respective designs are trade-marks of Boston Options Exchange Group, LLC and are used under license.

**APPENDIX A  
TO ANNUAL INFORMATION FORM OF TMX GROUP INC.  
MARCH 27, 2009**

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**TMX GROUP INC.  
(the “Corporation”)  
FINANCE & AUDIT COMMITTEE  
CHARTER**

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**1. General**

The Board of Directors of the Corporation (the “Board”) has established a Finance and Audit Committee (the “Committee”) to take steps on its behalf as are necessary to assist the Board in fulfilling its oversight responsibilities regarding:

- (a) the integrity of the Corporation’s financial statements;
- (b) the internal control systems of the Corporation;
- (c) the external audit process;
- (d) the internal audit and assurance process;
- (e) risk management;
- (f) investment opportunities and the raising of funds by the Corporation;
- (g) the administration, financial reporting and investment activities of the pension plan(s);
- (h) the Corporation’s compliance with legal and regulatory requirements, and
- (i) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

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**2. Members**

The Board will in each year appoint a minimum of four (4) directors as members of the Committee. All members of the Committee will be independent directors as required by law and all recognition orders and exemption orders issued in respect of the Corporation by applicable securities regulatory authorities.

All members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

The Chief Executive Officer (“CEO”) of the Corporation and, to the extent the Chair of the Board is not otherwise a member of the Committee, the Chair, and all other non-management directors who are not members of the Committee may attend all meetings of the Committee in an ex-officio capacity and will not vote. Directors who are also members of management, other than the CEO, shall be entitled to attend meetings of the Committee if invited to do so by the Chair of the Committee. The CEO shall not attend in-camera sessions.

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### 3. Duties

The Committee shall have the following duties:

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(a) **Financial Reporting and Disclosure**

- (1) Audited Annual Financial Statements: Review the audited annual financial statements, all related MD&A, and earnings press releases for submission to the Board for approval.
- (2) Quarterly Review: Following their review by the external auditor, review the quarterly financial statements, the related management discussion and analysis (“MD&A”), and earnings press releases for submission to the Board for approval.
- (3) Significant Accounting Principles and Disclosure Issues: Review with management and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Corporation’s financial position and the results of its operations in accordance with Canadian GAAP.
- (4) Compliance: Confirm through discussions with management that Canadian GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.
- (5) Legal Events: Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Corporation’s financial statements, and the manner in which these have been disclosed in the financial statements.
- (6) Off-Balance-Sheet Transactions: Discuss with management the effect of any off-balance-sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation’s financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.
- (7) Other Disclosures: Satisfy itself that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information, other than the public disclosure of the information referred to in sections 1 and 2 above, and periodically assess the adequacy of those procedures.

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(b) **Oversight of Internal Controls**

- (8) Review and Assessment: Review and assess the adequacy and effectiveness of the Corporation's system of internal control and management information systems through discussions with management, the Chief Internal Auditor ("CIA"), and the external auditor.
- (9) Oversight: Oversee system of internal control, by:
- (A) Monitoring and reviewing policies and procedures for internal accounting, internal audit, financial control and management information;
  - (B) Consulting with the external auditor regarding the adequacy of the Corporation's internal controls;
  - (C) Reviewing with management its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response; and
  - (D) Obtaining from management adequate assurances that all statutory payments and withholdings have been made.
- (10) Fraud: Oversee investigations of alleged fraud and illegality relating to the Corporation's finances.
- (11) Complaints: Review with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

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(c) **External Audit**

- (12) Appointment or Replacement: Recommend the appointment or replacement of the external auditor to the Board, who will consider the recommendation prior to submitting the nomination to the shareholders for their approval.
- (13) Compensation: Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Corporation, and the extent of internal audit and other support provided by the Corporation to the external auditor.
- (14) Reporting Relationships: The external auditor will report directly to the Committee.
- (15) Performance: Review with management, on a regular basis, the terms of the external auditor's engagement, accountability, experience,

- qualifications and performance. Evaluate the performance of the external auditor.
- (16) Transition: Review management's plans for an orderly transition to a new external auditor, if required.
  - (17) Audit Plan: Review the audit plan and scope of the external audit with the external auditor and management, and consider whether the nature and scope of the planned audit procedures can be relied upon to detect weaknesses in internal controls, frauds or other illegal acts.
  - (18) Audit Plan Changes: Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.
  - (19) Review of Results: Review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
  - (20) Disagreements with Management: Resolve any disagreements between management and the external auditor regarding financial reporting.
  - (21) Material Written Communications: Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
  - (22) Interim Financial Statements: Engage the external auditor to review all interim financial statements and review, in the absence of management, the results of the auditor's review of the interim financial statements and the auditor's review of the related MD&A.
  - (23) Other audit matters: Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.
  - (24) Meeting with External Auditor: Meet with the external auditor in the absence of management at least quarterly to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.
  - (25) Correspondence: Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
  - (26) Independence: At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Corporation, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of

- years the lead audit partner has been assigned to the Corporation, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board.
- (27) Non-Audit/Audit Services: Pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence.
- (28) Hiring Policies: Review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
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(d) **Internal Audit and the Provision of Assurance**

- (29) Chief Internal Auditor: Review and approve the appointment, replacement or dismissal of the CIA. The CIA reports to the Chief Executive Officer ("CEO") administratively and to the Committee functionally.
- (30) Assurance Activities: Review with management and the CIA the mandate, staffing, plans, activities, and results of the Corporation's assurance providers to gain reasonable assurance that their activities are appropriately comprehensive, effective and coordinated with the external auditor.
- (31) Assurance Findings: Discuss the impact of any significant assurance findings, together with the appropriateness of management's response, on the adequacy and effectiveness of the Corporation's system of internal control.
- (32) Meeting: Meet with the CIA in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the CIA may wish to bring to the Committee for its consideration, including a discussion of any restrictions or limitations placed on the CIA with respect to scope of work or access to required information.
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(e) **Risk Management**

- (33) Adequacy of Policies and Procedures: Review and assess the adequacy of the Corporation's risk management policies and procedures with regard to identification of the Corporation's principal risks annually, and review (at least semi-annually) updates on these risks from the Director, Risk Management. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board.

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(f) **Financial Planning and Investments**

- (34) Business Plan: Review and recommend the Business Plan, including the annual Operating and Capital Budgets for submission to the Board for approval. Review periodic financial forecasts.
- (35) Investment Opportunities: Review and assess investment opportunities of a value exceeding management's authority, in accordance with procedures established by the Board from time to time.
- (36) Guidelines and Policies: Review and approve guidelines and policies for the investing of cash and marketable securities and review reports from management on the results of such investments against established benchmarks.
- (37) Additional Funds for Investment: Review and assess management's plans with respect to raising additional funds whether through debt or capital, in accordance with procedures established by the Board from time to time.

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(g) **Pension Plan**

- (38) Oversight: Review and assess management's reports on pension plan oversight including:
- (A) Review management controls and processes with respect to the administration of investment activities, financial reporting and funding of the plan(s).
- (B) Confirm the following appointments for the management of the plan(s), subject to exceptions where the appointment authority is assigned to another party as per plan documents:
- Auditor
  - Trustee
  - Fund Manager
- (C) Review the actuarial assumptions used for the valuation, including the rate of return on investments and the discount rate used to arrive at the funding requirements.
- (D) Review and approve the plan(s) investment objectives and guidelines annually and amend if necessary.
- (E) Review the investment performance of the funds and the investment managers, and their compliance with the investment objectives and guidelines and applicable legislation.
- (F) Review and approve the annual audited financial statements of the plan(s).

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(h) **Compliance**

- (39) Filings with Regulatory Authorities: Review with management the Corporation's relationship with regulators, and the timeliness and accuracy of Corporation filings with regulatory authorities.
- (40) Employee Code of Conduct: Confirm that adequate and effective systems are in place to enforce compliance with the Employee Code of Conduct. Ensure the Employee Code of Conduct is disclosed in the Corporation's annual report or information circular at least every three years or following a material amendment. Alternatively, confirm with management that an up-to-date version of the Employee Code of Conduct is disclosed on the Corporation's website.

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(i) **Communication**

- (41) Communication Channels: Establish and maintain direct communication channels with management, the CIA, the external auditor and the Board to discuss and review specific issues as appropriate.
- (42) Coordination with Management: The Committee will coordinate with management on audit and financial matters, and will:
- Meet privately with management to discuss any areas of concern to the Committee or management; and
  - Review expenses incurred by the Chair of the Board and CEO of the Corporation. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

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(j) **Related Party Transactions**

- (43) Related Party Transactions: Review with management all related party transactions and the development of policies and procedures related to those transactions.

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(k) **Board Relationship and Reporting**

- (44) Adequacy of Charter: Review and assess the adequacy of the Committee Charter annually and submit such amendments as the Committee proposes to the Governance Committee.
- (45) Disclosure: Oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in the Corporation's Annual Information Form and all other applicable disclosure documents.

- (46) **Reporting:** Report regularly to the Board on Committee activities, issues and related recommendations.
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**4. Chair**

The Board will in each year appoint the Chair of the Committee. The Chair shall have accounting or related financial expertise. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

**5. Meetings**

The Committee shall meet at the request of its Chair, but in any event it will meet at least four times a year. Notices calling meetings shall be sent to all Committee members, to the CEO of the Corporation, to the Chair of the Board and to all other directors. The external auditor or any member of the Committee may call a meeting of the Committee.

**6. Quorum**

A majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

**7. Removal and Vacancy**

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all its powers.

**8. Experts and Advisors**

The Committee may retain or appoint, at the Corporation's expense, such experts and advisors as it deems necessary to carry out its duties, and to set and pay their compensation. The Committee shall provide notice to the Governance Committee of its actions in this regard.

**9. Secretary and Minutes**

The Chief Financial Officer of the Corporation, or such other person as may be appointed by the Chair of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board.