

**TMX GROUP LIMITED**

**ANNUAL  
INFORMATION  
FORM**

**March 28, 2013**

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*Unless otherwise noted, the information contained in this Annual Information Form is given as at February 28, 2013, and all dollar amounts are expressed in Canadian dollars, unless otherwise indicated.*

## INFORMATION INCORPORATED BY REFERENCE

Certain disclosure in this annual information form (“AIF”) is derived from and incorporated by reference from TMX Group Limited’s Management’s Discussion and Analysis for the year ended December 31, 2012 (the “2012 MD&A”) dated February 5, 2013 and from our Management Information Circular dated March 28, 2013 (the “Circular”). The table below identifies pages from the 2012 MD&A and the Circular which are incorporated by reference into this AIF. These documents are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on our website at [www.tmx.com](http://www.tmx.com).

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## **CORPORATE STRUCTURE**

### **Name, Incorporation and Address**

TMX Group Limited's (referred to, with its consolidated subsidiaries, as the context requires, as "TMX Group", "we", or "us") businesses operate markets and clearing houses for equities, fixed income, derivatives and energy. We provide services encompassing listings for our issuers, trading, clearing, settlement and depository facilities, data delivery solutions and products, as well as technology services for the international financial community.

TMX Group, originally called Maple Group Acquisition Corporation ("Maple"), was incorporated under the *Business Corporations Act* (Ontario) on April 28, 2011 to acquire all of the issued and outstanding common shares of TMX Group Inc., then a public company, while preserving a publicly-traded exchange and clearing group focused on the Canadian capital markets. The original investors in Maple ("Investors") include five of Canada's largest public pension funds, four Canadian bank-owned investment dealers or their affiliates, a Canadian independent broker-dealer, Canada's largest financial cooperative group and a leading Canadian-based global financial services group.

On August 1, 2012, Maple amended its articles of incorporation to insert share ownership restrictions which, except as expressly permitted by the recognition orders of the Ontario Securities Commission (the "OSC") and the Autorité des marchés financiers (the "AMF"), restrict the ability of any person or company or combinations of persons or companies acting jointly or in concert to beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of Maple, as it was then named.

In addition, on August 10, 2012, Maple amended its articles of incorporation to change its legal name from "Maple Group Acquisition Corporation" to "TMX Group Limited / Groupe TMX Limitée".

On September 14, 2012, TMX Group completed its two-step acquisition of TMX Group Inc. (as described on page 3 under the heading "***General Development of the Business***") and became a reporting issuer in all Canadian provinces and territories.

Our head and registered offices are at The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2. We also have offices in Montréal, Calgary, Vancouver, Houston, Boston, Chicago, New York, London, U.K., Beijing and Sydney. Our website is [www.tmx.com](http://www.tmx.com). We are not incorporating information contained on our website in our AIF.

### **Intercorporate Relationships**

Information about the intercorporate relationships among TMX Group and its principal subsidiaries is provided in Appendix "A" of this AIF.

## GENERAL DEVELOPMENT OF THE BUSINESS<sup>1</sup>

Advances in technology, globalization, consolidation, regulation and the introduction of alternative trading venues have changed the way global exchange markets operate. Exchanges have combined across jurisdictions and across asset classes and have moved to integrated, diversified and multi-product business models in order 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, products and services, which has resulted in the creation of alternative trading venues and exchanges that are competing aggressively with incumbent exchanges for order flow. These trends are apparent in Canada as a number of alternative trading systems (“ATs”) operating both dark and visible trading venues have entered the equity trading market. In the past few years, competition has intensified.

In late 2010 and 2011, there was attempted consolidation activity in the exchange sector. On February 9, 2011, TMX Group Inc. announced an agreement to combine TMX Group Inc. with London Stock Exchange Group plc (“LSEG”) in an all-share merger. TMX Group Inc. shareholders were scheduled to vote on the proposed merger on June 30, 2011. On June 28, 2011, the proxy cut-off date, it was clear that the two-thirds threshold required to approve the merger would not have been achieved. Consequently, on June 29, 2011, TMX Group Inc. and LSEG terminated the merger agreement.

In May 2011, in response to this proposed merger, Maple made a non-binding written proposal to acquire TMX Group Inc. On June 13, 2011, Maple made a formal offer, as subsequently varied and extended (the “Maple Offer”), to purchase a minimum of 70% to a maximum of 80% of the outstanding common shares of TMX Group Inc. for \$50.00 in cash per TMX Group Inc. share. The Maple Offer was part of an integrated acquisition transaction to acquire 100% of the TMX Group Inc. outstanding common shares (the “Maple Transaction”) involving the first step Maple Offer followed by a second step share exchange transaction pursuant to a court-approved and shareholder-approved plan of arrangement (the “Subsequent Arrangement”) under which the remaining TMX Group Inc. shares (other than those held by Maple) were exchanged for common shares of TMX Group on a one-for-one basis. Further information on the Maple Transaction, including the Maple Investors, is contained under the “*The Maple Transaction*” section of our 2012 MD&A on pages 2 to 4.

On October 30, 2011, we entered into a support agreement with TMX Group Inc. in respect of the Maple Transaction. Following receipt of regulatory and other requisite approvals, on July 31, 2012, we initially took up 80% of TMX Group Inc. shares under the Maple Offer and extended the offer for an additional ten days. On August 10, 2012, we acquired and paid for 80% of all TMX Group Inc. common shares outstanding on that date, thus completing the Maple Offer. On September 14, 2012, we completed the second step Subsequent Arrangement and TMX Group Inc. became a wholly-owned subsidiary of TMX Group.

In addition, on August 1, 2012, we completed the acquisitions of The Canadian Depository for Securities Limited (“CDS”) and its subsidiaries, and Alpha Trading Systems Inc. and its subsidiaries, and Alpha Trading Systems Limited Partnership (“Alpha LP”) (collectively, “Alpha”). Please refer to the “*Three Year History*” section below for further information on the CDS and Alpha acquisitions.

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<sup>1</sup> The “*General Development of the Business*” section contains certain forward-looking information. Please refer to “*Forward-Looking Information*” on page 42 of this AIF for a discussion of assumptions, risks and uncertainties related to such statements.

### **Three Year History**<sup>2</sup>

As previously stated, TMX Group was initially formed as a special acquisition corporation for the sole purpose of pursuing the Maple Transaction, along with the acquisitions of CDS and Alpha. Prior to the initial take up of 80% of TMX Group Inc.'s outstanding common shares under the Maple Offer and the completion of the CDS and Alpha acquisitions on August 1, 2012, TMX Group had not commenced commercial operations. Therefore, our discussion of the business prior to the completion of these acquisitions focuses on acquisitions and other initiatives undertaken by TMX Group Inc. and its subsidiaries.

Over the past three years, TMX Group Inc. and its subsidiaries embarked on many strategic initiatives which have enabled it to grow through diversification. It also carried out other initiatives with the intention of growing its core business, expanding its products and services, and offering superior technology. Further information on TMX Group's vision, business strategies, initiatives and accomplishments, including those initiatives and accomplishments outlined in this section, and market conditions is located in the "***Vision and Corporate Strategy***" and "***Market Conditions***" sections of our 2012 MD&A on pages 7 to 10. The "***Our Business***" section on pages 11 to 31 of our 2012 MD&A also contains information on our market conditions and on our strategies, initiatives and recent accomplishments.

#### ***Acquisitions and Dispositions***

The Maple Transaction which was completed on September 14, 2012 is described on page 3 under the heading "***General Development of the Business***".

On August 1, 2012, we completed the acquisition of CDS for an aggregate cash consideration of \$167.5 million. This transaction was effected by way of an amalgamation. A description of CDS' business is located in the sections "***Issuer Services - Overview and Description of Products and Services***", "***Trading, clearing, depository and related - Toronto Stock Exchange, TSX Venture Exchange, Alpha Exchange, TMX Select, CDS, MX, CDCC, NGX, Shorcan and Shorcan Energy Brokers***", "***Cash trading, clearing and depository - Toronto Stock Exchange, TSX Venture Exchange, Alpha Exchange, TMX Select, Shorcan and CDS - Overview and Description of Products and Services***", "***Information Services - TMX Datalinx, Alpha Exchange, CDS, MX and BOX - Overview and Description of Products and Services***" and "***Technology Services and Other Revenue***" on pages 12 to 30 of our 2012 MD&A.

On August 1, 2012, we also acquired all of the equity interest of Alpha for \$175.0 million. However, some security holders of Alpha were entitled to seek payment from us of the fair value of the Alpha securities held by it pursuant to a binding arbitration process. On July 25, 2012, we received a request for arbitration in accordance with the terms and conditions of the agreement from holders holding approximately 26% of the equity interest in Alpha. In no event will the arbitration process result in a price payable below a pro rata portion of \$175.0 million. The exercise of these arbitration rights may result in TMX Group being required to pay additional consideration for the Alpha acquisition in excess of the Alpha purchase price to those holders.

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<sup>2</sup> The "***Three Year History***" section contains certain forward-looking information. Please refer to "***Forward-Looking Information***" on page 42 of this AIF for a discussion of assumptions, risks and uncertainties related to such statements.

On February 13, 2013, we announced that we entered into an agreement with Equity Financial Holdings Inc. (“Equity”) to acquire its transfer agent and corporate trust services business. Under the terms of the agreement, we will pay \$64 million for these assets subject to certain post-closing price adjustments, which will be funded from existing cash and credit facilities. In 2012, the business reported revenues of approximately \$17 million and was profitable. We expect the acquisition to be accretive to earnings per share in the first year following the closing of the transaction. The transaction, which is expected to close in early April, is subject to closing conditions including certain consents and an Equity shareholder vote. After closing, we will own and operate the business but Equity will continue to provide services which must be provided by a trust company until we obtain the requisite trust licenses.

On February 27, 2013, we announced that we entered into a definitive agreement to combine our fixed income index business with the fixed income index business of FTSE Group (“FTSE”), part of LSEG, in a new joint venture. FTSE TMX Debt Capital Markets will be the third largest fixed income exchange traded fund (ETF) index provider globally. Together these indices are used as benchmarks for more than \$1 trillion in fixed income assets.

Our fixed income index business, PC-Bond, will be combined with FTSE’s existing international fixed income index business upon completion. FTSE will own a 75% majority stake in the joint venture, with TMX Group holding a 25% stake. In addition, we will receive \$112.2 million, subject to adjustments. We expect to record a gain on this transaction in the second quarter of 2013. Excluding this one-time gain, we expect the transaction will be slightly dilutive to earnings per share in 2013. The business, which will be jointly headquartered in London and Toronto, employs nine people and had combined pro forma revenues of \$21.3 million in 2012. The closing, subject to customary conditions, is expected to be in the second quarter of 2013.

### ***Other Initiatives***

#### **Cash Equities – Trading and Technology**

Over the past three years, TMX Group Inc. has implemented or initiated several technology initiatives designed to provide its customers with state of the art levels of technology. In the first half of 2010, it completed the first phase of Enterprise Expansion: a multi-phased initiative to provide customers with significantly improved trading technology and performance by expanding the infrastructure across the equity trading and data enterprise. In November 2011, it successfully completed the second phase of the Enterprise Expansion project. This phase of the project delivered higher throughput and capacity, more than doubling existing capabilities.

In February 2012, TMX Group Inc. announced the planned production implementation of the next generation equity trading technology called TMX Quantum XA, which will result in dramatically improved latency and throughput, as well as more efficient order processing. We expect to launch it on TMX Select Inc. (“TMX Select”) early in the third quarter of 2013. TMX Quantum XA will be implemented on Toronto Stock Exchange, TSX Venture Exchange and Alpha Exchange in 2014, with completion by the end of 2014, subject to regulatory approval.

In July 2011, TMX Group Inc. launched trading on TMX Select, an equities ATS. TMX Select, created in response to customers’ evolving trading strategies, offers a range of differentiating features for participants, including extended continuous trading hours, strict price / time priority, a simplified market structure and a symmetrical pricing model that charges liquidity takers and providers equally.

### **Derivatives - Trading and Clearing**

In February 2012, Canadian Derivatives Clearing Corporation (“CDCC”) launched the first phase of its fixed income central counterparty services initiative with the introduction of clearing fixed income repurchase agreements. The Investment Industry Association of Canada (“IIAC”) awarded CDCC the mandate to develop the infrastructure for central counterparty services for the Canadian fixed income market in December 2009. The introduction of these services was the culmination of extensive work by CDCC, the IIAC, the Bank of Canada (“BOC”) and industry stakeholders. Phase two of this initiative, which consists of providing additional central counterparty clearing services for blind trading of repurchase transactions introduced by inter-dealer brokers (“IDBs”) was launched in December 2012. Phase two also includes the clearing of cash buy and sell transactions introduced by IDBs. This initiative was launched on March 11, 2013. CDCC is working with industry participants to further expand this initiative.

### **Energy**

In February 2010, TMX Group Inc. launched Shorcan Energy Brokers Inc. (“Shorcan Energy Brokers”), a wholly owned subsidiary of Shorcan Brokers Limited (“Shorcan”), which provides an inter-participant brokerage facility for matching buyers and sellers of energy products, including crude oil.

### **Information Services**

Since the introduction of co-location services in 2008, TMX Group Inc. has expanded its offerings of these services. In the first half of 2010, it completed the construction of a new co-location facility, and on June 30, 2010, clients began installing their trading applications in the TMX Group data centre. With the implementation of the most recent phase of the co-location facility expansion in the second quarter of 2012, there are now 190 co-location cabinets.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

### **Our Business Operations**

A complete description of the operations, revenues and results of operations of our equities, energy and fixed income cash and derivatives markets and clearing houses, including a description of our products and services, key statistics, pricing and competition can be found in the “*Overview of the Business*”, “*Our Business*”, “*Year Ended December 31, 2012 Compared with Year Ended December 31, 2011*”, “*Supplementary Information for Year Ended December 31, 2012 Compared with Year Ended December 31, 2011*”, “*Additional Information*”, “*Segments*”, “*Liquidity and Capital Resources*”, “*Credit Facilities and Guarantees*”, “*Summary of Cash Flows*”, “*Summary of Cash Position and Other Matters*”, “*Supplementary Cash Flow Information for the Quarter and Year Ended December 31, 2012 Compared with the Quarter and Year Ended December 31, 2011*”, “*Quarterly and Select Annual Financial Information*”, and “*Critical Accounting Estimates*” sections on pages 4 to 7, 11 to 31, 43 to 64 and pages 78 to 81 of our 2012 MD&A.

### **Regulatory Matters**

Different organizations regulate or monitor participants in the Canadian capital markets including issuers, brokerage firms, exchanges, ATSS, clearing houses and IDBs. Securities and other regulators regulate the activities of our marketplaces and clearing houses. Self-regulatory authorities, such as Investment Industry Regulatory Organization of Canada (“IIROC”), regulate the activities of brokerage firms and



their capital requirements, as well as their business and trading conduct. Toronto Stock Exchange and TSX Venture Exchange also establish standards for their listed issuers to maintain quality marketplaces and investor confidence.

### **Recognition and Regulation of Exchanges, ATs, and Clearing Houses**

TSX Inc. (which operates Toronto Stock Exchange), TSX Venture Exchange Inc. (which operates TSX Venture Exchange), TMX Group and TMX Group Inc. are all regulated as exchanges in Canada. TMX Group and TMX Group Inc. are also regulated as clearing houses in Québec. TSX Inc. is also regulated as an information processor by the AMF and operates as an information processor in accordance with a determination made by the Canadian Securities Administrators (“CSA”) Chairs. Alpha LP and Alpha Exchange Inc. (“Alpha Exchange”) are regulated as exchanges in Canada; however, they do not carry on any listing activity. TMX Select is registered as an ATS in Canada. Natural Gas Exchange Inc. (“NGX”) is regulated as an exchange and a clearing agency in Canada. In addition, NGX currently operates as an exempt commercial market (“ECM”) pursuant to the U.S. *Commodity Exchange Act* (the “CEA”) and is registered as a derivatives clearing organization (“DCO”) with the U.S. Commodity Futures Trading Commission (the “CFTC”). Subject to regulatory approvals, NGX anticipates registration as a foreign board of trade (“FBOT”) in the first half of 2013, replacing NGX’s current ECM status. NGX plans to continue clearing contracts as a DCO.

Montréal Exchange Inc. (“MX” or “Montréal Exchange”) is regulated as an exchange and a self-regulatory organization (an “SRO”) in Canada and operates as an FBOT in the United States. In 2002, the CFTC granted no-action relief to MX, as an FBOT, 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. The CFTC has implemented rules (the “FBOT Rules”) which impose a registration requirement for FBOTs and therefore replaces the current no-action framework under which MX operates. MX has applied for registration as an FBOT. MX is also subject to certain foreign regulatory requirements imposed by the regulators which have granted MX specific authorizations. In the U.K., the Financial Services Authority (“FSA”) granted comfort to MX to allow remote access to its futures and options products to the 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.

CDCC is regulated as a clearing house or clearing agency 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. Under the AMF Recognition Order, CDCC must observe the International Organization of Securities Commissions/Committee on Payment and Settlement Systems (IOSCO/CPSS) principles for financial market infrastructures (“PFMIs”).

CDS and CDS Clearing and Depository Services Inc. (“CDS Clearing”) are also regulated as clearing houses or clearing agencies in Canada. Under the terms of its OSC and AMF Recognition Orders and its BOC oversight agreement, CDS and CDS Clearing must observe the PFMIs as soon as possible.

CDSX, the multilateral clearing & settlement system operated by CDS Clearing, and Canadian Derivatives Clearing Service, operated by CDCC, have each been designated by the BOC as being of systemic importance under the *Payment Clearing and Settlement Act* (Canada). Under such designation, the BOC has broad powers relating to the regulation and oversight of CDS Clearing and CDCC. For example, any significant changes to either governance, structure, risk management systems, or CDS

Clearing's or CDCC's relationship to marketplace participants is subject to the prior review and approval by the BOC.

Each of BOX Market LLC ("BOX") and BOX Options Exchange LLC ("BOX Exchange") is regulated in the U.S. by the SEC.

Shorcan is a registrant with the OSC under the category of "exempt market dealer" and has been approved by IIROC to act as an IDB. Each of Shorcan and Shorcan Brokers US Inc. has applied for registration with the CFTC as an introducing broker under the CEA. As registered introducing brokers, Shorcan and Shorcan Brokers US Inc. will also be required to be members of the National Futures Association ("NFA") who enforce CFTC-approved minimum financial and reporting requirements for their members.

An exchange or clearing house operating in Canada must be recognized in certain jurisdictions under applicable legislation. In some circumstances, an exchange or clearing house may obtain an exemption from this requirement. The Ontario, Québec, Alberta and British Columbia securities regulatory authorities have issued recognition or exemption orders and oversee TMX Group, TMX Group Inc. and the operations of Toronto Stock Exchange, TSX Venture Exchange, Alpha LP and Alpha Exchange, NGX, MX, CDCC, CDS and CDS Clearing to ensure we operate in the public interest. The OSC is the lead regulator for TSX Inc., Alpha LP and Alpha Exchange. TMX Group and TMX Group Inc. operate under recognition orders granted by the AMF and the OSC. The Alberta Securities Commission ("ASC") and British Columbia Securities Commission ("BCSC") are the joint lead regulator for TSX Venture Exchange Inc. and the ASC is the lead/recognizing regulator for NGX. The AMF is the lead regulator for MX. CDCC operates under recognition orders from the AMF and the BCSC and a temporary exemption order from the OSC. (Please refer to "***Terms and Conditions Imposed on CDCC***" below for information on the OSC's regulation of CDCC.) CDS and CDS Clearing operate under recognition orders from the OSC, the AMF and the BCSC.

ATSS must obtain a provincial registration and IIROC membership, and make regulatory filings in order to maintain operations. TMX Select is an IIROC member and is a registrant and operates under the jurisdiction of the OSC.

The lead regulator of an exchange or recognizing regulator, in the case of a clearing house 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 house or clearing agency), including its market quality rules, and, in the case of Toronto Stock Exchange, TSX Venture Exchange and Alpha Exchange, universal market integrity rules ("UMIR") approved by all the recognizing regulators. Generally, the lead regulator of an exchange 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. With respect to MX and CDCC, under the *Derivatives Act* (Québec), 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 or recognizing regulator, in the case of a clearing agency or clearing house, also has the general power to make any decision in respect of an exchange, ATS or clearing house or clearing agency that it deems necessary in the public interest, and can review any direction, decision, order or ruling of an 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.

### ***Terms and Conditions of TMX Group's and its Subsidiaries' Recognition Orders***

Upon the initial take up of 80% of the outstanding common shares of TMX Group Inc. under the Maple Offer on July 31, 2012, the final recognition orders of each the OSC, AMF, BCSC and ASC with respect to the Maple Transaction came into effect. In addition, the AMF recognition order for CDCC came into effect on that date. Upon the completion of the Alpha and CDS acquisitions on August 1, 2012, the recognition order of the OSC regarding the Alpha transaction and the recognition orders of each of the OSC, AMF and BCSC regarding the CDS transaction came into effect. The various recognition orders (collectively, the "Recognition Orders", and individually, a "Recognition Order") provide the terms under which the OSC, AMF, BCSC and ASC, respectively, permit TMX Group to operate a combined exchange and clearing group. These Recognition Orders impose, among other things, governance, conflict of interest management, financial viability, resource and other operational requirements and reporting obligations, some of which are outlined below. The Recognition Orders also require that TMX Group and certain of its regulated subsidiaries conduct their business and operations in a manner that is consistent with the public interest. In addition, TMX Group is required to do everything within its control to cause each of TMX Group Inc., TSX Inc., Alpha LP and Alpha Exchange to carry out its activities as an exchange in compliance with applicable securities laws. TMX Group Inc., TMX Group, and TSX Inc. have each provided undertakings to the ASC and BCSC (the "ASC and BCSC Undertakings") in which they represent that, among other things, they will ensure that TSX Venture Exchange Inc. complies with the terms of its Recognition Orders. Certain information on the increased costs to comply with the regulatory requirements imposed under the Recognition Orders is located under the heading "***Impact of Recognition Orders on our Business – Increased Cost of Regulation***" on page 31 of our 2012 MD&A.

### ***Composition of the Boards of Directors of TMX Group Limited, TMX Group Inc., TSX Inc., TSX Venture Exchange Inc., Montréal Exchange Inc., Alpha Trading Systems Limited and Alpha Exchange Inc.***

Under the AMF Recognition Order and pursuant to the ASC and BCSC Undertakings, the boards of directors of TMX Group, TMX Group Inc., TSX Inc., TSX Venture Exchange Inc. and Montréal Exchange Inc. must be identical. In order to ensure consistency of governance, TMX Group also maintains mirror boards for Alpha Trading Systems Limited ("Alpha GP") and Alpha Exchange.

Under the terms and conditions of the OSC, AMF, ASC and BCSC Recognition Orders, as applicable, the boards of directors of TMX Group, TMX Group Inc., TSX Inc., TSX Venture Exchange Inc., Montréal Exchange Inc., Alpha GP and Alpha Exchange are subject to the following compositional requirements:

- at least 50% of the directors (including the chair) must be "independent" within the meaning of s. 1.4 and 1.5 of National Instrument 52-110-*Audit Committees* ("NI 52-110"), provided however, that a person is not independent if the person is: (i) a partner, director, officer or employee of a marketplace participant of a marketplace owned or operated by TMX Group or TMX Group's affiliated entities (as such term is defined in National Instrument 21-101-*Marketplace Operation*) ("NI 21-101") (a "TMX Group Marketplace") or an associate of such individual, or (ii) a partner, director, officer or employee of an affiliate of a marketplace participant of a TMX Group Marketplace who is responsible for or is actively or significantly engaged in the day-to-day operations of that participant, (any such director, throughout this AIF is referred to as "Independent");
- at least 50% of the directors must be unrelated to each of the Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs du Québec (F.T.Q.), The Manufacturers Life Insurance Company, National

Bank Financial & Co. Inc., National Bank Financial Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., TD Securities Inc. and 1802146 Ontario Limited, an affiliate of TD Securities Inc. (each, an "Original Maple Shareholder", collectively "Original Maple Shareholders") for so long as a nomination agreement (a "Nomination Agreement") remains in force, For this purpose, a person is considered to be Unrelated to Original Maple Shareholders if the person:

- is not a partner, officer or employee of an Original Maple Shareholder or any of its affiliates (or an associate of that partner, officer or employee);
- is not nominated under a Nomination Agreement<sup>3</sup>;
- is not a director of an Original Maple Shareholder or any of its affiliates or an associate of that director; and
- does not have, and has not had, any relationship with an Original Maple Shareholder that could, in the view of the Governance Committee of the board having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment

(any such person, throughout this AIF is referred to as Unrelated to an Original Maple Shareholder or Unrelated to Original Maple Shareholders);

- one director must be drawn from the Canadian independent investment dealer community (for greater certainty, excluding investment dealers which are affiliates of Canadian Schedule I banks). For greater certainty, for so long as a Nomination Agreement is in effect, such director must be Unrelated to Original Maple Shareholders;
- at least 25% of the directors will be residents of Québec;<sup>4</sup>
- at least 25% of the directors must possess expertise in derivatives; and
- at least 25% of the directors must have currently relevant expertise in the Canadian public venture capital markets (in accordance with the criteria set out in the Recognition Orders of, and as approved by, the BCSC and ASC).

Information regarding the Nomination Agreements, the directors who are Independent, Unrelated to Original Maple Shareholders, residents of Québec, possess expertise in derivatives and possess relevant expertise in Canadian public venture capital markets is located in the Circular under the headings "***Election of Directors***", "***Status of TMX Group Directors***", and "***Schedule B to the Circular – Corporate Governance Practices***" on pages 7, 19 and 20 and 80 and 81, respectively.

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<sup>3</sup> The following Original Maple Shareholders have a Nomination Agreement: Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., National Bank Financial & Co. Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc. and 1802146 Ontario Limited, an affiliate of TD Securities Inc.

<sup>4</sup> An order of the AMF made on July 4, 2012 provides, however, that, subject to the compliance by TMX Group with the condition that a total number of 4 directors out of the 17 who will be nominated each year for election to the boards of directors of TMX Group, TMX Group Inc. and Montréal Exchange Inc. will be residents of the Province of Québec, the AMF has suspended, until the second annual general meeting of TMX Group after the completion of the Subsequent Arrangement, the requirement for 25% of the members of each of such boards of directors to be residents of Québec.

***Restrictions on Plans and Practices imposed under the Recognition Orders***

The Recognition Orders of the OSC, ASC and BCSC provide for a variety of restrictions on our ability to engage in certain practices, including the following requirements:

- (a) Each TMX Group Marketplace will not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant (as defined in NI 21-101) or any other person or company, provide:
  - (i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the TMX Group Marketplace that is conditional upon the purchase of any other service or product provided by the TMX Group Marketplace or any of its affiliated entities;
  - (ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular market participant or any other particular person or company; or
  - (iii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the TMX Group Marketplace that is conditional upon:
    - (A) the requirement to have a TMX Group Marketplace be set as the default or first marketplace a marketplace participant routes to; or
    - (B) the router of a TMX Group Marketplace being used as the marketplace participant's primary router.
- (b) The Recognition Order of the OSC states that TMX Group must ensure that any of its affiliated entities do not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, engage in the practices outlined in (a) above.
- (c) Any TMX Group Marketplace must not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies, unless prior approval has been granted by the OSC, ASC or BCSC, as applicable.
- (d) A TMX Group Marketplace must obtain prior OSC, ASC or BCSC approval, as the case may be, before implementing any new, or amendments to, fees and fee models, including any new, or amendments to, any incentives relating to arrangements that provide for equity ownership in TMX Group for marketplace participants or their affiliates based on trading volumes or values on TMX Group Marketplaces.

- (e) A TMX Group Marketplace must not require a person or company to obtain products or services from any TMX Group clearing agency (“a TMX Group Clearing Agency”)<sup>5</sup> as a condition of the TMX Group Marketplace supplying or continuing to supply a product or service. TMX Group must ensure that any affiliated entity does not engage in these practices.
- (f) A TMX Group Marketplace will not require another person or company to purchase or otherwise obtain products or services from any other TMX Group Marketplace or a Significant Maple Shareholder<sup>6</sup> as a condition of the TMX Group Marketplace supplying or continuing to supply a product or service, unless prior approval has been granted by the OSC.
- (g) TMX Group must ensure that any affiliate does not require another person or company to obtain products or services from any TMX Group Marketplace or any TMX Group Clearing Agency as a condition of the affiliate supplying or continuing to supply a product or service.

### ***Approval of Integration of Any Business or Corporate Functions***

Pursuant to the OSC Recognition Order, TMX Group must obtain the prior approval of the OSC before it can implement any significant integration, combination or reorganization of businesses, operations or corporate functions between TMX Group entities. Under the AMF Recognition Order, TMX Group must obtain the prior approval of the AMF before it can implement any material integration, combination, merger or restructuring of businesses, operations or corporate functions related to trading, clearing and settlement of the exchange and clearing house operations between TMX Group and its affiliates.

### ***Approval of Internal Cost Allocation Model and Transfer Pricing***

The Recognition Orders require that TMX Group Inc., TSX Inc., MX, CDCC, CDS and CDS Clearing and Alpha LP and Alpha Exchange establish and maintain an internal cost allocation model and policies with respect to the allocation of costs or transfer of prices between TMX Group entities. Prior regulatory approval is required before making any amendments to these models and policies. On an annual basis, these entities must engage an independent auditor to conduct an audit and prepare a written report in accordance with established audit standards regarding compliance by the TMX Group and its affiliates with the approved internal cost allocation model and transfer pricing policies.

### ***Allocation of Resources***

For so long as TSX Inc., TSX Venture Exchange, Alpha Exchange, CDS, CDS Clearing, CDCC and MX carry on business as an exchange or clearing agency, as applicable:

- TMX Group must allocate in respect of TMX Group Inc., TSX Inc., TSX Venture Exchange, Alpha Exchange, CDS, CDS Clearing, MX and CDCC,

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<sup>5</sup> Defined to mean a clearing agency owned or operated by TMX Group or TMX Group’s affiliated entities (as such term is defined in NI 21-101).

<sup>6</sup> A “Significant Maple Shareholder” is a person or company that (a) beneficially owns or exercises control or direction over more than 5% of the outstanding voting shares of TMX Group (subject to certain ordinary course of business exceptions as set out in greater detail in the Recognition Order of the OSC regarding the Maple Transaction), (b) is an “Original Maple Shareholder” that is a party to a Nomination Agreement, for so long as its Nomination Agreement is in effect, or (c) is an Original Maple Shareholder whose obligations under such Recognition Order of the OSC have not terminated pursuant to the terms thereof and that has a partner, officer, director or employee on the TMX Group Board (as defined on page 24) other than pursuant to a Nomination Agreement, for so long as such partner, officer, director or employee retains his or her seat on the TMX Group Board.

- TMX Group must cause TMX Group Inc. to allocate in respect of TSX Inc.,
- TMX Group must cause Alpha LP to allocate in respect of Alpha Exchange,
- TMX Group Inc. must allocate in respect of TSX Inc., TSX Venture Exchange, MX and CDCC,
- TSX Inc. must allocate in respect of TSX Venture Exchange,
- Alpha LP must allocate in respect of Alpha Exchange,
- CDS must allocate in respect of CDS Clearing, and
- MX must allocate in respect of CDCC.

sufficient financial and other resources to the relevant entity to ensure that entity can carry out its functions in a manner that is consistent with the public interest, as applicable and in compliance with applicable law, and, as the case may be, with the Recognition Orders.

### ***Approval of Outsourcings***

TSX Inc., TSX Venture Exchange Inc., CDS, CDS Clearing and Alpha Exchange must obtain regulatory approval before entering into or amending any outsourcing arrangements related to any of their key services or systems with a service provider, which includes their affiliated entities.

MX must obtain the prior approval of the AMF before entering into or implementing any outsourcing transaction in respect of its regulatory functions or regulatory activities as an exchange or SRO. In addition, MX must obtain the prior approval of the AMF before entering into or implementing a transaction with a view to providing regulatory functions or regulatory activities as an exchange or SRO to other exchanges, SROs, persons operating parallel trading systems or other persons.

CDCC must obtain the prior approval of the AMF before entering into or implementing any outsourcing of its clearing or settlement functions or operations. It must also obtain the prior approval of the AMF before entering into or implementing any transaction designed to provide clearing or regulatory functions to other clearing houses or persons.

### ***Financial Viability Reporting***

Under the terms and conditions of the OSC Recognition Orders, TSX Inc., CDS, CDS Clearing and Alpha Exchange are required to meet specified financial viability tests to ensure that each exchange or clearing agency maintains sufficient financial resources to properly perform its functions. The AMF has also imposed financial viability ratios on MX, CDS and CDS Clearing. Those financial ratios are discussed in our 2012 MD&A under the headings ***Managing Capital*** and ***Summary of Cash Position and Other Matters*** on pages 65 and 66 and 62, respectively. In addition, CDCC must comply with financial ratios agreed upon with the AMF.

### ***Terms and Conditions Imposed on Toronto Stock Exchange***

TSX Inc. has special terms and conditions relating to the listing of TMX Group or any TMX Group affiliated entities on Toronto Stock Exchange, which are described below on page 22 in the section entitled ***“Listing of our Shares on Toronto Stock Exchange”***.

In addition, there are similar procedures dealing with the management of conflicts that could arise in connection with an application to list the securities of a Significant Maple Shareholder.

***Terms and Conditions Imposed on TSX Venture Exchange***

In addition to the terms and conditions outlined above, the ASC and BCSC Recognition Orders of TSX Venture Exchange Inc. include the following terms and conditions:

- TSX Venture Exchange Inc. will not make any change to its business or operations that is outside the ordinary course of its business or operations or is inconsistent with its past business or operational practices and represents a risk of adverse consequences to investors, issuers listed on the TSX Venture Exchange or the Canadian public venture market.
- Any agreement or transaction entered into between the TSX Venture Exchange and TMX Group, TMX Group Inc., TSX Inc. and their affiliates and associates will be on terms and conditions that an independent third party would negotiate, acting at arm's length.
- Fees and incentives charged by TSX Venture Exchange Inc. will:
  - be allocated on an equitable basis among the exchange's listed issuers and applicants for listings, the exchange's marketplace participants and other marketplace participants;
  - not have the effect of creating barriers to access;
  - be balanced with the exchange's need to have sufficient revenues to satisfy its responsibilities; and
  - be fair, reasonable and appropriate.
- TSX Venture Exchange Inc. must, prior to ceasing to operate or suspending, discontinuing or winding-up all or a significant portion of its operations, or disposing of all or substantially all of its assets:
  - provide the BCSC and ASC at least six months' prior notice; and
  - comply with any requirements the BCSC and ASC may impose.

In the ASC and BCSC Undertakings, each of TMX Group, TMX Group Inc. and TSX Inc. have represented that they:

- will not implement, without prior BCSC and ASC approval, any changes to the strategic direction of TMX Group, TMX Group Inc., TSX Inc. or TSX Venture Exchange that could have a significant impact on the business or operations of TSX Venture Exchange.
- will ensure that TSX Venture Exchange maintains an office in Vancouver and Alberta that has a significant role in TSX Venture Exchange's:
  - development of TSX Venture Exchange's expertise in the public venture market;
  - maintenance and growth of a competitive Canadian public venture market;



- development of innovations in the public venture market; and
- development of policy that enhances the competitive position of TSX Venture Exchange.
- will ensure that TSX Venture Exchange maintains an office in Vancouver and Alberta through which it:
  - provides corporate finance services to, and performs corporate finance functions for, its listed issuers and applicants for listing; and
  - performs issuer regulation functions.
- will ensure that TSX Venture Exchange locates in its Vancouver and Alberta offices the executive, management, and operations personnel necessary to ensure it meets the requirements of the two immediately preceding paragraphs.

They have also agreed, among other things, to allocate sufficient financial and other resources to TSX Venture Exchange Inc. to permit it to operate in accordance with its Recognition Orders.

Please refer to “*Description of Share Capital of TMX Group - Restrictions On Ownership of TMX Group Inc., TSX Inc., TSX Venture Exchange Inc., Alpha GP, Alpha LP, Alpha Exchange, Montréal Exchange Inc., Canadian Derivatives Clearing Corporation and The Canadian Depository for Securities Limited*” on page 25 of this AIF for a description of the principal restrictions relating to share ownership of TSX Venture Exchange Inc. contained in the ASC and BCSC Undertakings.

### ***Terms and Conditions Imposed on MX***

In addition to the terms and conditions outlined above, the AMF Recognition Orders for MX include the following terms and conditions:

- Fees shall not have the effect of creating barriers to access; however, they must take into consideration that MX must have sufficient revenues to perform its functions, its regulatory activities and its exchange operations.
- MX will ensure that all the fees it imposes are reasonably and equitably allocated, the process for settling fees is fair and appropriate, and the fee model is transparent.
- The head office and executive offices of MX must remain in Montréal, Québec, and the most senior officer of TMX Group (other than its chief executive officer) with direct responsibility for MX must be a resident of Québec at the time of his or her appointment (and for the duration of his or her term of office) and work in Montréal.
- 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.
- Any material transactions or agreements between MX, TMX Group or TMX Group Inc. and any related companies must contain conditions that are at least as favourable to MX as market conditions in such circumstances.

- If MX decides to export its expertise in derivatives and related products trading and clearing, this international activity will be directed from Montréal.
- MX must maintain an independent division (the “Regulatory Division”) under the control and oversight of the special committee, (the “Special Committee”) with clearly defined regulatory responsibilities for its market and for its participants. The Special Committee, named by the board of directors of MX, must be made up of no less than 50% of persons who: (i) are residents of Québec; (ii) satisfy the independence criteria applicable to the directors of MX; and (iii) have expertise in derivatives. The Regulatory Division:
  - must have a separate administrative structure and must be completely autonomous in performing its functions and in its decision-making process;
  - must be a separate business unit of MX and operate on a self-financing basis and must be not-for-profit; and
  - 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.

### ***Terms and Conditions Imposed on CDCC***

In addition to the terms and conditions outlined above, the AMF Recognition Orders for CDCC include the following terms and conditions:

- The board of directors of CDCC shall have the following compositional requirements:
  - at least 33% of the directors must be independent<sup>7</sup>;
  - at least 33% of the directors are an associate, partner, director, officer or employee of a clearing member of CDCC or such clearing member’s affiliates, each of whom possess expertise in derivatives clearing and are financially literate within the meaning of NI 52-110 and of these directors;
  - one director is the chief executive officer of MX, or such other officer or employee of MX as nominated by MX;
  - two of these directors are not an associate, partner, director, officer or employee of a Significant Maple Shareholder and will be Unrelated to Original Maple Shareholders for so long as a Nomination Agreement is in effect;
  - one director is the chief executive officer of CDCC;

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<sup>7</sup> For this purpose, a person will be considered to be independent if the person is not:

- an associate, partner, director, officer or employee of a Significant Maple Shareholder,
- an associate, partner, director, officer or employee of a clearing member of CDCC or such clearing member’s affiliates or an associate of such partner, director, officer or employee,
- an associate, partner, director, officer or employee of a marketplace that clears through CDCC or such marketplace’s affiliates or an associate of such partner, director, officer or employee, or
- an officer or employee of CDCC or its affiliates or an associate of such officer or employee.

- at least 25% of the directors are a resident of the Province of Québec;
- at least 50% of the directors possess expertise in derivatives clearing; and
- an independent director acts as chair of the board of CDCC.
- The head office and executive offices of CDCC must remain in Montréal, Québec, and the most senior officer of TMX Group (other than its chief executive officer) with direct responsibility for CDCC must be a resident of Québec at the time of his or her appointment (and for the duration of his or her term of office) and work in Montréal.
- CDCC will ensure that all the fees it imposes are reasonably and equitably allocated, the process for setting fees is fair and appropriate, and the fee model is transparent.
- Fees shall not have the effect of creating barriers to access; however, they must take into consideration that CDCC must have sufficient revenues to perform its functions.
- If CDCC decides to export its expertise in clearing of derivatives and related products, such international activities will be directed from Montréal.
- CDCC will not terminate its operations or suspend, abandon or liquidate all or a material portion of all of its activities nor will it transfer all or substantially all of its assets, unless:
  - it has filed a written notice of its intent with the AMF at least six months prior to doing so; and
  - it has complied with any terms and conditions that the AMF may impose in the public interest in order for the abandonment of its activities or the disposition of its assets to be carried out in an orderly fashion.

The *Securities Act* (Ontario) prohibits clearing agencies from carrying on business in Ontario unless they are either recognized by the OSC as a clearing agency or exempted from this requirement. CDCC's operations have undergone major changes and are likely to continue to evolve. Specifically, CDCC began clearing fixed income repurchase agreements on February 21, 2012. The second phase of this initiative was launched in December 2012 and consists of providing additional central counterparty clearing services for blind trading of repurchase transactions introduced by IDBs. Phase two also includes the clearing of cash buy and sell transactions introduced by IDBs and this initiative was launched on March 11, 2013 (collectively, the "Fixed Income Clearing Service").

As a result of these changes and developments, the OSC has provided CDCC with a temporary exemption from the requirement to be recognized as a clearing agency. The temporary exemption order will terminate on the earlier of (i) the date that the OSC renders a subsequent order recognizing CDCC as a clearing agency or exempting it from such requirement and (ii) July 1, 2013. The temporary exemption order should provide CDCC with the time needed to establish its new clearing functions and should provide the OSC with the time needed to assess the impact of CDCC's new functions and to consider an appropriate regulatory framework for CDCC.

The terms and conditions of the OSC temporary exemption order for CDCC, in addition to the requirements to provide the rules that it files for review and self-certification with the AMF and financial information, include requirements for CDCC to provide specified information related to the Fixed Income Clearing Service on a regular basis to the OSC, including prompt notification of any material failures or

changes to its systems and statistical information in respect of transactions cleared and settled through the Fixed Income Clearing Service.

***Terms and Conditions Imposed on CDS and CDS Clearing***

In addition to the terms and conditions outlined above, the OSC, AMF and BCSC Recognition Orders, as the case may be, include the following terms and conditions:

- At least 33% of the directors of CDS and CDS Clearing must be “independent”.<sup>8</sup>
- At least 33% of the directors of CDS and CDS Clearing must be representatives of participants of CDS or CDS Clearing (“Participant Directors”) of which:
  - one Participant Director must be nominated by IIROC;
  - one Participant Director must be nominated by TMX Group from one of the five largest Participants (including affiliates as a single unit);
  - at least one Participant Director nominated by TMX Group shall, for so long as a Nomination Agreement remains in effect, be Unrelated to Original Maple Shareholders; and
  - the Participant Directors should represent a diversity of participants.
- One director of each of CDS and CDS Clearing must be a representative of a marketplace unaffiliated with TMX Group and nominated by marketplaces unaffiliated with TMX Group.
- At least 50% of the directors of CDS and CDS Clearing are required to possess expertise in clearing and settlement of the instruments cleared and settled by CDS and CDS Clearing (including risk management and the technology requirements related to clearing and settlement).
- At least two directors of CDS Clearing will represent investment dealers that are independent of a bank and that have a significant amount of their dealer activity in trading, clearing and settling securities listed on a venture exchange in Canada. For these purposes, an investment dealer is independent of a bank if the dealer is:
  - not an affiliated entity of the bank within the meaning of section 1.3 of NI 52-110; and
  - does not have, and has not had, any relationship with a bank that could, in the view of the CDS Clearing governance committee having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of independent judgment by a representative of such investment dealer as a director of CDS Clearing.

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<sup>8</sup> For this purpose, a person will be considered to be independent if the person is not:

- an associate, partner, director, officer or employee of a Significant Maple Shareholder,
- an associate, partner, director, officer or employee of a participant of CDS or CDS Clearing or such participant’s affiliates or an associate of such partner, director, officer or employee,
- an associate, partner, director, officer or employee of a marketplace or such marketplace’s affiliates or an associate of such partner, director, officer or employee, or
- an officer or employee of CDS or CDS Clearing or their affiliates or an associate of such officer or employee.

- Advisory Committees, comprised of users of the services of CDS and CDS Clearing (“Participants”), must be used to provide advice, comment and recommendations to assist the boards of CDS and CDS Clearing. The Committees must meet the following requirements:
  - membership must be open to all Participants and marketplaces that access the services provided by CDS and CDS Clearing;
  - the committee may on any matters that the committee deems appropriate, and shall if requested by the OSC or the AMF, report directly to the OSC or AMF, as applicable, without first requiring board approval or notification of such reporting;
  - a staff representative of the OSC and the AMF may attend any meeting of the committees as an observer; and
  - CDS Clearing is required to use best efforts to ensure participation by a representative of at least one investment dealer with significant experience in the Canadian public venture market.
- Each of CDS and CDS Clearing must establish a Risk Management and Audit Committee, comprised of five directors of which:
  - one member must be an independent director who will serve as chair;
  - two members must be industry directors that, for so long as a Nomination Agreement remains in effect, are Unrelated to Original Maple Shareholders, which may include the IIROC nominated director, provided such director possesses the appropriate qualifications and is willing to serve; and
  - at least one director on the CDS Clearing committee must represent investment dealers that are independent of a bank (which is determined in the same manner as for the board nominees representing investment dealers) and that have a significant amount of their dealer activity in trading, clearing and settling securities listed on a venture exchange in Canada.
- CDS and CDS Clearing must obtain regulatory approval prior to integrating any of their information technology systems, clearing, settlement or depository systems, or operations with any affiliated entities (other than any integration of systems or operations between CDS and CDS Clearing).
- CDS Clearing will maintain an office in Vancouver and will ensure that services it provides from its Vancouver office are priced equally to equivalent services it provides from its other offices in Canada.
- Any material transaction between CDS Clearing and CDS, TMX Group or any of their affiliates or associates must be on terms and conditions that an independent third party would negotiate, acting at arm’s length.
- Prior to ceasing to operate; suspending, discontinuing or winding up all or a significant portion of its operations; or disposing of all or substantially all of its assets; CDS Clearing must provide the BCSC with at least six months’ prior written notice and comply with any requirements the BCSC may impose.

- CDS Clearing may not cease to be wholly owned by CDS or indirectly wholly owned by TMX Group without providing the BCSC with at least six months' prior notice and complying with any requirements the BCSC may impose.

### *Fees*

- With respect to CDS and CDS Clearing fees, under the applicable Recognition Orders, all such fees will be subject to the approval of the applicable regulators. In addition, the ability of TMX Group to seek approval for fee increases on core or principal CDS or CDS Clearing services (as such terms are defined in the OSC and AMF Recognition Orders, respectively) in the future is constrained as TMX Group may only seek such approval where there has been a significant change in circumstances as at August 1, 2012, the effective date of the Recognition Orders. Accordingly, even where CDS' costs may be rising or revenues may be decreasing in the future (as a result of trading volumes falling in the future), TMX Group would only be permitted to seek a fee increase on core or principal CDS or CDS Clearing services if it could establish to the applicable regulators that there has been a significant change from circumstances as at August 1, 2012.
- For the fiscal year commencing on November 1, 2012, and subsequent fiscal years starting on January 1, 2013, TMX Group will share any annual revenue increases on clearing and other core or principal CDS and CDS Clearing services (as defined in the OSC and AMF Recognition Orders, respectively), as compared to revenues in fiscal year 2012 (the twelve-month period ended October 31, 2012), on a 50/50 basis with participants.
- In addition, TMX Group will rebate an additional amount to participants in respect of exchange clearing services for trades conducted on an exchange or ATS as follows for each twelve-month period ending October 31:
  - \$2.75 million in 2013;
  - \$3.25 million in 2014;
  - \$3.75 million in 2015;
  - \$4.0 million in 2016; and
  - \$4.0 million annually thereafter.

### **NGX**

The ASC recognizes and regulates NGX as an exchange for the trading of natural gas, electricity and crude oil contracts. The ASC also recognizes NGX as a clearing agency for clearing and settlement of natural gas, electricity and crude oil 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 exchange and clearing principles, reporting requirements, notification and other obligations.

NGX currently operates as an ECM pursuant to the CEA and is registered as a DCO with the CFTC. As an ECM, NGX must comply with certain legislative requirements for transactions in exempt commodities that are traded on a principal-to-principal basis by eligible commercial entities. The terms and conditions of the U.S. DCO order include the requirement for NGX to operate its clearing system in accordance with certain clearing principles as well as reporting and other obligations.

The *Dodd-Frank Wall Street Reform and Consumer Protection Act* (the “Dodd-Frank Act”) amended the CEA to establish a comprehensive new regulatory framework for swaps and security-based swaps. Among other changes to the CEA, the Dodd-Frank Act eliminated ECMs from the CEA and authorized the CFTC to grant grandfather relief for entities in the ECM category in order to assist those entities to transition to a different market category. Subject to regulatory approvals, NGX anticipates registration as an FBOT in the first half of 2013. The Dodd-Frank Act also has the effect of expanding regulation for DCOs.

## **BOX**

Each of BOX and the BOX Exchange is regulated by the SEC. BOX’s options trades are cleared through The Options Clearing Corporation. In April 2012, the SEC approved BOX Exchange’s application for registration as a national securities exchange and after a corporate reorganization, BOX Exchange began acting as SRO to BOX on May 14, 2012. We have a 40% economic interest and 20% voting interest in the new SRO.

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

All brokerage firms trading through Toronto Stock Exchange, TSX Venture Exchange, Alpha 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 instill investor confidence by addressing general issues of trading ethics and investor protection in the markets. All brokerage firms that trade through TMX Select must be IIROC members. Participating organizations and member firms trading on Toronto Stock Exchange, and TSX Venture Exchange, members trading on Alpha Exchange, subscribers trading on TMX Select 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. The conduct of an ATS and its subscribers must also be monitored by a regulation services provider. IIROC is the SRO that provides regulation services to Toronto Stock Exchange, TSX Venture Exchange, Alpha Exchange and TMX Select, monitoring and enforcing compliance with UMIR.

The regulatory functions of MX are conducted by MX’s Regulatory Division. 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 “*Our Business – Derivatives Trading and Clearing - MX and BOX– Derivatives – Regulatory Division*” section on pages 21 to 22 of our 2012 MD&A.

## **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 September 19, 2012. The OSC, in its Recognition Order, 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, we established a conflicts committee, with at least two members who are independent of TSX Inc., and, for so long as any Nomination Agreement is in effect, Unrelated to an Original Maple Shareholder, and all conflict determinations and 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.

## **Regulatory Initiatives**

A number of regulatory initiatives and changes are being implemented by regulators in Canada and the United States. Expanding U.S. regulation and proposed initiatives, in particular, the Dodd-Frank Act impacting over-the-counter ("OTC") derivatives markets, ECMs, DCOs and FBOTs, among others, will increase the regulation of and cost of compliance for our markets that operate in the U.S. and are impacted by U.S. regulatory developments.

In Canada, the provincial securities regulators have released a series of proposals regarding the regulation of the Canadian OTC derivatives markets which could lead to expanded regulation and increase the cost of compliance for our markets whose business is impacted by these developments.

Such regulatory developments in Canada and the United States, depending on how they are implemented, could also benefit certain of our businesses, such as NGX, MX and CDCC by directing some OTC derivatives trading activity from the OTC markets to exchanges and central counterparty clearing houses.

In addition, in November 2012, the CSA released a consultation paper that examines the cost of real-time market data. We cannot be certain whether, or in what form, changes to the regulation of or model with respect to fees charged for real-time market data will take place; nor can we predict with certainty the impact on our market data operations.



## **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. 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 2012 included support for the United Way, Frontier College, Philip Aziz Centre, Marie-Vincent Foundation and the National Ballet of Canada, in addition to a number of not-for-profit organizations in communities across Canada. We also continued our support of the Capital Markets Institute at the Rotman School of Business of the University of Toronto, and announced a long-term commitment to fund innovation through the M.A.R.S. Centre for Impact Investing.

Shorcan, through its annual charity day, supported All-A-Board Youth Ventures, Toronto Youth Development, Canadian Spinal Research Organization, Canadian Athletes Now Fund, Pelletier Youth in Transition as well as a number of other not-for-profit entities.

In 2012, Alpha made a significant commitment through Free the Children to support a village in Kenya. Alpha was also committed to supporting the Juvenile Diabetes Research Foundation and several charitable events in the financial community.

CDS has historically supported the United Way and continued to do so in 2012 through corporate and employee donations as well as fundraising through events.

Under the Montréal Exchange Recognition Order, fines and other sums collected by the Regulatory Division can only be used for specifically approved purposes such as charitable donations and education initiatives. The Montréal Exchange, through the Regulatory Division, has made contributions to the Management School of Université du Québec à Montréal (ESG UQUAM) for its mock trading room and to the Law Faculty of Université de Montréal for its specialized program in derivatives legislation. Funds have also been used to launch an options simulation program targeting undergraduate students and a bursaries program for graduate and postgraduate students focused on derivatives education.

## **Risk Factors**

A discussion of risk factors related to TMX Group and its businesses appears under the headings “***Risks and Uncertainties***” and “***Financial Risk Management***” on pages 84 to 101 and 69 to 77, respectively, of our 2012 MD&A.

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

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 of TMX Group (the “TMX Group Board”). If the TMX Group Board 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 TMX Group Board may issue preference shares at any time and in one or more series. If the TMX Group Board 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 10% 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”).

Under the AMF Recognition Orders, no person or company or combination of persons or companies acting jointly or in concert can beneficially own or exercise control or direction over more than 10% of any class or series of our voting shares, without the prior approval of the AMF.

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 TMX Group Board 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 TMX Group Board 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.

### **Minimum Equity Ownership Interest in TMX Group**

Each of CIBC World Markets Inc., National Bank Financial & Co. Inc., Scotia Capital Inc., and TD Securities Inc., either directly or through an affiliate, has agreed to maintain a specified minimum ownership interest in TMX Group for a period of five years from September 14, 2012. During the first year, each of these investors must own at least 6.25% and for each of the four following years, at least 5.625%, of our common shares outstanding as at the completion of the Subsequent Arrangement on September 14, 2012.

### **Restrictions On Ownership of TMX Group Inc., TSX Inc., TSX Venture Exchange Inc., Alpha GP, Alpha LP, Alpha Exchange, Montréal Exchange Inc., Canadian Derivatives Clearing Corporation and The Canadian Depository for Securities Limited**

#### ***TMX Group Inc. and TSX Inc.***

Under Section 21.11 of the *Securities Act* (Ontario), as amended by regulation, 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 10% of any class or series of TMX Group Inc.'s or TSX Inc.'s voting shares without the prior approval of the OSC. Under the Recognition Orders, the OSC approved TMX Group's acquisition of all of the outstanding common shares of each of TMX Group Inc. and TSX Inc. on the condition that TMX Group continues to own, directly or indirectly, all of the issued and outstanding voting shares of each of TMX Group Inc. and TSX Inc. In addition, TMX Group Inc. must continue to own directly or indirectly, all of the issued and outstanding voting shares of TSX Inc. Any change to the ownership of TMX Group Inc. or TSX Inc. requires the prior approval of the OSC.

The AMF, under its Recognition Orders, has imposed a similar restriction with respect to the share ownership of TMX Group Inc. No person or company (or combination of persons or companies acting jointly or in concert), other than TMX Group, may beneficially own or exercise control or direction over more than 10% of any class or series of TMX Group Inc. voting shares without the prior approval of the AMF.

Each of TMX Group and TMX Group Inc. has also agreed, in the ASC and BCSC Undertakings, to notify the ASC and BCSC if it has applied or intends to apply to the OSC for an amendment to the Recognition Order of the OSC permitting TMX Group or TMX Group Inc., as the case may be, to own, directly or indirectly, less than all of the issued and outstanding voting shares of TSX Inc.

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

The ASC and BCSC Recognition Orders for TSX Venture Exchange Inc. impose conditions related to changes in ownership. TMX Group, TMX Group Inc. and TSX Inc. also agreed in the ASC and BCSC Undertakings not to complete or authorize a transaction that would result in TSX Venture Exchange Inc. ceasing to be wholly owned by TSX Inc, or indirectly wholly owned by TMX Group or TMX Group 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.

### ***Alpha GP, Alpha LP and Alpha Exchange***

TMX Group must continue to own, directly or indirectly, all of the issued and outstanding voting shares of Alpha GP, and must continue to hold directly or indirectly, the interests in income and capital of Alpha LP. Alpha LP must continue to own, directly or indirectly, all the issued and outstanding voting shares of Alpha Exchange. Without the prior approval of the OSC, and subject to such terms and conditions as considered appropriate by the OSC, other than TMX Group, no person or company, and no combination of persons or companies acting jointly or in concert shall hold an interest of more than 10%, or such other percentage as may be prescribed by the OSC in the income or capital of Alpha LP or may own beneficially own or exercise control or direction over more than 10%, or such other percentage as may be prescribed by the OSC, of any class or series of voting shares of Alpha GP. The OSC's approval, as the case may be, may be subject to such terms and conditions as the OSC considers appropriate.

### ***Montréal Exchange Inc. and Canadian Derivatives Clearing Corporation***

The AMF Recognition Orders for MX and CDCC state 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 10% of any class or series of voting shares of MX or CDCC without the prior approval of the AMF, except for TMX Group and TMX Group Inc. and in the case of CDCC and MX.

### ***The Canadian Depository for Securities Limited***

Under the Recognition Orders issued, CDS cannot make any change to its ownership structure without the prior approval of the OSC, the AMF and the BCSC.

## **DIVIDENDS**

We paid a dividend of \$0.40 on each outstanding common share on March 8, 2013 to shareholders of record at the close of business on February 22, 2013. In the fourth quarter of 2012, we paid dividends totalling \$0.40 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 may be imposed by the OSC on TSX Inc. and Alpha Exchange and the AMF on MX if certain financial viability ratios are not met and, as imposed by the debt covenants in our credit agreement. These regulatory restrictions are outlined under the heading "*Managing Capital*" and our debt covenants are outlined under the heading "*Credit Facilities and Guarantees*" on pages 65 and 66 and 58 to 60, respectively, of our 2012 MD&A.

Our current dividend policy 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 exchange groups and other Canadian financial institutions;

- the need to retain capital to support our stability and growth; and
- compliance with applicable laws, regulations, orders and debt covenants.

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

## MARKET FOR SECURITIES

On September 19, 2012, our common shares were listed and commenced trading 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 TMX Group common shares traded for the periods indicated, as reported by Toronto Stock Exchange.

2012	High (\$)	Low (\$)	Volume
September 19-28 <sup>9</sup>	51.00	47.39	1,730,139
October	53.01	49.52	826,095
November	51.27	47.00	775,603
December	52.55	49.25	667,946

## 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 the directors who are standing for election at our annual and special meeting of shareholders on May 10, 2013 on pages 6 to 20 of our Circular.

### TMX Group Board Charter

TMX Group is committed to maintaining the highest standards of corporate governance and ensuring that the TMX Group Board causes exchange and clearing agency functions to be carried out in a manner consistent with the public interest and its regulatory responsibilities. Within the framework required by the Recognition Orders and the ASC and BCSC Undertakings, TMX Group’s governance arrangements ensure fair, meaningful and diverse representation on the TMX Group Board and its committees, including appropriate representation of independent directors and a proper balance among the interests of the different persons and companies using TMX Group’s services and facilities.

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<sup>9</sup> Note that trading in our shares began on September 19, 2012, following completion of the Maple Transaction.

The TMX Group Board charter recognizes the primary responsibility of the TMX Group Board to provide governance and stewardship and sets out the board's responsibilities for, among other things:

- appointing and supervising officers comprising the executive officers (including setting roles and responsibilities for the Chair of the board and the Chief Executive Officer);
- strategic planning;
- risk management;
- financial reporting and management;
- reporting on regulatory and public interest responsibilities;
- 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 TMX Group Board charter and other related information is available on our website at [www.tmx.com](http://www.tmx.com).

### **Committees of the TMX Group Board**

The TMX Group Board currently has six standing committees: a finance and audit committee, a governance committee, a human resources committee, a regulatory oversight committee, a derivatives committee and a public venture market committee. Each standing committee's charter is posted on our website at [www.tmx.com](http://www.tmx.com). A summary of each committee's responsibilities and the members of each such committee are set out below.

#### **Governance Committee**

The TMX Group Board has established a Governance Committee, which is required to be comprised of at least five directors, all of whom are Independent and, so long as a Nomination Agreement is in effect, a majority of whom will be Unrelated to Original Maple Shareholders. Quorum for the Governance Committee requires a majority of Independent directors and, for so long as a Nomination Agreement is in effect, a majority of directors who are Unrelated to Original Maple Shareholders.

The Governance Committee assists the TMX Group Board by providing the TMX Group Board with recommendations relating to corporate governance in general, including, without limitation: (a) all matters relating to the stewardship role of the TMX Group Board in respect of the management of the corporation; (b) board size and composition, including: (i) confirming the status of nominees to the TMX Group Board as Independent and/or Unrelated to Original Maple Shareholders, as appropriate, before the individual is submitted to shareholders as a nominee for election to the TMX Group Board; (ii) confirming on an annual basis that the status of the directors that are Independent and/or Unrelated to Original Maple Shareholders, as appropriate, has not changed; (iii) assessing and approving all nominees of management to the TMX Group Board, and any nominees pursuant to any Nomination Agreement; and (iv) the orientation of new members; (c) board compensation; and (d) such procedures as may be necessary to allow the board to function independently of management and non-independent directors.

The Governance Committee also designs and oversees compliance with policies associated with an efficient system of corporate governance, other than policies relating to conflicts of interest that are within the scope of the Regulatory Oversight Committee (discussed below). Such policies include our TMX Group Board Code of Conduct, our Employee Trading Policy, our Director Qualification Policy, and our Timely Disclosure, Confidentiality and Insider Trading Policy (“Insider Trading Policy”).

The Insider Trading Policy applies to all directors, officers and employees. Under the Insider Trading Policy, we have established a Disclosure Committee that is responsible for updating the policy 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.

### ***Committee Members***

William Royan (Chair), Denyse Chicoyne, Marie Giguère, Harry Jaako, William Linton and Charles Winograd.

### **Finance and Audit Committee**

The Finance and Audit Committee of the TMX Group Board is comprised entirely of directors who meet the independence and financial literacy requirements set out in NI 52-110 and who are Independent.

The Finance and Audit Committee assists the TMX Group Board in fulfilling its oversight responsibilities regarding: (a) the integrity of TMX Group’s financial statements; (b) the internal control systems of TMX Group; (c) the external audit process; (d) the internal audit and assurance process; (e) business planning; (f) investment opportunities and the raising of funds by TMX Group; (g) the administration, financial reporting and investment activities of TMX Group’s pension plan(s); and (h) TMX Group’s compliance with legal and regulatory requirements. This committee also assists the TMX Group Board in fulfilling its risk management responsibilities, including reviewing and assessing TMX Group’s risk management policies and procedures with regard to the identification of principal risks and the adequacy of the implementation of appropriate procedures to mitigate and manage such risks.

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.

### ***Committee Members***

William Linton (Chair), Denyse Chicoyne, Harry A. Jaako, Anthony Walsh and Eric Wetlaufer.

### ***Charter***

The full text of the finance and audit committee's charter is included as Appendix B 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:

William Linton (Chair)	Mr. Linton served as the Executive Vice President Finance and Chief Financial Officer of Rogers Communications from 2005 until his retirement in July 2012. Since receiving his Chartered Accountant designation in 1977, Mr. Linton has served in various management and director roles for both reporting and non-reporting issuers. Mr. Linton became a Fellow of the Institute of Chartered Accountants in 2012.
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.



Harry A. Jaako	<p>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 16 years, and has been responsible for monitoring the financial reporting of many of these investments. He has also, over the past 23 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 in matters related to corporate finance.</p>
Anthony Walsh	<p>Mr. Walsh has over 25 years of leadership experience, holding senior financial and executive positions such as President and Chief Executive Officer of Miramar Mining Corporation, President and Chief Executive Officer of Sabina Gold and Silver Corporation and Senior Vice President and Chief Financial Officer of International Corona Corporation. In addition, Mr. Walsh had a 12-year tenure with Deloitte, Haskins &amp; Sells, where he earned his Chartered Accountant designation. Mr. Walsh currently serves on several Boards of Canadian exploration and development companies.</p>
Eric Wetlaufer	<p>Mr. Wetlaufer, a Chartered Financial Analyst, has over 20 years of experience in investment management and is currently Vice-President, Public Market Investments of CPPIB. Prior to joining CPPIB, Mr. Wetlaufer was the Group Chief Investment Officer, International at Fidelity Management &amp; Research in Boston, Massachusetts. Mr. Wetlaufer was also the co-founder and partner of Oxhead Capital Management and has held the roles of Chief Investment Officer of U.S. Mid Cap and Specialty Growth at Putnam Investments and Managing Director at Cadence Capital Management.</p>

### ***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 Services Fees (by category)***

The aggregate fees billed by the external auditors, related to the years ended December 31, 2012 and 2011 for professional services are set out below:

<b>Services Rendered</b>	<b>Fees billed</b>	
	<b>Fiscal 2012<sup>(1)</sup></b>	<b>Fiscal 2011<sup>(1)</sup></b>
Audit Fees <sup>(2)</sup>	\$2,113,500	\$1,690,300
Audit Related Fees <sup>(3)</sup>	\$871,000	\$896,000
Tax Fees <sup>(4)</sup>	\$0	\$17,000
Other Fees	\$0	\$0

(1) The Fiscal 2011 amounts include fees billed by Ernst & Young LLP (“E&Y”), as the external auditor of TMX Group until it resigned on August 1, 2012 and was replaced by KPMG LLP. E&Y billed TMX Group approximately \$182,700 and \$203,200 in 2011 and 2012 respectively, which is included under the heading Audit Fees. These amounts related to services provided by E&Y for the audit of TMX Group’s financial statements in 2011 and for services normally provided by an auditor in connection with statutory and regulatory filings. The Fiscal 2011 fees also include amounts billed by KPMG LLP to TMX Group Inc. and CDS and their respective subsidiaries, which as of July 31, 2012 and August 1, 2012, respectively, became subsidiaries of TMX Group.

(2) For the audit of financial statements, including interim reviews of quarterly financial statements, and for services normally provided by the auditor in connection with statutory and regulatory filings, as well as services related to the Maple Transaction and TMX Group’s acquisitions of CDS and Alpha.

(3) For assurance and related services that are reasonably related to the performance of the audit or review of financial statements and are not reported in (1), including the audit of the TMX Group Inc. pension plan, French translation services, CSAE 3416 reports and a Section 5025 report on internal control procedures at service organizations, as well as other services provided in connection with information technology controls.

(4) Fees for tax advisory services related to a review of a claim made by TMX Group Inc. under a tax incentive program.

### **Human Resources Committee**

The TMX Group Board has established a Human Resources Committee, comprised of directors who are non-management and are Independent. A component of the mandate of the Human Resources Committee is to oversee the administration of compensation and benefits plans. The Human Resources Committee also makes recommendations to the TMX Group Board regarding (a) appointing and compensating executive officers and approving succession plans for the Chief Executive Officer and other executive officers and (b) approving and reporting to the TMX Group Board in respect of human resources policies for executive officers.

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 TMX Group Board the Chief Executive Officer’s compensation. On an annual basis, the committee reviews the Employee Code of Conduct and recommends to the TMX Group Board for approval any amendments to the Employee Code of Conduct. It is also responsible for overseeing our employee benefits plans, including the design and administrative management of our pension plans. The committee is also responsible for ensuring that compensation design risks and related policies and practices are properly identified, measured and managed within acceptable tolerances in a manner that supports TMX Group’s objectives.

### ***Committee Members***

William Hatanaka (Chair), William Royan, Gerri Sinclair, Eric Wetlaufer and Charles Winograd.

### **Regulatory Oversight Committee**

The TMX Group Board has established a Regulatory Oversight Committee, which is required to be comprised of at least three directors, all of whom are Independent and for so long as a Nomination Agreement is in effect, a majority of whom will be Unrelated to Original Maple Shareholders.

The Regulatory Oversight Committee is charged with the following duties: (a) considering real or perceived conflicts of interest that may arise, including but not limited to in the context of: (i) ownership interests in TMX Group by any marketplace participant in a marketplace owned or operated by TMX Group or TMX Group's affiliated entities with representation on the TMX Group Board; (ii) increased concentration of ownership of each of TMX Group, TMX Group Inc., TSX Inc., Alpha LP and Alpha Exchange; and (iii) the profit-making objective and the public interest responsibilities of TMX Group, including general oversight of the management of the regulatory and public interest responsibilities of TMX Group Inc. and TSX Inc.; (b) overseeing the establishment of mechanisms to avoid or appropriately manage real or perceived conflicts of interest or potential conflicts of interest, including any policies and procedures that are developed by TMX Group, TMX Group Inc. or TSX Inc.; (c) monitoring the operation of mechanisms that deal with conflicts of interest, including oversight of reporting of issuer regulation activities and conflicts of interest by TSX Inc.; (d) reviewing the effectiveness of the policies and procedures regarding conflicts of interest on a regular, and at least annual, basis; (e) annually preparing a written report examining the avoidance and management of conflicts of interest, the mechanisms used and the effectiveness of those mechanisms and providing the report to the TMX Group Board and to the OSC; and (f) reporting to the TMX Group Board as appropriate, and in writing directly to the OSC, on any matter that the Regulatory Oversight Committee deems appropriate, or that is required by the OSC, without first requiring TMX Group Board approval or notification for such reporting.

### ***Committee Members***

Jean Martel (Chair), Denyse Chicoyne and Marie Giguère.

### **Derivatives Committee**

The TMX Group Board has established a Derivatives Committee, which advises and makes recommendations to the TMX Group Board with respect to all policy issues and matters that are likely to have a significant impact on derivatives and related products of TMX Group and its subsidiaries and, among other things, on the role of TMX Group and/or MX and/or CDCC in relation thereto. At least a majority of the members of the Derivatives Committee are required to have expertise in derivatives.

### ***Committee Members***

Luc Bertrand (Chair), William Hatanaka, Kevin Sullivan, Jeffrey Heath and Tom Woods.

### **Public Venture Market Committee**

The TMX Group Board has established a Public Venture Market Committee, which is required to be comprised of at least 50% of directors with public venture expertise, as set out in the ASC and BCSC Recognition Orders. The Public Venture Market Committee's function is to advise and make recommendations to the TMX Group Board with respect to all policy issues and matters that are likely to

have a significant impact on the public venture capital market in Canada and the role of TMX Group and/or TSX Venture Exchange Inc. in relation thereto.

### ***Committee Members***

Harry Jaako (Chair), Luc Bertrand, George Gosbee, Gerri Sinclair, Kevin Sullivan and Anthony Walsh.

### **Executive Officers**

As at the date of this AIF, the following are the executive officers of TMX Group, their titles, their principal occupations during the five preceding years and their municipalities of residence.

<b>Name and Municipality of Residence</b>	<b>Position</b>	<b>Principal Occupation During the Five Preceding Years</b>
Charles Winograd Toronto, Ontario Canada	Chair of the Board of Directors, TMX Group	Mr. Winograd is Senior Managing Partner of Elm Park Capital Management (mid-market lending limited partnership) since July 2011 and has been President of Winograd Capital Inc. (external consulting and private investment firm) since January 2009. From 2001 to December 31, 2008, Mr. Winograd was Chairman and Chief Executive Officer of RBC Capital Markets (investment bank) having served as President and Chief Operating Officer of RBC Dominion Securities since 1998. He also served as deputy chairman and a director of RBC Dominion Securities from 1996 to 1998 following its acquisition of Richardson Greenshields. Prior to that, Mr. Winograd held several increasingly senior positions with Richardson Greenshields since 1971.
Thomas A. Kloet Toronto, Ontario Canada	Chief Executive Officer, TMX Group	Mr. Kloet became Chief Executive Officer of TMX Group on July 31, 2012. On July 14, 2008, he became Chief Executive Officer of TMX Group Inc., a position he continues to hold. Prior to joining TMX Group Inc., he was, from 2003, Senior Executive Vice-President and Chief Operating Officer of the American Zone for Fimat and its successor, Newedge Group. From 2000 to 2002, Mr. Kloet served as the first Chief Executive Officer and Executive Director of the Singapore Exchange Limited. Mr. Kloet has held various management positions in the securities industry throughout his career.

<b>Name and Municipality of Residence</b>	<b>Position</b>	<b>Principal Occupation During the Five Preceding Years</b>
Kevan Cowan Toronto, Ontario Canada	President, TSX Markets, Group Head of Equities, TMX Group	Mr. Cowan became President, TSX Markets, Group Head of Equities of TMX Group on July 31, 2012. On April 28, 2010, he became President, TSX Markets, Group Head of Equities of TMX Group Inc., a position he continues to hold. Prior to that he was Senior Vice President, Group Head of Equities of TMX Group Inc. from April 29, 2009 to April 28, 2010. He became President, TSX Markets of TSX Inc. on September 8, 2008. Prior to that date, Mr. Cowan was Senior Vice President, Listings of TSX Inc. from April 30, 2007 to September 8, 2008 and was President, TSX Venture Exchange Inc. from April 30, 2007 to July 30, 2009. He was Vice President, Listings of TMX Group Inc. from April 2004 to April 2007. Mr. Cowan was appointed Senior Vice President, TSX Venture Exchange in August 2001.
Jean Desgagné Toronto, Ontario Canada	Senior Vice President, Cash Clearing and Depository, TMX Group	Mr. Desgagné became President and Chief Executive Officer of The Canadian Depository for Securities Limited and Senior Vice President, Cash Clearing and Depository of TMX Group on February 19, 2013. Prior to that he was Senior Vice President, Trading Risk Services, TD Bank Group from January 2009 to January 2013. From December 2006 to January 2009, Mr. Desgagné was Managing Director, Global Middle Office, TD Bank Group.
Brenda Hoffman Toronto, Ontario Canada	Senior Vice President, Group Head of Information Technology, TMX Group	Ms. Hoffman became Senior Vice President, Group Head of Information Technology of TMX Group on July 31, 2012. She became Senior Vice President, Group head of Information Technology of TMX Group Inc. on April 29, 2009, a position she continues to hold. Prior to that Ms. Hoffman was the Chief Information Officer and Senior Vice President of TMX Group Inc. since 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 Inc., she was Director of the Worldwide Competency Centre for Exchanges, e-Markets and e-Brokerage Solutions at ISM, a division of IBM Global Services.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
Mary Lou Hukezalie Toronto, Ontario Canada	Senior Vice President, Group Head of Human Resources, TMX Group	Ms. Hukezalie became Senior Vice President, Group Head of Human Resources of TMX Group and TMX Group Inc. on July 31, 2012. From January 11, 2010 to July 31, 2012, she was Vice President, Group Head of Human Resources of TMX Group Inc. Prior to joining TMX Group Inc., Ms. Hukezalie held the position of Vice President, Talent Strategies and Executive Resources at Canadian Imperial Bank of Commerce from August 2005 to December 2009. Before that time, she was an executive at the Bank of Montreal in Human Resources from 1998 until 2004.
Alain Miquelon Montréal, Québec Canada	President and Chief Executive Officer, Montréal Exchange and Group Head of Derivatives, TMX Group	Mr. Miquelon became President and Chief Executive Officer, Montréal Exchange and Group Head of Derivatives of TMX Group on July 31, 2012. He became President and Chief Executive Officer of Montréal Exchange and Group Head of Derivatives of TMX Group Inc. on April 28, 2010, a position he continues to hold. Prior to that he was President and Chief Executive Officer of Montréal Exchange and Senior Vice President, Group Head of Derivatives since July 1, 2009. From February 1, 2009 to June 30, 2009, he was Executive Vice President, Chief Operating Officer and Head of Strategic Development of Montréal Exchange. From August 6, 2007, to January 31, 2009, Mr. Miquelon was Executive Vice President, Chief Financial Officer and Head of Strategic Development of Montréal Exchange. Prior to joining the Montréal Exchange, he served as Chief Operating Officer of Mediagrif Interactive Technologies (Mediagrif) from December 2004 to February 2007 and as Executive Vice President and Chief Financial Officer of Mediagrif from January 2000 to December 2004.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
James Oosterbaan Calgary, Alberta Canada	President and Chief Executive Officer, NGX, Group Head of Energy, TMX Group	Mr. Oosterbaan was appointed President, NGX, Group Head of Energy of TMX Group and TMX Group Inc. on January 1, 2013. Prior to that he was Senior Vice President, Operations and Commodity Portfolio Management of Capital Power Corp. from July 2009 to November 2012. From September 2005 to June 2009, Mr. Oosterbaan was Senior Vice President of EPCOR Utilities Inc.
Sharon C. Pel Toronto, Ontario Canada	Senior Vice President, Group Head of Legal and Business Affairs and Corporate Secretary, TMX Group	Ms. Pel became Senior Vice President, Group Head of Legal and Business Affairs and Corporate Secretary of TMX Group on July 31, 2012. She became Senior Vice President, Group Head of Legal and Business Affairs and Corporate Secretary of TMX Group Inc. on April 29, 2009, a position she continues to hold. Prior to that, from February 24, 2004 to April 2009, Ms. Pel was Senior Vice President, Legal and Business Affairs of TMX Group Inc. Prior to that, from July 2003 to February 2004, Ms. Pel was Vice President, Corporate Development, General Counsel and Corporate Secretary of TMX Group Inc. Prior to joining TMX Group she practiced corporate and securities law at Torys LLP for 21 years including 13 years as a partner.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
Michael Ptasznik Thornhill, Ontario Canada	Senior Vice President and Group Head Chief Financial Officer, TMX Group	Mr. Ptasznik became Senior Vice President and Group Head Chief Financial Officer of TMX Group on July 31, 2012. He became Senior Vice President and Group Head Chief Financial Officer of TMX Group Inc. on April 29, 2009, a position he continues to hold. Prior to that, Mr. Ptasznik was Senior Vice President and Chief Financial Officer of TMX Group Inc. from January 25, 2005 to April 29, 2009, Chief Financial Officer of TMX Group Inc. from September 2002 to January 25, 2005 and was appointed Chief Financial Officer of TSX Inc. in July 2002. Prior to that, from September 2000 to July 2002, he was Vice President, Finance and Administration and Treasurer of TSX Inc. From October 1996 to September 2000, Mr. Ptasznik was Director, Finance and Administration of The Toronto Stock Exchange Inc. (a predecessor of TSX Inc.). Prior to joining TMX Group, he held a number of finance positions at Procter & Gamble Canada.
Eric Sinclair Toronto, Ontario Canada	President, TMX Datalinx, Group Head of Information Services, TMX Group	Mr. Sinclair became President, TMX Datalinx, Group Head of Information Services of TMX Group on July 31, 2012. He became President, TMX Datalinx, Group Head of Information Services of TMX Group Inc. on February 10, 2010, a position he continues to hold. Prior to that he was Senior Vice President, Group Head of Datalinx of TMX Group Inc. and Senior Vice President, Head of Datalinx of TSX Inc. since April 29, 2009. Prior to that he was Senior Vice President, TSX Datalinx, TMX Group Inc. and TSX Inc. from February 1, 2006. From April 26, 2005 to February 1, 2006 he was Vice President, TSX Datalinx, TMX Group Inc. and TSX Inc. Prior to that he was Vice President, Datalinx, TMX Group Inc. since April 27, 2004. From February 2003 to April 2004 he was Vice President, TSX Datalinx. Prior to that, from 1999 to December 2002 he was Executive Vice President Global Sales, Spectra Securities Software and from 1986 to 1999 he was Vice President Sales, Business Development, Reuters Canada.



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

To our knowledge, as at February 28, 2013, the directors and executive officers of TMX Group as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 454,000 of our common shares, representing less than 1% 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 below, 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.

Ms Chicoyne was a director of Albums DF Ltée until June 16, 2003 when she withdrew from its board of directors six months before the bankruptcy of this company on December 6, 2003.

### **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**

Under our Recognition Orders, TMX Group is required to manage and identify any conflicts of interest or potential conflicts of interest, perceived or real, arising from its ownership interest in TMX Group Inc., TSX Inc., Alpha and TSX Venture Exchange Inc. and from the involvement of any partner, director, officer or employee of a Significant Maple Shareholder in the management or oversight of the marketplace operations or regulation functions of a TMX Group Marketplace and the services and products provided by the TMX Group Marketplace. The Regulatory Oversight Committee oversees the

management of real or perceived conflicts. The terms of reference of this committee are outlined above under the section *Committees of the Board -- Regulatory Oversight Committee*.

Each Original Maple Shareholder is required to identify and manage any conflicts of interest (perceived or real) arising from the involvement of a nominee under a Nomination Agreement as a director on the TMX Group Board. Where appropriate, directors remove themselves from portions of board or committee meetings in accordance with the TMX Group Board Code of Conduct and the *Business Corporations Act* (Ontario), or ad hoc special committees are constituted, in each case to allow independent discussion of matters in issue. In addition, the TMX Group Board Code of Conduct, the Employee Code of Conduct and corporate and securities legislation require disclosure of conflicts by individual directors and officers.

### **Employees**

We had a total of 1,310 employees as at December 31, 2012. As previously stated, TMX Group had not commenced commercial operations prior to the acquisitions of TMX Group Inc., CDS and Alpha.

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

Other than as disclosed elsewhere in this AIF or the Circular, TMX Group is not aware of any material interest, direct or indirect of any director or executive officer of TMX Group, or any associate or affiliate of any such director or executive officer, in any transaction from April 28, 2011 (the date of incorporation of TMX Group) to December 31, 2012 or during the current financial year, or in any proposed transaction, that has materially affected or would affect TMX Group or any of its subsidiaries.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for our common shares is Canadian Stock Transfer Company Inc. (currently operating as CIBC Mellon Trust Company) at its principal offices in Vancouver, Calgary, Toronto, London, Montréal and Halifax.

## **MATERIAL CONTRACTS**

The following are the only material contracts, other than the contracts entered into the ordinary course of business, which were entered into in 2012 or which were entered into after January 1, 2002 that are still in effect:

- Credit agreement dated as of July 31, 2012, between TMX Group and a syndicate of Canadian and global financial institutions, as amended February 13, 2013 (the “Credit Agreement”). We entered into the Credit Agreement in connection with the Maple Transaction, along with the acquisitions of CDS and Alpha. Further details relating to the credit facilities, including the financial covenants, other than the total leverage ratio, are located under the heading “*Credit Facilities and Guarantee*” on pages 58 to 60 of our 2012 MD&A.

Following the February 13, 2013 amendments to the Credit Agreement, we must maintain a total leverage ratio of not more than:

- 4.25:1 until March 30, 2014;

- 4.0:1 on and after March 31, 2014, until June 29, 2014;
  - 3.90:1 on and after June 30, 2014, until September 29, 2014;
  - 3.75:1 on and after September 30, 2014, until December 30, 2014;
  - 3.65:1 on and after December 31, 2014, until March 30, 2015;
  - 3.50:1 on and after March 31, 2015, until June 29, 2015; and
  - 3.25:1 on June 30, 2015 and thereafter.
- **Material Subsidiary Guaranty:** Certain of our material subsidiaries (TMX Group Inc., TSX Inc., Montréal Exchange Inc., and TSX Venture Exchange Inc.) entered into a guaranty agreement as of July 30, 2012 with regard to the Credit Agreement whereby they jointly and severally guarantee payment of all of our present and future indebtedness, liabilities and obligations under the Credit Agreement and under the related interest rate swap agreements subsequently entered into.

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

## EXPERTS

Our auditor is KPMG LLP, who has prepared the Independent Auditors' Report to the shareholders of TMX Group 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 various Canadian provincial institutes/order.

## 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 Circular for our annual and special meeting of shareholders to be held on May 10, 2013. We also provide additional financial information in our annual audited consolidated financial statements for the year ended December 31, 2012 and in the related 2012 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) 947-4444; or email [shareholder@tmx.com](mailto:shareholder@tmx.com)), a copy of this AIF and any documents we incorporate by reference, a copy of our annual audited consolidated financial statements for the year ended December 31, 2012 together with the accompanying auditors' report and the related 2012 MD&A, a copy of any interim financial reports and related interim management's discussion and analysis subsequent to the financial statements for the year ended December 31, 2012. 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.tmx.com](http://www.tmx.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## FORWARD-LOOKING INFORMATION

This AIF of TMX Group contains “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this 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, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of such forward-looking information in this AIF include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group, the intention to integrate the businesses of TMX Group Inc., CDS and Alpha and the anticipated benefits and synergies from the acquisitions of CDS and Alpha which are subject to significant risks and uncertainties. These risks include: 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 including changes in business cycles that impact our sector; 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 or regulatory proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; currency risk; 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 on third party suppliers and service providers; dependence of trading operations on a small number of clients; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; dependence on market activity that cannot be controlled; the inability to successfully integrate TMX Group Inc.’s operations with those of Alpha and CDS including, without limitation incurring and/or experiencing unanticipated costs and/or delays or difficulties; inability to reduce headcount, eliminate or consolidate contracts, technology, physical accommodations or other operating expenses, and the failure to realize the anticipated benefits from the acquisitions of TMX Group Inc., Alpha and CDS, including the fact that synergies are not realized in the amount or the time frame anticipated or at all; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and revenues; future levels of revenues being lower than expected or costs being higher than expected.

The forward-looking information contained in this AIF is presented for the purpose of assisting readers of this document in understanding our financial condition and results of operations and our strategies, priorities and objectives and may not be appropriate for other purposes. The forward-looking information relating to targeted cost synergies is being provided to help demonstrate the benefits of the acquisitions of CDS and Alpha, but readers are cautioned that such information may not be appropriate for other purposes. Actual results, events, performances, achievements and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this 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 and regional marketplaces; 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; business development and marketing and sales activity; 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 and client acceptance of new products; successful introduction of various technology assets and capabilities; 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. These factors are not intended to represent a complete list of the factors that could affect us. See *"Risks and Uncertainties"* outlined in our 2012 MD&A filed with securities regulatory authorities in Canada.

## TRADE-MARKS

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

Montréal Exchange, Bourse de Montréal, MX and their respective designs are trade-marks of Montréal Exchange Inc. and are used under license.

Alpha and Alpha Exchange and their respective designs are trade-marks of Alpha Trading Systems Limited Partnership and are used under license.

CDS and CDSX and their respective designs are trade-marks of The Canadian Depository for Securities Limited 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.

Canadian Derivatives Clearing Corporation, CCCPD, CDCC, Corporation canadienne de compensation de produits dérivés are trade-marks of the Canadian Derivatives Clearing Corporation and are used under license.

Equicom is a trade-mark of the Equicom Group Inc. and is used under license.

Razor and Razor Risk and their respective designs are trade-marks of Razor Risk Technologies Limited and are used under license.

Shorcan, Shorcan Brokers and Shorcan Energy Brokers are trade-marks of Shorcan Brokers Limited and are used under license.

NetThruPut and NTP are trade-marks of NGX and are used under license.

“S&P”, as part of the composite mark of S&P/TSX which is used in the name the S&P/TSX Composite Index, the S&P/TSX 60 Index and other S&P/TSX indices, refers to a trade-mark of Standard & Poor’s Financial Services LLC and is used under license by TSX Inc.

All other trade-marks used in this AIF are the property of their respective owners.

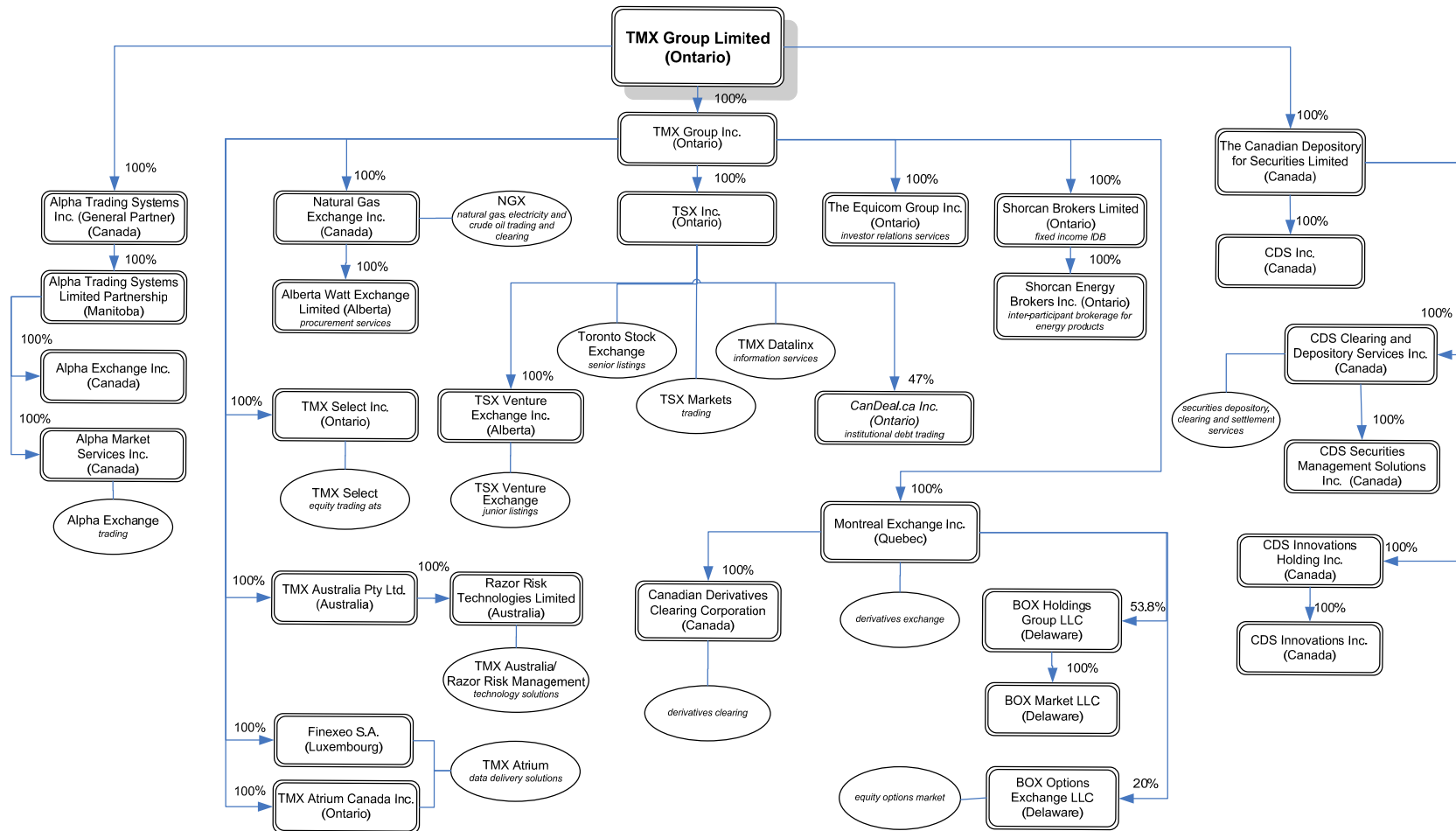
# APPENDIX A

## TO ANNUAL INFORMATION FORM OF TMX GROUP LIMITED

### MARCH 28, 2013

#### Intercorporate Relationships

We carry on our business principally directly or indirectly through the companies (boxed) and operations (circled) shown below. This chart 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.



**APPENDIX B  
TO ANNUAL INFORMATION FORM OF TMX GROUP LIMITED  
MARCH 28 2013**

**TMX GROUP LIMITED  
(FORMERLY MAPLE GROUP ACQUISITION CORPORATION)  
(THE “CORPORATION”)  
FINANCE & AUDIT COMMITTEE  
CHARTER**

**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) business planning;
- (g) investment opportunities and the raising of funds by the Corporation;
- (h) the administration, financial reporting and investment activities of the pension plan(s);
- (i) the Corporation’s compliance with legal and regulatory requirements, and
- (j) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

**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.

### **3. Duties**

The Committee shall have the following duties:

#### **(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.

(b) **Oversight of Internal Controls**

- (1) 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.
- (2) Oversight: Oversee system of internal control, by:
- Monitoring and reviewing policies and procedures for internal accounting, internal audit, financial control and management information;
  - Consulting with the external auditor regarding the adequacy of the Corporation's internal controls;
  - 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
  - Obtaining from management adequate assurances that all statutory payments and withholdings have been made.
- (3) Fraud: Oversee investigations of alleged fraud and illegality relating to the Corporation's finances.
- (4) 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.

(c) **External Audit**

- (1) 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.
- (2) 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.
- (3) Reporting Relationships: The external auditor will report directly to the Committee.

- (4) 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.
- (5) Transition: Review management's plans for an orderly transition to a new external auditor, if required.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) Disagreements with Management: Resolve any disagreements between management and the external auditor regarding financial reporting.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) 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.

- (14) 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.
- (15) 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.
- (16) 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.
- (17) Hiring Policies: Review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

(d) **Internal Audit and the Provision of Assurance**

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.

(e) **Risk Management**

- (1) 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.

(f) **Financial Planning and Investments**

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.

(g) **Pension Plan**

- (1) Oversight: Review and assess management's reports on pension plan oversight including:
  - (i) Review management controls and processes with respect to the administration of investment activities, financial reporting and funding of the plan(s).
  - (ii) 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
  - (iii) Annually, or as required, together with the Human Resources Committee, appoint members of the Pension Committee.
  - (iv) 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.
  - (v) Review and approve the plan(s) investment objectives and guidelines annually and amend if necessary.

- (vi) Review the investment performance of the funds and the investment managers, and their compliance with the investment objectives and guidelines and applicable legislation.
- (vii) Review and approve the annual audited financial statements of the plan(s).

(h) **Compliance**

- (1) Filings with Regulatory Authorities: Review with management the Corporation's relationship with regulators, and the timeliness and accuracy of Corporation filings with regulatory authorities.
- (2) 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.

(i) **Communication**

- (1) 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.
- (2) Coordination with Management: The Committee will coordinate with management on audit and financial matters, and will:
  - (i) Meet privately with management to discuss any areas of concern to the Committee or management; and
  - (ii) 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.

(j) **Related Party Transactions**

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

(k) **Board Relationship and Reporting**

- (1) 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.

- (2) 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.
- (3) Reporting: Report regularly to the Board on Committee activities, issues and related recommendations.

#### **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.