TMX Group Inc.

Q3-2011 Management's Discussion and Analysis

November 7, 2011

This MD&A of TMX Group Inc.'s (TMX Group) financial condition and results of operations is provided to enable a reader to assess our financial condition, material changes in our financial condition and our results of operations, including our liquidity and capital resources, for the quarter and nine months ended September 30, 2011, compared with the quarter and nine months ended September 30, 2010 or the year ended December 31, 2010. This MD&A is dated November 7, 2011 and should be read carefully together with our Q3/11 unaudited condensed consolidated financial statements, including notes, for the corresponding period which are prepared in accordance with International Financial Reporting Standards (IFRS). Each of these documents is filed with Canadian securities regulators and can be accessed through www.sedar.com or our website at www.tmx.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with IFRS, unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

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

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board requires publicly accountable enterprises such as TMX Group to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the TMX Group unaudited condensed consolidated financial statements for the quarter and nine months ended September 30, 2011 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

For each reporting period in 2011, we are also presenting comparative information for 2010, both for interim and annual financial statements, as applicable, on an IFRS basis. Our consolidated financial statements for the year ending December 31, 2011, will be our first annual financial statements prepared in accordance with IFRS. As this is our first year of reporting under IFRS, First-time Adoption of IFRS (IFRS 1) is applicable.

In accordance with IFRS 1, we have applied IFRS retrospectively as of January 1, 2010 (the Transition Date) for comparative purposes. In preparing our opening balance sheet in accordance with IFRS, we have adjusted amounts reported previously in our financial statements prepared in accordance with pre-conversion Canadian generally accepted accounting principles (pre-conversion Canadian GAAP). We have included supplementary reconciliations of the impact of the conversion to IFRS on our net income attributable to TMX Group shareholders for the quarter and nine months ended September 30, 2010 in this MD&A (see ***Changes in Accounting Policies***) (for a more detailed discussion and additional reconciliations see our unaudited condensed consolidated financial statements and MD&A for the quarter ended March 31, 2011).

The Maple Offer

On October 30, 2011, TMX Group and Maple Group Acquisition Corporation (Maple) announced that they had entered into a support agreement in respect of Maple's proposed acquisition of all of the outstanding TMX Group shares pursuant to an integrated two-step transaction valued at approximately $3.8 billion.

The first step is Maple's offer to acquire between 70% and 80% of the TMX Group shares for $50.00 in cash per share, on a pro rated basis, to be followed by a second step court approved plan of arrangement that will provide shareholders (other than Maple) with Maple shares in exchange for their remaining TMX Group shares. The Maple offer remains subject to a non-waivable minimum condition that at least 70% of the TMX Group shares must be tendered to the Maple offer on or before its final expiry. Assuming the minimum of 70% of the TMX Group shares are acquired for cash under the Maple offer, former TMX Group shareholders would own 41.7% of Maple following the second step plan of arrangement. Assuming the maximum of 80% of the TMX Group shares are acquired for cash under the first step offer, former TMX Group shareholders would own 27.8% of Maple following the second step plan of arrangement.

The TMX Group Board is unanimously recommending that TMX Group shareholders accept and tender their shares to the Maple offer, and vote in favour of the second-step arrangement transaction. In making its determinations, the TMX Group Board took into account a number of factors, including the value of the transaction to TMX Group shareholders as well as the expected benefits of the Maple transaction to TMX Group and Canadian capital markets participants and other stakeholders. In addition to other changes and enhancements since Maple's original offer of June 13, 2011, Maple has agreed to pay TMX Group a reverse termination fee of $39.0 million if the Maple transaction is not completed because required regulatory approvals are not obtained. We are liable for the payment of success fees to our financial advisors of approximately $21.0 million which are contingent upon the successful completion of the Maple transaction. TMX Group has not accrued this $21.0 million fee.

In connection with entering into the support agreement, Maple has agreed to extend its offer until January 31, 2012. On October 31, 2011, Maple announced that a total of approximately 27,025,421 TMX Group shares had been deposited under the Maple offer. Maple or TMX Group may terminate the support agreement if the Maple offer has not been completed by February 29, 2012. This outside date may be extended to April 30, 2012 in order to obtain the required regulatory approvals, including approval under the Competition Act (Canada) and from applicable provincial securities regulatory authorities. However, Maple would not be required to extend its offer beyond February 29, 2012 if the regulatory approvals would not be obtained by April 30, 2012. TMX Group and Maple have agreed to proceed diligently, in a coordinated fashion, to obtain all approvals required for the completion of the Maple offer. Although Maple is required to use commercially reasonable efforts to obtain the regulatory approvals, it is not required to accept conditions, commitments and undertakings that would result in a Material Detriment, as defined in the support agreement. There remains risk that the regulatory approvals will not be obtained or will not be obtained on a basis that meets that standard. If the Maple offer is not completed because of a failure to obtain the regulatory approvals, TMX Group's recourse in that circumstance is likely to be limited to receipt of the reverse termination fee.

Additional information regarding the status of the Maple offer and the support agreement is available in a Notice of Variation and Extension that is being mailed to TMX Group shareholders concurrently with an updated directors' circular of TMX Group setting forth its reasons for its recommendation of the Maple offer and other matters.

Further details are also available in TMX Group's press release dated October 30, 2011. The full text of the support agreement is also available on SEDAR under TMX Group's corporate profile at www.sedar.com.

TMX Group and LSEG Terminate Merger Agreement

On June 29, 2011, TMX Group agreed with London Stock Exchange Group plc (LSEG) to terminate our merger agreement which was announced on February 9, 2011.

TMX Group shareholders were scheduled to vote on the merger on June 30, 2011. A majority of shareholder votes cast by proxy prior to the June 28, 2011 proxy deadline supported the merger resolution; however, it was determined that the two-thirds threshold required to approve the merger would not have been achieved.

In terminating the merger agreement, TMX Group agreed to pay a $10.0 million expense fee to LSEG. This $10.0 million expense fee would have become payable by TMX Group under the merger agreement if TMX Group shareholder approval of the merger had not been obtained. The $10.0 million expense fee has been included in **LSEG and Maple Related Costs** for the nine months ended September 30, 2011. TMX Group also agreed to pay a $29.0 million fee to LSEG if Maple's proposed acquisition is consummated as contemplated in the support agreement with Maple. TMX Group has not accrued this $29.0 million fee.

Market Conditions

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

We operate in the highly competitive exchange industry. Since entering the Canadian equities market, alternative trading systems (ATSs) have fragmented trading volumes. In 2010, Toronto Stock Exchange and TSX Venture Exchange combined held an average 73% share of equities volume traded in Canada. In the first nine months of 2011, our combined monthly average share of volume (including trading on our new ATS, TMX Select, launched in July, 2011) declined to 67%. However, despite the market share decline, combined volumes on Toronto Stock Exchange and TSX Venture Exchange were up 11% for the nine months ended September 30, 2011 compared with the nine months ended September 30, 2010. We continue to face significant competitive pressure in this multi-marketplace domestic environment. In August, 2011, another new ATS began trading and in October, 2011, a number of global financial institutions invested in one of our competitors. There are currently 13 Canadian equity marketplaces. We compete for listings both in North America and internationally, particularly for small and medium enterprises (SMEs) as well as resource companies. In Canada, there is currently one competing listings venue and another entity pursuing exchange status with regulators.

Natural Gas Exchange Inc.'s (NGX) business of trading and clearing physical natural gas, electricity and crude oil contracts and Shorcan Energy Brokers Inc. (Shorcan Energy Brokers) business face primary competition in energy markets in Canada and the United States from over-the-counter (OTC) bilateral markets (supported by other voice brokers) and competing exchanges listing and clearing energy products. Other exchanges and electronic trading platforms are now starting to list physical products designed to compete more directly with the NGX contracts. Our alliance with IntercontinentalExchange, Inc. positions NGX to compete for trading with other venues while providing the tools to deliver clearing for exchange-traded as well as OTC bilateral contracts.

In addition to competition from foreign derivatives exchanges that offer comparable derivatives products, Montréal Exchange (MX) faces domestic competition from OTC derivatives trading that occurs bilaterally between institutions. We may in the future also face competition from other Canadian derivatives marketplaces. In the United States, MX competes for market share of trading single stock options based on Canadian-based interlistings, or dual listings. However, options traded in the U.S. are not fungible with those traded in Canada.

MX's subsidiary, Boston Options Exchange Group, LLC, or BOX, operates in the intensely competitive U.S. equity options market.

From a macro perspective, the relative strength of the Canadian and global economies impacts our key revenue drivers. In a growing economy, we would typically expect an increase in new public offerings and higher financing activity; the growth of capital may in turn drive more investing and trading activity across all asset classes and venues. In 2010, we saw an increase in IPO activity, commodity speculation and a marked increase in fixed income cash and futures trading that accompanied a rising short-term interest rate environment. In 2011, the European debt situation, U.S. economy and Canadian interest rate environment have impacted various areas of our business. In addition, an increase in the North American supply of natural gas has led to lower prices and lower volatility.

Q3/11 Initiatives and Accomplishments[1]

Cash Equities Trading

In September 2011, volume increased 71% on TMX Select, our new equities alternative trading system, compared with August 2011. TMX Select was launched in early July 2011 and full rollout of all Toronto Stock Exchange and TSX Venture Exchange symbols was completed on August 8, 2011. In September 2011, its first full month of trading, TMX Select captured nearly 2% of equity trading volume in Canada.

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[1] The "*2011 Initiatives and Accomplishments*" section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

Derivatives Trading and Clearing

MX achieved a record of 285,500 contracts traded on the Three-Month Canadian Bankers' Acceptance Futures (BAX) on August 4, 2011, surpassing the previous record of 223,041 contracts traded set on February 27, 2007. MX also reached a new open interest record on BAX, reaching 796,862 contracts. The previous record was set on May 26, 2011 with open interest of 699,569 contracts.

In September, 2011, MX set a monthly record for overall open interest with 4,404,867 contracts, which surpassed the previous record of 4,361,887 contracts set in June 2011.

Canadian Derivatives Clearing Corporation (CDCC) continues to work with the dealer and user community to develop the infrastructure for central-counterparty services for the Canadian fixed income market. The planned go-live date for the clearing of OTC fixed income repurchase agreements (repos) had been scheduled for Q4/11. Although CDCC is prepared to implement the facility supporting this service in Q4/11, the go-live date has been rescheduled to Q1/12 to allow for additional industry testing of the system and controls.

Information Services

On July 29, 2011, we acquired Atrium Networks (rebranded TMX Atrium), a leading provider of low-latency infrastructure solutions for the North American and European financial communities. The acquisition accelerates the expansion of TMX Group's data network into Europe and the U.S.

On October 12, 2011, NASDAQ OMX® announced an arrangement with PC-Bond, a division of TSX Inc., to offer a new family of U.S. Treasury Fixed Income indexes, the RBC Insight Total Return U.S. Treasury (TRUST) indexes effective, Tuesday, November 8, 2011.

Quarter Ended September 30, 2011 Compared with Quarter Ended September 30, 2010

Net income attributable to TMX Group shareholders was $67.0 million, or $0.90 per common share on a basic and diluted basis for Q3/11, an increase of 21% compared with net income attributable to TMX Group shareholders of $55.2 million, or $0.74 per common share on a basic and diluted basis for Q3/10. The increase in net income attributable to TMX Group shareholders was largely due to higher revenue from derivative markets trading and clearing, issuer services, other revenue due to realized and unrealized net foreign exchange gains on U.S. dollar accounts receivables as well as information services, partially offset by higher compensation and benefits expenses and $2.4 million (pre-tax) of LSEG and Maple related costs. While income tax expense in Q3/11 increased slightly over Q3/10, the effective tax rate on the increased income was lower in Q3/11 compared with Q3/10.

Adjusted Earnings per Share Reconciliation for Q3/11 and Q3/10****

The following is a reconciliation of earnings per share to adjusted earnings per share** prior to the adjustment related to costs associated with the proposed merger with LSEG and the Maple offer to acquire all of the common shares of TMX Group:

	Q3/11		Q3/10	
	Basic	**Diluted**	**Basic**	**Diluted**
Earnings per share	$0.90	$0.90	$0.74	$0.74
Adjustment related to LSEG and Maple related costs, net of income tax	$0.02	$0.02	-	-
*Adjusted earnings per share***	$0.92	$0.92	$0.74	$0.74

Adjusted earnings per share** of $0.92 per common share on a basic and diluted basis was higher than earnings per share of $0.74 per common share on a basic and diluted basis for Q3/10, largely due to higher revenue from derivative markets trading and clearing, issuer services, other revenue due to realized and unrealized net foreign exchange gains on U.S. dollar accounts receivable as well as information services, partially offset by higher compensation and benefits expenses.

Revenue

Revenue was $167.8 million in Q3/11, up $21.8 million, or 15% compared with $146.0 million for Q3/10, reflecting increased revenue from derivative markets trading and clearing, issuer services, other revenue as well as information services, partially offset by lower revenue from energy trading and clearing.

Issuer Services Revenue

(in millions of dollars)

	Q3/11	Q3/10	$ increase	% increase
Initial listing fees	$ 6.5	$ 5.2	$ 1.3	25%
Additional listing fees	$ 22.6	$ 20.6	$ 2.0	10%
Sustaining listing fees	$ 19.3	$ 16.3	$ 3.0	18%
Other issuer services	$ 3.2	$ 2.9	$ 0.3	10%
Total	$ 51.6	$ 45.0	$ 6.6	15%

** The terms adjusted earnings per share and adjusted diluted earnings per share do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings per share and adjusted diluted earnings per share to indicate operating performance exclusive of *LSEG and Maple-related costs* we incurred in Q3/11. Management uses these measures to assess our financial performance exclusive of these costs and to enable comparability across periods.

- *Initial listing fees* in Q3/11 increased over Q3/10 primarily due to an increase in the number of new listings on Toronto Stock Exchange.

- *Additional listing fees* in Q3/11 increased over Q3/10 due to an increase in the value of additional financings on Toronto Stock Exchange. The increase was also due to fee changes on Toronto Stock Exchange and TSX Venture Exchange which were effective January 1, 2011.

- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees was due to the overall higher market capitalization of listed issuers on both exchanges at the end of 2010 compared with the end of 2009, and fee changes on TSX Venture Exchange which were effective January 1, 2011.

- *Other issuer services* revenue increased due to higher revenue from investor relations services in Q3/11 compared with Q3/10.

Trading, Clearing and Related Revenue

(in millions of dollars)

	Q3/11	**Q3/10**	**$ increase/ (decrease)**	**% increase/ (decrease)**
Cash markets revenue	$ 24.3	$ 24.1	$ 0.2	1%
Derivatives markets revenue	$ 31.9	$ 21.0	$ 10.9	52%
Energy markets revenue	$ 10.4	$ 12.9	($ 2.5)	(19%)
Total	$ 66.6	$ 58.0	$ 8.6	15%

Cash Markets

- *Cash markets* equity trading revenue from Toronto Stock Exchange increased due to a favourable change in product mix and a 4% increase in the volume of securities traded on Toronto Stock Exchange in Q3/11 compared with Q3/10 (24.57 billion securities in Q3/11 versus 23.54 billion securities in Q3/10). *Cash markets* revenue also included revenue from TMX Select, which was fully launched in August 2011 with 0.5 billion securities traded in Q3/11.

- The increase was offset by a decline in equity trading revenue on TSX Venture Exchange due to a 20% decrease in the volume of securities traded in Q3/11 compared with Q3/10 (11.62 billion securities in Q3/11 versus 14.47 billion securities in Q3/10).

- The increase was also offset by changes to our equity trading fee schedule effective March 1, 2011, which reduced the fees for significant usage for our Market on Open (MOO) facility and introduced net credit payments for trading in our continuous limit order book and additional changes effective April 1, 2011, which provided cost savings to participants that trade equities where the trade price per-security is lower than $1.00.

- The increase in overall *cash markets* revenue also reflected higher volumes from Shorcan Brokers Limited (Shorcan) fixed income trading in Q3/11 compared with Q3/10.

Derivatives Markets

- The increase in *derivatives markets* revenue reflects an increase in trading and clearing revenue from MX and CDCC. Volumes increased by 58% over Q3/10 (16.76 million contracts traded in Q3/11 versus 10.64 million contracts traded in Q3/10) reflecting increased trading across all major products. The increase in revenue was partially offset by a change in customer and product mix. Open interest was up 33% at September 30, 2011 compared with September 30, 2010.

- The increase in *derivatives markets* revenue also reflects higher revenues from BOX as a result of an 85% increase in BOX volumes (44.84 million contracts in Q3/11 versus 24.26 million contracts traded in Q3/10) and increased revenue from option regulatory fees charged in the U.S. in respect of BOX in Q3/11. The increase in revenue was partially offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q3/11 compared with Q3/10.

Energy Markets

- The decrease in *energy markets* revenue reflects a 28% decrease in total energy volume[#] traded on NGX from Q3/10 (3.56 million terajoules in Q3/11 compared to 4.93 million terajoules in Q3/10). The lower volumes were largely as a result of lower natural gas prices and less price volatility in the market during Q3/11 compared with Q3/10. NGX crude oil volumes were also lower due to limited early traction of our recently launched trading platform, and increased competition from voice brokers, including Shorcan Energy Brokers, a wholly-owned subsidiary of Shorcan.

- The decrease in revenue was also due to the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q3/11 compared with Q3/10.

- The decrease was partially offset as a result of NGX recapturing previously deferred revenue in Q3/11.

- The decrease was also partially offset by higher revenue from Shorcan Energy Brokers due to higher volumes in Q3/11 compared with Q3/10.

[#] NGX total energy volume includes trading and clearing in natural gas, crude oil and electricity.

Information Services Revenue

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 41.4	$ 38.7	$2.7	7%

- The increase was primarily due to revenue from TMX Atrium, acquired July 29, 2011, and higher revenue from fixed income indices and TMXnet.
- Overall, there was a 5% increase in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (161,040+ professional and equivalent real-time market data subscriptions in Q3/11 compared with 152,887 in Q3/10). There was also a 15% increase in the average number of MX market data subscriptions (26,867+ MX market data subscriptions in Q3/11 compared with 23,427 in Q3/10).
- The increases were partially offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q3/11 compared with Q3/10 and the effect of customer enterprise agreements.

Technology Services and Other Revenue

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 8.2	$ 4.3	$3.9	91%

- *Technology services and other* revenue increased primarily due to realized and unrealized net foreign exchange gains on U.S. dollar accounts receivables partially offset by lower overall technology services revenue in Q3/11 compared with Q3/10.

Operating Expenses

Operating expenses in Q3/11 were $72.3 million, up $4.1 million, or 6%, from $68.2 million in Q3/10 primarily due to higher costs associated with short-term employee performance incentive plans, an overall increase in salary and benefits costs and the inclusion of expenses related to TMX Atrium, acquired July 29, 2011, offset by higher capitalization of costs associated with technology initiatives and lower organizational transition costs and bad debt expenses.

+ Includes a base number of subscriptions for customers that have entered into enterprise agreements.

Compensation and Benefits

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 37.6	$ 32.3	$5.3	16%

- *Compensation and benefits* costs increased due to higher costs associated with short-term employee performance incentive plans.

- The higher costs are also related to an overall increase in salary and benefits costs relating to increased headcount and merit increases, as well as the loss of certain exemptions related to the Québec tax holiday which ended on December 31, 2010 (see **Income Tax Expense**). There were 901 employees at September 30, 2011, including 21 from TMX Atrium, acquired July 29, 2011, versus 838 employees at September 30, 2010. We continue to invest in our leading technologies, and over the past year we have also added resources in the growing areas of our business including issuer services, information services and Canadian derivatives trading and clearing.

- The increase was also due to higher expenses related to the long-term employee performance incentive plans that are tied to share price performance and costs associated with TMX Atrium, partially offset by higher capitalization of costs associated with technology initiatives and lower organizational transition costs in Q3/11 compared with Q3/10.

Information and Trading Systems

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 12.8	$ 11.3	$1.5	13%

- *Information and trading systems* expenses were higher due to the inclusion of costs related to TMX Atrium, acquired July 29, 2011.

- The increase was also due to higher spending on new technology initiatives in Q3/11 compared with Q3/10. We invested in a number of new projects, including TMX Select and the second phase of enterprise expansion. The increase was partially offset by reduced on-going operating costs.

General and Administration

(in millions of dollars)

Q3/11	Q3/10	$ (decrease)	% (decrease)
$ 14.6	$ 17.3	($2.7)	(16%)

- *General and administration* costs decreased due to lower bad debt expenses and lower directors' fees recorded in Q3/11 compared with Q3/10, partially offset by the inclusion of costs related to TMX Atrium, acquired July 29, 2011 and trade routing fees incurred by BOX.

Depreciation and Amortization

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 7.3	$ 7.3	-	-

- *Depreciation and amortization* costs were unchanged due to reduced amortization relating to assets that were fully depreciated by September 30, 2011, offset by increased amortization of intangible assets related to newly launched products.

LSEG and Maple Related Costs

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 2.4	-	$2.4	-

- *LSEG and Maple Related Costs* include legal, advisory and other costs incurred during Q3/11.

Finance Income (formerly Investment Income)

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 3.8	$ 2.1	$1.7	81%

- *Finance income* increased primarily due to increased cash available for investment in Q3/11 compared with Q3/10.

Finance Costs (formerly Interest Expense)

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$ 2.6	$ 1.6	$1.0	63%

- *Finance costs* increased as a result of higher interest rates and fees on the debt outstanding (*see* **Term Loan**).

Income Tax Expense

(in millions of dollars)

		Effective tax rate (%)	
Q3/11	**Q3/10**	**Q3/11**	**Q3/10**
$ 24.5	$ 23.2	27%	30%

- The effective tax rate for Q3/11 was lower than that for Q3/10 due to a decrease in federal and Ontario corporate income tax rates, somewhat offset by a higher Québec corporate income tax rate that resulted from the expiry on December 31, 2010 of a provincial tax holiday related to the financial sector.
- From October 1, 2000 to December 31, 2010, MX and CDCC benefited from certain income tax, capital tax and other tax exemptions which were intended to support the financial sector in the Province of Québec.
- The decrease in effective tax rate was also due to BOX reporting a significant increase in the amount of income earned in the quarter, as compared to the prior year, with no corresponding income tax expense reported due to the availability of prior year income tax loss carryforwards.

Net Income/(Loss) Attributable to Non-Controlling Interests

(in millions of dollars)

Q3/11	Q3/10	$ increase	% increase
$3.0	$0.3	$2.7	900%

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated in our Income Statement.
- Net income attributable to non-controlling interests represents the other BOX unitholders' share of BOX's net income or loss in the period. In Q3/11, the net income of $3.0 million reflected significantly higher BOX trading volumes compared with Q3/10.

Nine Months Ended September 30, 2011 Compared with Nine Months Ended September 30, 2010

Net income attributable to TMX Group shareholders was $184.8 million or $2.48 per common share ($2.47 on a diluted basis) for the first nine months of 2011, an 8% increase compared with net income attributable to TMX Group shareholders of $170.7 million or $2.30 per common share ($2.29 on a diluted basis) for the first nine months of 2010. The increase in net income attributable to TMX Group shareholders was largely due to higher revenue from issuer services, derivatives markets trading and clearing and information services, somewhat offset by increased expenses due to $31.5 million (pre-tax) in LSEG and Maple related costs, a commodity tax adjustment* and higher compensation and benefits expenses. These expenses were somewhat reduced by lower information and trading systems expenses. While income tax expense in the first nine months of 2011 increased slightly over the first nine months of 2010, the effective tax rate on the increased income was lower in the first nine months of 2011 compared with the first nine months of 2010.

Adjusted Earnings per Share Reconciliation for the First Nine Months of 2011 and the First Nine Months of 2010**

The following is a reconciliation of earnings per share to adjusted earnings per share** prior to the adjustment related to costs associated with the proposed merger with LSEG and the Maple offer to acquire all of the common shares of TMX Group, and the commodity tax adjustment*:

	Nine months ended			
	Sept. 30/11		Sept. 30/10	
	Basic	**Diluted**	**Basic**	**Diluted**
Earnings per share	$2.48	$2.47	$2.30	$2.29
Adjustments:				
Adjustment related to LSEG and Maple related costs, net of income tax	$0.31	$0.31	-	-
Adjustment related to commodity tax adjustment, net of income tax*	$0.05	$0.05	-	-
*Adjusted earnings per share***	$2.84	$2.83	$2.30	$2.29

Adjusted earnings per share** of $2.84 per common share ($2.83 on a diluted basis), was higher than earnings per share of $2.30 per common share ($2.29 on a diluted basis) for the first nine months of 2010. The increase in adjusted earnings per share** was largely due to higher revenue from issuer services, derivatives markets trading and clearing and information services, somewhat offset by higher compensation and benefits expenses. These expenses were somewhat offset by lower information and trading systems expenses.

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*See "*General and Administration"* section.

** The terms adjusted earnings per share and adjusted diluted earnings per share do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings per share and adjusted diluted earnings per share to indicate operating performance exclusive of *LSEG and Maple-related costs* incurred in the first nine months of 2011 and a commodity tax adjustment in the first nine months of 2011. Management uses these measures to assess our financial performance exclusive of these costs and to enable comparability across periods.

Revenue

Revenue was $511.8 million in the first nine months of 2011, up $60.3 million, or 13% compared with $451.5 million for the first nine months of 2010, reflecting higher revenue from issuer services, derivatives markets trading and clearing and information services.

Issuer Services Revenue

(in millions of dollars)

	Nine months ended			
	Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
Initial listing fees	$ 23.3	$ 18.3	$ 5.0	27%
Additional listing fees	$ 86.3	$ 71.7	$ 14.6	20%
Sustaining listing fees	$ 56.8	$ 48.3	$ 8.5	18%
Other issuer services	$ 10.2	$ 10.1	$ 0.1	1%
Total	$ 176.6	$ 148.4	$ 28.2	19%

- *Initial listing fees* in the first nine months of 2011 increased over the first nine months of 2010 primarily due to an increase in the number of issuers who converted from income trusts to corporate entities. There was also an increase in the number of initial financings on Toronto Stock Exchange in the first nine months of 2011 compared with the first nine months of 2010.

- *Additional listing fees* in the first nine months of 2011 increased over the first nine months of 2010 due to an increase in the value of additional financings on Toronto Stock Exchange and TSX Venture Exchange, and fee changes which were effective January 1, 2011.

- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees was due to the overall higher market capitalization of listed issuers on both exchanges at the end of 2010 compared with the end of 2009, and fee changes on TSX Venture Exchange which were effective January 1, 2011.

Trading, Clearing and Related Revenue

(in millions of dollars)

	Nine months ended			
	Sept. 30/11	**Sept. 30/10**	**$ increase/ (decrease)**	**% increase/ (decrease)**
Cash markets revenue	$ 82.9	$ 81.4	$ 1.5	2%
Derivatives markets revenue	$ 85.0	$ 60.6	$ 24.4	40%
Energy markets revenue	$ 32.6	$ 33.5	($ 0.9)	(3%)
Total	$ 200.5	$ 175.5	$ 25.0	14%

Cash Markets

- The increase in *cash markets* equity trading revenue was largely due to a 19% increase in the volume of securities traded on TSX Venture Exchange in the first nine months of 2011 compared with the first nine months of 2010 (53.22 billion securities in the first nine months of 2011 versus 44.56 billion securities in the first nine months of 2010). There was also a 6% increase in the volume of securities traded on Toronto Stock Exchange in the first nine months of 2011 compared with the first nine months of 2010 (79.49 billion securities in the first nine months of 2011 versus 75.02 billion securities in the first nine months of 2010). *Cash markets* equity trading revenue from Toronto Stock Exchange also increased due a favourable change in product mix. *Cash markets* revenue included revenue from TMX Select, which was fully launched in August 2011 with 0.5 billion securities traded in the period.

- The increase was somewhat offset by changes to our equity trading fee schedule. On March 1, 2010, we reduced active trading fees on securities trading at less than $1.00 in the post-open continuous market and on April 1, 2010, we reduced trading fees for securities trading at $1.00 and higher. Effective March 1, 2011, we reduced the fees for significant usage for our MOO facility and introduced net credit payments for trading in our continuous limit order book. On April 1, 2011, we made additional changes that provided cost savings to participants that trade equities where the trade price per-share is lower than $1.00.

- Revenue from Shorcan fixed income trading in the first nine months of 2011 increased from the first nine months of 2010, due to a more favourable product mix, somewhat offset by lower volumes.

Derivatives Markets

- The increase in *derivatives markets* revenue reflects an increase in trading and clearing revenue from MX and CDCC. Volumes increased by 46% (47.58 million contracts traded in the first nine months of 2011 versus 32.58 million contracts traded in the first nine months of 2010) reflecting increased trading in the BAX and CGB contracts, as well as ETF and equity options. The increase in revenue was partially offset by a change in customer and product mix. Open interest was up 33% at September 30, 2011 compared with September 30, 2010.

- The increase in derivatives markets revenue also reflects an increase in BOX revenues. There was a 57% increase in BOX volumes (103.24 million contracts in the first nine months of 2011 versus 65.74 million contracts traded in the first nine months of 2010). The increase in revenue was also due to price increases which were effective in Q3/10 and increased option regulatory fees charged in the U.S. in respect of BOX in the first nine months of 2011, partially offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in the first nine months of 2011 compared with the first nine months of 2010.

Energy Markets

- The decrease in *energy markets* revenue reflects an 11% decrease in total energy volume[#] on NGX in the first nine months of 2011 compared with the first nine months of 2010 (11.21 million terajoules in the first nine months of 2011 compared to 12.54 million terajoules in the first nine months of 2010). The lower volumes were largely as a result of lower natural gas prices and less price volatility in the market during the first nine months of 2011 compared with the first nine months of 2010. NGX crude oil volumes were also lower due to limited early traction of our recently launched trading platform, and increased competition from voice brokers, including Shorcan Energy Brokers.

- The lower revenue was also as a result of the impact of depreciation of the U.S. dollar against the Canadian dollar in the first nine months of 2011 compared with the first nine months of 2010.

- The decrease was somewhat offset by NGX recapturing previously deferred revenue in the first nine months of 2011.

- The decreased revenue was also offset by higher revenue from Shorcan Energy Brokers due to higher volumes in the first nine months of 2011 compared with the first nine months of 2010.

Information Services Revenue

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$ 121.8	$ 115.0	$6.8	6%

- The increase was due to higher revenue from co-location services, TMXnet and revenue from TMX Atrium, acquired July 29, 2011.

[#] NGX total energy volume includes trading and clearing in natural gas, crude oil and electricity.

- The increase was also due to higher revenue from fixed income indices, index data licensing and BOX's share of U.S. market data revenue.

- Overall, there was a 5% increase in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (161,305+ professional and equivalent real-time market data subscriptions in the first nine months of 2011 compared with 152,913 in the first nine months of 2010). There was also a 9% increase in the average number of MX market data subscriptions (25,272+ MX market data subscriptions in the first nine months of 2011 compared with 23,085 in the first nine months of 2010).

- The increases were partially offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in the first nine months of 2011 compared with the first nine months of 2010 and the effect of customer enterprise agreements.

Technology Services and Other Revenue

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$ 12.9	$ 12.6	$0.3	2%

- *Technology services and other* revenue increased primarily due to realized and unrealized net foreign exchange gains on U.S. dollar accounts receivables partially offset by lower overall technology services revenue in the first nine months of 2011 compared with the first nine months of 2010.

Operating Expenses

Operating expenses in the first nine months of 2011 were $220.9 million, up $9.2 million, or 4%, from $211.7 million in the first nine months of 2010 due to higher costs associated with short and long-term employee performance incentive plans, an overall increase in salary and benefits costs, the inclusion of costs related to TMX Atrium, acquired July 29, 2011, as well as a commodity tax adjustment*. These increases were partially offset by a decrease in information and trading systems costs following the decommissioning of legacy hardware and by lower bad debt expenses, lower other corporate development costs and higher capitalization of costs associated with technology initiatives.

+ Includes a base number of subscriptions for customers that have entered into enterprise agreements.

*See "*General and Administration*" section.

Compensation and Benefits

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$ 107.8	$ 97.1	$10.7	11%

- *Compensation and benefits* costs increased primarily due to higher costs associated with short-term employee performance incentive plans and long-term employee performance incentive plans that are tied to share price appreciation.

- The higher costs are also related to an overall increase in salary and benefits costs relating to increased headcount and merit increases, as well as the loss of certain exemptions related to the Québec tax holiday which ended on December 31, 2010 (see **Income Tax Expense**). There were 901 employees at September 30, 2011, including 21 from TMX Atrium, acquired July 29, 2011, versus 838 employees at September 30, 2010. We continue to invest in our leading technologies, and over the past year we have also added resources in the growing areas of our business including issuer services, information services and Canadian derivatives trading and clearing.

- The increases were partially offset by higher capitalization of costs associated with technology initiatives in the first nine months of 2011 compared with the first nine months of 2010.

Information and Trading Systems

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ (decrease)**	**% (decrease)**
$ 34.7	$ 39.1	($4.4)	(11%)

- *Information and trading systems* expenses were lower due to reduced on-going operating costs, including the decommissioning of legacy hardware in Q2/10 during which we also recorded a one-time related cost of $0.6 million.

- Spending on new technology initiatives was somewhat higher in the first nine months of 2011 compared with the first nine months of 2010. We invested in a number of new projects, including market order protection, the expansion of our co-location facility and the second phase of enterprise expansion.

- *The decrease in Information and trading systems* expenses was also somewhat offset by the inclusion of costs related to TMX Atrium, acquired July 29, 2011.

General and Administration[2]

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$ 57.5	$ 53.5	$4.0	7%

- *General and administration* costs increased largely due to recording a $6.6 million provision related to a commodity tax adjustment, which includes $4.8 million for prior periods, as well as higher marketing costs, an increase in trade routing fees incurred by BOX and the inclusion of costs related to TMX Atrium, acquired July 29, 2011.

- These increases were partially offset by lower bad debt expenses and other corporate development costs.

- We have submitted ruling requests to the Canada Revenue Agency (CRA) and Revenu Québec (RQ) relating to the application of Harmonized Sales Tax and Goods and Services Tax (collectively, HST) and Québec Sales Tax (QST), imposed under section 165 of the Excise Tax Act and section 16 of the Act respecting the Québec sales tax respectively, on our trade execution fees on equities and derivatives. Effective February 2011, we stopped charging HST/QST on these trade execution fees for both Toronto Stock Exchange and TSX Venture Exchange. Effective August 2011, we stopped charging HST/QST on these trade execution fees for the Montréal Exchange. On July 11, 2011, TMX Select was successfully launched to the marketplace. TMX Select has also submitted a ruling request to the CRA and to RQ and as such we do not charge HST/QST on any of its trade execution fees. We are confident that the ruling requests will be approved, and as such, have not provided for HST/QST not charged to customers in 2011. We are currently reviewing our historical and prospective process for claiming input tax credits for HST and input tax refunds for QST (collectively referred to as ITC) on the affected businesses but have not yet amended our historical or current ITC claims to reflect the changes in tax treatment. If the ruling requests are approved, we may be required to repay to the taxation authorities the ITCs claimed prior to February 2011 on the affected businesses. TMX Group firmly believes that the liability related to these ITCs should be $0; however, a repayment of up to four years of ITCs previously claimed may be required. As a result, we have estimated the range of possible outcomes to be between $0 and $11.0 million. A provision of $4.8 million was recorded in Q1/11 for prior periods, and the cost is included within General and administration expenses in the income statement for the first nine months of 2011. No change to this provision was made in Q3/11. Future estimates may be different and a change in the provision may be required.

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

Depreciation and Amortization

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ (decrease)**	**% (decrease)**
$ 20.9	$ 22.0	($1.1)	(5%)

- *Depreciation and amortization* costs decreased due to reduced amortization relating to assets that were fully depreciated by September 30, 2011.
- The decrease also reflected lower amortization of the intangible assets related to the TMX Smart Order Router, MX trading participants and The Equicom Group Inc. (Equicom) customer list. This decrease was partially offset by increased amortization of intangible assets related to newly launched products.

LSEG and Maple Related Costs

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$ 31.5	-	$ 31.5	-

- *LSEG and Maple Related Costs* include a $10.0 million fee due to LSEG upon termination of our merger agreement on June 29, 2011.
- *LSEG and Maple Related Costs* also include legal, advisory and other costs incurred during the first nine months of 2011.

Finance Income (formerly Investment Income)

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$ 8.0	$ 4.7	$3.3	70%

- *Finance income* increased primarily due to increased cash available for investment in the first nine months of 2011 compared with the first nine months of 2010.

Finance Costs (formerly Interest Expense)

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$ 7.0	$ 4.1	$2.9	71%

- *Finance costs* increased as a result of higher interest rates and fees on the debt outstanding. On April 30, 2008, we borrowed $430.0 million in Canadian funds related to financing the cash consideration of the purchase price for MX (*see* **Term Loan**).

Income Tax Expense

(in millions of dollars)

Nine months ended		Effective tax rate (%)	
Sept. 30/11	**Sept. 30/10**	**Sept. 30/11**	**Sept. 30/10**
$ 71.8	$ 71.1	28%	29%

- The effective tax rate for the first nine months of 2011 was lower than the first nine months of 2010 reflecting a decrease in federal and Ontario corporate income tax rates, somewhat offset by a higher Québec corporate income tax rate that resulted from the expiry on December 31, 2010 of a provincial tax holiday related to the financial sector.

- From October 1, 2000 to December 31, 2010, MX and CDCC benefited from certain income tax, capital tax and other tax exemptions which were intended to support the financial sector in the Province of Québec.

- The decrease in effective tax rate was also due to BOX reporting a significant increase in the amount of income earned in the first nine months of 2011, as compared to the prior year, with no corresponding tax expense reported due to the availability of prior year tax loss carryforwards.

Net Income/(Loss) Attributable to Non-Controlling Interests

(in millions of dollars)

Nine months ended			
Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
$4.6	($0.7)	$5.3	757%

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated in our Income Statement.

- Net income/(loss) attributable to non-controlling interests represents the other BOX unitholders' share of BOX's net income or loss in the period. In the first nine months of 2011, the net income of $4.6 million reflected higher BOX trading volumes. In the first nine months of 2010, the net loss of $0.7 million reflected increased competition and a significant decline in BOX's market share.

Segment Analysis

Cash Markets – Equities and Fixed Income (includes LSEG and Maple Related Costs)

(in millions of dollars)

	Q3/11	**Q3/10**	**$ increase**	**% increase**
Revenue	$120.1	$106.7	$13.4	13%
LSEG and Maple Related Costs	$2.4	-	$2.4	-
Net income attributable to TMX Group shareholders	$50.4	$43.4	$7.0	16%

The increase in revenue primarily reflects higher revenue from issuer services, information services and other revenue due to realized and unrealized net foreign exchange gains on U.S. dollar accounts receivables in Q3/11 compared with Q3/10. Net income increased due to the higher revenue and the impact of a lower effective tax rate resulting from a decrease in federal and Ontario corporate income tax rates. This was somewhat offset by increased compensation and benefits expenses, legal, advisory and other LSEG and Maple related costs as well as expenses from TMX Atrium, acquired July 29, 2011.

(in millions of dollars)

	Nine months ended			
	Sept. 30/11	**Sept. 30/10**	**$ increase**	**% increase**
Revenue	$379.0	$341.6	$37.4	11%
LSEG and Maple Related Costs	$31.5	-	$31.5	-
Net income attributable to TMX Group shareholders	$145.2	$141.7	$3.5	2%

The increase in revenue primarily reflects higher issuer services revenue related to the increase in the number of issuers who converted from income trusts to corporate entities and increased revenue from additional and sustaining listing fees as well as information services and equity trading revenue on Toronto Stock Exchange in the first nine months of 2011 compared with the first nine months of 2010. The increase also reflected higher other revenue from realized and unrealized net foreign exchange gains on U.S. dollar accounts receivables in the first nine months of 2011 compared with the first nine months of 2010. Net income increased due to the higher revenue and the impact of a lower effective tax rate resulting from a decrease in federal and Ontario corporate income tax rates, largely offset by legal, advisory and other LSEG and Maple related costs as well as higher compensation and benefits expenses.

(in millions of dollars)

	September 30, 2011	September 30, 2010	$ increase
Total Assets	$574.0	$455.3	$118.7
Total Liabilities	$559.1	$529.6	$29.5

Total Assets increased primarily due to an increase in cash and marketable securities at September 30, 2011 compared with September 30, 2010. Total Liabilities increased at September 30, 2011 compared with September 30, 2010 due to an increase in liabilities due to higher costs associated with long-term employee performance incentive plans that are tied to share price appreciation, a commodity tax adjustment in the first nine months of 2011, and an increase in deferred revenue.

Derivative Markets – MX and BOX

(in millions of dollars)

	Q3/11	Q3/10	$ increase	% increase
Revenue	$37.0	$26.3	$10.7	41%
Net income attributable to TMX Group shareholders	$13.7	$7.7	$6.0	78%

The increase in revenue largely reflects higher revenue and volumes on MX and BOX, partially offset by lower technology services revenue. Net income attributable to TMX Group shareholders for Q3/11 increased due to the increased revenue and higher finance income. The higher income was taxed at approximately the same rate in Q3/11 as in Q3/10. While the tax rate increased due to the expiry of a Québec tax holiday on December 31, 2010, BOX's higher income was not subject to tax due to the availability of prior year tax loss carryforwards (see **Income Tax Expense**).

(in millions of dollars)

	Nine months ended			
	Sept. 30/11	Sept. 30/10	$ increase	% increase
Revenue	$100.0	$75.9	$24.1	32%
Net income attributable to TMX Group shareholders	$31.4	$19.5	$11.9	61%

The increase in revenue largely reflects higher revenue and volumes on MX and BOX and price increases on BOX which were effective in Q3/10. Net income attributable to TMX Group shareholders for the first nine months of 2011 increased due to the increased revenue, partially offset by higher compensation and benefits costs expenses compared with the first nine months of 2010. The higher income was taxed at approximately the same rate in the first nine months of

2011 as in the first nine months of 2010. While the tax rate increased due to the expiry of a Québec tax holiday tax on December 31, 2010, BOX's higher income was not subject to tax due to the availability of prior year tax loss carryforwards (see **Income Tax Expense**).

(in millions of dollars)

	September 30, 2011	September 30, 2010	$ increase
Total Assets	$1,877.6	$1,415.3	$462.3
Total Liabilities	$813.2	$396.3	$416.9

Total Assets increased primarily due to an increase in Daily Settlements and Cash Deposits of $414.9 million at September 30, 2011 compared with September 30, 2010. MX also carried offsetting liabilities related to daily settlements and cash deposits which were $414.9 million higher at September 30, 2011 compared with September 30, 2010. The increase was also due to an increase in cash and marketable securities of $51.8 million.

Energy Markets – NGX and Shorcan Energy Brokers

(in millions of dollars)

	Q3/11	Q3/10	$ (decrease)	% (decrease)
Revenue	$10.7	$13.0	($2.3)	(18%)
Net income attributable to TMX Group shareholders	$2.9	$4.1	($1.2)	(29%)

The decrease in revenue in Q3/11 compared with Q3/10 was due to lower revenue from trading and clearing as a result of a decrease in volumes, and the negative impact of the depreciation of the U.S. dollar against the Canadian dollar in Q3/11 compared with Q3/10. The lower volumes were largely as a result of lower natural gas prices and less price volatility in the market during Q3/11 compared with Q3/10. The decrease was somewhat offset by NGX recapturing previously deferred revenue in Q3/11 and by higher revenue from Shorcan Energy Brokers, due to higher volumes in Q3/11 compared with Q3/10. The decrease in net income reflected the lower overall energy markets revenue partially offset by the impact of a lower effective tax rate in Q3/11 compared with Q3/10.

(in millions of dollars)

	Nine months ended			
	Sept. 30/11	Sept. 30/10	$ (decrease)	% (decrease)
Revenue	$32.8	$34.0	($1.2)	(4%)
Net income attributable to TMX Group shareholders	$8.2	$9.5	($1.3)	(14%)

The decrease in revenue in the first nine months of 2011 was due to lower revenue from trading and clearing as a result of a decrease in volumes in the first nine months of 2011 compared with the first nine months of 2010 and the negative impact of the depreciation of the U.S. dollar against the Canadian dollar. The lower volumes were largely as a result of lower natural gas prices and less price volatility in the market during the first nine months of 2011 compared with the first nine months of 2010. The decrease was partially offset by higher revenue from Shorcan Energy Brokers and as a result of NGX recapturing previously deferred revenue in the first nine months of 2011. The decrease in net income reflected the lower overall revenue and an increase in compensation and benefits costs, including higher organizational transition costs and higher costs associated with long-term employee performance incentive plans that are tied to share price appreciation. These reductions in net income were partially offset by the impact of a lower effective tax rate in the first nine months of 2011 compared with the first nine months of 2010.

(in millions of dollars)

	September 30, 2011	September 30, 2010	$ (decrease)
Total Assets	$900.5	$1,019.9	($119.4)
Total Liabilities	$777.0	$907.5	($130.5)

Total Assets decreased due to a decrease of $72.0 million in the fair value of open energy contracts receivable compared with the end of September 2010. This is largely attributable to the daily mark to market margin on power contracts being settled daily effective November 1, 2010 and lower gas prices in the period ended September 30, 2011. As the clearing counterparty to every trade, NGX also carries offsetting liabilities related to the fair value of open energy contracts which were also $72.0 million lower at September 30, 2011 compared with September 30, 2010. The decrease in Total Assets was also due to a decrease in energy contracts receivable of $54.4 million due to lower gas prices compared with the end of September 2010 and lower volumes delivered. As the clearing counterparty to every trade, NGX also carries offsetting liabilities in the form of energy contracts payable, which were $54.4 million lower at the end of September 2011.

Liquidity and Capital Resources

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)

September 30, 2011	December 31, 2010	$ increase
$ 465.4	$ 331.5	$ 133.9

- The increase was largely due to cash generated from operating activities of $232.4 million, net of $30.8 million of cash outlays related to LSEG and Maple related costs, partially offset by dividend payments of $89.5 million.

Total Assets

(in millions of dollars)

September 30, 2011	December 31, 2010	$ increase
$ 3,352.1	$ 2,965.8	$ 386.3

- *Total assets* increased due to an increase in MX daily settlements and cash deposits of $396.5 million and an increase in cash and marketable securities of $133.9 million.

- The overall increase was partially offset by a decrease in energy contracts receivable of $119.6 million related to the clearing operations of NGX and a $26.0 million decrease in current assets related to the fair value of open energy contracts at September 30, 2011 compared with December 31, 2010.

Credit Facilities and Guarantee

Term Loan

(in millions of dollars)

September 30, 2011	December 31, 2010	$ (decrease)
$429.7	$429.8	($ 0.1)

- In connection with the combination with MX, we established a non-revolving three-year term unsecured credit facility of $430.0 million (the Term Loan). On April 30, 2008, we borrowed $430.0 million in Canadian funds under the Term Loan to satisfy the cash consideration of the purchase price for MX. On March 31, 2011, we extended and amended this facility that was due to expire on April 18, 2011. The revised credit facility remains at $430.0 million and will expire on December 28, 2011. We plan to extend the Term Loan prior to this date. Until April 18, 2011, the credit facility attracted interest at Bankers' Acceptance (BA) plus 45 basis points. After that date, and until expiry, interest is charged at BAs plus 85 basis points.

- This credit facility contains customary covenants, including a requirement that TMX Group maintain:

  - a maximum debt to adjusted EBITDA ratio of 3.5:1, where adjusted EBITDA means earnings on a consolidated basis before interest, taxes, extraordinary, unusual or non-recurring items, depreciation and amortization, all determined in accordance with IFRS;

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

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

At September 30, 2011, all covenants were met.

Other Credit Facilities and Guarantee

To backstop its clearing operations, NGX currently has a credit agreement in place with a Canadian Schedule I bank which includes a US$100.0 million clearing backstop fund. We are NGX's unsecured guarantor for this fund up to a maximum of US$100.0 million. This facility had not been drawn upon at September 30, 2011.

NGX also has an Electronic Funds Transfer (EFT) Daylight facility of $300.0 million in place with a Canadian Schedule I bank.

CDCC has a $50.0 million revolving standby credit facility with a Canadian Schedule I bank to provide liquidity in the event of default by a clearing member. This facility had not been drawn upon at September 30, 2011.

In addition, in January, 2011, CDCC arranged additional credit facilities. A $100.0 million daylight liquidity facility and a $50.0 million call loan facility were signed with a Canadian Schedule 1 bank. CDCC has not drawn on either facility.

CDCC is currently in negotiation with a syndicate of banks to establish significant credit facilities as part of its initiative to clear fixed income repos, expected to be launched in Q1/12.

Total Equity attributable to Shareholders of TMX Group

(in millions of dollars)

September 30, 2011	December 31, 2010	$ increase
$ 1,178.1	$ 1,070.6	$ 107.5

- We earned $184.8 million of net income attributable to TMX Group shareholders during the first nine months of 2011 and paid $89.5 million in dividends. In addition, we received $6.8 million in proceeds from share options exercised.

- At September 30, 2011, there were 74,614,575 common shares issued and outstanding. In the first nine months of 2011, 244,113 common shares were issued on the exercise of share options. At September 30, 2011, 3,820,113 common shares were reserved for issuance upon the exercise of options granted under the share option plan. At September 30, 2011, there were 1,855,010 options outstanding.

- At November 4, 2011, there were 74,619,584 common shares issued and outstanding and 1,848,019 options outstanding under the share option plan.

Cash Flows from Operating Activities

(in millions of dollars)

	Q3/11	Q3/10	(Decrease) in cash
Cash Flows from Operating Activities	$ 53.1	$ 57.6	($ 4.5)

Cash Flows from Operating Activities were $53.1 million in Q3/11, which were net of $16.6 million of cash outlays related to LSEG and Maple related costs, compared with $57.6 million of cash flows from operating activities in Q3/10. The decrease of $4.5 million was due to:

(in millions of dollars)

	Q3/11	Q3/10	Increase/ (decrease) in cash
Net income	$ 70.0	$ 55.5	$ 14.5
Depreciation and amortization	$ 7.3	$ 7.3	-
Unrealized (gain) on interest rate swaps	-	($ 1.3)	$ 1.3
Unrealized (gain) on marketable securities	($ 1.1)	($ 0.7)	($ 0.4)
Decrease in trade and other receivables and prepaid expenses	$ 12.0	$ 1.7	$ 10.3
(Increase)/decrease in other non-current assets	($ 1.5)	$ 0.2	($ 1.7)
LSEG and Maple related costs	$ 2.4	-	$ 2.4
LSEG and Maple related cash outlays	($ 16.6)	-	($ 16.6)
Decrease in deferred income taxes	($ 0.1)	($ 0.4)	$ 0.3
Net (decrease)/increase in trade and other payables, long-term accrued and other non-current liabilities	($ 1.3)	$ 7.4	($ 8.7)
(Decrease) in deferred revenue	($ 18.9)	($ 16.1)	($ 2.8)
Net increase in current income taxes	($ 0.5)	$ 3.3	($ 3.8)
(Decrease) in provisions, including commodity tax adjustment (2011)	($ 0.2)	($ 0.1)	($ 0.1)
Net increase in other items	$ 1.6	$ 0.8	$ 0.8
Cash Flows from Operating Activities	$ 53.1	$ 57.6	($ 4.5)

Cash Flows from Operating Activities

(in millions of dollars)

	Nine months ended		
	Sept. 30/11	Sept. 30/10	Increase in cash
Cash Flows from Operating Activities	$ 232.4	$ 201.4	$ 31.0

Cash Flows from Operating Activities were $232.4 million in the first nine months of 2011, which were net of $30.8 million of cash outlays related to LSEG and Maple related costs, compared with $201.4 million of cash flows from operating activities in the first nine months of 2010. The increase of $31.0 million was due to:

(in millions of dollars)

	Nine months ended		
	Sept. 30/11	Sept. 30/10	Increase/ (decrease) in cash
Net income	$ 189.4	$ 170.0	$ 19.4
Depreciation and amortization	$ 20.9	$ 22.0	($ 1.1)
Unrealized (gain) on interest rate swaps	($ 0.7)	($ 4.3)	$ 3.6
Unrealized (gain) on marketable securities	($ 1.2)	($ 0.8)	($ 0.4)
Decrease in trade and other receivables and prepaid expenses	$ 12.3	$ 1.7	$ 10.6
(Increase) in other non-current assets	($ 1.4)	($ 2.5)	$ 1.1
LSEG and Maple related costs	$ 31.5	-	$ 31.5
LSEG and Maple related cash outlays	($ 30.8)	-	($ 30.8)
(Increase)/decrease in deferred income taxes	($ 13.1)	$ 0.6	($ 13.7)
Net (decrease) in trade and other payables, long-term accrued and other non-current liabilities	($ 6.2)	($ 1.9)	($ 4.3)
Increase in deferred revenue	$ 18.4	$ 20.2	($ 1.8)
Net increase/(decrease) in current income taxes	$ 2.3	($ 4.5)	$ 6.8
Increase/(decrease) in provisions, including commodity tax adjustment (2011)	$ 7.8	($ 0.8)	$ 8.6
Net increase in other items	$ 3.2	$ 1.7	$ 1.5
Cash Flows from Operating Activities	$ 232.4	$ 201.4	$ 31.0

Cash Flows from (used in) Financing Activities

(in millions of dollars)

	Q3/11	Q3/10	(Decrease) in cash
Cash Flows from (used in) Financing Activities	($ 29.8)	($ 28.5)	($ 1.3)

Cash Flows (used in) Financing Activities were $1.3 million higher in Q3/11 compared with Q3/10 due to:

(in millions of dollars)

	Q3/11	Q3/10	Increase/ (decrease) in cash
Dividends paid on common shares	($ 29.8)	($ 28.2)	($ 1.6)
Proceeds from exercised options	$ 0.2	-	$ 0.2
Net (decrease) in other items	($ 0.2)	($ 0.3)	$ 0.1
Cash Flows from (used in) Financing Activities	($ 29.8)	($ 28.5)	($ 1.3)

(in millions of dollars)

	Nine months ended		
	Sept. 30/11	Sept. 30/10	Increase in cash
Cash Flows from (used in) Financing Activities	($ 83.9)	($ 84.9)	$ 1.0

Cash Flows (used in) Financing Activities were $1.0 million lower in the first nine months of 2011 compared with the first nine months of 2010 due to:

(in millions of dollars)

	Nine months ended		
	Sept. 30/11	Sept. 30/10	Increase/ (decrease) in cash
Dividends paid on common shares	($ 89.5)	($ 84.5)	($ 5.0)
Proceeds from exercised options	$ 6.8	$ 0.5	$ 6.3
Net (decrease) in other items	($ 1.2)	($ 0.9)	($ 0.3)
Cash Flows from (used in) Financing Activities	($ 83.9)	($ 84.9)	$ 1.0

Cash Flows from (used in) Investing Activities

(in millions of dollars)

	Q3/11	Q3/10	(Decrease) in cash
Cash Flows from (used in) Investing Activities	($ 39.4)	($ 31.8)	($ 7.6)

Cash Flows (used in) Investing Activities were $7.6 million higher in Q3/11 compared with Q3/10 due to:

(in millions of dollars)

	Q3/11	Q3/10	Increase/ (decrease) in cash
Capital expenditures primarily related to technology investments and leasehold improvements (Q3/10)	($ 0.7)	($ 1.5)	$ 0.8
Additions to intangible assets including TMX Select internal development costs (2011), development costs related to repo clearing (2011 and 2010), Gateway Feeds (2010), and SOLA internal development costs (2010)	($ 3.2)	($ 2.7)	($ 0.5)
Cost of acquisition, net of cash acquired	($ 9.5)	-	($ 9.5)
Net (purchases) of marketable securities	($ 26.0)	($ 27.6)	$ 1.6
Cash Flows from (used in) Investing Activities	($ 39.4)	($ 31.8)	($ 7.6)

Cash Flows from (used in) Investing Activities

(in millions of dollars)

	Nine months ended		
	Sept. 30/11	**Sept. 30/10**	**Increase in cash**
Cash Flows from (used in) Investing Activities	($ 132.9)	($ 151.7)	$ 18.8

Cash Flows (used in) Investing Activities were $18.8 million lower in the first nine months of 2011 compared with the first nine months of 2010 due to:

(in millions of dollars)

	Nine months ended		
	Sept. 30/11	**Sept. 30/10**	**Increase/ (decrease) in cash**
Capital expenditures primarily related to technology investments and leasehold improvements	($ 2.7)	($ 11.4)	$ 8.7
Additions to intangible assets including TSX Quantum Feeds (2011), TMX Select internal development costs (2011), on book non-displayed order types (2011), development costs related to repo clearing (2011 and 2010), Gateway Feeds (2010), and SOLA internal development costs (2010)	($ 9.2)	($ 6.6)	($ 2.6)
Cost of acquisitions, net of cash acquired	($ 10.5)	-	($ 10.5)
Proceeds on disposal of EDX investment	$ 6.2	-	$ 6.2
Net (purchases) of marketable securities	($ 116.7)	($ 133.7)	$ 17.0
Cash Flows from (used in) Investing Activities	($ 132.9)	($ 151.7)	$ 18.8

Summary of Cash Position and Other Matters[3]

We had $465.4 million of cash and cash equivalents and marketable securities at September 30, 2011. During the first nine months of 2011, with revenues of $511.8 million, we incurred operating expenses of $220.9 million. Cash flows from operations were $232.4 million, net of $30.8 million of cash outlays related to LSEG and Maple related costs, and we paid $89.5 million in dividends, in the first nine months of 2011. Based on our current business operations and model, we believe that we have sufficient cash resources to operate our business.

As part of our continuing effort to provide customers with the most advanced trading technology and performance, we are continuing to invest in, and are implementing a multi-phased initiative

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

to expand the infrastructure across our trading and data enterprise. In order to increase throughput capability and outbound messaging bandwidth, we are expanding our internal networks, storage and application servers. The first expansion phase was completed in Q1/10. We are incurring annual operating expenses, including amortization, of approximately $10.0 million to support this initiative. The second phase of our enterprise expansion project is underway. The migration of symbols onto the new TSX Quantum Trading Engine Partition Two began on October 24, 2011 and we expect the migration of all symbols to be complete in Q4/11.

We had $429.7 million of debt outstanding under the Term Loan. On March 31, 2011, we extended and amended our $430.0 million credit facility that was due to expire on April 18, 2011. The revised credit facility remains at $430.0 million and will expire on December 28, 2011. We plan to extend the Term Loan prior to this date.

In June 2010, we filed a short form base shelf prospectus with securities regulators in each of the provinces of Canada. This will enable us to offer and issue up to $1.0 billion of debt, equity or other securities over a 25-month period ending in July 2012. The net proceeds of any such offerings would be used for general corporate purposes, including repaying outstanding indebtedness from time to time, and funding future acquisitions or investments.

Debt financing of future investment opportunities could be limited by current and future economic conditions, the covenants on TMX Group's existing and future credit facilities, and by our financial viability ratios imposed by securities regulators.

The recognition order of TSX Inc. by the OSC contains certain financial viability tests that must be met. If TSX Inc. fails to meet any of these tests for a period of more than three months, TSX Inc. cannot, without the prior approval of the Director of the OSC, pay dividends (among other things) until the deficiencies have been eliminated for at least six months or a shorter period of time as agreed by OSC staff. TSX Venture Exchange is required by various provincial securities commissions to maintain adequate financial resources for the performance of its functions in a manner that is consistent with the public interest and the terms of its recognition orders. Under its recognition order, MX is also subject to certain financial viability tests set by the AMF that must be met. If MX fails to meet any of these tests for a period of more than three months, MX cannot, without the prior approval of the AMF, pay dividends (among other things) until the deficiencies have been eliminated for at least six months. NGX is required by the Alberta Securities Commission (ASC) to maintain adequate financial resources to operate its trading system and support its trade execution functions.

As at September 30, 2011, we met all of the above requirements.

Managing Capital

Our primary objectives in managing capital, which we define to include our share capital and various credit facilities, include:

- Maintaining sufficient capital for operations to ensure market confidence. Currently, we target to retain a minimum of $100.0 million in cash and marketable securities. This amount is subject to change.

- We do this by managing our capital subject to capital maintenance requirements imposed on us and our subsidiaries as follows:

- In respect of TSX Inc., as required by the OSC to maintain certain regulatory ratios as defined in the OSC recognition order, as follows:

  - a current ratio not less than 1.1:1;
  - a debt to cash flow ratio not greater than 4:1; and
  - a financial leverage ratio consisting of adjusted total assets to adjusted shareholders' equity not greater than 4:1.

We have complied with these externally imposed capital requirements.

- In respect of TSX Venture Exchange Inc., as required by various provincial securities commissions to maintain adequate financial resources.

We have complied with these externally imposed capital requirements.

- In respect of NGX, to:

  - maintain adequate financial resources, as required by the ASC; and
  - maintain a current ratio of no less than 1:1 and a tangible net worth of not less than $9.0 million, as required by a Schedule I Canadian chartered bank.

We have complied with these externally imposed capital requirements.

- In respect of Shorcan, by the Investment Industry Regulatory Organization of Canada (IIROC) which requires Shorcan to maintain a minimum level of shareholder's equity of $0.5 million.

We have complied with this externally imposed capital requirement.

- In respect of MX, as required by the AMF to maintain certain regulatory ratios as defined in the AMF recognition order, as follows:

  - a working capital ratio of not less than 1.5:1;
  - a cash flow to total debt ratio of more than 20%; and
  - a financial leverage ratio consisting of total assets to shareholders' equity of less than 4:1.

We have complied with these externally imposed capital requirements.

- Maintaining sufficient capital to meet the covenants imposed in connection with our term loan (*see* **Term Loan**).

We have complied with these externally imposed capital requirements.

- Retaining sufficient capital to invest in, and continue to grow, our business both organically and through acquisitions.

- Increasing total returns to shareholders through methods such as dividends and purchasing shares for cancellation pursuant to normal course issuer bids.

Our objectives, policies and processes for managing capital have not changed in the current economic environment.

Changes in Internal Control over Financial Reporting

Notwithstanding our conversion to IFRS, there were no changes to internal control over financial reporting during the quarter beginning July 1, 2011 and ended on September 30, 2011 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Quarterly Information

The following table presents a summary of quarterly consolidated operating results for TMX Group. Because our IFRS adoption is effective as of January 1, 2010, our 2009 quarterly information is presented on a pre–conversion Canadian GAAP basis. Accordingly, our quarterly information for 2011 and 2010 will not be comparable to that for 2009 (see **Impact of Adoption of IFRS – Reconciliations for 2010**).

(in millions of dollars, except per share amounts)

	IFRS							Pre –conversion Canadian GAAP
	Sept. 30/11	**June 30/11**	**Mar. 31/11**	**Dec. 31/10**	**Sept. 30/10**	**June 30/10**	**Mar. 31/10**	**Dec. 31/09**
Revenue	$167.8	$169.3	$174.7	$174.1	$146.0	$156.1	$149.4	$153.6[+]
Net income attributable to TMX Group shareholders /(loss)	67.0	54.7	63.1	67.0	55.2	58.4	57.1	(26.8)[++]
Earnings per share:								
Basic	0.90	0.73	0.85	0.90	0.74	0.79	0.77	(0.36)
Diluted	0.90	0.73	0.84	0.90	0.74	0.79	0.77	(0.36)

[+] For 2010 and 2011, provisions for doubtful accounts receivable are included in *General and Administration* expense whereas in 2009, these provisions were reflected as a reduction in various sources of revenue. The comparative figures for both revenue and expenses in 2009 have been reclassified to conform with the financial presentation adopted in 2010.

[++] Net income including non-controlling interests.

2011

IFRS

- Revenue in Q1/11 increased over revenue in Q4/10 due to higher derivatives trading and clearing revenue and cash equity trading revenue largely offset by lower issuer services, energy trading as well as technology services and other revenue. Net income attributable to TMX Group shareholders for Q1/11 decreased over Q4/10 primarily due to costs associated with the proposed merger with LSEG and an increase in general and administration expenses related to a commodity tax adjustment.

- Revenue in Q2/11 decreased compared with revenue in Q1/11 due to lower cash markets and energy trading revenue partially offset by higher technology services and other revenue and increased revenue from issuer services and information services. Net income attributable to TMX Group shareholders for Q2/11 decreased over Q1/11 primarily due to the decreased revenue and LSEG and Maple related costs partially offset by lower general and administration costs related to a commodity tax adjustment and lower compensation and benefits costs. Finance income was somewhat higher in Q2/11 compared with Q1/11.

- Revenue in Q3/11 decreased compared with revenue in Q2/11 due to lower issuer services revenue partially offset by higher revenue from derivatives markets trading and clearing, information services and net foreign exchange gains on U.S. dollar accounts receivables. Net income attributable to TMX Group shareholders for Q3/11 increased over Q2/11 primarily due to decreased LSEG and Maple related costs as well as lower general and administration costs, partially offset by higher compensation and benefits costs.

2010

IFRS

- It is not possible to compare revenue for Q1/10 (IFRS basis) with revenue for Q4/09 (pre-conversion Canadian GAAP basis) as issuer services revenue was recognized on a different basis. However, excluding issuer services revenue, in Q1/10 revenue decreased compared with Q4/09 due to the higher technology services revenue in Q4/09 from the one-time license fee of $13.5 million from the London Stock Exchange,(LSE) lower cash markets equity trading and energy trading revenue. This was somewhat offset by increased revenue from cash markets fixed income trading and information services. Also excluding the impact of recognizing issuer services revenue on a different basis, net income attributable to TMX Group shareholders for Q1/10 increased over the net loss reported in Q4/09 largely as a result of the non-cash goodwill impairment charge of $77.3 million related to BOX and the write-down in the value of future tax assets and liabilities of $10.4 million.

- Revenue in Q2/10 increased over revenue in Q1/10 due to higher revenue from issuer services, information services, energy trading and Canadian derivatives trading, somewhat offset by lower revenue from cash equities trading and U.S. derivatives trading. Net income attributable to TMX Group shareholders for Q2/10 increased over net income attributable to TMX Group shareholders in Q1/10 largely due to higher revenue partially offset by higher expenses as we continued to invest in technology initiatives, corporate development and marketing.

- Revenue in Q3/10 decreased over revenue in Q2/10 primarily due to lower revenue from issuer services. The decrease was also as a result of lower cash markets trading revenue and technology services revenue, partially offset by higher energy trading revenue. Net income attributable to TMX Group shareholders for Q3/10 decreased over Q2/10 due to lower revenue. The impact was partially offset by lower information and trading systems costs as well as reduced general and administration expenses.

- Revenue in Q4/10 increased over revenue in Q3/10 primarily due to significantly higher issuer services and cash markets trading revenue as well as higher derivatives trading and clearing revenue, partially offset by lower technology services revenue. Net income attributable to TMX Group shareholders was higher in Q4/10 compared with Q3/10. The increase in revenue was partially offset by higher compensation and benefits costs, information and trading systems costs and general and administration costs and lower finance income (formerly investment income). In addition, there was a write-down to estimated fair value of $1.7 million on our 19.9% interest in EDX in Q4/10.

2009

Pre- conversion Canadian GAAP

- Revenue in Q4/09 increased over revenue from Q3/09 primarily due to increased technology services revenue, which included a one-time license fee of $13.5 million from the LSE, as well as higher revenue from issuer services, cash markets trading and information services. This was partially offset by lower revenue from derivatives and energy trading. There was a net loss in Q4/09 largely due to the non-cash goodwill impairment charge of $77.3 million related to BOX and an increase in income tax expense due to a write-down in the value of future tax assets and liabilities of $10.4 million, partially offset by the increased revenue and lower overall expenses compared with Q3/09.

Changes in Accounting Policies - International Financial Reporting Standards (IFRS)

Detailed explanations and additional reconciliations for each quarter of 2010 are available in our Q1/11 MD&A. The following is a supplementary reconciliation of the impact of the conversion to IFRS on our Consolidated Income Statement for Q3/10.

Reconciliation of Consolidated Income Statement for the three months ended September 30, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Revenue:				
Issuer services	$ 40.6	$ 4.4	$ -	$ 45.0
Trading, clearing and related	58.0	-	-	58.0
Information services	38.7	-	-	38.7
Technology services and other	4.3	-	-	4.3
Total revenue	141.6	4.4	-	146.0
Expenses:				
Compensation and benefits	32.3	-	-	32.3
Information and trading systems	10.6	0.7	-	11.3
General and administration	17.3	-	-	17.3
Depreciation and amortization	8.0	(0.7)	-	7.3
Total operating expenses	68.2	-	-	68.2
Income from operations	**73.4**	**4.4**	**-**	**77.8**
Share of net income of equity accounted investee	0.3	-	-	0.3
Finance income (costs):				
Finance income	2.1	-	-	2.1
Finance costs	(1.7)	0.1	-	(1.6)
Net mark to market on interest rate swaps	0.1	-	-	0.1
Income before income taxes	**74.2**	**4.5**	**-**	**78.7**
Income tax expense	23.1	0.1	-	23.2
Non-controlling interests	0.3	-	(0.3)	-
Net income	**$ 50.8**	**$ 4.4**	**$ 0.3**	**$ 55.5**
Net income attributable to:				
Equity holders of TMX Group	$ 50.8	$ 4.4	$ -	$ 55.2
Non-controlling interests	-	-	0.3	0.3
Net income	**$ 50.8**	**$ 4.4**	**$ 0.3**	**$ 55.5**
Earnings per share:				
Basic	$ 0.68			$ 0.74
Diluted	$ 0.68			$ 0.74

The following is a supplementary reconciliation of the impact of the conversion to IFRS on our Consolidated Income Statement for the first nine months of 2010.

Reconciliation of Consolidated Income Statement for the nine months ended September 30, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Revenue:				
Issuer services	$ 120.9	$ 27.5	$ -	$ 148.4
Trading, clearing and related	175.5	-	-	175.5
Information services	115.0	-	-	115.0
Technology services and other	12.6	-	-	12.6
Total revenue	424.0	27.5	-	451.5
Expenses:				
Compensation and benefits	97.0	0.1	-	97.1
Information and trading systems	36.7	2.4	-	39.1
General and administration	53.5	-	-	53.5
Depreciation and amortization	24.4	(2.4)	-	22.0
Total operating expenses	211.6	0.1	-	211.7
Income from operations	**212.4**	**27.4**	**-**	**239.8**
Share of net income of equity accounted investee	0.9	-	-	0.9
Finance income (costs):				
Finance income	4.7	-	-	4.7
Finance costs	(4.2)	0.1	-	(4.1)
Net mark to market on interest rate swaps	(0.2)	-	-	(0.2)
Income before income taxes	**213.6**	**27.5**	**-**	**241.1**
Income tax expense	66.6	4.5	-	71.1
Non-controlling interests	(0.5)	-	0.5	-
Net income (loss)	**$ 147.5**	**$ 23.0**	**$ (0.5)**	**$ 170.0**
Net income (loss) attributable to:				
Equity holders of TMX Group	$ 147.5	$ 23.2	$ -	$ 170.7
Non-controlling interests	-	(0.2)	(0.5)	(0.7)
Net income (loss)	**$ 147.5**	**$ 23.0**	**$ (0.5)**	**$ 170.0**
Earnings per share:				
Basic	$ 1.98			$ 2.30
Diluted	$ 1.98			$ 2.29

Future Changes in Accounting Policies

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing our financial statements. In particular, the following new and amended standards and interpretations are required to be implemented for financial years beginning on or after January 1, 2013, unless otherwise noted:

- IFRS 9, Financial instruments
- IFRS 10, Consolidated financial statements
- IFRS 11, Joint arrangements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- IAS 27, Separate financial statements
- IAS 28, Investments in associates and joint ventures
- IAS 1, Presentation of financial statements: Presentation of items of other comprehensive income – Amendments requiring the grouping of items within other comprehensive income (effective for annual periods beginning on or after July 1, 2012)
- IFRS 7, Financial instruments – disclosure - Amendments regarding transfers of financial assets (effective for annual periods beginning on or after July 1, 2011)
- IAS 12, Income taxes - Amendments regarding deferred income tax - Recovery of underlying assets (effective for annual periods beginning on or after January 1, 2012)
- IAS 19, Employee benefits – Amendments regarding the recognition of gains and losses, the presentation of changes in assets and liabilities, and enhanced disclosure requirements

We are reviewing these new standards and amendments to determine the potential impact, if any, on our financial statements.

Caution Regarding Forward-Looking Information

This MD&A 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 MD&A. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “targeted”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, or variations or the negatives of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information, 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 MD&A include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group, 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; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; risks of litigation; dependence on adequate numbers of customers; failure to develop or gain acceptance of new products; 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 and restrictions imposed by licenses and other arrangements; dependence of trading operations on a small number of clients; new technologies making it easier to disseminate our information; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group shares; inability to protect our intellectual property; dependence on third party suppliers; adverse effect of a systemic market event on our derivatives business; risks associated with the credit of customers; cost structures being largely fixed; risks associated with integrating the operations, systems, and personnel of new acquisitions; and dependence on market activity that cannot be controlled.

The forward looking information contained in this MD&A is presented for the purpose of assisting readers of this document in understanding our financial condition and results of operations and our strategies, priorities and objectives and may not be appropriate for other purposes. Actual results, events, performances, achievements and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global 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 MD&A. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained in our 2010 Annual MD&A under the heading **Risks and Uncertainties**.