Condensed Consolidated Financial Statements of

TMX GROUP INC.

Nine months ended September 30, 2011 and 2010

(In millions of Canadian dollars, unless otherwise stated)

(Unaudited)

TMX GROUP INC.

Condensed Consolidated Balance Sheets
(In millions of Canadian dollars)
(Unaudited)

	Note	September 30, 2011	December 31, 2010	January 1, 2010
Assets				
Current assets:				
Cash and cash equivalents		$ **85.9**	$ 69.9	$ 88.9
Marketable securities		**379.5**	261.6	103.2
Trade and other receivables		**78.5**	89.7	79.4
Energy contracts receivable		**635.3**	754.9	714.5
Fair value of open energy contracts		**115.9**	141.9	202.8
Daily settlements and cash deposits		**589.6**	193.1	565.4
Prepaid expenses		**7.8**	6.7	6.0
Current income tax assets		**2.0**	4.3	12.3
		1,894.5	1,522.1	1,772.5
Non-current assets:				
Premises and equipment		**25.7**	28.4	24.4
Investment in equity accounted investees		**15.9**	14.2	12.8
Goodwill		**433.1**	421.3	422.5
Other intangible assets		**917.2**	920.1	932.0
Deferred income tax assets		**54.1**	43.4	41.7
Other non-current assets		**11.6**	16.3	21.2
Total Assets		$ **3,352.1**	$ 2,965.8	$ 3,227.1
Liabilities and Equity				
Current liabilities:				
Trade and other payables		$ **50.7**	$ 58.6	$ 43.9
Energy contracts payable		**635.3**	754.9	714.5
Fair value of open energy contracts		**115.9**	141.9	202.8
Daily settlements and cash deposits		**589.6**	193.1	565.4
Deferred revenue		**38.7**	18.7	15.1
Provisions	*9*	**8.3**	0.4	1.2
Current income tax liabilities		**7.3**	7.3	10.9
Fair value of interest rate swaps		**-**	0.7	2.1
Term loan	*7*	**429.7**	429.8	-
		1,875.5	1,605.4	1,555.9
Non-current liabilities:				
Accrued employee benefits payable		**12.2**	12.1	10.9
Deferred income tax liabilities		**231.3**	233.5	232.9
Other non-current liabilities		**30.3**	25.4	23.7
Fair value of interest rate swaps		**-**	-	3.6
Term loan		**-**	-	429.0
Total Liabilities		**2,149.3**	1,876.4	2,256.0
Equity:				
Share capital	*5*	**967.8**	959.4	957.9
Retained earnings (Deficit)		**197.7**	102.4	(16.5)
Contributed surplus – share option plan		**13.2**	12.0	9.6
Accumulated other comprehensive loss		**(0.6)**	(3.2)	-
Total Equity attributable to Shareholders of the Company		**1,178.1**	1,070.6	951.0
Non-controlling interests		**24.7**	18.8	20.1
Total Equity		**1,202.8**	1,089.4	971.1
Total Liabilities and Equity		$ **3,352.1**	$ 2,965.8	$ 3,227.1

See accompanying notes which form an integral part of these condensed consolidated financial statements.

TMX GROUP INC.

Condensed Consolidated Income Statements
(In millions of Canadian dollars, except per share amounts)
(Unaudited)

	Note	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenue:					
Issuer services		**$ 51.6**	$ 45.0	**$ 176.6**	$ 148.4
Trading, clearing and related		**66.6**	58.0	**200.5**	175.5
Information services		**41.4**	38.7	**121.8**	115.0
Technology services and other		**8.2**	4.3	**12.9**	12.6
Total revenue		**167.8**	146.0	**511.8**	451.5
Expenses:					
Compensation and benefits		**37.6**	32.3	**107.8**	97.1
Information and trading systems		**12.8**	11.3	**34.7**	39.1
General and administration	*9*	**14.6**	17.3	**57.5**	53.5
Depreciation and amortization		**7.3**	7.3	**20.9**	22.0
Total operating expenses		**72.3**	68.2	**220.9**	211.7
Income from operations		**95.5**	77.8	**290.9**	239.8
Share of net income of equity accounted investees		**0.2**	0.3	**0.7**	0.9
Gain on disposal of available-for-sale investment		**-**	-	**0.2**	-
LSEG and Maple related costs	*8*	**(2.4)**	-	**(31.5)**	-
Finance income (costs):					
Finance income		**3.8**	2.1	**8.0**	4.7
Finance costs		**(2.6)**	(1.6)	**(7.0)**	(4.1)
Net mark to market on interest rate swaps		**-**	0.1	**(0.1)**	(0.2)
Income before income taxes		**94.5**	78.7	**261.2**	241.1
Income tax expense		**24.5**	23.2	**71.8**	71.1
Net income		**$ 70.0**	$ 55.5	**$ 189.4**	$ 170.0
Net income attributable to:					
Equity holders of the Company		**$ 67.0**	$ 55.2	**$ 184.8**	$ 170.7
Non-controlling interests		**3.0**	0.3	**4.6**	(0.7)
		$ 70.0	$ 55.5	**$ 189.4**	$ 170.0
Earnings per share:	*4*				
Basic		**$ 0.90**	$ 0.74	**$ 2.48**	$ 2.30
Diluted		**$ 0.90**	$ 0.74	**$ 2.47**	$ 2.29

See accompanying notes which form an integral part of these condensed consolidated financial statements.

TMX GROUP INC.

Condensed Consolidated Statements of Comprehensive Income
(In millions of Canadian dollars)
(Unaudited)

	Note		**Three months ended September 30,**				**Nine months ended September 30,**		
			2011		2010		**2011**		2010
Net income		**$**	**70.0**	$	55.5	**$**	**189.4**	$	170.0
Other comprehensive income (loss):									
Unrealized gain (loss) on translating financial statements of foreign operations (net of tax - $nil)			**5.8**		(2.2)		**3.9**		(2.2)
Change in fair value of available-for-sale financial assets (net of tax - $0.1 and $nil)			**-**		0.4		**-**		0.1
Total comprehensive income		**$**	**75.8**	$	53.7	**$**	**193.3**	$	167.9
Total comprehensive income attributable to:									
Equity holders of the Company		**$**	**70.9**	$	54.0	**$**	**187.4**	$	169.0
Non-controlling interests			**4.9**		(0.3)		**5.9**		(1.1)
		$	**75.8**	$	53.7	**$**	**193.3**	$	167.9

See accompanying notes which form an integral part of these condensed consolidated financial statements.

TMX GROUP INC.

Condensed Consolidated Statements of Changes in Equity
(In millions of Canadian dollars)
(Unaudited)

	Note	Attributable to equity holders of the Company							
				Accumulated other comprehensive income					
	Note	**Share capital**	**Contributed surplus – share option plan**	Cumulative translation account	Unrealized gains/losses AFS financial assets	**Retained earnings**	**Total attributable to equity holders**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2011		**$ 959.4**	**$ 12.0**	**$ (3.2)**	**$ -**	**$ 102.4**	**$ 1,070.6**	**$ 18.8**	**$ 1,089.4**
Net income		**-**	**-**	**-**	**-**	**184.8**	**184.8**	**4.6**	**189.4**
Other comprehensive income:									
Foreign currency translation differences, net of taxes		**-**	**-**	**2.6**	**-**	**-**	**2.6**	**1.3**	**3.9**
Total comprehensive income		**-**	**-**	**2.6**	**-**	**184.8**	**187.4**	**5.9**	**193.3**
Dividends to equity holders		**-**	**-**	**-**	**-**	**(89.5)**	**(89.5)**	**-**	**(89.5)**
Proceeds from exercised share options		**6.8**	**-**	**-**	**-**	**-**	**6.8**	**-**	**6.8**
Cost of exercised share options		**1.6**	**(1.6)**	**-**	**-**	**-**	**-**	**-**	**-**
Cost of share option plan		**-**	**2.8**	**-**	**-**	**-**	**2.8**	**-**	**2.8**
Balance at September 30, 2011		**$ 967.8**	**$ 13.2**	**$ (0.6)**	**$ -**	**$ 197.7**	**$ 1,178.1**	**$ 24.7**	**$ 1,202.8**

Balance at January 1, 2010	$ 957.9	$ 9.6	$ -	$ -	$ (16.5)	$ 951.0	$ 20.1	$ 971.1
Net income	-	-	-	-	170.7	170.7	(0.7)	170.0
Other comprehensive income:								
Foreign currency translation differences, net of taxes	-	-	(1.8)	-	-	(1.8)	(0.4)	(2.2)
Change in fair value of available-for-sale (“AFS”) financial assets, net of taxes	-	-	-	0.1	-	0.1	-	0.1
Total comprehensive income	-	-	(1.8)	0.1	170.7	169.0	(1.1)	167.9
Dividends to equity holders	-	-	-	-	(84.5)	(84.5)	-	(84.5)
Proceeds from exercised share options	0.5	-	-	-	-	0.5	-	0.5
Cost of exercised share options	0.1	(0.1)	-	-	-	-	-	-
Cost of share option plan	-	2.1	-	-	-	2.1	-	2.1
Balance at September 30, 2010	$ 958.5	$ 11.6	$ (1.8)	$ 0.1	$ 69.7	$ 1,038.1	$ 19.0	$ 1,057.1

See accompanying notes which form an integral part of these condensed consolidated financial statements.

TMX GROUP INC.

Condensed Consolidated Statements of Cash Flows
(In millions of Canadian dollars)
(Unaudited)

	Note	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Cash flows from (used in) operating activities:					
Net income		**$ 70.0**	$ 55.5	**$ 189.4**	$ 170.0
Adjustments to determine net cash flows:					
Depreciation and amortization		**7.3**	7.3	**20.9**	22.0
Unrealized gain on marketable securities		**(1.1)**	(0.7)	**(1.2)**	(0.8)
Share of net income of equity accounted investees		**(0.2)**	(0.3)	**(0.7)**	(0.9)
Realized gain on available-for-sale investment		**-**	-	**(0.2)**	-
Cost of share option plan		**0.9**	0.9	**2.8**	2.1
Amortized financing fees		**0.3**	0.1	**0.7**	0.5
Unrealized foreign exchange loss		**0.6**	0.1	**0.6**	-
Unrealized gain on interest rate swaps		**-**	(1.3)	**(0.7)**	(4.3)
LSEG and Maple related costs	*8*	**2.4**	-	**31.5**	-
LSEG and Maple related cash outlays		**(16.6)**	-	**(30.8)**	-
Deferred income taxes		**(0.1)**	(0.4)	**(13.1)**	0.6
Trade and other receivables, and prepaid expenses		**12.0**	1.7	**12.3**	1.7
Other non-current assets		**(1.5)**	0.2	**(1.4)**	(2.5)
Trade and other payables		**1.0**	4.6	**(11.9)**	(3.6)
Provisions		**(0.2)**	(0.1)	**7.8**	(0.8)
Deferred revenue		**(18.9)**	(16.1)	**18.4**	20.2
Long-term accrued and other non-current liabilities		**(2.3)**	2.8	**5.7**	1.7
Current income taxes		**(0.5)**	3.3	**2.3**	(4.5)
		53.1	57.6	**232.4**	201.4
Cash flows from (used in) financing activities:					
Reduction in obligations under finance leases		**(0.2)**	(0.3)	**(0.5)**	(0.9)
Proceeds from exercised options		**0.2**	-	**6.8**	0.5
Financing fees on term loan	*7*	**-**	-	**(0.7)**	-
Dividends on common shares		**(29.8)**	(28.2)	**(89.5)**	(84.5)
		(29.8)	(28.5)	**(83.9)**	(84.9)
Cash flows from (used in) investing activities:					
Additions to premises and equipment		**(0.7)**	(1.5)	**(2.7)**	(11.4)
Additions to intangible assets		**(3.2)**	(2.7)	**(9.2)**	(6.6)
Acquisitions, net of cash acquired		**(9.5)**	-	**(10.5)**	-
Proceeds on disposal of available-for-sale investment		**-**	-	**6.2**	-
Marketable securities		**(26.0)**	(27.6)	**(116.7)**	(133.7)
		(39.4)	(31.8)	**(132.9)**	(151.7)
Increase (decrease) in cash and cash equivalents		**(16.1)**	(2.7)	**15.6**	(35.2)
Cash and cash equivalents, beginning of period		**101.4**	56.6	**69.9**	88.9
Unrealized foreign exchange gain (loss) on cash and cash equivalents held in foreign subsidiaries		**0.6**	(0.5)	**0.4**	(0.3)
Cash and cash equivalents, end of period		**$ 85.9**	$ 53.4	**$ 85.9**	$ 53.4
Supplemental cash flow information:					
Interest paid		**$ 1.6**	$ 1.1	**$ 5.8**	$ 3.8
Interest received		**$ 2.3**	$ 1.4	**$ 6.5**	$ 3.9
Income taxes paid		**$ 25.0**	$ 20.3	**$ 82.4**	$ 74.7

Amounts paid and received above are included as cash flows from (used in) operating activities

See accompanying notes which form an integral part of these condensed consolidated financial statements.

General information

TMX Group Inc. is a company domiciled in Canada and incorporated under the *Business Corporations Act* (Ontario). The registered office is located at The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

TMX Group Inc. directly or indirectly owns TSX Inc. ("TSX"), which operates Toronto Stock Exchange, a national stock exchange serving the senior equity market, TSX Venture Exchange Inc., a national stock exchange serving the public venture equity market, Montréal Exchange Inc. ("MX"), Canada's national derivatives exchange, Natural Gas Exchange Inc. ("NGX"), an exchange providing a platform for the trading and clearing of natural gas, electricity, and crude oil contracts in North America, Shorcan Brokers Limited ("Shorcan"), an inter-dealer broker and The Equicom Group Inc. ("Equicom"), providing investor relations and related corporate communications services.

These unaudited condensed consolidated financial statements (the "financial statements"), comprise the accounts of TMX Group Inc. and its wholly-owned subsidiaries, including TSX, MX, NGX, Shorcan and Equicom, and their wholly-owned or controlled subsidiaries, collectively referred to as "TMX Group" or "the Company".

1. Basis of preparation

(a) Statement of compliance:

The financial statements have been prepared by management to comply with the requirements of International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as issued by the International Accounting Standards Board ("IASB"), for the preparation of interim financial statements, and they are in compliance with *IAS 34*, *Interim Financial Reporting*.

The financial statements are prepared as at and for the nine months ended September 30, 2011, which is part of the period to be covered by TMX Group's first annual financial statements in compliance with IFRS, which will be as at and for the year ending December 31, 2011. *IFRS 1*, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") has therefore been applied. Details of the accounting policies applied on conversion to IFRS are disclosed in note 2. Reconciliations and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of TMX Group are provided in note 10.

The financial statements do not contain all disclosures required by IFRS for annual financial statements. As such, they should be read in conjunction with the Company's latest audited annual financial statements, for the year ended December 31, 2010, which were prepared in accordance with pre-conversion Canadian generally accepted accounting principles ("pre-conversion Canadian GAAP"). Where different to pre-conversion Canadian GAAP, and where considered material, additional disclosures which would normally only be required in annual IFRS financial statements were made in the Company's condensed consolidated financial statements for the three months ended March 31, 2011.

The financial statements were approved by the Company's Board of Directors on November 7, 2011.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for certain assets and liabilities held at fair value, as identified in the accounting policies that follow.

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant. Actual results could differ from these estimates and assumptions.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements and estimates have been made in the following areas in the preparation of the financial statements:

- Goodwill and other intangible assets – impairment tests are completed using the higher of fair value less costs to sell, where available, and value in use calculations, determined using management's best estimates of future cash flows, long-term growth rates and appropriate discount rates. Purchased intangibles are valued on acquisition using appropriate methodologies and amortized over their estimated useful economic lives, except in those cases where intangibles are determined to have indefinite lives, where there is no foreseeable limit over which these intangibles would generate net cash flows. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets will be derived;
- The accounting for pensions and other post retirement and post employment benefits – the valuations of the defined benefit assets and liabilities are based on actuarial assumptions made by management with advice from TMX Group's external actuary;
- Premises and equipment and intangible assets – useful lives over which assets are depreciated or amortized are based on management's judgement of future use and performance;
- Leases – the classification of leases between operating and finance leases is partly based on management's judgement regarding the substance of the agreement, supported by other indicators within the lease;
- Provisions and contingencies – management judgement is required to assess whether provisions and/or contingencies should be recognized or disclosed, and at what value. Management bases its decisions on past experience and other factors it considers to be relevant on a case by case basis;

- Income taxes – the accounting for income taxes requires estimates to be made. Where differences arise between estimated income tax provisions and final income tax liabilities, an adjustment is made when the difference is identified;
- Accounts receivable – judgement is required when providing for doubtful accounts. Management bases its estimates on historical experience and other relevant factors.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and in preparing the opening IFRS balance sheet as at January 1, 2010, for the purposes of the transition to IFRS, unless otherwise indicated.

The accounting policies have been applied consistently by TMX Group entities.

(a) Basis of consolidation:

Subsidiaries are entities controlled by TMX Group, and they are consolidated from the date on which control is transferred to TMX Group until the date that control ceases. Balances and transactions between TMX Group's subsidiaries have been eliminated on consolidation.

Equity accounted investees are entities in which TMX Group has significant influence, but not control, over the financial and operating policies. Investments in these entities are recognized initially at cost and subsequently accounted for using the equity method of accounting. Balances and transactions with equity accounted investees are eliminated in the financial statements to the extent of TMX Group's interest in the entity.

(b) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the service or supply is provided, when it is probable that the economic benefits will flow to TMX Group, and when the revenue and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Issuer services

Issuer services revenue includes revenue from initial and additional listing fees, annual sustaining fees and other issuer services. Initial and additional listing fees are recognized when the listing has taken place. Sustaining fees for existing issuers are billed during the first quarter of the year and the amount is recorded as deferred revenue and amortized over the year on a straight-line basis. Other issuer services revenue is recognized as the services are provided.

Trading, clearing and related

Trading and related revenues for cash markets and derivatives trading revenues are recognized in the month in which the trades are executed or when the related services are provided.

Revenue related to derivatives clearing is recognized on the settlement date of the related transaction.

Trading, clearing, settlement and related revenues relating to NGX trading and clearing are recognized over the period the services are provided. Revenues and expenses related to the value of energy products traded, or swap differential payments made during the year, and unrealized gains and losses on open energy contracts, are not recognized in the financial statements as NGX does not function as principal in these trading activities.

Information services

Real time market data revenue is recognized based on usage as reported by customers and vendors, less a provision for sales returns from the same customers. TMX Group conducts periodic audits of the information provided and records adjustments to revenues, if any, at the time that collectability of the revenue is reasonably assured. Fixed income indices revenue is recognized over the period the service is provided. Boston Options Exchange Group, LLC's ("BOX") revenue from the Options Price Reporting Authority ("OPRA") is received quarterly based on its pro-rata share of industry trade (not contract) volume. Estimates of OPRA's quarterly revenue are made and accrued each month. Other information services revenue, including revenue from co-location services and revenue from the provision of network solutions, is recorded and recognized as revenue in the month in which the services are provided.

Technology services and other

Technology services and other revenue is recorded and recognized as revenue over the period the service is provided.

(c) Foreign currency:

Items included in the financial statements of each of TMX Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). TMX Group's financial statements are presented in Canadian dollars, which is TMX Group's functional and presentation currency.

The assets and liabilities of TMX Group's foreign operations that have a functional currency different from the presentation currency are translated at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at the relevant average monthly exchange rates. The resulting unrealized exchange gain or loss is included in accumulated other comprehensive income (loss) within equity.

Revenues earned, expenses incurred and capital assets purchased in foreign currencies are translated into the functional currency at the prevailing exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the period end rate. Resulting foreign exchange gains and losses are recognized within Technology services and other revenue in the income statement for the period.

(d) Premises and equipment:

Items of premises and equipment are recognized at cost less accumulated depreciation and any impairment losses.

Legal obligations associated with the restoration costs on the retirement of premises and equipment are recognized as incurred. The obligations are initially measured at an estimated fair value of the future cost discounted to present value, and a corresponding amount is capitalized with the related assets and depreciated in line with the useful lives.

Assets are depreciated from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Depreciation is recognized in the income statement on a straight-line basis over the estimated useful life of the asset, or a major component thereof. The residual values and useful lives of the assets are reviewed at each year end, and revised as necessary.

Depreciation is provided over the following useful lives of the assets:

Asset	Basis	Rate
Computers and electronic trading equipment	Straight-line	3 - 5 Years
Computers and electronic trading equipment under finance leases	Straight-line	Over the terms of the leases
Furniture, fixtures and other equipment	Straight-line	5 Years
Leasehold improvements	Straight-line	Over terms of various leases to a maximum of 15 Years

(e) Goodwill and other intangible assets:

Goodwill

Goodwill is recognized at cost on acquisition less any subsequent impairment in value.

TMX Group measures goodwill arising on a business combination as the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the fair value of the identifiable assets acquired and liabilities assumed exceeds the fair value of the consideration transferred, a bargain purchase gain is recognized immediately in the income statement.

TMX Group elects on a transaction by transaction basis whether to measure non-controlling interests at fair value or at their proportionate share of the recognized amount of the identifiable net assets acquired, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that TMX Group incurs in connection with a business combination are expensed as incurred.

Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization, where applicable, and any impairment in value. Cost includes any expenditure that is directly attributable to the acquisition of the asset. The cost of internally developed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Amortization is recognized in the income statement either on a declining balance or on a straight-line basis over the estimated useful life of the asset, and the residual values and useful lives of the assets are reviewed at each year end, and revised as necessary.

Assets are considered to have indefinite lives where management believes that there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

Amortization is provided over the following useful lives of intangible assets:

Asset	Basis	Rate
Indefinite life intangibles – not amortized		
Derivative products	n/a	n/a
Trade names	n/a	n/a
Regulatory designation	n/a	n/a
Crude oil products	n/a	n/a
Index licenses	n/a	n/a
Definite life intangibles – amortized		
Customer bases	Declining balance	2 - 7%
Customer bases	Straight-line	3 – 30 Years
Data license	Straight-line	10 Years
Capitalized software and software development	Straight-line	5 Years

(f) Impairment:

The carrying amounts of TMX Group's non-financial assets, other than deferred income tax assets and employee future benefit assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, are tested for impairment at least annually, and the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”, or “CGU”). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses are recognized in the income statement.

An impairment loss in respect of goodwill can not be reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases and any lease incentives received are recognized in the income statement on a straight-line basis over the term of the lease.

TMX Group has entered into some leases for equipment where substantially all of the risks and rewards of ownership have transferred to TMX Group, and these are classified as finance leases. The leased assets are capitalized on inception of the lease at the lower of their fair value and the present value of the minimum lease payments. Payments made under finance leases are apportioned between the finance expense and a reduction in the outstanding liability, to achieve a constant periodic rate of interest on the remaining liability.

(h) Employee benefits:

Defined contribution and defined benefit pension plans

The Company has registered pension plans with both a defined benefit tier and a defined contribution tier covering substantially all employees, as well as retirement compensation arrangements ("RCA") for senior management. The costs of these programs are being funded currently, except for MX, where a portion is guaranteed by a letter of credit.

TMX Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, and that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rates used are based on Canadian AA corporate bond yields. The calculation is performed annually by an actuary using the projected benefit method pro-rated on service. When the calculation results in a benefit to TMX Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is considered available to TMX Group if it is realizable during the life of the plan, or on settlement of the plan liabilities, and consideration is given to any minimum funding requirements that apply to the plan when calculating the present value of these economic benefits. The service cost, which represents the benefits accruing to the employees, along with the interest cost and the expected return on plan assets, is recognized in the income statement.

When the benefits of a plan are amended, the portion of the increased benefit relating to past service by employees is recognized in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.

TMX Group recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income.

For defined contribution plans, the expense is charged to the income statement as it is incurred.

Non-pension post retirement and post employment benefit plans

TMX Group also provides other post retirement and post employment benefits, such as supplementary medical and dental coverage and a long-term disability plan, which are funded on a cash basis by TMX Group, and contributions from plan members in some circumstances. TMX Group's net obligation in respect of these plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value. The calculation of the present value of the benefit obligation is performed using the projected benefit method pro-rated on service. For post retirement plans, any actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. For the long-term disability plan, actuarial gains and losses are recognized in the income statement.

Termination benefits

Termination benefits are recognized as an expense when TMX Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Short-term employee benefits

Short-term employee benefit obligations, such as wages, salaries and annual vacation entitlements, are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for TMX Group's annual short-term incentive plan if a present legal or constructive obligation to pay this amount exists as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

TMX Group has both equity-settled and cash-settled share-based compensation plans.

TMX Group accounts for all share-based plans to eligible employees that call for settlement by the issuance of equity instruments using the fair value based method. Under the fair value based method, compensation cost attributable to options to employees is measured at fair value at the grant date, using a recognized option pricing model, and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of options expected to vest.

Compensation cost attributable to employee awards that call for settlement in cash is measured at fair value at each reporting date, using a recognized option pricing model, and amortized over the vesting period, with a corresponding increase in either current or non-current liabilities, depending on the period in which the award is expected to be paid. Changes in fair value between the grant date and the measurement date are recognized in the income statement.

(i) Income tax:

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected income tax payable or receivable on the taxable income or loss for the period using income tax rates enacted or substantively enacted at the reporting date in the countries where TMX Group operates and generates taxable income, and any adjustments to income tax payable in respect of previous years.

Deferred income tax is recognized in respect of certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the income tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable income will be available against which it can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Uncertain income tax positions are recognized in the financial statements using management's best estimate of the amount expected to be paid.

Current income tax assets and liabilities are offset in the financial statements if there is a legally enforceable right to offset them and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities but TMX Group intends to settle them on a net basis or where the income tax assets and liabilities will be realized simultaneously.

(j) Provisions:

A provision is recognized if, as a result of a past event, TMX Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. For onerous leases, TMX Group provides for the lower of the cost of meeting surplus property lease commitments, net of any sub-lease income, and the costs or penalties it would incur on breaking its lease commitments.

(k) Earnings per share:

Basic earnings per share is computed by dividing net income attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings per share is determined by dividing the net income attributable to the equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares arising from share options granted to employees.

Adjusted basic and diluted earnings per share are presented where considered helpful to enable a comparison of the underlying performance of TMX Group with prior periods.

(l) Segment reporting:

An operating segment is a component of TMX Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of TMX Group's other components. All operating segments' operating results are reviewed regularly by the Executive Management Committee ("Executive Committee") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(m) Financial instruments:

Non-derivative financial assets

Financial assets are recognized on the trade date at which TMX Group becomes a party to the contractual provisions of the instrument.

TMX Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the balance sheet only when TMX Group has a current legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

TMX Group classifies its non-derivative financial assets in the following categories, depending on the purpose for which they were acquired:

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is designated as such by management and TMX Group manages the asset, and makes purchase and sale decisions, based on its fair value in accordance with TMX Group's documented risk management or investment strategy, or if the asset is classified as held for trading. Financial assets at fair value through profit or loss are measured at fair value, with changes recognized in the income statement. Transaction costs thereon are expensed as incurred.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any incremental directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. These assets are measured at fair value, both initially and subsequently, with changes in fair value, except for impairment losses and certain foreign exchange gains and losses, recognized in other comprehensive income until the asset is sold. Impairment losses are recognized in the income statement as incurred, as are foreign exchange gains and losses arising on monetary items. Foreign exchange gains and losses arising on non-monetary items, such as an investment in an equity instrument, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in accumulated other comprehensive income is reclassified to the income statement.

Non-derivative financial liabilities

TMX Group initially recognizes its financial liabilities on the trade date at which TMX Group becomes a party to the contractual provisions of the instrument. TMX Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments

TMX Group holds certain derivative financial instruments which, while providing a partial economic hedge, are not designated as hedges for accounting purposes. As such, these derivatives are recognized at fair value, both initially and subsequently, with changes in the fair value recognized in the income statement.

(n) Cash and cash equivalents:

Cash and cash equivalents consist of cash and liquid investments having an original maturity of three months or less and they are carried at their estimated fair values, with changes in their fair values being recorded in the income statement in the period in which they occur. Estimated fair values of the investments are determined based on quoted market values.

Cash and cash equivalents also includes restricted cash. MX operates a separate regulatory division, responsible for the approval of participants and market regulation, which operates on a cost recovery basis. Restricted cash represents the surplus of this regulatory division. An equivalent and off-setting amount is included in Trade and other payables.

(o) Marketable securities:

Marketable securities consist of pooled fund investments in Canadian money market funds and short-term bond and mortgage funds. They are carried at their estimated fair values, with changes in fair value being recorded in the income statement in the period in which they occur. Estimated fair values are determined based on quoted market values, and there is no contracted maturity date for the investments.

(p) Trade receivables:

Trade receivables generally have terms of 30 days. The recoverability of the trade receivables is assessed at each reporting date and an allowance for doubtful accounts is deducted from the asset's carrying value if the asset is not considered fully recoverable. Any change in the allowance is recognized within General and administration costs in the income statement.

(q) Daily settlements and cash deposits:

The amounts due from and to clearing members of the Canadian Derivatives Clearing Corporation ("Clearing Members") as a result of marking open futures positions to market and settling option transactions each day are required to be collected from or paid to Clearing Members prior to the commencement of trading the next day. Daily settlements and cash deposits also include cash margin deposits and clearing fund cash deposits of Clearing Members held in the name of Canadian Derivatives Clearing Corporation ("CDCC"). The amounts due from Clearing Members are presented as an asset in the balance sheet and are not offset against the amounts due to other Clearing Members, which are presented as a liability. There is no impact on the consolidated income statement.

(r) Energy contracts receivable/payable:

NGX energy contracts receivable and payable positions are recognized for all contracts where physical delivery has occurred or financial settlement amounts have been determined prior to the period end but payments have not yet been made. There is no impact on the consolidated income statement.

The fair value at the balance sheet date of the undelivered physically settled trading contracts and the forward financially settled trading contracts is recognized in the consolidated assets and liabilities on the balance sheet as Fair value of open energy contracts. There is no impact on the consolidated income statement.

(s) Finance income and finance costs:

Finance income comprises interest income and dividend income on funds invested, and changes in the fair value of cash, cash equivalents and marketable securities.

Finance costs comprise interest expense on borrowings and finance leases.

(t) Future accounting changes:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ending December 31, 2011, and have not been applied in preparing the 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

The Company is reviewing these new standards and amendments to determine the potential impact, if any, on the Company's financial statements once they are adopted.

3. Segmented information

TMX Group operates in three reportable segments: the Cash Markets ("Cash") segment, the Derivatives Markets ("Derivatives") segment, and the Energy Markets ("Energy") segment. In the Cash segment, TMX Group owns and operates Canada's two national stock exchanges, Toronto Stock Exchange and TSX Venture Exchange, TMX Select Inc., a Canadian Alternative Trading System ("ATS") which was launched in early July 2011 trading Toronto Stock Exchange and TSX Venture Exchange listed securities, Shorcan, a fixed income inter-dealer broker, Equicom, an investor relations and corporate communications services provider, and Finexeo S.A. from July 29, 2011, which operates TMX Atrium, a leading provider of high availability, cost effective, low latency network solutions in Europe and North America. The Derivatives segment provides markets for trading derivatives, clearing options and futures contracts and certain over-the-counter ("OTC") products through MX and its subsidiaries, including CDCC and BOX. The Energy segment provides a marketplace for the trading and clearing of natural gas, electricity and crude oil contracts through NGX, and includes the brokering of crude oil contracts through Shorcan Energy Brokers Inc. ("Shorcan Energy"), a wholly-owned subsidiary of Shorcan.

(In millions of Canadian dollars, except per share amounts)

TMX Group's Executive Committee reviews internal management reports on a regular basis and performance is measured based on revenue, income from operations and net income attributable to equity holders of the Company.

The accounting policies of the reportable segments are consistent with the accounting policies described in note 2.

Three months ended September 30*

	Cash	Derivatives	Energy	Total
2011				
Revenue:				
Issuer services	**$ 51.6**	**$ -**	**$ -**	**$ 51.6**
Trading, clearing and related	**24.3**	**31.9**	**10.4**	**66.6**
Information services	**37.3**	**4.1**	**-**	**41.4**
Technology services and other	**6.9**	**1.0**	**0.3**	**8.2**
Total revenue	**120.1**	**37.0**	**10.7**	**167.8**
Depreciation and amortization	**3.5**	**3.0**	**0.8**	**7.3**
Other operating expenses	**44.3**	**14.6**	**6.1**	**65.0**
Income from operations	**72.3**	**19.4**	**3.8**	**95.5**
LSEG and Maple related costs (note 8)	**2.4**	**-**	**-**	**2.4**
Other income/costs, including income tax expense and net income attributable to non-controlling interests	**19.5**	**5.7**	**0.9**	**26.1**
Net income attributable to equity holders of the Company	**$ 50.4**	**$ 13.7**	**$ 2.9**	**$ 67.0**
Additions to premises and equipment and intangible assets	**$ 1.3**	**$ 2.3**	**$ 0.3**	**$ 3.9**
2010				
Revenue:				
Issuer services	$ 45.0	$ -	$ -	$ 45.0
Trading, clearing and related	24.1	21.0	12.9	58.0
Information services	34.6	4.0	0.1	38.7
Technology services and other	3.0	1.3	-	4.3
Total revenue	106.7	26.3	13.0	146.0
Depreciation and amortization	3.1	3.4	0.8	7.3
Other operating expenses	40.5	14.0	6.4	60.9
Income from operations	63.1	8.9	5.8	77.8
LSEG and Maple related costs (note 8)	-	-	-	-
Other income/costs, including income tax expense and net income attributable to non-controlling interests	19.7	1.2	1.7	22.6
Net income attributable to equity holders of the Company	$ 43.4	$ 7.7	$ 4.1	$ 55.2
Additions to premises and equipment and intangible assets	$ 1.7	$ 2.0	$ 0.5	$ 4.2

* Includes results from dates of acquisitions in the year.

TMX GROUP INC.

Notes to Condensed Consolidated Financial Statements
(In millions of Canadian dollars, except per share amounts)
Nine Months Ended September 30, 2011 and 2010
(Unaudited)

Nine months ended September 30*

	Cash	Derivatives	Energy	Total
2011				
Revenue:				
Issuer services	**$ 176.6**	**$ -**	**$ -**	**$ 176.6**
Trading, clearing and related	**82.9**	**85.0**	**32.6**	**200.5**
Information services	**109.7**	**11.9**	**0.2**	**121.8**
Technology services and other	**9.8**	**3.1**	**-**	**12.9**
Total revenue	**379.0**	**100.0**	**32.8**	**511.8**
Depreciation and amortization	**9.6**	**8.9**	**2.4**	**20.9**
Other operating expenses	**132.8**	**48.0**	**19.2**	**200.0**
Income from operations	**236.6**	**43.1**	**11.2**	**290.9**
LSEG and Maple related costs (note 8)	**31.5**	**-**	**-**	**31.5**
Other income/costs, including income tax expense and net income attributable to non-controlling interests	**59.9**	**11.7**	**3.0**	**74.6**
Net income attributable to equity holders of the Company	**$ 145.2**	**$ 31.4**	**$ 8.2**	**$ 184.8**
Additions to premises and equipment and intangible assets	**$ 4.8**	**$ 6.0**	**$ 1.1**	**$ 11.9**
2010				
Revenue:				
Issuer services	$ 148.4	$ -	$ -	$ 148.4
Trading, clearing and related	81.4	60.6	33.5	175.5
Information services	103.1	11.5	0.4	115.0
Technology services and other	8.7	3.8	0.1	12.6
Total revenue	341.6	75.9	34.0	451.5
Depreciation and amortization	9.5	10.3	2.2	22.0
Other operating expenses	127.5	43.9	18.3	189.7
Income from operations	204.6	21.7	13.5	239.8
LSEG and Maple related costs (note 8)	-	-	-	-
Other income/costs, including income tax expense and net income attributable to non-controlling interests	62.9	2.2	4.0	69.1
Net income attributable to equity holders of the Company	$ 141.7	$ 19.5	$ 9.5	$ 170.7
Additions to premises and equipment and intangible assets	$ 11.2	$ 5.2	$ 1.6	$ 18.0

* Includes results from dates of acquisitions in the year.

As at September 30

	Cash	Derivatives	Energy	Total
2011				
Investments in equity accounted investees	**$ 15.9**	**$ -**	**$ -**	**$ 15.9**
Total assets	**574.0**	**1,877.6**	**900.5**	**3,352.1**
Total liabilities	**559.1**	**813.2**	**777.0**	**2,149.3**
2010				
Investments in equity accounted investees	$ 13.7	$ -	$ -	$ 13.7
Total assets	455.3	1,415.3	1,019.9	2,890.5
Total liabilities	529.6	396.3	907.5	1,833.4

(In millions of Canadian dollars, except per share amounts)

4. Earnings per share

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Net income attributable to the equity holders of the Company	**$ 67.0**	$ 55.2	**$ 184.8**	$ 170.7
Weighted average number of common shares outstanding - basic	**74,609,961**	74,337,607	**74,558,491**	74,325,358
Effect of dilutive share options	**289,479**	69,195	**293,058**	75,041
Weighted average number of common shares outstanding - diluted	**74,899,440**	74,406,802	**74,851,549**	74,400,399
Basic earnings per share	**$ 0.90**	$ 0.74	**$ 2.48**	$ 2.30
Diluted earnings per share	**$ 0.90**	$ 0.74	**$ 2.47**	$ 2.29

Adjusted earnings per share

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Net income attributable to the equity holders of the Company	**$ 67.0**	$ 55.2	**$ 184.8**	$ 170.7
Adjustments:				
- LSEG and Maple related costs (note 8)	**2.4**	-	**31.5**	-
- Income tax effect on LSEG and Maple related costs	**(0.5)**	-	**(8.0)**	-
- Commodity tax adjustment (note 9)	**-**	-	**4.8**	-
- Income tax effect on commodity tax adjustment	**-**	-	**(1.3)**	-
Adjusted net income attributable to the equity holders of the Company	**$ 68.9**	$ 55.2	**$ 211.8**	$ 170.7
Adjusted basic earnings per share	**$ 0.92**	$ 0.74	**$ 2.84**	$ 2.30
Adjusted diluted earnings per share	**$ 0.92**	$ 0.74	**$ 2.83**	$ 2.29

Adjusted earnings per share exclude LSEG and Maple related costs and a commodity tax adjustment relating to prior years, along with their income tax effect. This measure is presented to enable a comparison of the underlying business with prior periods.

5. Share capital

The following transactions occurred with respect to the Company's common shares during the period:

	Nine months ended September 30, 2011 Number of shares	$
Balance, beginning of the period	**74,370,462**	**$ 959.4**
Options exercised	**244,113**	**8.4**
Balance, end of the period	**74,614,575**	**$ 967.8**

(In millions of Canadian dollars, except per share amounts)

On November 7, 2011, the Company's Board of Directors declared a dividend of $0.40 cents per share to shareholders of record at the close of business on November 25, 2011. This dividend is expected to be paid on December 9, 2011, and is estimated to amount to $29.8.

6. Share option plan

According to the terms of TMX Group's plan, under no circumstances may any one person's share options and all other share compensation arrangements exceed 5% of the outstanding common shares issued of TMX Group. 3,820,113 common shares of TMX Group remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 5% of the outstanding common shares of TMX Group.

The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 2011: dividend yield of 3.9% (2010 – 4.1%); expected volatility of 31.4% (2010 – 31.0%); risk-free interest rate of 2.1% (2010 – 3.5%); expected life of 4 years (2010 – 7 years); and a share price of $41.74 (2010 – $29.52). The assumptions are based on TMX Group's historical share price movements and historical dividend policy and the expected life is based on past experience. The resulting fair value calculated for share options granted in 2011 was $7.86 (2010 – $6.74).

Options outstanding at September 30, 2011 will expire in 2012, 2013, 2014, 2015, 2016, 2017, and 2018.

Movements in the number of share options outstanding are as follows:

	Nine months ended September 30, 2011			Nine months ended September 30, 2010		
	Number of share options		**Weighted average exercise price**	Number of share options		Weighted average exercise price
Outstanding, beginning of the period	**1,678,731**	**$**	**34.23**	1,382,569	$	35.53
Granted	**476,394**		**41.74**	457,782		29.52
Forfeited	**(56,002)**		**39.74**	(91,218)		39.88
Exercised	**(244,113)**		**27.79**	(30,566)		15.22
Outstanding, end of the period	**1,855,010**	**$**	**36.84**	1,718,567	$	34.06
Vested and exercisable, end of period	**912,325**	**$**	**37.60**	750,039	$	36.38

During the nine months ended September 30, 2011, the weighted average share price of options exercised at the date of exercise was $41.57 (nine months ended September 30, 2010 – $29.76).

(In millions of Canadian dollars, except per share amounts)

The range of exercise prices and weighted average remaining contractual life of options outstanding are as follows:

	As at September 30, 2011		As at September 30, 2010	
Exercise price range	**Number of share options**	**Weighted average remaining contractual life**	Number of share options	Weighted average remaining contractual life
$10.53 - $19.99	**64,800**	**1**	89,300	2
$20.00 - $29.99	**438,148**	**5**	594,827	5
$30.00 - $39.99	**495,361**	**4**	617,370	5
$40.00 - $54.50	**856,701**	**5**	417,070	4
	1,855,010	**5**	1,718,567	5

In the three months ended September 30, 2011, TMX Group recognized compensation costs of $0.9 in relation to its share option plan (three months ended September 30, 2010 – $0.9). In the nine months ended September 30, 2011, TMX Group recognized compensation costs of $2.8 in relation to its share option plan (nine months ended September 30, 2010 – $2.1).

7. Credit facilities

On March 31, 2011, TMX Group extended and amended its $430.0 credit facility. The revised credit facility remains at $430.0 and will expire on December 28, 2011. Until April 18, 2011, the credit facility attracted interest at Bankers' Acceptances ("BAs") plus 45 basis points. After that date, interest is charged at BAs plus 85 basis points. TMX Group prepaid $0.7 of financing fees on March 31, 2011, which are being amortized over the life of the loan.

The facility remains unsecured and continues to include certain covenants that TMX Group must maintain. TMX Group was in compliance with these covenants at September 30, 2011.

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

8. London Stock Exchange Group plc ("LSEG") and Maple Group Acquisition Corporation ("Maple") related costs

On February 9, 2011, TMX Group announced an agreement to combine its operations with LSEG in an all-share merger. On June 29, 2011, TMX Group agreed with LSEG to terminate their merger agreement.

On October 30, 2011, TMX Group announced that it had entered into a support agreement with Maple regarding Maple's proposed acquisition of all of the outstanding shares of TMX Group pursuant to an integrated two-step transaction valued at approximately $3.8 billion.

The Maple offer was originally open for acceptance until August 8, 2011 but has since been extended to January 31, 2012. Maple or TMX Group may terminate the support agreement if the Maple offer has not been completed by February 29, 2012, provided that this outside date may be extended to April 30, 2012 in order to obtain the required regulatory approvals. The transaction remains subject to a number of conditions and regulatory approvals.

During the three and nine months ended September 30, 2011, TMX Group incurred costs of $2.4 and $31.5 respectively in relation to these proposed transactions, which are reflected in the income statement ($nil and $nil for the three and nine months ended September 30, 2010). The costs for the nine months ended September 30, 2011 include a $10.0 expense fee that TMX Group agreed to pay LSEG on termination of the LSEG merger agreement.

A further $29.0 is payable to LSEG if Maple's proposed acquisition is consummated as contemplated in the support agreement. This $29.0 fee has not been accrued for in the financial statements.

TMX Group is liable for the payment of success fees of approximately $21.0 which are contingent upon the successful completion of the Maple transaction. These fees have not been accrued for in the financial statements.

In addition, Maple has agreed to pay TMX Group a reverse termination fee of $39.0 if the Maple transaction is not completed because required regulatory approvals are not obtained. This $39.0 fee has not been accrued for in the financial statements.

9. Commodity tax adjustment

TMX Group has 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 its trade execution fees on equities and derivatives. Effective February 2011, TMX Group stopped charging HST/QST on its trade execution fees for both Toronto Stock Exchange and TSX Venture Exchange. Effective August 2011, TMX Group stopped charging HST/QST on its 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 does not charge HST/QST on any of its trade execution fees. TMX Group is confident that the ruling requests will be approved, and as such, has not provided for HST/QST not charged to customers in 2011.

TMX Group is currently reviewing its 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 has not yet amended its historical or current ITC claims to reflect the changes in tax treatment.

If the ruling requests are approved, TMX Group 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, TMX Group has estimated the range of possible outcomes to be between $0 and $11.0. A provision of $4.8 was recorded in the three months ended March 31, 2011, and the cost is included within General and administration expenses in the income statement for the nine months ended September 30, 2011. No change to this provision was made in the three months ended September 30, 2011.

Future estimates may be different and a change in the provision may be required.

10. Transition to IFRS

As discussed in note 1, the financial statements have been prepared in accordance with IFRS as applicable to interim reporting. TMX Group's financial statements for the year ending December 31, 2011 will be its first annual financial statements that comply with IFRS. As this is TMX Group's first year of reporting under IFRS, IFRS 1 is applicable.

In accordance with IFRS 1, TMX Group has applied IFRS retrospectively as of January 1, 2010 (the "Transition Date") for comparative purposes. In preparing its opening balance sheet and comparatives in accordance with IFRS, TMX Group has adjusted amounts reported previously in its financial statements prepared in accordance with pre-conversion Canadian GAAP. The impact of the transition on TMX Group's financial position and financial performance is discussed below. The impact of the transition on TMX Group's statement of cash flows was minimal.

(A) Initial elections upon adoption:

In accordance with IFRS 1, TMX Group has applied certain optional exemptions and mandatory exceptions from full retrospective application of IFRS. Set out below are the IFRS 1 optional exemptions that TMX Group has elected to apply on its conversion to IFRS and the mandatory exceptions that are applicable to TMX Group.

IFRS 1 optional exemptions:

1. Business combinations – This exemption allows first-time adopters to elect to apply *IFRS 3 (revised), Business Combinations* ("IFRS 3"), prospectively from the Transition Date or retrospectively only to acquisitions after a chosen date that is prior to the Transition Date. Not taking this exemption would require retrospective restatement of all business combinations occurring before the Transition Date. TMX Group has elected to not apply IFRS 3 to all business combinations that occurred prior to January 1, 2008. Accordingly, only business combinations that took place on or after January 1, 2008 - the acquisitions of MX, BOX, and NTP - have been restated to reflect the requirements of IFRS 3 upon adoption of IFRS. As a result of applying this exemption, goodwill arising on these three acquisitions has been adjusted accordingly as at the Transition Date. In applying this exemption there are certain additional requirements in relation to acquisitions that are not restated under IFRS. An analysis of these requirements as they relate to TMX Group was conducted with no resulting implications and as such, goodwill relating to business combinations prior to January 1, 2008 has not been adjusted from its pre-conversion Canadian GAAP carrying value.

2. Employee benefits – This exemption allows first-time adopters to recognize all cumulative unamortized actuarial gains and losses directly to retained earnings on the Transition Date, thus resetting unamortized actuarial gains and losses to zero. Not taking this exemption would require retrospective application of *IAS 19, Employee Benefits* ("IAS 19"), from the inception of all benefit plans. TMX Group has elected to apply this exemption, and recognize all unamortized actuarial gains and losses under pre-conversion Canadian GAAP to retained earnings on the Transition Date.

3. Cumulative translation differences – This exemption allows first-time adopters to recognize all cumulative translation differences relating to foreign operations directly to retained earnings on the Transition Date, thus resetting the cumulative translation difference to zero. Not taking this election would require retrospective application of *IAS 21, The Effect of Changes in Foreign Exchange Rates* ("IAS 21"), from the date the foreign operations were formed or acquired. TMX Group has elected to apply this exemption, and reset all its cumulative translation differences to zero through retained earnings on the Transition Date.

4. Share-based payments – This exemption allows first-time adopters to limit its application of *IFRS 2, Share-based Payments* ("IFRS 2") to only certain historical transactions. IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 to equity instruments granted on or before November 7, 2002, or to equity instruments granted after that date but which have vested by the Transition Date. In addition, it encourages, but again does not require, first-time adopters to apply IFRS 2 to liabilities arising from share-based payment transactions that were settled before the date of transition to IFRS. TMX Group has elected to only apply IFRS 2 to equity instruments granted after November 7, 2002 and remaining unvested at the Transition Date as well as to cash-settled share-based liabilities remaining unsettled as at the Transition Date.

5. Decommissioning liabilities included in the cost of premises and equipment – This exemption allows first-time adopters to elect to apply the guidance in *IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities* ("IFRIC 1"), prospectively from the Transition Date, as opposed to retrospectively. IFRIC 1 requires that changes in these liability estimates be added to, or deducted from, the cost of the asset to which it relates, and the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. TMX Group has elected to apply this exemption thereby applying the requirements of IFRIC 1 prospectively to decommissioning liabilities that existed as at the Transition Date. Accordingly, TMX Group recognized such liabilities as at the Transition Date in accordance with *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*, and adjusted the cost of the related assets accordingly.

6. Leases – This exemption allows first-time adopters to elect to apply *IFRIC 4, Determining whether an Arrangement contains a Lease* ("IFRIC 4"), only to arrangements existing at the Transition Date. An additional exemption also exists, allowing a first-time adopter to opt out of reassessing its arrangements under IFRIC 4 if it has already assessed whether an arrangement contains a lease in accordance with pre-conversion Canadian GAAP *EIC-150, Determining Whether an Arrangement Contains a Lease* ("EIC-150"). TMX Group has elected to apply both exemptions thus limiting its reassessment under IFRIC 4 to arrangements in place at the Transition Date that were not subject to the scope of EIC-150 under pre-conversion Canadian GAAP.

(In millions of Canadian dollars, except per share amounts)

IFRS 1 mandatory exceptions:

IFRS 1 prohibits retrospective application of certain aspects of IFRS. The mandatory exceptions that are applicable to TMX Group on its conversion to IFRS are as follows:

1. Estimates – Hindsight cannot be used to create or revise estimates. The estimates previously made by TMX Group under pre-conversion Canadian GAAP have not been revised for application of IFRS except where necessary to reflect any difference in accounting policies.

2. Non-controlling interests – This exception requires entities to account for non-controlling interests following the requirements of *IAS 27, Consolidated and Separate Financial Statements* (“IAS 27”), prospectively from the date of transition to IFRS. However, if an entity elects to apply IFRS 3 retrospectively to past business combinations as of a designated date, it should also apply IAS 27 retrospectively from that same date. As TMX Group has elected to apply IFRS 3 as of January 1, 2008, IAS 27 has also been applied from the same date.

(B) Reconciliation of pre-conversion Canadian GAAP to IFRS:

In accordance with IFRS 1, the following tables and notes present reconciliations and explanations of how the transition to IFRS has affected TMX Group’s comparative financial statements:

Reconciliation of Equity*

	Note	**January 1, 2010**	**September 30, 2010**	**December 31, 2010**
Equity under pre-conversion Canadian GAAP		$ 770.6	$ 834.3	$ 853.1
Differences increasing (decreasing) reported equity:				
Business combinations	*a*	(163.0)	(163.0)	(163.0)
Employee benefits	*b*	(3.4)	(3.5)	(8.2)
Share-based compensation	*c*	0.4	0.3	0.5
Revenue	*d*	354.7	378.0	395.9
Impairment	*f*	(8.0)	(7.5)	(7.1)
Leases	*g*	-	0.1	0.1
Income taxes	*h*	(0.3)	(0.7)	(0.7)
Financial instruments	*i*	-	0.1	-
Non-controlling interests	*a, f, j*	20.1	19.0	18.8
Equity under IFRS		**$ 971.1**	**$ 1,057.1**	**$ 1,089.4**

* Figures in the table above are net of income tax where applicable.

(In millions of Canadian dollars, except per share amounts)

Reconciliation of Comprehensive Income*

	Note	Three months ended September 30, 2010	Nine months ended September 30, 2010	Year ended December 31, 2010
Comprehensive income under pre-conversion Canadian GAAP		$ 49.0	$ 145.6	$ 192.8
Differences increasing (decreasing) reported comprehensive income:				
Employee benefits	*b*	-	(0.1)	(4.8)
Share-based compensation	*c*	-	(0.1)	0.2
Revenue	*d*	4.2	23.3	41.2
Impairment	*f*	0.4	0.5	0.9
Leases	*g*	-	0.1	0.1
Income taxes	*h*	-	(0.4)	(0.4)
Financial instruments	*i*	0.4	0.1	-
Non-controlling interests	*j*	(0.3)	(1.1)	(1.3)
Comprehensive income under IFRS		**$ 53.7**	**$ 167.9**	**$ 228.7**

* Figures in the table above are net of income tax where applicable.

Notes to the reconciliations:

Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following describes the differences between TMX Group's pre-conversion Canadian GAAP accounting policies and those adopted on transition to IFRS which have impacted TMX Group's financial position and/or financial performance:

(a) **BUSINESS COMBINATIONS:**

As stated previously, TMX Group has elected to apply IFRS 3 retrospectively to business combinations that occurred on or after January 1, 2008; specifically, the acquisitions of MX, BOX and NTP have been restated. The significant differences between the standards as applicable to these acquisitions are discussed below.

Measurement of purchase price:

Pre-conversion Canadian GAAP – Shares issued as consideration were measured at their estimated fair value on the date the parties to the business combination reached an agreement on the purchase price and the proposed transaction was announced.

IFRS – Shares issued as consideration are measured at their fair value on the acquisition date.

Acquisition costs:
Pre-conversion Canadian GAAP – Direct and incremental costs of business combinations were recognized as part of the purchase cost.

IFRS – Acquisition related costs are accounted for separately from the business combination and they are expensed as incurred.

Restructuring provisions:
Pre-conversion Canadian GAAP – If certain conditions were met, the costs of restructuring activities were included as part of the purchase price even if a present obligation did not exist as of the date of acquisition.

IFRS – Restructuring provisions are included as part of the business combination only if they represent a present obligation as of the date of acquisition.

Non-controlling interests:
Pre-conversion Canadian GAAP – Non-controlling interests were recorded at their share of the existing carrying values of the net assets acquired.

IFRS – Non-controlling interests are recorded at either their fair value or their proportionate share of the fair value of the acquiree's net assets. TMX Group has opted for the latter method.

Increase in ownership of a subsidiary:
Pre-conversion Canadian GAAP – Increase in ownership interests of a subsidiary was accounted for using the purchase method.

IFRS – When an entity increases its ownership in an investment that results in the acquisition of control, the previously held equity interests are re-measured to fair value through net income. When an entity increases its ownership in a previously controlled subsidiary, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Contingent liabilities:
Pre-conversion Canadian GAAP – Contingent liabilities assumed in a business combination were recognized when it was probable that a liability had been incurred on the date of acquisition and when the amount could be reasonably estimated.

IFRS – A contingent liability is recognized at fair value on the date of acquisition if it is a present obligation that arises from past events and its fair value can be measured reliably.

Impact on TMX Group – *On the Transition Date, the acquisitions of MX, BOX and NTP were restated under IFRS 3, and as a result of this, the acquisition accounting was amended. The goodwill associated with the MX acquisition decreased by $155.5, share capital decreased by $141.1, and retained earnings decreased by*

$14.4. Intangible assets related to the acquisition of BOX increased by $14.3, non-controlling interests increased by $16.0, and were reclassified to equity, and retained earnings decreased by $1.7. The goodwill related to the acquisition of NTP decreased by $5.3, share capital decreased by $3.6, and retained earnings decreased by $1.7. The income tax effect on the above transition adjustments was a reduction of $0.5 in goodwill with the offset to retained earnings.

The above adjustments remained unchanged as at September 30, 2010.

(b) **EMPLOYEE BENEFITS:**

As stated previously, TMX Group has applied the IFRS 1 exemption and elected to recognize all cumulative unamortized actuarial gains and losses that existed at the Transition Date directly to retained earnings for all of its employee benefit plans. In taking this exemption, TMX Group is applying IAS 19 retrospectively from the Transition Date. The significant differences between IAS 19 and pre-conversion Canadian GAAP as applicable to TMX Group are discussed below.

Actuarial gains and losses:

Pre-conversion Canadian GAAP – TMX Group amortized actuarial gains and losses arising from its employee benefit plans over the expected average remaining service period of active employees when the net accumulated actuarial gain or loss was in excess of 10% of the greater of the accrued benefit obligations and the fair value of plan assets at the beginning of the fiscal year.

IFRS – As permitted under IAS 19, TMX Group has elected to recognize all actuarial gains and losses on pension and other post retirement plans immediately in other comprehensive income without recycling to the income statement in subsequent periods.

Measurement date:

Pre-conversion Canadian GAAP – TMX Group measured its defined benefit obligations and plan assets for certain plans as at September 30.

IFRS – An entity is required to determine the present value of the defined benefit obligations and the fair value of plan assets as at the balance sheet date. As a result, on transition to IFRS, TMX Group changed the measurement date of its plans to December 31.

Recognition of past service costs:

Pre-conversion Canadian GAAP – Past service costs arising from plan amendments or initiation were amortized on a straight-line basis over the expected average remaining service period of employees active at the time of the amendment.

IFRS – Past service costs arising from plan amendments or initiation are amortized on a straight-line basis over the expected average period remaining to vest. Any benefits already vested are recognized immediately in net income.

Limit on accrued benefit asset:
Pre-conversion Canadian GAAP – When a defined benefit plan gave rise to an accrued benefit asset, a valuation allowance was recognized for any excess of the accrued benefit asset over the expected future benefit, and the accrued benefit asset was presented net of any valuation allowance in the balance sheet. Any change in the valuation allowance was recognized in net income.

IFRS – IFRS also sets a limit on the accrued benefit asset that can be recognized in the balance sheet, although this is calculated differently than under pre-conversion Canadian GAAP. Any change in the recoverable amount will be recognized immediately in other comprehensive income.

Impact on TMX Group *– On the Transition Date, pension benefit assets (included within Other non-current assets on the balance sheet) and accrued employee benefits payable were reduced by $8.1 and $3.5 respectively, with the offset of $4.6 to retained earnings. The income tax effect on the above transition adjustment was a decrease of $0.7 and a decrease of $1.9 in deferred income tax assets and deferred income tax liabilities respectively, with the offset to retained earnings.*

In the nine months ended September 30, 2010, net income was reduced by $0.1 in respect of changes relating to employee benefits, and the above adjustments remained largely unchanged at the end of the period.

(c) **SHARE BASED COMPENSATION:**
As stated previously, TMX Group has elected to only apply IFRS 2 to equity instruments granted after November 7, 2002, and remaining unvested at the Transition Date as well as to liabilities remaining unsettled as at the Transition Date. The significant differences between IFRS 2 and pre-conversion Canadian GAAP as applicable to TMX Group are discussed below.

Recognition of expense:
Pre-conversion Canadian GAAP – For share-based awards with graded vesting the total fair value of the award was recognized by TMX Group on a straight-line basis over the vesting period.

IFRS – Each tranche of an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each tranche is accounted for on that basis.

Forfeitures:
Pre-conversion Canadian GAAP – Forfeitures of awards were recognized as they occurred.

IFRS – Compensation expense is recognized based on an estimate of the number of awards expected to vest and is revised if subsequent information indicates that actual forfeitures differ from the estimate.

Cash-settled share based payments:
Pre-conversion Canadian GAAP – The liability for restricted share units and deferred share units was accrued based on the intrinsic value of the award with changes in the intrinsic values at each reporting period recognized

in the income statement.

IFRS – TMX Group is required to measure the liability at fair value on the date of grant and at each subsequent reporting date by applying an option pricing model. Changes in fair value are recognized in the income statement.

Impact on TMX Group *– On the Transition Date, the share option plan component of equity was increased by $0.9 as a result of the changes in the accounting treatment of share options, and trade and other payables and other non-current liabilities decreased by $0.5 in respect of the cash-settled share based payments, the offset to which decreased retained earnings by $0.4. The income tax effect on the above transition adjustment was a decrease of $0.1 in deferred income tax assets with the offset to retained earnings.*

As at September 30, 2010, the above adjustments remained largely unchanged and the impact on net income for the nine months ended September 30, 2010 was minimal.

(d) **REVENUE:**

Pre-conversion Canadian GAAP – Initial and additional listing fees were recorded as deferred revenue – initial and additional listing fees, and were recognized on a straight-line basis over an estimated service period of 10 years in accordance with *EIC-141, Revenue Recognition*.

IFRS – Initial and additional listing fees are recognized in full in the period when the listings occur.

Impact on TMX Group *– On the Transition Date, short-term deferred revenue – initial and additional listing fees and long-term deferred revenue – initial and additional listing fees were reduced by $78.0 and $405.1 respectively, with the offset to retained earnings. The income tax effect on the above transition adjustment was a reduction of $128.4 in deferred income tax assets with the offset to retained earnings.*

In the nine months ended September 30, 2010, short-term deferred revenue – initial and additional listing fees and long-term deferred revenue – initial and additional listing fees were reduced by a further $7.1 and $20.3 respectively. Deferred income tax assets were reduced by a further $4.1. For the nine months ended September 30, 2010, and the year ended December 31, 2010, revenue was increased by $27.5 and $50.1 respectively, and income tax expense was increased by $4.2 and $8.9 respectively, as a result of this change in accounting policy.

(e) **CUMULATIVE TRANSLATION DIFFERENCES:**

As noted in the IFRS 1 optional exemptions section above, TMX Group has applied the one-time exemption to set the foreign currency cumulative translation adjustment (“CTA”) to zero on January 1, 2010.

Impact on TMX Group *– The CTA balance of $3.2 as at the Transition Date was recognized as an adjustment to retained earnings on transition to IFRS. The application of the exemption had no impact on net equity.*

The above adjustment remained unchanged as at September 30, 2010.

(f) **IMPAIRMENT:**

Pre-conversion Canadian GAAP – An impairment loss was recognized when a long lived asset's carrying amount exceeded its recoverable amount which was estimated, by TMX Group, as the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition.

IFRS – An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the fair value less costs to sell and its value-in-use.

Impact on TMX Group *– An impairment charge of $14.8 was recognized on the Transition Date in respect of the BOX trading participants' intangible asset, $6.8 of which related to the non-controlling interests share, with the remaining $8.0 relating to TMX Group's share and therefore charged to retained earnings on transition. Value in use was the recoverable amount of the asset, using a discount rate of 15%. The impairment primarily resulted from increased competition and a weakening market share in the US equity options trading market, resulting in a decline in current and forecasted revenues during 2009. A goodwill impairment charge was recognized at the time under pre-conversion Canadian GAAP, and the trading participant intangible was also tested, but was found not to be impaired in accordance with pre-conversion Canadian GAAP.*

As at September 30, 2010, the above adjustments remained largely unchanged. The overall impact on comprehensive income was an increase of $0.5 for the nine months ended September 30, 2010.

(g) **LEASES:**

As stated previously, TMX Group has elected to limit its assessment in accordance with IFRIC 4 to arrangements in place on the Transition Date that had not been previously assessed under EIC-150. The significant differences between *IAS 17, Leases* and pre-conversion Canadian GAAP as applicable to TMX Group are discussed below.

Classification:

Pre-conversion Canadian GAAP – The criteria used to determine whether a lease was to be classified as an operating lease or a finance lease (previously termed a capital lease under pre-conversion Canadian GAAP) included "bright-line" thresholds such as whether a lease term was greater than 75% of the economic life of the leased asset, or the present value of the minimum lease payments was above 90% of the fair value of the lease.

IFRS – The criteria for lease classification rely heavily on the substance of the agreement and do not include any "bright-line" thresholds.

Present value of minimum lease payments:

Pre-conversion Canadian GAAP – The present value of minimum lease payments was calculated using the lower of (i) the interest rate implicit in the lease and (ii) the lessee's incremental borrowing rate.

IFRS – The present value of minimum lease payments should be determined using the interest rate implicit in the lease. The lessee's incremental borrowing rate should only be used when the interest rate implicit in the lease cannot be determined.

Impact on TMX Group *– A number of leases were reclassified on the Transition Date from finance leases to operating leases. As a result, obligations under finance leases, and the associated equipment assets, decreased by $7.1 on the balance sheet. The effect on retained earnings was negligible.*

As at September 30, 2010, the cumulative adjustment to obligations under finance leases and the associated equipment assets was a decrease of $6.7 and $6.6 respectively in respect of the above. The overall impact on net income for the nine months ended September 30, 2010, was an increase of $0.1.

(h) **INCOME TAXES:**

Intercompany transactions:

Pre-conversion Canadian GAAP – The recognition of deferred income taxes relating to temporary differences arising from intercompany transactions was prohibited.

IFRS – There is no such prohibition under IFRS.

Impact on TMX Group – *On the Transition Date, deferred income tax assets were reduced by $0.3, with the offset to retained earnings.*

In the nine months ended September 30, 2010, deferred income tax assets were reduced by a further $0.4, the offset to which decreased net income.

Income tax effect of the other adjustments between pre-conversion Canadian GAAP and IFRS:

Income tax adjustments related to the IFRS transition include the effect of recording, where applicable, the deferred income tax effect of the other differences between pre-conversion Canadian GAAP and IFRS discussed above. These income tax impacts have been included in the notes above.

(i) **FINANCIAL INSTRUMENTS:**

Pre-conversion Canadian GAAP – Available-for-sale investments in equity instruments that do not have quoted prices on an active market are carried at cost less any impairment losses.

IFRS – Available-for-sale investments in equity instruments that do not have quoted prices on an active market are measured at fair value at each reporting period provided the fair value can be reliably measured. Changes in fair value, except for impairment losses and certain foreign exchange gains or losses, are recognized in other comprehensive income until the assets are sold.

Impact on TMX Group *– This difference had no impact on TMX Group on the Transition Date.*

In the nine months ended September 30, 2010, other non-current assets were increased by $0.1, the offset to which increased comprehensive income.

Presentation

The following describes differences in presentation between TMX Group's IFRS financial statements and those prepared in accordance with pre-conversion Canadian GAAP:

(j) **NON-CONTROLLING INTERESTS:**
Pre-conversion Canadian GAAP – Non-controlling interests were presented between liabilities and shareholders' equity in the balance sheet and as a component of net income in the income statement.

IFRS – Non-controlling interests are classified as a component of equity, separate from the equity of the parent company, in the balance sheet and their portion of the results is presented as an allocation of net income.

(k) **RESTRICTED CASH:**
Pre-conversion Canadian GAAP – Cash and cash equivalents subject to restrictions were presented separately on the balance sheet.

IFRS – Cash and cash equivalents subject to restrictions are not required to be presented separately on the face of the balance sheet.

(l) **DEFERRED INCOME TAXES:**
Pre-conversion Canadian GAAP – Deferred income taxes (previously future income taxes) were split between short-term and long-term components based on either (i) the underlying asset or liability or (ii) the expected reversal of items not related to a particular asset or liability.

IFRS – All deferred income tax balances are classified as non-current.

(m) **CURRENT INCOME TAXES:**
Pre-conversion Canadian GAAP – Current income taxes were offset if they related to the same legal entity and the same taxation authority.

IFRS – Current income taxes are only offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities but TMX Group intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

(n) **PROVISIONS:**

Pre-conversion Canadian GAAP – TMX Group presented provisions as part of Trade and other payables or Other non-current liabilities on the balance sheet.

IFRS – Provisions will be presented separately where significant.

(o) **PENSION ASSETS AND LIABILITIES:**

Pre-conversion Canadian GAAP – Accrued benefit assets and liabilities relating to TMX Group's pension plans were offset for balance sheet presentation.

IFRS – An accrued benefit asset relating to one plan can only be offset against an accrued benefit liability of another plan if there is a legally enforceable right to offset and TMX Group intends to settle obligations on a net basis or simultaneously.

TMX GROUP INC.

Notes to Condensed Consolidated Financial Statements
(In millions of Canadian dollars, except per share amounts)
Nine Months Ended September 30, 2011 and 2010
(Unaudited)

Reconciliation of Consolidated Balance Sheet as at January 1, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Assets				
Current assets:				
Cash and cash equivalents	$ 88.0	$ -	$ 0.9	$ 88.9
Marketable securities	103.2	-	-	103.2
Restricted cash	0.9	-	(0.9)	-
Trade and other receivables	79.4	-	-	79.4
Energy contracts receivable	714.5	-	-	714.5
Fair value of open energy contracts	202.8	-	-	202.8
Daily settlements and cash deposits	565.4	-	-	565.4
Prepaid expenses	6.0	-	-	6.0
Current income tax assets	4.6	-	7.7	12.3
Deferred income tax assets	26.7	(24.0)	(2.7)	-
	1,791.5	**(24.0)**	**5.0**	**1,772.5**
Non-current assets:				
Premises and equipment	31.5	(7.1)	-	24.4
Investment in equity accounted investee	12.8	-	-	12.8
Goodwill	583.8	(161.3)	-	422.5
Other intangible assets	932.4	(0.4)	-	932.0
Deferred income tax assets	144.6	(105.6)	2.7	41.7
Other non-current assets	27.8	(8.2)	1.6	21.2
Total Assets	**$ 3,524.4**	**$ (306.6)**	**$ 9.3**	**$ 3,227.1**
Liabilities and Equity				
Current liabilities:				
Trade and other payables	$ 44.9	$ (0.1)	$ (0.9)	$ 43.9
Energy contracts payable	714.5	-	-	714.5
Fair value of open energy contracts	202.8	-	-	202.8
Daily settlements and cash deposits	565.4	-	-	565.4
Deferred revenue	15.1	-	-	15.1
Deferred revenue – initial & additional listing fees	78.0	(78.0)	-	-
Obligation under finance leases	3.4	(2.7)	(0.7)	-
Deferred income tax liabilities	0.1	-	(0.1)	-
Provisions	-	-	1.2	1.2
Current income tax liabilities	3.2	-	7.7	10.9
Fair value of interest rate swaps	2.1	-	-	2.1
	1,629.5	**(80.8)**	**7.2**	**1,555.9**
Non-current liabilities:				
Accrued employee benefits payable	12.8	(3.5)	1.6	10.9
Obligations under finance leases	5.5	(4.4)	(1.1)	-
Deferred income tax liabilities	234.7	(1.9)	0.1	232.9
Other non-current liabilities	21.9	(0.6)	2.4	23.7
Deferred revenue	0.9	-	(0.9)	-
Deferred revenue – initial & additional listing fees	405.1	(405.1)	-	-
Fair value of interest rate swaps	3.6	-	-	3.6
Term loan	429.0	-	-	429.0
Total Liabilities	**2,743.0**	**(496.3)**	**9.3**	**2,256.0**
Non-controlling Interests	10.8	9.3	(20.1)	-
Equity:				
Share capital	1,102.6	(144.7)	-	957.9
Deficit	(343.9)	327.4	-	(16.5)
Contributed surplus – share option plan	8.7	0.9	-	9.6
Accumulated other comprehensive income	3.2	(3.2)	-	-
Total Equity attributable to Shareholders of the Company	770.6	180.4	-	951.0
Non-controlling interests	-	-	20.1	20.1
Total Equity	**770.6**	**180.4**	**20.1**	**971.1**
Total Liabilities and Equity	**$ 3,524.4**	**$ (306.6)**	**$ 9.3**	**$ 3,227.1**

(In millions of Canadian dollars, except per share amounts)

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 the Company	$ 50.8	$ 4.4	$ -	$ 55.2
Non-controlling interests	-	-	0.3	0.3
	$ 50.8	**$ 4.4**	**$ 0.3**	**$ 55.5**
Earnings per share:				
Basic	$ 0.68			$ 0.74
Diluted	$ 0.68			$ 0.74

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

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Net income	$ 50.8	$ 4.4	$ 0.3	$ 55.5
Other comprehensive income (loss):				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations (net of tax - $nil)	(1.8)	0.2	(0.6)	(2.2)
Change in fair value of available-for-sale financial assets (net of tax - $0.1)	-	0.4	-	0.4
Total comprehensive income (loss)	**$ 49.0**	**$ 5.0**	**$ (0.3)**	**$ 53.7**
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	$ 49.0	$ 5.0	$ -	$ 54.0
Non-controlling interests	-	-	(0.3)	(0.3)
	$ 49.0	**$ 5.0**	**$ (0.3)**	**$ 53.7**

(In millions of Canadian dollars, except per share amounts)

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 the Company	$ 147.5	$ 23.2	$ -	$ 170.7
Non-controlling interests	-	(0.2)	(0.5)	(0.7)
	$ 147.5	**$ 23.0**	**$ (0.5)**	**$ 170.0**
Earnings per share:				
Basic	$ 1.98			$ 2.30
Diluted	$ 1.98			$ 2.29

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

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Net income (loss)	$ 147.5	$ 23.0	$ (0.5)	$ 170.0
Other comprehensive (loss) income:				
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations (net of tax - $nil)	(1.9)	0.1	(0.4)	(2.2)
Change in fair value of available-for-sale financial assets (net of tax - $nil)	-	0.1	-	0.1
Total comprehensive income (loss)	**$ 145.6**	**$ 23.2**	**$ (0.9)**	**$ 167.9**
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	$ 145.6	$ 23.4	$ -	$ 169.0
Non-controlling interests	-	(0.2)	(0.9)	(1.1)
	$ 145.6	**$ 23.2**	**$ (0.9)**	**$ 167.9**

(In millions of Canadian dollars, except per share amounts)

Reconciliation of Consolidated Balance Sheet as at September 30, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Assets				
Current assets:				
Cash and cash equivalents	$ 52.2	$ -	$ 1.2	$ 53.4
Marketable securities	237.7	-	-	237.7
Restricted cash	1.2	-	(1.2)	-
Trade and other receivables	77.0	-	-	77.0
Energy contracts receivable	689.7	-	-	689.7
Fair value of open energy contracts	187.9	-	-	187.9
Daily settlements and cash deposits	174.7	-	-	174.7
Prepaid expenses	6.7	-	-	6.7
Current income tax assets	8.2	-	1.4	9.6
Deferred income tax assets	27.3	(24.9)	(2.4)	-
	1,462.6	**(24.9)**	**(1.0)**	**1,436.7**
Non-current assets:				
Premises and equipment	35.6	(6.6)	-	29.0
Investment in equity accounted investee	13.7	-	-	13.7
Goodwill	583.3	(161.3)	-	422.0
Other intangible assets	923.1	(0.4)	-	922.7
Deferred income tax assets	149.3	(109.1)	2.4	42.6
Other non-current assets	30.0	(7.9)	1.7	23.8
Total Assets	**$ 3,197.6**	**$ (310.2)**	**$ 3.1**	**$ 2,890.5**
Liabilities and Equity				
Current liabilities:				
Trade and other payables	$ 40.0	$ -	$ -	$ 40.0
Energy contracts payable	689.7	-	-	689.7
Fair value of open energy contracts	187.9	-	-	187.9
Daily settlements and cash deposits	174.7	-	-	174.7
Deferred revenue	35.0	-	-	35.0
Deferred revenue – initial & additional listing fees	85.1	(85.1)	-	-
Obligation under finance leases	3.6	(3.0)	(0.6)	-
Provisions	-	-	0.4	0.4
Current income tax liabilities	2.3	-	1.4	3.7
Fair value of interest rate swaps	1.4	-	-	1.4
Term loan	429.6	-	-	429.6
	1,649.3	**(88.1)**	**1.2**	**1,562.4**
Non-current liabilities:				
Accrued employee benefits payable	12.8	(3.4)	1.7	11.1
Obligations under finance leases	4.8	(3.7)	(1.1)	-
Deferred income tax liabilities	236.3	(1.9)	-	234.4
Other non-current liabilities	23.4	(0.3)	2.4	25.5
Deferred revenue	1.1	-	(1.1)	-
Deferred revenue – initial & additional listing fees	425.4	(425.4)	-	-
Total Liabilities	**2,353.1**	**(522.8)**	**3.1**	**1,833.4**
Non-controlling Interests	10.2	8.8	(19.0)	-
Equity:				
Share capital	1,103.2	(144.7)	-	958.5
(Deficit) Retained earnings	(281.0)	350.7	-	69.7
Contributed surplus – share option plan	10.8	0.8	-	11.6
Accumulated other comprehensive income	1.3	(3.0)	-	(1.7)
Total Equity attributable to Shareholders of the Company	834.3	203.8	-	1,038.1
Non-controlling interests	-	-	19.0	19.0
Total Equity	**834.3**	**203.8**	**19.0**	**1,057.1**
Total Liabilities and Equity	**$ 3,197.6**	**$ (310.2)**	**$ 3.1**	**$ 2,890.5**

(In millions of Canadian dollars, except per share amounts)

Reconciliation of Consolidated Income Statement for the year ended December 31, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Revenue:				
Issuer services	$ 163.0	$ 50.1	$ -	$ 213.1
Trading, clearing and related	242.2	-	-	242.2
Information services	154.4	-	-	154.4
Technology services and other	15.9	-	-	15.9
Total revenue	575.5	50.1	**-**	625.6
Expenses:				
Compensation and benefits	133.5	-	-	133.5
Information and trading systems	47.8	2.9	-	50.7
General and administration	73.0	-	-	73.0
Depreciation and amortization	32.3	(2.9)	-	29.4
Total operating expenses	286.6	-	-	286.6
Income from operations	**288.9**	**50.1**	**-**	**339.0**
Share of net income of equity accounted investee	1.3	-	-	1.3
Loss from investments carried at cost	(1.7)	-	-	(1.7)
Finance income (costs):				
Finance income	5.2	-	-	5.2
Finance costs	(6.2)	0.2	-	(6.0)
Net mark to market on interest rate swaps	(0.2)	-	-	(0.2)
Income before income taxes	**287.3**	**50.3**	**-**	**337.6**
Income tax expense	90.7	9.4	-	100.1
Non-controlling interests	0.1	-	(0.1)	-
Net income	**$ 196.5**	**$ 40.9**	**$ 0.1**	**$ 237.5**
Net income attributable to:				
Equity holders of the Company	$ 196.5	$ 41.2	$ -	$ 237.7
Non-controlling interests	-	(0.3)	0.1	(0.2)
	$ 196.5	**$ 40.9**	**$ 0.1**	**$ 237.5**
Earnings per share:				
Basic	$ 2.64			$ 3.20
Diluted	$ 2.64			$ 3.19

Reconciliation of Consolidated Statement of Comprehensive Income for the year ended December 31, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Net income	$ 196.5	$ 40.9	$ 0.1	$ 237.5
Other comprehensive (loss) income:				
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations (net of tax - $nil)	(3.7)	0.5	(1.1)	(4.3)
Actuarial gains (losses) on defined benefit pension and other post retirement benefit plans (net of tax - $1.5)	-	(4.5)	-	(4.5)
Total comprehensive income (loss)	**$ 192.8**	**$ 36.9**	**$ (1.0)**	**$ 228.7**
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	$ 192.8	$ 37.2	$ -	$ 230.0
Non-controlling interests	-	(0.3)	(1.0)	(1.3)
	$ 192.8	**$ 36.9**	**$ (1.0)**	**$ 228.7**

(In millions of Canadian dollars, except per share amounts)

Reconciliation of Consolidated Balance Sheet as at December 31, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Assets				
Current assets:				
Cash and cash equivalents	$ 68.8	$ -	$ 1.1	$ 69.9
Marketable securities	261.6	-	-	261.6
Restricted cash	1.1	-	(1.1)	-
Trade and other receivables	89.7	-	-	89.7
Energy contracts receivable	754.9	-	-	754.9
Fair value of open energy contracts	141.9	-	-	141.9
Daily settlements and cash deposits	193.1	-	-	193.1
Prepaid expenses	6.7	-	-	6.7
Current income tax assets	3.1	-	1.2	4.3
Deferred income tax assets	29.6	(25.5)	(4.1)	-
	1,550.5	**(25.5)**	**(2.9)**	**1,522.1**
Non-current assets:				
Premises and equipment	33.6	(5.2)	-	28.4
Investment in equity accounted investee	14.2	-	-	14.2
Other intangible assets	920.5	(0.4)	-	920.1
Goodwill	582.6	(161.3)	-	421.3
Deferred income tax assets	152.5	(113.2)	4.1	43.4
Other non-current assets	28.0	(13.6)	1.9	16.3
Total Assets	**$ 3,281.9**	**$ (319.2)**	**$ 3.1**	**$ 2,965.8**
Liabilities and Equity				
Current liabilities:				
Trade and other payables	$ 59.1	$ (0.7)	$ 0.2	$ 58.6
Energy contracts payable	754.9	-	-	754.9
Fair value of open energy contracts	141.9	-	-	141.9
Daily settlements and cash deposits	193.1	-	-	193.1
Deferred revenue	18.7	-	-	18.7
Deferred revenue – initial & additional listing fees	88.9	(88.9)	-	-
Obligation under finance leases	3.3	(2.6)	(0.7)	-
Provisions	-	-	0.4	0.4
Current income tax liabilities	6.1	-	1.2	7.3
Fair value of interest rate swaps	0.7	-	-	0.7
Term loan	429.8	-	-	429.8
	1,696.5	**(92.2)**	**1.1**	**1,605.4**
Non-current liabilities:				
Accrued employee benefits payable	12.8	(2.6)	1.9	12.1
Obligations under finance leases	3.8	(2.7)	(1.1)	-
Deferred income tax liabilities	236.7	(3.2)	-	233.5
Other non-current liabilities	23.3	(0.1)	2.2	25.4
Deferred revenue	1.0	-	(1.0)	-
Deferred revenue – initial & additional listing fees	444.3	(444.3)	-	-
Total Liabilities	**2,418.4**	**(545.1)**	**3.1**	**1,876.4**
Non-controlling Interests	10.4	8.4	(18.8)	-
Equity:				
Share capital	1,104.1	(144.7)	-	959.4
(Deficit) Retained earnings	(261.7)	364.1	-	102.4
Contributed surplus – share option plan	11.2	0.8	-	12.0
Accumulated other comprehensive income (loss)	(0.5)	(2.7)	-	(3.2)
Total Equity attributable to Shareholders of the Company	853.1	217.5	-	1,070.6
Non-controlling interests	-	-	18.8	18.8
Total Equity	**853.1**	**217.5**	**18.8**	**1,089.4**
Total Liabilities and Equity	**$ 3,281.9**	**$ (319.2)**	**$ 3.1**	**$ 2,965.8**