TMX GROUP LIMITED

Q3/14 MANAGEMENT'S DISCUSSION AND ANALYSIS

November 6, 2014

This management's discussion and analysis (MD&A) of TMX Group Limited's (TMX Group) financial condition and financial performance is provided to enable a reader to assess our financial condition, material changes in our financial condition and our financial performance, including our liquidity and capital resources, for the quarter and nine months ended September 30, 2014 compared with the quarter and nine months ended September 30, 2013, or as at December 31, 2013. This MD&A should be read together with our Q3/14 unaudited condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2014 (financial statements) and the 2013 Annual MD&A.

Our financial statements and this MD&A for the quarter and nine months ended September 30, 2014 are filed with Canadian securities regulators and can be accessed through www.sedar.com or our website at www.tmx.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

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

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

MARKET CONDITIONS, REGULATORY ENVIRONMENT AND PROPOSED CHANGES[1]

Market Conditions

During the first nine months of 2014, there was an increase in Canadian equities index levels across all major sectors. We have also experienced higher capital raising activity in the nine months of 2014 compared with the same period last year, in terms of both number of financings and total financing dollars raised.

As seen across North American markets, volatility remained low during Q3/14. For example, the average for the CBOE Volatility Index for the U.S. (VIX) was 13.5 for the nine months ended September 30, 2014 compared with an average of 22.1 for the period from January 1, 2009 to December 31, 2013.

In October 2014, the Bank of Canada[2] maintained the overnight interest rate target at 1%. We also experienced lower volatility and lower volumes traded for interest rate products for the first nine months of 2014 on Montréal Exchange Inc. (Montréal Exchange or MX) compared with the same period in 2013.

In our energy markets, in the aftermath of a very active winter with extreme weather conditions in Q1/14, natural gas trading volumes declined in both Q2/14 and Q3/14, reflecting lower price volatility in North America.

Regulatory Environment and Proposed Changes

We operate in a highly regulated industry and are subject to extensive government regulation. Regulators in Canada, as well as regulators in other jurisdictions where we do business such as the U.S., regulate us, our exchanges, and clearing houses. Canadian regulators propose changes including amendments to National Instruments on an ongoing basis, and we regularly respond with our comments. For example, on May 15, 2014, the Canadian Securities Administrators (CSA) published a notice and request for comments on proposed amendments to National Instrument 23-101 (NI 23-101), *Trading Rules*. These are the most significant proposed changes since the ATS Rules were issued in 2001. The proposed amendments relate to, among other things,

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[1] The "Market Conditions, Regulatory Environment and Proposed Changes" section above contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

[2] Source: Bank of Canada, October 22, 2014 press release.

the order protection rules (OPR), which require that better-priced orders be executed before inferior-priced orders regardless of the marketplace on which the order is displayed.

Specifically, the proposed amendments include a definition for orders protected under the OPR to include only those displayed on marketplaces that meet or exceed a 5% market share threshold. We support regulatory changes that balance competing objectives, including the 5% threshold for marketplace orders that are protected by the OPR.

With respect to trading fees, the notice includes consideration of future caps on trading fees of $0.0030 per share or unit traded for equities or units priced at or above $1.00. Our general view is that trading fee caps are not necessary since trading fees are subject to sufficient controls as a result of competitive forces, and regulatory oversight in the form of fee review and approval. In addition, the CSA also sought feedback regarding a pilot study to examine the payment of rebates by marketplaces to their participants under the maker-taker pricing model. This pilot would include the elimination of the practice of paying rebates. We are concerned that the proposed pilot study could have significant negative implications for liquidity and marketplace competition that may impact the quality of Canadian markets. This is particularly true if U.S. inter-listed securities are included in the pilot study, and U.S. regulators continue to allow U.S. marketplaces to make rebate payments to customers.

The notice also includes a proposal that would require marketplaces to submit their professional market data fees for review and re-approval annually and to justify these fees in the context of the results of applying a relative value assessment of real-time market data. The CSA is also considering taking action that could involve a cap or the implementation of a separate methodology for non-professional market data fees. In our comments we have advocated for a principled approach versus a prescriptive approach to regulating market data fees. We believe that a prescriptive approach will result in added complexity, cost and arbitrage opportunities.

The net impact on our business is uncertain as the final Instrument has not been issued following the public comment period. Therefore, the full impact will not be known until changes are implemented.

We responded with our comments to these proposed amendments on September 19, 2014.

INITIATIVES AND ACCOMPLISHMENTS[3]

To date in 2014, we advanced our strategy by executing on initiatives across our business:

Issuer Services

In March 2014, we announced plans to launch a new initiative, TSX Private Markets, to facilitate capital raising and the trading of securities in the exempt market, thereby serving Canadian private companies throughout their evolution from startup to private issuer to public issuer. TSX Private Markets will provide a voice-brokered business for both private and public companies in the exempt market, which will benefit customers, including registered dealers, accredited investors, and other exempt investors, by offering unique investment opportunities. TSX Private Markets will be operated by our wholly-owned subsidiary, Shorcan Brokers Limited (Shorcan), a registered Exempt Market Dealer. It is expected to launch in Q4/14.

TSX Venture Exchange and the Santiago Stock Exchange announced in March that they had entered into an agreement to create a new venture exchange division of the Santiago Stock Exchange. The new division will be called the Santiago Stock Exchange, Venture and will initially focus on capital formation for small and medium enterprises in the mining industry. TSX Venture Exchange will provide its expertise in the implementation and regulation of venture markets, while also offering its own issuers the opportunity to dual-list on the new market. The Santiago Stock Exchange, Venture has received regulatory approval from the Chilean authorities and is targeting to commence operations in the first half of 2015.

Trading, Clearing, Depository and Related

Cash Markets Trading and Clearing

TMX Group announced the successful launch of TMX Quantum XA on Toronto Stock Exchange (TSX) in June 2014 and on TSX Venture Exchange (TSXV) in September 2014. The platform was first implemented on TMX Select in Q3/13.

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

In October 2014, TMX Group announced the restructuring of its equities trading offering to strengthen Canada's capital markets and meet its customers' evolving needs, subject to regulatory approval including public comment periods. The changes are aimed at further improving the Canadian trading landscape by introducing a domestic trading model with superior trading economics for retail and institutional orders, offering effective solutions to participants who do not use speed-based trading strategies, and reducing market complexity. In June 2015, TMX Group plans to introduce a new trading model on Alpha Exchange (Alpha) that will offer improved execution quality for natural trading flow, while incentivizing liquidity providers willing to commit to a minimum order size. In Q4/15, TMX Group plans to introduce a new Long Life order type on TSX and TSXV. These orders will be required to commit to a minimum resting time in the book, and in return, Long Life orders will receive priority over non-Long Life orders at the same price. Effective June 2015, TMX Group intends to close TMX Select as well as Alpha's IntraSpread facility. In addition, key features and functionality will be harmonized across TSX, TSXV and Alpha to provide an improved user experience. This will streamline TMX Group's market structure to more effectively serve client needs, while minimizing complexity, fragmentation and associated costs. We will continue to offer diverse equity market trading services to meet wide ranging investment strategies and provide innovative technology on a North American basis.

Derivatives Markets Trading and Clearing

In September 2014, Montréal Exchange reduced the minimum price fluctuation for the second, third and fourth quarterly BAX contract months from a full tick (0.01 = C$25.00 per contract) to a half-tick (0.005 = C$12.50 per contract). This is intended to enhance the efficiency of the BAX contract by enhancing pricing precision, attracting further domestic and international participation and increasing the proportion of buy-side activity on the BAX contract.

Energy Markets Trading and Clearing

In June 2014, Natural Gas Exchange Inc. (NGX) announced the launch of trading of physical power products for the Western Electricity Coordinating Council (WECC) market through the IntercontinentalExchange Inc.'s WebICE trading platform. The WECC launch follows NGX's successful expansion into the ERCOT physical power market in Texas in August 2013.

Singapore Office

In March 2014, we announced our plans to open an office in Singapore in 2014, subject to regulatory approval. The new office will focus on building new business relationships and exploring new opportunities for Toronto Stock Exchange, TSX Venture Exchange and MX in the region, while enhancing our product and service offering to our growing number of Asia-Pacific clients.

Information Services

In April 2014, FTSE TMX Global Debt Capital Markets Limited announced that it has acquired the indices business of MTS, a provider of benchmark indices for European fixed income. This will broaden the product portfolio with indices that track the performance of the largest and most widely traded government-issued European bonds. Following the acquisition, our ownership interest in FTSE TMX Global Debt Capital Markets Limited was reduced to 24.2% from 25.0%.

In August 2014, TMX Atrium, our global marketplace infrastructure provider, announced that it will be launching a new cross border marketplace connectivity network that uses industry best-practice microwave technology. The microwave network services will be available to all market participants. TMX Atrium is advancing its connectivity strategy through the acquisition of the microwave network business of New York-based Strike Technologies Services, LLC (Strike), a wholly-owned subsidiary of Global Trading Systems. The acquisition includes an existing microwave link between key Chicago and New Jersey data centres. After the transaction closes, TMX Atrium intends immediately to build a microwave route from New Jersey into its primary data centre in the Greater Toronto Area, which houses Toronto Stock Exchange, TSX Venture Exchange, TMX Select, Alpha and Montreal Exchange. TMX Group completed the Strike acquisition on October 31, 2014.

Debt Refinancing

In May 2014, TMX Group established a commercial paper program (Commercial Paper Program) under which it may issue up to $400.0 million in unsecured short-term promissory notes (Commercial Paper). In June 2014, we issued approximately $293.0 million of Commercial Paper, and had approximately $253.7 million outstanding under the program at September 30, 2014. Net cash proceeds were used to refinance a portion of TMX Group's long-term debt. The Commercial Paper was rated R-1 (low) with a Stable trend by DBRS Limited (DBRS). On September 8, 2014 DBRS confirmed the A (high) ratings on TMX Group Limited and on our debentures, which have an aggregate principal amount of $1.0 billion. It also confirmed the Commercial Paper rating of R-1 (low), all with Stable trends. In connection with the Commercial Paper Program, TMX Group entered into a new credit agreement that provides a 100% backstop to the Commercial Paper Program. This new credit agreement replaces the amended and restated credit agreement (Amended and Restated Credit Agreement) dated September 30, 2013. (See **Commercial Paper** and **Loans Payable** under the heading **COMMERCIAL PAPER, DEBENTURES, CREDIT AND LIQUIDITY FACILITIES**.)

Clearing Houses

In July 2014, Canadian Derivatives Clearing Corporation (CDCC), The Canadian Depository for Securities Limited (CDS) and NGX, TMX Group's clearing entities, were designated by the Bank of Canada and certain provincial commissions as qualifying central counterparties (QCCPs) pursuant to the standards developed by the Basel Committee on Banking Supervision and adopted by the Office of the Superintendent of Financial Institutions (OSFI). This QCCP status, which recognizes the TMX Group central counterparties' efforts to meet the highest international standards consistent with the Principles for Financial Market Infrastructures (PFMIs), allows certain bank exposures to the central counterparties to be subject to lower capital requirements.

Integration

TMX Group Limited (formerly Maple Group Acquisition Corporation or Maple) completed the acquisition of TMX Group Inc. on September 14, 2012 and the acquisitions of CDS and Alpha Trading Systems Inc. and Alpha Trading Systems Limited Partnership (collectively, Alpha) on August 1, 2012 (collectively, the Maple Transaction).

The integration of TMX Group Inc., CDS, and Alpha was largely completed in Q1/14. We achieved approximately $28.0 million in annualized net synergies on a run-rate basis in Q1/14, consistent with our revised expectation announced in November 2013, an increase of about 40% from our initial target of approximately $20.0 million in annual cost synergies on a run-rate basis, net of incremental costs of regulation. These synergies came from the consolidation of operations, including the migration of the Alpha trading platform to our proprietary trading engine (TMX Quantum), and the realization of efficiencies in overlapping functions. Total integration costs incurred for the nine months ended September 30, 2014 were approximately $4.2 million, and cumulative integration costs from Q3/12 were approximately $26.6 million.

The Alpha arbitration has concluded without the requirement for any payment by TMX Group to the claimants. The decision is final and binding with no right of appeal.

Corporate

In March 2014, TMX Group CEO, Thomas Kloet, announced that he would retire from TMX Group, which he did on October 31, 2014. During his tenure, Mr. Kloet oversaw the integration of MX into TMX Group Inc., which he joined in July 2008 as CEO, as well as the acquisition of TMX Group Inc. by Maple in 2012, and the subsequent integration of TMX Group Inc., CDS, and Alpha. On November 3, 2014, Lou Eccleston became Chief Executive Officer of TMX Group. Mr. Eccleston brings to TMX Group more than 30 years of extensive experience gained in senior leadership roles in the information services, financial technology and capital market services sectors. Most recently, he was President, S&P Capital IQ and Chairman of the Board, S&P Dow Jones Indices, which are business lines of McGraw Hill Financial, and was with that organization for 6 years.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2014 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2013

The information below reflects the financial statements of TMX Group for the quarter ended September 30, 2014 (Q3/14) compared with the quarter ended September 30, 2013 (Q3/13).

(in millions of dollars, except per share amounts) (unaudited)	Q3/14	Q3/13	$ increase	% increase
Revenue	**$170.2**	$165.3	$4.9	3%
Operating expenses	**107.1**	106.4	0.7	1%
Income from operations	**63.1**	58.9	4.2	7%
Net income attributable to TMX Group shareholders	**39.4**	19.2	20.2	105%
Earnings per share[4]				
Basic	**0.73**	0.35	0.38	109%
Diluted	**0.73**	0.35	0.38	109%
Cash flows from operating activities	**$73.1**	$68.4	$4.7	7%

Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders was $39.4 million in Q3/14, up 105% compared with net income of $19.2 million in Q3/13. Earnings per share attributable to TMX Group shareholders was $0.73 per common share on a basic and diluted basis in Q3/14, up 109% compared with $0.35 per common share on a basic and diluted basis in Q3/13. The increase is primarily attributable to the fact that we incurred $16.4 million of credit facility refinancing expenses in Q3/13 and had lower finance costs in Q3/14 compared with Q3/13 following the refinancing of approximately $1.0 billion of debt under our credit facility through the issuance of debentures, the amendment of our credit facility under more favourable terms at the end of Q3/13, and the launch of our Commercial Paper Program in June 2014. The increase also reflects higher revenue achieved in Q3/14 compared with Q3/13.

Non-IFRS Financial Measures

Adjusted earnings per share and adjusted diluted earnings per share provided for the quarter and the nine months ended September 30, 2014 and September 30, 2013 are non-IFRS measures and do not have standardized meanings prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings per share and adjusted diluted earnings per share to indicate ongoing financial performance from period to period, exclusive of a number of adjustments. These adjustments include the non-cash impairment charges related to BOX Market LLC (BOX) (net of non-controlling interests (NCI)) and other assets, the amortization of intangible assets related to acquisitions, credit facility refinancing expenses, Maple Transaction and integration costs, an adjustment related to the sale of PC-Bond and related income tax expense, and the increase in deferred income tax liabilities resulting from the changes in British Columbia (B.C.) corporate income tax rate. Management uses these measures to assess our ongoing financial performance, including our ability to generate cash, exclusive of these adjustments, and to enable comparability across periods.

[4] Earnings per share information is based on net income attributable to TMX Group shareholders.

Adjusted Earnings per Share[5] Reconciliation for Q3/14 and Q3/13

The following is a reconciliation of earnings per share to adjusted earnings per share[5]:

	Q3/14		Q3/13	
(unaudited)	**Basic**	**Diluted**	Basic	Diluted
Earnings per share[6]	**$0.73**	**$0.73**	$0.35	$0.35
Adjustment related to:				
Amortization of intangibles related to acquisitions	**0.13**	**0.13**	0.14	0.14
Credit facility refinancing expenses	**-**	**-**	0.22	0.22
Maple Transaction and integration costs	**-**	**-**	0.04	0.04
Adjusted earnings per share[5]	**$0.86**	**$0.86**	$0.75	$0.75
Weighted average number of common shares outstanding	**54,302,453**	**54,334,116**	54,087,535	54,141,064

The increase in adjusted EPS to $0.86 in Q3/14 from $0.75 in Q3/13 reflected an increase in revenue and lower finance costs.

Revenue

(in millions of dollars)	**Q3/14**	**Q3/13**	**$ increase/ (decrease)**	**% increase/ (decrease)**
Issuer services revenue	**$47.1**	$44.7	$2.4	5%
Trading, clearing, depository and related	**70.5**	72.3	(1.8)	(2)%
Information services	**45.9**	42.4	3.5	8%
Technology services and other	**6.7**	5.9	0.8	14%
	$170.2	$165.3	$4.9	3%

Revenue was $170.2 million in Q3/14, up 4.9 million or 3% compared with $165.3 million in Q3/13. There were increases in issuer services, energy markets trading and clearing, information services, and technology and other revenue. These increases were partially offset by the impact of the discontinuation of CDS services largely related to the administration of SEDAR, SEDI and NRD effective January 31, 2014. The revenue increases were also partially offset by lower trading revenue from BOX and cash markets.

[5] See discussion under the heading **Non-IFRS Financial Measures**.

[6] Earnings per share information is based on net income attributable to TMX Group shareholders.

Issuer services revenue

(in millions of dollars)	Q3/14	Q3/13	$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	**$2.5**	$3.5	$(1.0)	(29)%
Additional listing fees	**21.3**	16.4	4.9	30%
Sustaining listing fees	**16.6**	16.9	(0.3)	(2)%
Other issuer services	**6.7**	7.9	(1.2)	(15)%
	$47.1	$44.7	$2.4	5%

- *Initial listing fees* in Q3/14 were lower reflecting fewer new corporate issuer listings and a decrease in the market capitalization of new issuers listed on Toronto Stock Exchange compared with Q3/13.
- *Additional listing fees* in Q3/14 increased mainly due to an increase in the number and value of additional financings raised on Toronto Stock Exchange, as well as an increase in the number and value of additional financings raised on TSX Venture Exchange.
- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual *sustaining listing fees* primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The decrease in sustaining listing fees was partially due to a decline in the total number of issuers. While there was an overall increase in the market capitalization for issuers listed on Toronto Stock Exchange at December 31, 2013 compared with December 31, 2012, a number of issuers had reached the maximum fee; therefore, there was no incremental revenue. The decrease was also due to a decline in the market capitalization of issuers listed on TSX Venture Exchange at December 31, 2013 compared with December 31, 2012.

Trading, clearing, depository and related revenue

(in millions of dollars)	Q3/14	Q3/13	$ increase/ (decrease)	% increase/ (decrease)
Cash markets trading and clearing	**$24.4**	$25.4	$(1.0)	(4)%
CDS depository	**10.7**	10.8	(0.1)	(1)%
Derivatives markets trading, clearing and related	**24.4**	26.2	(1.8)	(7)%
Energy markets trading and clearing	**11.0**	9.9	1.1	11%
	$70.5	$72.3	$(1.8)	(2)%

Cash markets

- The decrease in *cash markets* trading and clearing revenue reflected the impact of a 3% decrease in overall volume of securities traded for our equities marketplaces (30.8 billion securities in Q3/14 versus 31.7 billion securities in Q3/13). There was a decrease in volume of securities traded on Toronto Stock Exchange and Alpha, largely offset by an increase in volume of securities traded on TSX Venture Exchange and TMX Select. For Q3/14, our combined domestic equities trading market share[7] was 74% compared with 77% in Q3/13. In addition, revenue from Shorcan was lower in Q3/14 compared with Q3/13, reflecting unfavourable product mix partially offset by higher volumes.
- CDS clearing revenue, net of rebates, increased slightly in Q3/14 compared with Q3/13. CDS processed 92.4 million exchange trades and 5.1 million non-exchange/OTC trades in Q3/14, compared with 81.9 million exchange trades and 4.9 million non-exchange/OTC trades in Q3/13.

CDS depository

- *CDS depository* revenue, net of rebates, for Q3/14 was $10.7 million compared with $10.8 million for Q3/13. CDS held a daily average of approximately 319,000 equities positions with an average of 283.2 billion shares and a daily average of

[7] Source: Investment Industry Regulatory Organization of Canada (IIROC)

approximately 175,000 debt positions with an average par value of $2.4 trillion on deposit in Q3/14, compared with a daily average of approximately 328,000 equities positions with an average of 275.2 billion shares and a daily average of approximately 180,000 debt positions with an average par value of $2.4 trillion on deposit in Q3/13.

Derivatives markets

- The decrease in *derivatives markets* revenue was driven by a decline in revenue from BOX due to lower average fees as a result of the price reduction implemented in March 2014, partially offset by a 24% increase in BOX trading volumes (26.3 million contracts in Q3/14 versus 21.2 million contracts traded in Q3/13) and the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in Q3/14 compared with Q3/13.
- The decrease in *derivatives markets* revenue was partially offset by an increase in trading revenue from MX, reflecting higher volumes. Volumes increased by 6% on MX (16.8 million contracts traded in Q3/14 versus 15.8 million contracts traded in Q3/13). The increase was somewhat offset by the impact of unfavourable customer mix. Open interest was up 7% at September 30, 2014 compared with September 30, 2013.

Energy markets

- The increase in *energy markets* revenue reflected higher NGX access fees, effective July 1, 2014, which offset the impact of a decrease in total energy volumes[8] of 15% on NGX (2.6 million terajoules in Q3/14 compared with 3.1 million terajoules in Q3/13). The reduction in natural gas volumes was due to market contraction during Q3/14 as a result of a mild summer in central Canada and United States.
- In Q3/14, there was a net recapture of previously deferred revenue whereas there was a net deferral of revenue in Q3/13. There was also an increase in revenue related to Shorcan Energy Brokers Inc. (Shorcan Energy Brokers) in Q4/13 compared to Q3/13.
- The appreciation of the U.S. dollar against the Canadian dollar in Q3/14 compared with Q3/13 had a positive impact on the revenue of NGX and Shorcan Energy Brokers.

Information services revenue

(in millions of dollars)	Q3/14	Q3/13	$ increase	% increase
	$45.9	$42.4	$3.5	8%

- The increase in *information services* revenue was primarily due to higher revenue recoveries related to under-reported usage of real-time quotes in prior periods, the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in Q3/14 compared with Q3/13, and higher revenue from feeds, TMX Atrium, co-location and BOX.
- There was a 1% increase in the average number of professional market data subscriptions for Toronto Stock Exchange and TSX Venture Exchange products (115,571 professional market data subscriptions in Q3/14 compared with 113,936 in Q3/13). Given the reduction in pricing for non-professional subscriptions on TSX Venture Exchange effective January 1, 2014, our non-professional subscriptions are no longer priced at a level equivalent with what professional subscribers pay across our marketplaces. As such, effective Q1/14, we discontinued including professional-equivalent (non-professional) subscription statistics in the subscription data that we provide. There were other pricing changes effective January 1, 2014 that largely offset the impact of the pricing reduction for the non-professional subscribers to TSX Venture Exchange data.
- The average number of MX professional market data subscriptions for Q3/14 was in line with Q3/13 (19,198 MX professional market data subscriptions in Q3/14 compared with 19,140 in Q3/13).

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

Technology services and other revenue

(in millions of dollars)	Q3/14	Q3/13	$ increase/ (decrease)	% increase/ (decrease)
Technology services and other	**$6.7**	$1.6	$5.1	319%
SEDAR, SEDI, NRD, and other CDS revenue	**—**	4.3	(4.3)	(100)%
	$6.7	$5.9	$0.8	14%

- The increase in *technology services and other* revenue was primarily due to higher Razor Risk Technologies Limited (Razor Risk) revenue and foreign exchange gains on U.S. dollar and Euro denominated balances in Q3/14 compared to foreign exchange losses in Q3/13. These increases more than offset the decrease in revenue from the discontinuation of CDS services largely relating to the administration of SEDAR, SEDI and NRD. These operations were transitioned to a new service provider on January 13, 2014; the CDS agreement ended on January 31, 2014.

Operating Expenses

(in millions of dollars)	Q3/14	Q3/13	$ increase/ (decrease)	% increase/ (decrease)
Compensation and benefits	**$51.2**	$51.6	$(0.4)	(1)%
Information and trading systems	**16.5**	16.9	(0.4)	(2)%
General and administration	**22.6**	19.9	2.7	14%
Depreciation and amortization	**16.8**	18.0	(1.2)	(7)%
	$107.1	$106.4	$0.7	1%

Operating expenses in Q3/14 were $107.1 million, up 0.7 million or 1% from $106.4 million in Q3/13. There was increased initiative spending, unrecoverable commodity taxes, bad debt expense, professional fees and marketing expenses in Q3/14 compared with Q3/13. These increases in operating expenses were largely offset by the impact of the cost synergies realized as a result of the integration of TMX Group Inc., CDS and Alpha, elimination of expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014, lower costs associated with our employee performance incentive plans and reduced depreciation and amortization expense.

Compensation and benefits

(in millions of dollars)	Q3/14	Q3/13	$ (decrease)	% (decrease)
	$51.2	$51.6	$(0.4)	(1)%

- *Compensation and benefits* costs decreased slightly due to lower costs associated with our employee performance incentive plans and elimination of operating expenses resulting from the termination of the agreement with Canadian securities regulators to provide SEDAR, SEDI and NRD services. This agreement ended January 31, 2014.
- These decreases in costs were somewhat offset by higher costs in support of initiatives including Razor Risk, higher organizational transition costs and lower capitalization of labour associated with technology initiatives.
- There were 1,308 TMX Group employees at September 30, 2014 versus 1,327 employees at September 30, 2013, reflecting a reduction due to integration activities.

Information and trading systems

(in millions of dollars)	Q3/14	Q3/13	$ (decrease)	% (decrease)
	$16.5	$16.9	$(0.4)	(2)%

- *Information and trading systems* expenses were lower primarily due to realized cost synergies and elimination of operating expenses resulting from the termination of the SEDAR, SEDI and NRD services agreement with Canadian securities regulators on January 31, 2014.
- These decreases in costs were partially offset by increases in initiative costs related to our cash and derivative markets businesses as well as Razor Risk.

General and administration

(in millions of dollars)	Q3/14	Q3/13	$ increase	% increase
	$22.6	$19.9	$2.7	14%

- *General and administration* costs increased due to higher initiative spending, unrecoverable commodity taxes, bad debt expense, professional fees and marketing expenses.
- These were partially offset by lower costs related to BOX and reduced direct costs related to other issuer services revenue.

Depreciation and amortization

(in millions of dollars)	Q3/14	Q3/13	$ (decrease)	% (decrease)
	$16.8	$18.0	$(1.2)	(7)%

- *Depreciation and amortization* costs reflect a reduction in depreciation and amortization relating to assets that were fully depreciated or written-down by the end of Q3/14. The decrease was somewhat offset by increased depreciation and amortization of other new intangible assets, including TMX Quantum XA.
- The *depreciation and amortization* costs of $16.8 million included $9.1 million ($8.8 million, net of NCI) related to amortization of intangibles related to acquisitions (13 cents per basic and diluted share).

Share of net income of equity accounted investees

(in millions of dollars)	Q3/14	Q3/13	$ (decrease)	% (decrease)
	$0.7	$1.2	$(0.5)	(42)%

- *Share of net income of equity accounted investees* includes our share of net income from FTSE TMX Global Debt Capital Markets and our 47% share of net income from CanDeal.ca Inc. (CanDeal).
- The decrease was due to lower net income from our interest in FTSE TMX Global Debt Capital Markets Limited reflecting increased amortization in Q3/14 compared with Q3/13.

Maple Transaction and integration costs

(in millions of dollars)	Q3/14	Q3/13	$ (decrease)	% (decrease)
	$—	$3.1	(3.1)	(100)%

- In Q3/13, we incurred integration costs primarily related to organizational transition expenses.

Net finance costs

(in millions of dollars)	Q3/14	Q3/13	$ (decrease)	% (decrease)
	$9.4	$32.2	$(22.8)	(71)%

- Net finance costs in Q3/13 include credit facility refinancing expenses of $16.4 million which resulted from the write-off of $18.5 million of prepaid financing fees and other financing fees of $0.8 million, less a gain of $2.9 million from unwinding and de-designating interest rate swaps.
- The reduction in finance costs in Q3/14 compared with Q3/13 also reflects the cost of refinancing and the associated reduction in the effective interest rate following the refinancing of approximately $1.0 billion of debt under our credit facility through issuance of debentures at the end of Q3/13, the amendment of our previous credit facility under more favourable terms at the end of Q3/13, and the refinancing of approximately $293.0 million of debt under our credit facility through the issuance of Commercial Paper during Q2/14. In addition, there was a reduction in the amount of debt outstanding and a reduction in the amortization of prepaid financing fees in Q3/14 compared with Q3/13. (See **Commercial Paper** and **Loans Payable** under the heading **COMMERCIAL PAPER, DEBENTURES, CREDIT AND LIQUIDITY FACILITIES**.)

Income tax expense

(in millions of dollars)			Effective Tax Rate (%)	
	Q3/14	**Q3/13**	**Q3/14**	**Q3/13**
	$15.3	$6.2	28%	25%

- The higher effective tax rate in Q3/14 compared to Q3/13 relates primarily to unrecognized tax losses as well as higher tax adjustments related to BOX and higher non-deductible expenses.

Net loss attributable to non-controlling interests

(in millions of dollars)	**Q3/14**	**Q3/13**	**$ decrease in loss**	**% decrease in loss**
	$(0.3)	$(0.4)	$0.1	25%

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated in our Consolidated Income Statements. Net income (loss) attributable to non-controlling interests represents the other BOX members' share of BOX's income or loss for the period.
- The *net loss attributable to non-controlling interests* also reflects lower revenue and lower operating expenses, including a reduction in amortization, from BOX.

NINE MONTHS ENDED SEPTEMBER 30, 2014 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2013

The information below reflects the financial statements of TMX Group for the nine months ended September 30, 2014 including the operating results of TMX Equity Transfer Services Inc. (Equity Transfer) from April 5, 2013, compared with the nine months ended September 30, 2013.

(in millions of dollars, except per share amounts) (unaudited)	**Nine months ended**	Nine months ended September	**$ increase/ (decrease)**	**% increase/ (decrease)**
Revenue	**$534.6**	$519.8	$14.8	3%
Operating expenses	**323.0**	333.4	(10.4)	(3)%
Income from operations	**211.6**	186.4	25.2	14%
Net income attributable to TMX Group shareholders	**59.4**	82.5	(23.1)	(28)%
Earnings per share[9]				
Basic	**1.09**	1.52	(0.43)	(28)%
Diluted	**1.09**	1.52	(0.43)	(28)%
Cash flows from operating activities	**$196.5**	$229.0	$(32.5)	(14)%

Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders was $59.4 million, or $1.09 per common share on a basic and diluted basis, compared with net income of $82.5 million, or $1.52 per common share on a basic and diluted basis, for the nine months ended September 30, 2013. The decrease reflects the recognition of non-cash impairment charges related to BOX in Q2/14 primarily related to BOX's goodwill and customer list, of which our share was $63.6 million. This was partially offset by higher income from operations, lower credit facility refinancing expenses, and lower finance costs following the refinancing of approximately $1.0 billion of debt under our credit facility through the issuance of debentures, the amendment of our credit facility under more favourable terms at the end of Q3/13, and the launch of our Commercial Paper Program in June 2014. In addition, during the first nine months of 2013, we incurred $16.4 million of credit facility refinancing expenses compared with $3.6 million in the first nine months of 2014. Net income for the nine months ended September 30, 2013 also reflects significantly higher income tax expense related to the sale of PC-Bond.

[9] Earnings per share information is based on net income attributable to TMX Group shareholders.

Adjusted Earnings per Share[10] Reconciliation for Nine months ended September 30, 2014 and Nine months ended September 30, 2013

The following is a reconciliation of earnings per share to adjusted earnings per share[10]:

	Nine months ended September 30, 2014		Nine months ended September 30, 2013	
(unaudited)	**Basic**	**Diluted**	**Basic**	**Diluted**
Earnings per share[11]	**$1.09**	**$1.09**	$1.52	$1.52
Adjustment related to:				
Non-cash impairment charges related to BOX (net of NCI) and other assets	**1.32**	**1.32**	-	-
Amortization of intangibles related to acquisitions	**0.39**	**0.39**	0.45	0.45
Maple Transaction and integration costs	**0.06**	**0.06**	0.07	0.07
Credit facility refinancing expenses	**0.05**	**0.05**	0.22	0.22
Sale of PC-Bond and related income tax expense	**-**	**-**	0.10	0.10
Increase in deferred income tax liabilities resulting from the change in B.C. corporate income tax rate	**-**	**-**	0.05	0.05
Adjusted earnings per share[10]	**$2.91**	**$2.91**	$2.41	$2.41
Weighted average number of common shares outstanding	**54,219,272**	**54,313,230**	54,022,162	54,107,513

The increase in adjusted EPS to $2.91 in the nine months ended September 30, 2014 from $2.41 in the nine months ended September 30, 2013 was due to an increase in revenue, lower operating expenses and lower finance costs.

Revenue

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase/ (decrease)**	**% increase/ (decrease)**
Issuer services revenue	**$152.3**	$139.3	$13.0	9%
Trading, clearing, depository and related	**224.8**	228.0	(3.2)	(1)%
Information services	**140.9**	133.9	7.0	5%
Technology services and other	**16.6**	18.6	(2.0)	(11)%
	$534.6	$519.8	$14.8	3%

Revenue was $534.6 million for the nine months ended September 30, 2014, up $14.8 million or 3%, compared with revenue of $519.8 million for the nine months ended September 30, 2013. Issuer services revenue included revenue from Equity Transfer (acquired April 5, 2013). There were increases in issuer services and information services revenue, partially offset by lower trading revenue from BOX and a decrease in technology services revenue reflecting the discontinuation of CDS services largely relating to the administration of SEDAR, SEDI and NRD. These CDS operations were transitioned to a new service provider on January 13, 2014; the CDS agreement ended on January 31, 2014. In addition, there was a reduction in revenue following the sale of PC-Bond on April 5, 2013.

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[10] See discussion under the heading **Non-IFRS Financial Measures**.

[11] Earnings per share information is based on net income attributable to TMX Group shareholders.

Issuer services revenue

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase/ (decrease)**	**% increase/ (decrease)**
Initial listing fees	**$9.1**	$10.4	$(1.3)	(13)%
Additional listing fees	**69.4**	56.2	13.2	23%
Sustaining listing fees	**49.6**	50.9	(1.3)	(3)%
Other issuer services	**24.2**	21.8	2.4	11%
	$152.3	$139.3	$13.0	9%

- *Initial listing fees* for the nine months ended September 30, 2014 were lower reflecting a decrease in the number of new issuers listed on TSX Venture Exchange.
- *Additional listing fees* in the nine months ended September 30, 2014 increased mainly due to an increase in the number and value of additional financings raised on Toronto Stock Exchange, as well as an increase in the number and value of additional financings raised on TSX Venture Exchange.
- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual *sustaining listing fees* primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The decrease in sustaining listing fees was partially due to a decline in the total number of issuers. While there was an overall increase in the market capitalization for issuers listed on Toronto Stock Exchange at December 31, 2013 compared with December 31, 2012, a number of issuers had reached the maximum fee; therefore, there was no incremental revenue. The decrease was also due to a decline in the market capitalization of issuers listed on TSX Venture Exchange at December 31, 2013 compared with December 31, 2012.
- *Other issuer services* revenue included revenue from Equity Transfer (acquired April 5, 2013) for nine months in 2014 compared with six months in 2013.

Trading, clearing, depository and related revenue

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase/ (decrease)**	**% increase/ (decrease)**
Cash markets trading and clearing	**$80.5**	$80.9	$(0.4)	—%
CDS depository	**33.5**	33.6	(0.1)	—%
Derivatives markets trading, clearing and related	**76.8**	82.3	(5.5)	(7)%
Energy markets trading and clearing	**34.0**	31.2	2.8	9%
	$224.8	$228.0	$(3.2)	(1)%

Cash markets

- The decrease in cash markets trading and clearing revenue reflects the impact of a 1% decrease in the overall volume of securities traded for our equities marketplaces (108.2 billion securities in the nine months ended September 30, 2014 versus 108.9 billion securities in the nine months ended September 30, 2013). There was a decrease in volume of securities traded on Toronto Stock Exchange and Alpha, largely offset by an increase in volume of securities traded on TSX Venture Exchange and TMX Select. In addition, revenue from Shorcan was lower in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013, reflecting unfavourable product mix partially offset by higher volumes.
- There was an increase in CDS clearing revenue, net of rebates, reflecting an increase in number of trades processed. CDS processed 278.5 million exchange trades and 15.7 million non-exchange/OTC trades in nine months 2014, compared with 248.2 million exchange trades and 15.3 million non-exchange/OTC trades in nine months of 2013.

CDS depository

- *CDS depository* revenue, net of rebates, for the nine months ended September 30, 2014 was in line with the nine months ended September 30, 2013. CDS held a daily average of approximately 318,000 equities positions with an average of 280.8

billion shares and a daily average of approximately 176,000 debt positions with an average par value of $2.4 trillion on deposit in the nine months ended September 30, 2014, compared with a daily average of approximately 329,000 equities positions with an average of 276.2 billion shares and a daily average of approximately 180,000 debt positions with an average par value of $2.3 trillion on deposit in the nine months ended September 30, 2013.

Derivatives markets

- The decrease in *derivatives markets* revenue was largely due to a decline in revenue from BOX due to lower average fees as a result of the price reduction implemented in March 2014, partially offset by a 10% increase in BOX trading volumes (75.5 million contracts in the nine months ended September 30, 2014 versus 68.5 million contracts traded in the nine months ended September 30, 2013) and the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013.
- Trading and clearing revenue from MX and CDCC was in line with revenue for the nine months ended September 30, 2013. Volumes were almost unchanged on MX (50.5 million contracts traded in the nine months ended September 30, 2014 versus 50.4 million contracts traded in the nine months ended September 30, 2013). Open interest at September 30, 2014 was up 7% at September 30, 2014 compared with September 30, 2013. The positive impact of higher repurchase agreement (REPO) revenue in the nine months ended September 30, 2014 was largely offset by the positive impact of a one-time billing adjustment during the same period in 2013.

Energy markets

- The increase in *energy markets* revenue reflected higher NGX access fees, effective July 1, 2014, and a 2% increase in total energy volume[12] on NGX (9.5 million terajoules in the nine months ended September 30, 2014 compared with 9.3 million terajoules in the nine months ended September 30, 2013). This volume increase reflects a 1% increase in natural gas volumes and a 22% increase in power volumes due to the impact of extreme weather conditions in Q1/14 and the addition of power markets in Texas in September 2013 and Western U.S. power markets in June 2014, partially offset by reductions in natural gas volumes due to lower volatility and market contraction during Q3/14. The volume decrease in Q3/14 was due to lower natural gas demand as a result of a mild summer in central Canada and United States.
- The increase in revenue was also due to a lower net deferral of revenue in NGX and higher Shorcan Energy Brokers revenue in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013.
- The appreciation of the U.S. dollar against the Canadian dollar in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013 had a positive impact on the revenue of NGX and Shorcan Energy Brokers.

Information services revenue

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase**	**% increase**
	$140.9	$133.9	$7.0	5%

- The increase in *information services* revenue was primarily due to the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013, higher revenue recoveries related to under-reported usage of real-time quotes in prior periods, higher revenue from TMX Atrium, feeds, co-location services, BOX, and royalties following the FTSE transaction.
- The increase in *information services* revenue was partially offset by the reduction in revenue following the sale of PC-Bond, which we did not consolidate following the close of the transaction with FTSE Group (FTSE) to create FTSE TMX Global Debt Capital Markets on April 5, 2013, as well as lower usage-based quote revenue.
- There was virtually no change in the average number of professional market data subscriptions for Toronto Stock Exchange and TSX Venture Exchange products (115,560 professional market data subscriptions in the nine months ended September 30, 2014 compared with 115,611 in the nine months ended September 30, 2013). Given the reduction in pricing for non-professional subscriptions on TSX Venture Exchange effective January 1, 2014, our non-professional subscriptions are no longer priced at a level equivalent with what professional subscribers pay across our marketplaces. As such, effective Q1/14, we discontinued including professional-equivalent (non-professional) subscription statistics in the subscription data that we

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

provide. There were other pricing changes effective January 1, 2014 that largely offset the impact of the pricing reduction for the non-professional subscribers to TSX Venture Exchange data.

- There was a 2% decrease in the average number of MX professional market data subscriptions (19,214 MX professional market data subscriptions in the nine months ended September 30, 2014 compared with 19,508 in the nine months ended September 30, 2013).

Technology services and other revenue

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase / (decrease)**	**% increase / (decrease)**
Technology services and other	**$14.4**	$5.8	$8.6	148%
SEDAR, SEDI, NRD, and other CDS revenue	**2.2**	12.8	(10.6)	(83)%
	$16.6	$18.6	$(2.0)	(11)%

- The decrease in *technology services and other* revenue was primarily due to the discontinuation of CDS services largely relating to the administration of SEDAR, SEDI and NRD. These operations were transitioned to a new service provider on January 13, 2014; the CDS agreement ended on January 31, 2014.
- The decrease in *technology services and other* revenue was partially offset by higher Razor Risk revenue and higher foreign exchange gains on U.S. dollar and Euro denominated balances in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013.

Operating Expenses

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase / (decrease)**	**% increase / (decrease)**
Compensation and benefits	**$153.9**	$157.2	$(3.3)	(2)%
Information and trading systems	**48.4**	55.0	(6.6)	(12)%
General and administration	**68.4**	66.9	1.5	2%
Depreciation and amortization	**52.3**	54.3	(2.0)	(4)%
	$323.0	$333.4	$(10.4)	(3)%

Operating expenses in the nine months ended September 30, 2014 were $323.0 million, down $10.4 million or 3%, from $333.4 million in the nine months ended September 30, 2013. Operating expenses were lower, reflecting the cost synergies realized as a result of the integration of TMX Group Inc., CDS and Alpha, the elimination of operating expenses related to PC-Bond that were no longer consolidated following the sale on April 5, 2013, and lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014. These decreases were partially offset by the inclusion of nine months of operating expenses for Equity Transfer (acquired April 5, 2013) in 2014 compared with six months in 2013 and higher initiative spending, professional fees, unrecoverable commodity taxes, bad debt expense and costs related to NGX's operations.

Compensation and benefits

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ (decrease)**	**% (decrease)**
	$153.9	$157.2	$(3.3)	(2)%

- *Compensation and benefits* costs were lower due to realized cost synergies, lower employee performance incentive plan costs, as well as lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014. In addition, there were lower operating expenses related to PC-Bond that were no longer consolidated following the sale on April 5, 2013.
- These decreases were partially offset by the inclusion of expenses from Equity Transfer for nine months in 2014 compared with six months in 2013, higher costs related to initiatives including Razor Risk as well as higher organizational transition and recruitment costs.
- Labour capitalization of technology initiatives in the nine months ended September 30, 2014 was also lower than in the nine months ended September 30, 2013.
- There were 1,308 TMX Group employees at September 30, 2014 versus 1,327 employees at September 30, 2013, reflecting a reduction due to integration activities.

Information and trading systems

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ (decrease)**	**% (decrease)**
	$48.4	$55.0	$(6.6)	(12)%

- *Information and trading systems* expenses were lower primarily due to realized cost synergies, lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014, lower operating costs, as well as the exclusion of operating expenses related to PC-Bond that were no longer consolidated following the sale on April 5, 2013.
- These decreases were partially offset by higher initiative costs related to our cash and derivative markets businesses as well as Razor Risk and the inclusion of expenses from Equity Transfer for nine months in 2014 compared with six months in 2013.

General and administration

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase**	**% increase**
	$68.4	$66.9	$1.5	2%

- *General and administration* costs increased due to higher professional fees, unrecoverable commodity taxes, bad debt expense, the inclusion of expenses from Equity Transfer for nine months in 2014 compared with six months in 2013 and higher fees related to NGX's physical power trading and clearing operation.
- These increases were partially offset by lower BOX expenses, reduced direct costs related to other issuer services revenue, and lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014.

Depreciation and amortization

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ (decrease)**	**% (decrease)**
	$52.3	$54.3	$(2.0)	(4)%

- *Depreciation and amortization* costs reflect a reduction in depreciation and amortization relating to assets that were fully depreciated or written-down by the end of the nine months ended September 30, 2014 and PC-Bond assets which were sold on April 5, 2013. The decrease was somewhat offset by increased depreciation and amortization of other new intangible assets, including TMX Quantum XA, and of Equity Transfer assets following the acquisition in April 2013.
- The *depreciation and amortization* costs of $52.3 million included $29.6 million ($27.7 million, net of NCI) related to amortization of intangibles related to acquisitions (39 cents per basic and diluted share).

Share of net income of equity accounted investees

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ (decrease)**	**% (decrease)**
	$2.4	$2.9	$(0.5)	(17)%

- *Share of net income of equity accounted investees* includes our share of net income from FTSE TMX Global Debt Capital Markets and our 47% share of net income from CanDeal.ca Inc. (CanDeal).
- The decrease was due to lower net income from our interest in FTSE TMX Global Debt Capital markets Limited, reflecting increased amortization in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013.

Impairment charges (Also see Critical Accounting Estimates)

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase**	**% increase**
	$136.1	$—	$136.1	-

- In accounting for the Maple Transaction, all of our assets, including BOX, were recorded based on their estimated fair value in Q3/12, resulting in a significant amount of goodwill and intangible assets being recognized at the time.
- Based on tests for impairment of goodwill and intangible assets at the end of the three months ended June 30, 2014, we recognized a non-cash impairment charge of $128.4 million pre-tax ($106.2 million after-tax) primarily related to BOX's goodwill and customer list. Of the $106.2 million after-tax impairment charge, $42.6 million was attributable to NCI. The net impact on shareholders of TMX Group was $63.6 million.
- MX invested approximately $70.5 million to purchase its equity interest in BOX since its inception. Since then we also received dividends from BOX as well as technology services revenue related to the licensing of our SOLA technology. Net of the impairment charges in the three months ended June 30, 2014, the resulting carrying value of BOX was $45.2 million, net of NCI, on our condensed consolidated interim balance sheet as at June 30, 2014.
- In addition to the BOX assets, we determined that certain other assets had recoverable amounts that were lower than their respective carrying amounts. As a result, we recognized a non-cash impairment charge of $7.7 million (pre and after-tax) related to goodwill for those assets at June 30, 2014

Gain on sale of PC-Bond

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ (decrease)**	**% (decrease)**
	$—	$5.8	$(5.8)	(100)%

- In the first nine months of 2013, we received $155.1 million in consideration, which included $104.0 million in cash and 250 Ordinary B shares of FTSE TMX Global Debt Capital Markets Limited, representing a 25% interest, which have been valued at $51.3 million. We disposed of net assets of $149.5 million. The disposed assets were previously revalued from a book value of $34.6 million to a fair value of $149.5 million upon the acquisition of TMX Group Inc. by Maple, resulting in an increase of $114.9 million of intangibles and goodwill.

Maple Transaction and integration costs

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ (decrease)**	**% (decrease)**
	$4.2	$5.1	$(0.9)	(18)%

- In the nine months ended September 30, 2014, we incurred lower costs compared with the nine months ended September 30, 2013. There were lower organizational transition expenses as part of the integration process in the first nine months of 2014 compared with the same period in 2013. However, we did incur costs associated with the Alpha arbitration along with other integration costs.

Net finance costs

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ (decrease)**	**% (decrease)**
	$33.2	$63.5	$(30.3)	(48)%

- Credit facility refinancing expenses for the nine months ended September 30, 2013 of $16.4 million includes the write-off of $18.5 million of prepaid financing fees and other financing fees of $0.8 million, less a gain of $2.9 million from unwinding and de-designating interest rate swaps.
- Credit facility refinancing expenses for the nine months ended September 30, 2014 of $3.6 million includes the write-off of $3.2 million of unamortized financing costs related to our previous credit facility (as a result of replacing this facility) and the balance primarily consists of financing costs in connection with establishing the Commercial Paper Program.
- Finance income increased by $0.9 million from the first nine months of 2013 to the first nine months of 2014 primarily as a result of higher yield on investments and increased cash available for investment.
- The reduction in finance costs in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013 relates primarily to a decrease in the refinancing expense and reduction in the effective interest rate following the refinancing of approximately $1.0 billion of debt under our credit facility through issuance of debentures at the end of the nine months ended September 30, 2013, the amendment of our previous credit facility under more favourable terms at the end of Q3/13, and the refinancing of approximately $293.0 million of debt under our credit facility through the issuance of Commercial Paper during Q2/14. In addition, there was a reduction in the amount of debt outstanding and a reduction in the amortization of prepaid financing fees in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013. (See **Commercial Paper** and **Loans Payable** under the heading **COMMERCIAL PAPER, DEBENTURES, CREDIT AND LIQUIDITY FACILITIES**.)

Income tax expense

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013
	$26.7	$44.5

- In Q2/14, there was a decrease in net deferred income tax liabilities of $22.2 million, with a corresponding decrease to income tax expense, resulting from the non-cash impairment charges primarily related to BOX's goodwill and customer list. (See **Critical Accounting Estimates** under the heading **ACCOUNTING AND CONTROL MATTERS**, as well as **Impairment charges**.)
- Excluding the tax impact of the non-cash impairment charges in the nine months ended September 30, 2014, the effective tax rate would have been approximately 27%.
- For the first nine months of 2013, we recognized deferred income tax expense of $11.3 million related to the sale of PC-Bond, which consists of $17.3 million of deferred income tax expense recognized for Q2/13 less $6.0 million deferred income tax recovery recognized for Q1/13.
- In 2013, the B.C. corporate income tax rate increased from 10% to 11%. As a result of this change, there was a net increase in the value of deferred income tax liabilities and a corresponding non-cash net increase in deferred income tax expense of $2.7 million for Q3/13.
- Excluding the adjustments in the first nine months of 2013 primarily related to the sale of PC-Bond and the B.C. corporate income tax rate increase, the effective tax rate would have been approximately 27%.

Net (loss) attributable to non-controlling interests

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase**
	$(45.6)	$(0.5)	$45.1

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated in our Consolidated Income Statements. Net loss attributable to non-controlling interests represents the other BOX members' share of BOX's loss for the period.
- In the nine months ended September 30, 2014, there was a *net loss attributable to non-controlling interests* primarily reflecting their share of the non-cash impairment charges related to BOX. (See **Impairment charges**.)
- The increase in *net loss attributable to non-controlling interests* also reflects lower revenue from BOX, partially offset by lower general and administration expenses in the nine months ended September 30, 2014.

SEGMENTS

The following information reflects TMX Group's financial statements for the three and nine months ended September 30, 2014, compared with the three and nine months ended September 30, 2013 or as at December 31, 2013, as applicable. TMX Group has certain corporate costs and other balances not allocated across the other disclosed operating segments. These balances, along with certain consolidation and elimination adjustments (including fair value increments determined as a result of the Maple Transaction), are presented in the *Corporate* segment. Equity Transfer and PC-Bond (until April 5, 2013) are included in the *Cash Markets* segment.

Operating Results – Q3/14 compared with Q3/13

(in millions of dollars)	**Cash Markets**	**Derivatives Markets**	**Energy Markets**	**CDS**	**Corporate**	**TMX Group**
Revenue:						
Q3/14	**$112.1**	**$30.0**	**$11.4**	**$17.5**	**$(0.8)**	**$170.2**
Q3/13	104.3	31.1	10.0	21.3	(1.4)	165.3
Net income (loss) attributable to TMX						
Q3/14	**$32.3**	**$5.8**	**$1.8**	**$1.8**	**$(2.3)**	**$39.4**
Q3/13	30.3	7.7	2.1	1.6	(22.5)	19.2

Revenue

- *Cash Markets* revenue increased primarily due to increased technology services and other revenue, higher additional listing fee revenue on Toronto Stock Exchange and TSX Venture Exchange and higher information services revenue, partially offset by lower trading revenue.
- *Derivatives Markets* revenue decreased primarily due to lower revenue from BOX, partially offset by higher trading and clearing revenue from MX and CDCC.
- *Energy Markets* revenue increased primarily due to a net recapture of previously deferred revenue, higher NGX access fees, effective July 1, 2014, higher revenue from Shorcan Energy Brokers and the positive impact from the appreciation of the U.S. dollar against the Canadian dollar in Q3/14 compared to Q3/13, partially offset by the impact of a decrease in natural gas volumes on NGX.
- *CDS* revenue decreased primarily due to the reduction in revenues from providing services related to SEDAR, SEDI and NRD effective February 1, 2014 (see **Technology services and other revenue**).

Net income (loss) attributable to TMX Group shareholders

- Net income attributable to TMX Group shareholders from *Cash Markets* increased, reflecting the higher revenue and higher operating expenses, including realized cost synergies.

- Net income attributable to TMX Group shareholders from *Derivatives Markets* reflects lower revenue from BOX and higher net income from MX and CDCC.
- Net income attributable to TMX Group shareholders from *Energy Markets* decreased reflecting higher operating expenses, somewhat offset by higher revenue.
- Net income attributable to TMX Group shareholders from *CDS* increased reflecting lower operating and integration expenses, including realized cost synergies, partially offset by lower revenue.
- Net loss attributable to TMX Group shareholders allocated to the *Corporate* segment decreased by $20.2million. During Q3/13 we incurred $16.4 million of credit facility refinancing expenses. In addition, financing costs have declined considerably since Q3/13 following the refinancing of approximately $1.0 billion of debt under our credit facility through issuance of debentures at the end of Q3/13, the amendment of our previous credit facility under more favourable terms at the end of Q3/13, and the launch of our Commercial Paper Program in Q2/14.

Operating Results – Nine months ended September 30, 2014 compared with Nine months ended September 30, 2013

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	TMX Group
Revenue:						
Nine months ended September 30, 2014	**$352.8**	**$93.4**	**$35.1**	**$56.4**	**$(3.1)**	**$534.6**
Nine months ended September 30, 2013	328.5	97.2	31.8	65.8	(3.5)	519.8
Net income (loss) attributable to TMX Group shareholders:						
Nine months ended September 30, 2014	**$112.5**	**$5.8**	**$5.7**	**$6.9**	**$(71.5)**	**$59.4**
Nine months ended September 30, 2013	94.0	20.0	6.4	7.3	(45.2)	82.5

Revenue

- *Cash Markets* revenue increased primarily due to higher additional listing fee revenue on Toronto Stock Exchange and TSX Venture Exchange, an increase in revenue from the inclusion of Equity Transfer (acquired April 5, 2013), higher revenue from information services and from Razor Risk, partially offset by the reduction in revenue following the sale of PC-Bond on April 5, 2013.
- *Derivatives Markets* revenue decreased primarily due to lower BOX revenues.
- *Energy Markets* revenue increased primarily due to higher revenue from NGX, reflecting an increase in both natural gas and power volumes, higher NGX access fees, higher Shorcan Energy Brokers revenue, as well as a lower net deferral of revenue in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013. The appreciation of the U.S. dollar against the Canadian dollar in the nine months ended September 30, 2014 compared with the nine months ended September 31, 2013 had a positive impact on the revenue of NGX and Shorcan Energy Brokers.
- *CDS* revenue decreased primarily due to reduction in revenues from providing services related to SEDAR, SEDI and NRD effective February 1, 2014 (see **Technology services and other revenue**).

Net income (loss) attributable to TMX Group shareholders

- Net income attributable to TMX Group shareholders from *Cash Markets* increased reflecting the higher revenue and lower operating expenses, including realized cost synergies, and lower finance costs.
- Net income attributable to TMX Group shareholders from *Derivatives Markets* decreased reflecting the non-cash impairment charges related to BOX in the three months ended June 30, 2014, as well as lower revenue from BOX.

- Net income attributable to TMX Group shareholders from *Energy Markets* decreased reflecting the higher operating expenses, partially offset by higher revenue.
- Net income attributable to TMX Group shareholders from *CDS* decreased reflecting lower revenue, partially offset by lower operating and integration expenses (including realized cost synergies), higher finance income and a gain on the sale of software in Q1/14.
- Net loss attributable to TMX Group shareholders allocated to the *Corporate* segment increased by $26.3 million. The increase in net loss was largely due to the non-cash impairment charges related to BOX and other assets, after tax. This was partially offset by a decline in financing costs. In addition, during Q3/13 we incurred $16.4 million of credit facility refinancing expenses. Financing costs have declined considerably since Q3/13 following the refinancing of approximately $1.0 billion of debt under our credit facility through issuance of debentures at the end of Q3/13, the amendment of our previous credit facility under more favourable terms at the end of Q3/13, and the launch of our Commercial Paper Program in Q2/14.

Total Assets and Total Liabilities

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	TMX Group
Total assets:						
As at September 30, 2014	**$1,928.7**	**$10,828.7**	**$943.4**	**$509.1**	**$1,673.5**	**$15,883.4**
As at December 31, 2013	1,902.1	11,291.8	941.9	532.1	1,827.6	16,495.5
Total liabilities:						
As at September 30, 2014	**$1,010.3**	**$9,718.9**	**$894.4**	**$439.8**	**$889.6**	**$12,953.0**
As at December 31, 2013	998.7	10,244.7	893.6	469.5	918.2	13,524.7

- Total assets include goodwill and intangible assets acquired in connection with the Maple Transaction. In addition, the *Derivatives Markets, Energy Markets, and CDS* segments hold assets related to their clearing operations (see **Total Assets**).
- Total liabilities in our various segments include the segments' share of Debentures and Commercial Paper, which were $997.0 million and $253.7 million respectively as at September 30, 2014. In addition, the *Derivatives Markets, Energy Markets and CDS* segments carry offsetting liabilities related to the clearing assets described above (see **Total Assets**).
- The decrease in total assets and total liabilities was primarily due to the decrease in Balances with Clearing Members at CDCC in *Derivatives Markets* of $462.0 million and the write-down of BOX and other assets (primarily goodwill and customer list).

LIQUIDITY AND CAPITAL RESOURCES

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at September 30, 2014	As at December 31, 2013	$ increase
Cash, cash equivalents and marketable securities	**$310.0**	$279.2	$30.8

- The increase in cash, cash equivalents and marketable securities primarily reflects cash flows from operating activities of $196.5 million, partially offset by net debt repayments of approximately $82.5 million, dividends to TMX Group shareholders of $65.1 million, and additions to premises and equipment and intangible assets of $16.0 million.

Total Assets

(in millions of dollars)	As at September 30, 2014	As at December 31, 2013	$ (decrease)
Total assets	**$15,883.4**	$16,495.5	$(612.1)

- Our consolidated balance sheet as at September 30, 2014 includes outstanding balances on open REPO agreements within Balances with Clearing Members and Participants. These balances have equal amounts included within *Total Liabilities*. Balances with Clearing Members and Participants relating to CDCC were $9,371.9 million at September 30, 2014.
- The decrease in *Total Assets* of $612.1 million from December 31, 2013 to September 30, 2014 was largely attributable to the decrease in Balances with Clearing Members of $462.0 million for CDCC, and the write-down of BOX and other assets (primarily goodwill and customer list).

COMMERCIAL PAPER, DEBENTURES, CREDIT AND LIQUIDITY FACILITIES

Commercial Paper

(in millions of dollars)	As at September 30, 2014	As at December 31, 2013	$ increase
Commercial paper	**$253.7**	$—	$253.7

- On May 30, 2014, TMX Group established a Commercial Paper Program to offer potential investors up to $400.0 million (or the equivalent U.S. dollars) of Commercial Paper to be issued in various maturities of no more than one year from the date of issue. The Commercial Paper bears interest rates based on the prevailing market conditions at the time of issuance.
- The Commercial Paper issued represents an unsecured obligation and ranks equally with all other senior unsecured obligations of TMX Group. The Commercial Paper has been assigned a rating of "R-1 (low)" with a Stable trend by DBRS.
- In June 2014, we issued approximately $293.0 million of Commercial Paper, and there was $253.7 million outstanding under the program at September 30, 2014 reflecting net repayments of approximately $40.0 million in Q3/14. Commercial paper is short term in nature, and the average term to maturity from the date of issue in Q3/14 was 35 days. When the program commenced in June 2014, the net cash proceeds from the initial issuance were used to pay down **Loans Payable**. The Commercial Paper Program may also be used for general corporate purposes.
- The Commercial Paper is subject to interest rate risk, liquidity risk and foreign exchange risk:
    - Assuming Commercial Paper outstanding of approximately $253.7 million (balance at September 30, 2014), the approximate annual impact on income before income taxes of a 0.25% rise and a 0.25% fall in interest rates with respect to Commercial Paper is a decrease of $0.6 million and an increase of $0.6 million, respectively. Interest rate swaps with a notional value of $50.0 million are used to partially hedge the Commercial Paper. They will expire on September 30, 2015.
    - Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We address liquidity risk through the management of our cash, cash equivalents and marketable securities and by utilizing our credit and liquidity facilities. The specific liquidity risk related to Commercial Paper is that we are unable to borrow under a new Commercial Paper issuance in order to pay for Commercial Paper that is coming due. To mitigate this risk, we entered into a new credit agreement on May 30, 2014 that provides 100% coverage or backstop to the Commercial Paper Program (see **Loans Payable**).
    - At September 30, 2014, we borrowed US $15.0 million under our Commercial Paper Program. Our interest payments and principal repayments are exposed to changes in U.S.-Canadian dollar exchange rates. The approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with the U.S. dollar is a $1.5 million increase or decrease in income before income taxes, respectively.

Debentures

(in millions of dollars)	As at September 30, 2014	As at December 31, 2013	$ increase
Debentures	**$997.0**	$996.4	$0.6

- In 2013, TMX Group completed the offering of $1.0 billion aggregate principal amount of Debentures (the Offering) to accredited investors in Canada. The Debentures, all of which received a credit rating of A (high) with a Stable trend from DBRS, consist of:

Debenture	Principal Amount ($ millions)	Coupon	Maturity Date
Series A	$400.0	3.253% per annum, payable in arrears in equal semi-annual installments (long first coupon)	October 3, 2018
Series B	250.0	4.461% per annum, payable in arrears in equal semi-annual installments (long first coupon)	October 3, 2023
Series C	350.0	3-month Canadian Dealer Offered Rate (CDOR) plus 70 bps payable quarterly in arrears (long first coupon)	October 3, 2016

- For additional information on the Offering and Debentures, see **Debentures** under the heading **DEBENTURES, CREDIT AND LIQUIDITY FACILITIES** in our 2013 Annual MD&A.

Loans Payable

(in millions of dollars)	As at September 30, 2014	As at December 31, 2013	$ (decrease)
Loans payable	**$-**	$331.4	$(331.40)

- The table below summarizes the change in *Loans payable* since December 31, 2013:

(in millions of dollars)	December 31, 2013	Repayment and Amortization/Write-off of Financing Fees	September 30, 2014
Revolving facility drawn	$26.0	$(26.0)	**$ -**
Term facilities	309.5	(309.5)	-
Principal loans outstanding	335.5	(335.5)	-
Deferred financing fees	(4.1)	4.1	-
Loans payable	331.4	$(331.4)	**$ -**

- Excluding approximately $293.0 million of **Loans Payable** refinanced through the issuance of Commercial Paper in June 2014, TMX Group paid down $42.5 million of the loans outstanding at December 31, 2013. The balance of **Loans Payable** was $nil at June 30, 2014 and September 30, 2014. Including net repayments of Commercial Paper of approximately $40.0 million, we repaid approximately $82.5 million of debt from January 1, 2014 to September 30, 2014.
- On May 30, 2014, TMX Group entered into a new credit agreement (TMX Group credit facility) with a syndicate of lenders to provide 100% backstop to the Commercial Paper Program. It is also available for general corporate purposes. The amount available under the TMX Group credit facility is limited to $400.0 million less the amount of Commercial Paper outstanding at any point in time.
- The TMX Group credit facility of $400.0 million, with a maturity date of August 1, 2016, replaces the Amended and Restated Credit Agreement dated September 30, 2013, which included a $309.5 million term facility and $150.0 million revolving facility.
- In addition, the terms of the new credit agreement include, among others, the elimination of the requirement to reduce commitments upon incurrence of indebtedness and the removal of the $50.0 million limitation on aggregate acquisitions, which were previously included in the terms of the Amended and Restated Credit Agreement.

- The new credit agreement contains various covenants, which were unchanged from the Amended and Restated Credit Agreement, including a requirement that TMX Group maintain:
  - an Interest Coverage Ratio of more than 4.0:1, where Interest Coverage Ratio at any time means the ratio of adjusted EBITDA for the period comprised of the four most recently completed financial quarters to the consolidated interest expense for such four financial quarters;
  - a Total Leverage Ratio of not more than:
    - 4.25:1 until December 31, 2014;
    - 4.0:1 on and after January 1, 2015 until December 31, 2015;
    - 3.5:1 on January 1, 2016 and thereafter
- As at September 30, 2014, all covenants were met.
- The following table summarizes the current Applicable Rates and Fee Rates and corresponding Total Leverage Ratios under the new credit agreement. These rates were unchanged from the Amended and Restated Credit Agreement. The Standby Fee is charged on the unutilized portion of the revolving facility. The Applicable Rate represents the corporate spread that is included in the interest rate that is applied to our **Loans Payable**. Total Leverage Ratio at any time is the ratio of consolidated debt as at such time to adjusted EBITDA for the period comprised of the four most recently completed financial quarters. Adjusted EBITDA means earnings on a consolidated basis before interest, taxes, extraordinary, unusual or non-recurring items, depreciation and amortization, Maple Transaction and integration costs, as well as non-cash items.

Total Leverage Ratio	Applicable rate for Standby Fee for undrawn portion of Revolving Facility	Applicable rate for BA Instruments, LIBOR Loans, and Letters of Credit
≤ 2.0	14 bps	70 bps
> 2.0 but ≤ 2.5	17 bps	85 bps
> 2.5 but ≤ 3.0	20 bps	100 bps
> 3.0 but ≤ 3.5	25 bps	125 bps
> 3.5	30 bps	150 bps

Interest Rate Swaps

- The interest rate swaps with a notional value of $200.0 million at a rate of 1.312% matured on September 30, 2014 and were not renewed. The other outstanding interest rate swaps were unchanged from December 31, 2013. For additional information on our interest rate swaps, see **Interest Rate Swaps** under the heading **DEBENTURES, CREDIT AND LIQUIDITY FACILITIES** in our 2013 Annual MD&A.
- As a result of the repayment of the TMX Group term facility and the TMX Group revolving facility, we de-designated the associated interest rate swaps with a notional value of $250.0 million (including those with a notional value of $200.0 million that matured on September 30, 2014) for accounting purposes. The remaining interest rate swaps with a notional value of $50.0 million at a rate of 1.416% that mature September 30, 2015 continue to provide an economic hedge. We continue to apply hedge accounting to the interest rate swaps with a notional value of $350.0 million at a rate of 1.499% that hedge our interest rate exposure on the Series C Debentures.

Effective Interest Rates

- The effective interest rates as at September 30, 2014 for the Debentures are shown below:

Debentures or Credit Facility	Principal ($ millions)	Maturity	Reference Rate	Spread	Swap Rate	All-in Rate
Series A Debentures	$400.0	Oct. 3, 2018				3.253%
Series B Debentures	250.0	Oct. 3, 2023				4.461%
Series C Debentures	350.0	Oct. 3, 2016	3-mo CDOR[13]	0.70%	1.499%	2.199%

[13] Canadian Dealer Offered Rate.

- The interest rate on the $237.0 million of Canadian-dollar Commercial Paper outstanding is 1.19% and the interest rate on the $15.0 million of U.S.-dollar based Commercial Paper outstanding is 0.17%. Taking into account interest rate swaps, the effective interest rate on the Canadian-dollar Commercial Paper is 1.23%. The interest rate and foreign exchange exposures on the U.S-dollar Commercial Paper are not hedged.

Other Credit and Liquidity Facilities

Among other facilities, CDCC maintains a syndicated revolving standby liquidity facility to provide end-of-day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been pledged to or received by CDCC. On March 7, 2014, CDCC increased the facility to $300.0 million from $200.0 million. As at September 30, 2014, CDCC had drawn $13.8 million to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

There were no changes to CDCC's $700.0 million daylight liquidity facilities, to CDCC's repurchase facility with a syndicate of major Canadian banks, or to CDCC's agreement with the Bank of Canada during the nine months ended September 30, 2014. In addition, there were no changes to the CDS and Shorcan credit facilities during the nine months ended September 30, 2014. On July 11, 2014, the NGX credit facility was extended to July 31, 2015. For additional information on our other credit and liquidity facilities, see **Other Credit and Liquidity Facilities** under the heading **DEBENTURES, CREDIT AND LIQUIDITY FACILITIES** in our 2013 Annual MD&A.

Total Equity attributable to Shareholders of TMX Group

(in millions of dollars)	As at September 30, 2014	As at December 31, 2013	$ increase
Total equity attributable to shareholders of TMX Group	**$2,894.2**	$2,887.8	$6.4

- At September 30, 2014, there were 54,304,746 common shares issued and outstanding and 1,704,604 options outstanding under the share option plan.
- At November 5, 2014, there were 54,304,746 common shares issued and outstanding and 1,498,107 options outstanding under the share option plan.
- The increase in Total Equity attributable to Shareholders of TMX Group is primarily attributable to the inclusion of net income of $61.1 million and proceeds received on the exercise of share options of $8.1 million, partially offset by the dividend payments to shareholders of TMX Group of $65.1 million and share option plan expenses of $2.3 million.

SUMMARY OF CASH FLOWS

The following tables provide the summary of cash flows for TMX Group for Q3/14 compared with Q3/13, respectively.

(in millions of dollars)	Q3/14	Q3/13	$ increase/ (decrease) in cash
Cash flows from operating activities	**$73.1**	$68.4	$4.7
Cash flows from (used in) financing activities	**(68.2)**	(56.0)	(12.2)
Cash flows from (used in) investing activities	**55.7**	(29.9)	85.6

Q3/14 compared with Q3/13

- The increase in *Cash flows from operating activities* in Q3/14 compared with Q3/13 was primarily due to an increase in income from operations (excluding depreciation and amortization) and a decrease in Maple transaction and integration related cash outlays.
- In Q3/14, *Cash flows used in financing activities* were higher than in Q3/13 primarily due to higher net repayments on our debt, somewhat offset by lower interest paid.
- In Q3/14, *Cash flows from investing activities* were higher than in Q3/13 primarily due to an increase in the sale of marketable securities.

The following tables provide the summary of cash flows for TMX Group for the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013, respectively.

(in millions of dollars)	**Nine months ended September 30, 2014**	Nine months ended September 30, 2013	**$ increase/ (decrease) in cash**
Cash flows from operating activities	**$196.5**	$229.0	$(32.5)
Cash flows from (used in) financing activities	**(153.7)**	(222.2)	68.5
Cash flows from (used in) investing activities	**(28.9)**	31.7	(60.6)

Nine months ended September 30, 2014 compared with Nine months ended September 30, 2013

- The decrease in *Cash flows from operating activities* in the nine months ended September 30, 2014 compared with the nine months ended September 30, 2013 was primarily due to a significant decrease in trade and other payables, somewhat offset by an increase in income from operations (excluding depreciation and amortization).
- In the nine months ended September 30, 2014, *Cash flows used in financing activities* were lower than in the nine months ended September 30, 2013 primarily due to lower net repayments on our debt and lower interest paid.
- In the nine months ended September 30, 2014, *Cash flows used in investing activities* were higher than in the nine months ended September 30, 2013 reflecting an increase in the purchase of marketable securities. In the nine months ended September 30, 2013, *Cash flows from investing activities* included the proceeds from the sale of PC-Bond, partially offset by the cash used to acquire Equity Transfer, resulting in a net cash inflow of $40.0 million.

Summary of Cash Position and Other Matters[14]

We had $310.0 million of cash and cash equivalents and marketable securities at September 30, 2014. For the nine months ended September 30, 2014, cash flows from operating activities were $196.5 million. We paid $65.1 million in dividends on TMX Group common shares during that period. Based on our current business operations and model, we believe that we have sufficient cash resources to operate our business, make interest payments, and meet our financial covenants under the TMX Group credit facility dated May 30, 2014 (see **Loans Payable**) and our capital maintenance requirements imposed by regulators.

Debt financing of future investment opportunities could be limited by current and future economic conditions, the covenants in the TMX Group credit facility and the Debentures, and by capital maintenance requirements imposed by regulators (see **MANAGING CAPITAL**).

The recognition orders of some of our subsidiaries contain certain financial viability tests that must be met. As at September 30, 2014, we met all of the above requirements under these tests. For additional information on these financial viability tests, see **MANAGING CAPITAL** in our 2013 Annual MD&A.

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

QUARTERLY FINANCIAL INFORMATION

In the quarterly financial information table below, we have compared the results for the most recent eight quarters of TMX Group.

(in millions of dollars, except per share amounts – unaudited)	Sept. 30/14	June 30/14	Mar. 31/14	Dec. 31/13	Sept. 30/13	June 30/13	Mar. 31/13	Dec. 31/12
Revenue	**$170.2**	$182.3	$182.1	$180.7	$165.3	$182.3	$172.2	$181.1
Income from operations	**63.1**	71.3	77.3	71.3	58.9	67.3	60.2	75.5
Net (loss) income attributable to TMX Group shareholders	**39.4**	(26.4)	46.4	41.4	19.2	25.5	37.8	32.6
(Loss) earnings per share:								
Basic	**0.73**	(0.49)	0.86	0.77	0.35	0.47	0.70	0.61
Diluted	**0.73**	(0.49)	0.86	0.77	0.35	0.47	0.70	0.61

Q3/14 compared with Q2/14

- Revenue in Q3/14 was 7% lower compared to Q2/14 due to typical seasonal effects. Revenue from issuer services, cash markets trading, depository and information services decreased, partially offset by higher technology services and other revenue including increased foreign exchange gains on U.S. dollar and Euro denominated balances and higher Razor Risk revenue. The decrease in issuer services revenue reflected a decline of almost $4.0 million in fees related to share compensation arrangements for issuers listed on the Toronto Stock Exchange.
- Operating expenses decreased by 4% from Q2/14 to Q3/14 primarily due to lower costs associated with our employee performance incentive plans, reduced external fees, lower depreciation and amortization expense and reduced marketing costs, partially offset by lower capitalization of labour and additional costs associated with initiatives including Razor Risk. Generally, there are higher initiative costs during the fourth quarter compared with other quarters.
- Income from operations decreased by 12% from Q2/14, reflecting the impact of lower revenue partially offset by lower overall operating expenses.
- There was net income attributable to TMX Group shareholders in Q3/14 compared to a net loss in Q2/14. In Q2/14, we recorded impairment charges related to BOX of which our share was $63.6 million. The impact of this was partially offset by higher income from operations in Q2/14 compared with Q3/14.

Q2/14 compared with Q1/14

- Revenue in Q2/14 was in line with Q1/14, reflecting higher revenue from initial and additional listing fees, offset by lower trading and clearing revenue across our marketplaces and the elimination of revenue related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014.
- Operating expenses in Q2/14 increased by 6% from Q1/14 primarily due to higher costs associated with our employee performance incentive plans, increased recruitment costs, higher project and information and trading systems operating costs, and increased marketing expenses, partially offset by lower payroll taxes. Generally, there are lower marketing and initiative expenses during the first part of the year compared with the second half of the year.
- Income from operations decreased by 8% from Q1/14, reflecting the impact of higher overall operating expenses.
- Net loss attributable to TMX Group Shareholders in Q2/14 reflects the recognition of a non-cash impairment charges related to BOX and other assets, lower income from operations, and higher net finance costs resulting from credit facility refinancing costs related to the establishment of a Commercial Paper Program.

Q1/14 compared with Q4/13

- Revenue in Q1/14 was 1% higher than Q4/13 primarily due to higher revenue from cash, Canadian derivatives, and energy markets trading and clearing, partially offset by lower revenue from initial listing fees and lower revenue related to providing

SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014.

- Operating expenses in Q1/14 decreased by 4% from Q4/13 primarily due to lower information and trading systems expenses, lower general and administration costs including reduced marketing expenses somewhat offset by higher bad debts expense, and lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014. The decreases were partially offset by higher compensation and benefits costs. Operating expenses in Q1/14 were somewhat lower due to the timing of initiative spending. Generally, there are lower marketing and other initiative costs in the first quarter compared with the fourth quarter, but higher payroll taxes in the first quarter compared with other quarters.
- Income from operations increased by 8% from Q4/13, reflecting the combined impact of higher revenue and lower overall operating expenses.
- Net income attributable to TMX Group Shareholders increased by 12% from Q4/13, reflecting higher income from operations, partially offset by an increase in Maple Transaction and integration costs.

For additional information on the five previous quarters please see **Select Annual and Quarterly Financial Information** in our 2013 Annual MD&A.

MANAGING CAPITAL[15]

Our primary objectives in managing capital are described in our 2013 Annual MD&A.

As of September 30, 2014, we were in compliance with all of the externally imposed capital requirements. (See **Loans Payable** in this MD&A and **MANAGING CAPITAL** in our 2013 Annual MD&A for a description of the capital maintenance requirements imposed on us.)

ACCOUNTING AND CONTROL MATTERS

Critical Accounting Estimates

Goodwill and Intangible Assets – Valuation and Impairment Testing

We recorded goodwill and intangible assets valued at $4,643.7 million as at September 30, 2014, down by $8.5 million from $4,652.2 million at June 30, 2014, reflecting amortization in Q3/14. Management has determined that the testing for impairment for some of these assets involves making critical accounting estimates.

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

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.

In accounting for the Maple Transaction, all of our assets were recorded based on fair value in Q3/12. The purchase price for TMX Group Inc. was based on a TMX Group Inc. share price of $50.00 per share. This resulted in a significant amount of goodwill and intangible assets.

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.

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

Please see **Critical Accounting Estimates** under the heading **ACCOUNTING AND CONTROL MATTERS** in our 2013 Annual MD&A for methodology on impairment testing.

Derivative Markets – BOX

Goodwill and intangible assets

As at June 30, 2014, we determined that the fair value of the BOX cash-generating unit (CGU) was lower than its carrying amount. This fair value of BOX has declined below the carrying value primarily due to lower revenue projections for the business.

BOX operates in a highly competitive environment in the U.S. In Q3/12, BOX had a market share of 3.7%. In Q1/14, its market share declined to 2.1%. We took measures to improve BOX's performance, including implementing a number of price reductions in March 2014. While market share improved to 2.7% in Q2/14 as volumes increased as a result of price reductions, the increase in volume was not sufficient to offset the impact of these price reductions, and BOX revenue declined in Q2/14 compared with Q1/14.

We expect BOX to continue to face increased competition and slower long-term growth rates within the U.S. equity options market. In making this assessment of the fair value of BOX, we utilized a value in use calculation. The value in use for BOX was determined using a discounted cash flow methodology based on management's best estimate of the forecasted cash flows for the business discounted at a pre-tax discount rate of 13.8% (15.7% at December 31, 2013). The impact of the above calculation resulted in a non-cash impairment charge for Q2/14. This non-cash impairment charge had the effect of reducing the carrying value of BOX as follows:

(in millions of dollars)	**Carrying value pre-asset impairment**	**Impairment charges**	**Carrying value as of June 30, 2014**
Cash	$19.6	$ -	**$19.6**
Other assets	4.6	-	**4.6**
Technology	7.9	(5.1)	**2.8**
Customer list	129.6	(83.3)	**46.3**
Regulatory designations and trade name	6.2	(4.0)	**2.2**
Goodwill	36.0	(36.0)	**-**
Total net assets / impairment charge before income taxes	**203.9**	**(128.4)**	**75.5**
Deferred income tax assets	7.3	3.6	**10.9**
Deferred income tax liabilities	(25.0)	18.6	**(6.4)**
Total net assets / impairment charge	**186.2**	**(106.2)**	**80.0**
Non-controlling interests (46.2%)	(77.4)	42.6	**(34.8)**
Attributable to shareholders of TMX Group	**$108.8**	**$(63.6)**	**$45.2**

Changes in accounting policies

Effective January 1, 2014, we adopted the following new amendments and interpretation to IFRS:

- Investment Entities – Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 27, *Separate Financial Statements*;
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32, *Financial Instruments: Presentation*;
- Novation of derivatives and continuation of hedge accounting – Amendments to IAS 39, *Financial Instruments: Recognition and Measurement*; and
- International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*.

There was no impact on the financial statements as a result of their adoption.

Future changes in accounting policies

A number of other new standards and amendments to standards are not yet effective and have not been applied in preparing the financial statements. These amended and new standards are required to be implemented for our financial year beginning on or after January 1, 2015, unless otherwise noted:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19, *Employee Benefits*) – The narrow- scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments apply retrospectively for annual periods beginning on or after July 1, 2014 with earlier application permitted.
- Annual Improvements cycle 2010-2012, cycle 2011-2013, and cycle 2012-2014 (Amendments to various standards) – These narrow-scope amendments apply to a total of eleven standards as part of the IASB's annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014 for the 2010-2012 and 2011-2013 cycles and on or after January 1, 2016 for the 2012-2014 cycle. Earlier application is permitted with special transitional requirements. The amendments are effective for annual periods beginning on or after July 1, 2014, although entities are permitted to apply them earlier.
- Business combination accounting for interest in a joint operation (Amendments to IFRS 11, *Joint Arrangements*) – The amendments require business combination accounting to be applied when a joint operation that constitutes a business is acquired. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*) – The amendments require full gain recognition when the transfer of assets involving an associate or joint venture meet the definition of a business under IFRS 3, *Business Combinations.* The amendments also introduce new accounting that involves neither a cost nor full step-up of certain retained assets that are not businesses. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.
- Clarification of acceptable methods of depreciation and amortization (Amendments to IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*) – The amendments explicitly prohibit the use of revenue-based methods of depreciation for property, plant and equipment and introduce a rebuttable presumption that its use for intangible assets is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.
- IFRS 9, *Financial Instruments* – IFRS 9 replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, for the classification and measurement of financial assets and financial liabilities and new standards for hedge accounting. Financial assets will be classified into one of two categories on initial recognition: amortized cost or fair value. For financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the change recognized in profit or loss. IFRS 9 will provide for more hedging strategies to qualify for hedge accounting, introduce more judgment in assessing the effectiveness of a hedging relationship, and include a single, forward-looking "expected loss" impairment model. The mandatory date for IFRS 9 is for annual periods beginning on or after January 1, 2018, with early application permitted for annual periods beginning on or after January 1, 2015.
- IFRS 15, *Revenue from Contracts with Customers* – The IASB and the U.S. Financial Accounting Standards Board ("FASB") jointly issued converged accounting standards on the recognition of revenue from contracts with customers; the IASB's standard is IFRS 15, *Revenue from Contracts with Customers*. The previous requirements of both IFRS and U.S. GAAP were different and often resulted in different accounting for transactions that were economically similar. IFRS 15 and its U.S. GAAP equivalent, contain a single revenue model that applies to contracts with customers with the exception of contracts for insurance, financial instruments and leases. Under the model, there are two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The mandatory effective date for IFRS 15 is for annual periods beginning on or after January 1, 2017 with either full retrospective application, retrospective with optional practical expedients or a modified prospective approach with disclosure requirements.

We intend to adopt each of the above amendments and standards, as applicable, in the year in which they are effective. We are reviewing these new amendments and standards to determine the potential impact, if any, on our financial statements once they are adopted. At this time, we have not been able to estimate reasonably the impact on our financial statements.

Changes in internal control over financial reporting

There were no changes to internal control over financial reporting during the quarter beginning July 1, 2014 and ended on September 30, 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A of TMX Group contains "forward-looking information" (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this MD&A. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans," "expects," "is expected," "budget," "scheduled," "targeted," "estimates," "forecasts," "intends," "anticipates," "believes," or variations or the negatives of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will" be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of forward-looking information in this MD&A include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group which are subject to significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; constraints imposed by our level of indebtedness, risks of litigation or regulatory proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; currency risk; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence on third-party suppliers and service providers; dependence of trading operations on a small number of clients; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; dependence on market activity that cannot be controlled; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and revenues; future levels of revenues being lower than expected or costs being higher than expected.

Forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global and regional marketplaces; business and economic conditions generally; exchange rates (including estimates of the U.S. dollar–Canadian dollar exchange rate), the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; business development and marketing and sales activity; the continued availability of financing on appropriate terms for future projects; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research and development activities; the successful introduction and client acceptance of new products; successful introduction of various technology assets and capabilities; the impact on TMX Group and its customers of various regulations; TMX Group's ongoing relations with its employees; and the extent of any labour, equipment or other disruptions at any of its operations of any significance other than any planned maintenance or similar shutdowns.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained under the heading Risks and Uncertainties in the 2013 Annual MD&A