Consolidated Financial Statements of

TMX GROUP INC.

Years ended December 31, 2009 and 2008

(in thousands of Canadian dollars, unless otherwise stated)

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of TMX Group Inc. as at December 31, 2009 and 2008 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

February 10, 2010

TMX GROUP INC.

Consolidated Balance Sheets
(In thousands of Canadian dollars)

		December 31, 2009		December 31, 2008
Assets				
Current assets:				
Cash and cash equivalents (note 4)	**$**	**87,978**	$	102,442
Marketable securities (note 4)		**103,169**		96,251
Restricted cash		**911**		1,454
Accounts receivable		**79,427**		63,755
Energy contracts receivable (note 21)		**714,545**		976,431
Fair value of open energy contracts (note 21)		**202,760**		155,331
Daily settlements and cash deposits (note 21)		**565,408**		497,312
Prepaid expenses		**6,032**		9,050
Income taxes recoverable		**4,619**		599
Future income tax assets (note 20)		**26,675**		30,529
		1,791,524		1,933,154
Premises and equipment (note 5)		**31,556**		27,505
Future income tax assets (note 20)		**144,551**		151,960
Other assets (note 6)		**27,745**		21,072
Investment in affiliate, at equity (note 7)		**12,845**		12,424
Intangible assets (note 8)		**932,443**		891,976
Goodwill (note 8)		**583,811**		650,554
Total Assets	**$**	**3,524,475**	$	3,688,645
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**44,883**	$	59,240
Energy contracts payable (note 21)		**714,545**		976,431
Fair value of open energy contracts (note 21)		**202,760**		155,331
Daily settlements and cash deposits (note 21)		**565,408**		497,312
Deferred revenue		**15,074**		12,353
Deferred revenue – initial and additional listing fees (note 14)		**78,001**		69,540
Fair value of interest rate swaps (note 11)		**2,117**		1,787
Future income tax liabilities (note 20)		**118**		66
Obligations under capital leases (note 12)		**3,413**		42
Income taxes payable		**3,232**		14,121
		1,629,551		1,786,223
Accrued employee benefits payable		**12,787**		12,916
Obligations under capital leases (note 12)		**5,512**		29
Future income tax liabilities (note 20)		**234,697**		236,995
Other liabilities (note 13)		**21,832**		17,482
Deferred revenue		**882**		718
Deferred revenue – initial and additional listing fees (note 14)		**405,123**		383,315
Fair value of interest rate swaps (note 11)		**3,584**		10,690
Term loan (note 10)		**429,016**		428,278
Total Liabilities		**2,742,984**		2,876,646
Non-controlling Interests		**10,915**		17,370
Shareholders' Equity:				
Share capital (note 15)		**1,102,619**		1,084,399
Share option plan (note 17)		**8,708**		5,969
Deficit		**(343,975)**		(319,843)
Accumulated other comprehensive income		**3,224**		24,104
Total Shareholders' Equity		**770,576**		794,629
Commitments and contingent liabilities (notes 12 and 26)				
Total Liabilities and Shareholders' Equity	**$**	**3,524,475**	$	3,688,645

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Wayne Fox" Chair "J. Spencer Lanthier" Director

TMX GROUP INC.

Consolidated Statements of Income
(In thousands of Canadian dollars, except per share amounts)

Years ended December 31, 2009 and 2008

		2009		2008
Revenue:				
Issuer services	**$**	**142,118**	$	152,209
Trading, clearing and related		**237,345**		222,703
Market data		**145,976**		135,407
Business services and other		**30,877**		22,295
Total revenue		**556,316**		532,614
Expenses:				
Compensation and benefits		**129,369**		110,581
Information and trading systems		**46,120**		35,617
General and administration		**65,450**		55,705
Amortization		**32,194**		25,340
Total operating expenses		**273,133**		227,243
Income from operations		**283,183**		305,371
Income from investments in affiliates		**420**		1,426
Investment income		**4,623**		14,824
Goodwill impairment charge (note 8)		**(77,255)**		-
Interest expense (note 10)		**(6,071)**		(10,508)
Net mark to market on interest rate swaps (note 11)		**(1,414)**		(13,289)
Other acquisition related expenses		**-**		(15,902)
Income before income taxes		**203,486**		281,922
Income taxes (note 20)		**96,952**		98,149
Net income before non-controlling interests		**106,534**		183,773
Non-controlling interests		**1,833**		1,821
Net income	**$**	**104,701**	$	181,952
Earnings per share (note 19):				
Basic	**$**	**1.41**	$	2.48
Diluted	**$**	**1.41**	$	2.47

See accompanying notes to consolidated financial statements.

TMX GROUP INC.

Consolidated Statements of Comprehensive Income
(In thousands of Canadian dollars)

Years ended December 31, 2009 and 2008

		2009		2008
Net income	**$**	**104,701**	$	181,952
Other comprehensive (loss) income:				
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations (net of tax - $nil) (note 1)		**(20,880)**		24,104
Comprehensive income	**$**	**83,821**	$	206,056

See accompanying notes to consolidated financial statements.

TMX GROUP INC.

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

Years ended December 31, 2009 and 2008

	2009	2008
Common shares:		
Balance, beginning of period	**$ 1,084,399**	$ 379,370
Issuance of common shares (note 2)	**32,052**	806,573
Proceeds from options exercised	**573**	6,959
Cost of exercised options	**170**	1,731
Purchased under normal course issuer bid (note 15)	**(14,575)**	(110,234)
Balance, end of period	**1,102,619**	1,084,399
Share option plan:		
Balance, beginning of period	**5,969**	5,060
Cost of exercised options	**(170)**	(1,731)
Cost of share option plan	**2,909**	2,640
Balance, end of period	**8,708**	5,969
Deficit:		
Balance, beginning of period	**(319,843)**	(212,520)
Net income	**104,701**	181,952
Dividends on common shares	**(112,973)**	(114,099)
Shares purchased under normal course issuer bid (note 15)	**(15,860)**	(175,176)
Balance, end of period	**(343,975)**	(319,843)
Accumulated other comprehensive income:		
Balance, beginning of period	**24,104**	-
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations	**(20,880)**	24,104
Balance, end of period	**3,224**	24,104
Shareholders' equity, end of period	**$ 770,576**	$ 794,629

See accompanying notes to consolidated financial statements.

TMX GROUP INC.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Years ended December 31, 2009 and 2008

		2009		2008
Cash flows from (used in) operating activities:				
Net income	**$**	**104,701**	$	181,952
Adjustments to determine net cash flows:				
Amortization		**32,194**		25,340
Unrealized loss (gain) on marketable securities		**153**		(1,206)
Income from investments in affiliates, at equity		**(420)**		(1,426)
Cost of share option plan		**2,909**		2,473
Payment on termination of joint venture		**-**		15,152
Amortized financing fees		**738**		492
Non-controlling interests		**1,833**		1,821
Goodwill impairment charge (note 8)		**77,255**		-
Unrealized (gain) loss on interest rate swaps (note 11)		**(6,776)**		12,477
Unrealized foreign exchange loss		**343**		401
Future income taxes		**3,476**		(9,307)
Accounts receivable and prepaid expenses		**(12,524)**		(1,175)
Other assets		**(9,226)**		4,954
Accounts payable and accrued liabilities		**(10,409)**		(15,063)
Long-term accrued and other liabilities		**2,506**		(12,263)
Deferred revenue		**33,154**		34,566
Income taxes		**(15,030)**		5,001
		204,877		244,189
Cash flows from (used in) financing activities:				
Reduction in obligation under capital lease		**(2,754)**		(177)
Restricted cash		**543**		(47)
Proceeds from exercised options		**573**		6,959
Dividends on common shares		**(112,973)**		(114,099)
Shares purchased under normal course issuer bid (note 15)		**(30,435)**		(285,410)
Proceeds from term loan, net		**-**		427,786
Dividends paid to non-controlling interests		**(6,353)**		(1,946)
		(151,399)		33,066
Cash flows from (used in) investing activities:				
Additions to premises and equipment		**(7,136)**		(5,306)
Additions to intangible assets		**(13,152)**		(8,451)
Marketable securities		**(7,071)**		203,546
Payment on termination of joint venture		**-**		(15,152)
Acquisitions, net of cash acquired (note 2)		**(37,932)**		(405,283)
		(65,291)		(230,646)
Unrealized foreign exchange (loss) gain on cash and cash equivalents held in foreign subsidiaries		**(2,651)**		2,435
(Decrease) increase in cash and cash equivalents		**(14,464)**		49,044
Cash and cash equivalents, beginning of period		**102,442**		53,398
Cash and cash equivalents, end of period	**$**	**87,978**	$	102,442
Supplemental cash flow information:				
Interest paid	**$**	**4,619**	$	11,038
Interest received		**3,962**		12,648
Income taxes paid		**110,350**		107,114

See accompanying notes to consolidated financial statements.

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

1. Significant Accounting Policies:

(a) Basis of presentation:

The consolidated financial statements (the “financial statements”) have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”), and they include the accounts of TMX Group Inc. and its wholly owned subsidiaries, TSX Inc. (“TSX”), MX from May 1, 2008, NGX, Shorcan, Equicom, CDEX Inc. (“CDEX”), NetThruPut Inc. (“NTP”) from May 1, 2009, and the wholly-owned or controlled subsidiaries of TSX, MX, and NGX, collectively referred to as the “Company”.

The preparation of the financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

Intercompany balances and transactions have been eliminated upon consolidation.

(b) Adoption of new accounting policies:

(i) Goodwill and intangible assets:

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3064, “Goodwill and Intangible Assets”, which replaces CICA Handbook Section 3062, “Goodwill and Other Intangible Assets” as well as CICA Handbook Section 3450, “Research and Development”. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets, and has been applied retrospectively. Implementation of this new standard had no significant impact on the Company’s financial statements and disclosures.

(ii) Financial Instruments:

Credit risk:

In January 2009, the CICA's Emerging Issues Committee ("EIC") issued Abstract No. 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" ("EIC 173"). EIC 173 requires an entity to take into account its own credit risk and that of the relevant counterparty(s) when determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC, which was effective for the Company on January 1, 2009, had no impact on the Company's results once adopted as the Company had already been applying this methodology to its valuations.

Amendments to Handbook Sections 3855 and 3862:

In June 2009, the CICA amended CICA Handbook Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements, primarily respecting the fair value measurement of financial instruments. These amendments require that the Company adopt a three level hierarchy to reflect the significance of the inputs used in making fair value measurements. Level 1 represents assets and liabilities the fair values of which are determined by reference to unadjusted quoted prices in active markets for identical assets and liabilities. Level 2 represents assets and liabilities the valuations of which use inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 represents assets and liabilities the valuations of which use inputs that are not based on observable market data.

In June 2009, the CICA clarified Handbook Section 3855, "Financial Instruments – recognition and measurement" with respect to the effective interest rate method, which is a method of calculating the amortized cost of financial assets and financial liabilities, and of allocating the interest income or interest expense over the relevant period. It also clarified the standard with respect to the reclassification of financial instruments with embedded derivatives.

On August 20, 2009, the CICA released new accounting requirements relating to the classification and measurement of financial assets by further amending Handbook section 3855. The amendments redefined loans and receivables to include all non-derivative financial assets with fixed or determinable repayment terms which are not quoted in an active market, and permits reclassification of available-for-sale securities to loans and receivables when there is no active market. The amendments also require the reversal of an impairment loss relating to an available-for-sale debt instrument when, in a subsequent period, the fair value of the instrument increases and the increase can be objectively related to an event occurring after the loss was recognized.

The Company adopted these new requirements during 2009. The adoption of these amendments had no significant impact on the Company's results but additional financial disclosures have been included in note 21.

(c) Premises and equipment:

Premises and equipment are recorded at cost. Amortization is provided over the following useful lives of the assets:

Asset	Basis	Rate
Computers and electronic trading equipment	Straight line	3 - 5 Years
Computers and electronic trading equipment under capital leases	Straight line	Over the term of the leases to a maximum of 4 years
Furniture, fixtures and other equipment	Straight line	5 Years
Leasehold improvements	Straight line	Over terms of various leases to a maximum of 15 Years

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

Premises and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by an amount equal to the excess.

(d) Revenue recognition:

Revenue for goods and services is recognized when the services are provided or the goods are sold.

Issuer services revenues are derived primarily from recurring annual sustaining fees and transaction-based fees for initial and additional listings. Sustaining fees for existing issuers are billed during the first quarter of the year and the amount is recorded as deferred revenue and amortized over the year on a straight-line basis. Initial and additional listing fees are recorded as deferred revenue – initial and additional listing fees and are recognized on a straight-line basis over an estimated service period of ten years.

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

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

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

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

Revenue from technology license fees is recognized in the month of transfer of the license to the customer.

Business services and other revenue is recorded and recognized as revenue in the month in which the services are provided.

(e) Income taxes:

Future income taxes are provided in recognition of temporary differences between: (i) the carrying amount of assets and liabilities and their respective tax bases, (ii) operating losses, and (iii) tax credit carry forwards made for financial reporting and income tax purposes. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period in which the enactments or substantive enactments occur. Where realization of a future tax asset is not considered "more likely than not", a valuation allowance is provided against that asset.

(f) Employee future benefits:

TSX, TSX Venture Exchange Inc. and NGX have registered pension plans with a defined benefits tier and a defined contributions tier covering substantially all of their employees, as well as a retirement compensation arrangement ("RCA") for senior management, and MX has a defined benefit registered pension plan for certain former officers. Benefits are based on years of service and the employee's compensation. The costs of these programs are being funded currently, except for MX, where a portion is guaranteed by a letter of credit. In addition, the Company provides other employee future benefits, such as supplementary medical and dental coverage, to defined eligible employees ("other benefit plans"). The cost of the other benefit plans is not being funded, however, a provision for this has been made in the accounts.

The Company accrues its obligations under employee defined benefit plans as the employees render the services necessary to earn pension and other employee future benefits.

The Company has adopted the following policies for its benefit plans:

(i) The cost of defined benefit pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages and expected health care cost.

(ii) For the purpose of calculating expected return on plan assets, those assets are valued at fair value.

(iii) Past service costs from plan amendments or initiation are amortized on a straight-line basis over the expected average remaining service period of employees active at the time of the amendment.

(iv) Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the accrued benefit obligations and the fair value of plan assets is amortized over the expected average remaining service period of active employees.

(v) When a restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

(g) Intangible assets:

Indefinite life intangible assets are reviewed for impairment at least annually. When the carrying amount of the intangible asset exceeds the fair value of the intangible asset, an impairment loss is recognized as an amount equal to the excess and is identified separately on the statement of income.

Definite life intangibles are reviewed for impairment when circumstances indicate that the assets may be impaired. When the carrying amount of the intangible asset exceeds the recoverable amount of the intangible asset, an impairment loss is recognized as an amount equal to the excess and is identified separately on the statement of income.

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

Asset	**Basis**	**Rate**
Intangible assets comprising:		
Customer bases	Declining balance	2 - 7%
Customer bases	Straight line	3 – 30 Years
Data license	Straight line	10 Years
Capitalized software	Straight line	5 Years

(h) Goodwill:

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the effective date of the transaction.

Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary.

The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is initially determined as described in the preceding paragraph, using the fair value of the reporting unit as if it were the purchase price. When the carrying amount of the reporting unit goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is identified separately on the statement of income.

(i) Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net income and related disclosures; including deferred revenue, the carrying value of goodwill and intangible assets, pensions and other post-employment benefits, long term incentive plan liabilities, income taxes, bad debt provisions, sales return provisions, obligations under capital leases and the fair value of financial instruments including open energy contracts. Management also makes estimates that affect the reported amounts and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(j) Earnings per share:

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the reporting period.

Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of share options, if dilutive. The number of additional shares is calculated using the treasury stock method which assumes that outstanding share options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

(k) Related party transactions:

Any transactions entered into between the Company and related parties are on terms and conditions that are at least as favourable to the Company as market terms and conditions and are recorded at the agreed upon exchange amount.

(l) Share-based compensation:

The Company has share-based compensation plans, which are described in notes 17 and 18. The Company accounts for all share-based payments to eligible employees that call for settlement by the issuance of equity instruments, granted on or after January 1, 2003, using the fair value based method. Under the fair value based method, compensation cost attributable to options to employees is measured at fair value at the grant date and amortized over the vesting period. Compensation cost attributable to awards to such employees that call for settlement in cash is measured at intrinsic value and amortized over the vesting period. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost.

No compensation cost is recognized for options or cash-settled awards that employees forfeit if they fail to satisfy the service requirement for vesting.

(m) Cash and cash equivalents:

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

(n) Restricted cash:

MX operates a separate regulatory division, responsible for the approval of participants and market regulation, which operates on a cost recovery basis. Restricted cash represents the surplus of this regulatory division. An equivalent and off-setting amount is included in accounts payable and accrued liabilities.

(o) Daily settlements and cash deposits:

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

(p) Energy contracts:

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

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

(q) Foreign currency translation:

The assets and liabilities of the Company's self-sustaining foreign operations, which include BOX, are translated at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at the relevant average monthly exchange rates. The resulting unrealized exchange gain or loss is included in accumulated other comprehensive income within shareholders' equity.

Revenues earned, expenses incurred and capital assets purchased in foreign currencies are translated at the prevailing exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the period end rate. Resulting foreign exchange gains and losses are included in Business services and other revenue for the period.

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

(r) Future accounting changes:

(i) International Financial Reporting Standards ("IFRS"):

In March 2009, the Canadian Accounting Standards Board reconfirmed in its second omnibus Exposure Draft that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011, for which current and comparative information will be prepared under IFRS. The Company commenced its IFRS conversion project in 2008, and a project management structure has been put in place to ensure a timely transition.

2. Business acquisition:

On May 1, 2009, the Company acquired 100% of the outstanding common shares of NTP. The principal business activity of NTP is to provide an electronic trading platform and clearing facility for physical crude oil products. The aggregate purchase price consisted of:

Common shares of TMX Group (878,059 shares issued)	$	32,052
Cash		23,680
Book value of the option to acquire NTP		9,500
Direct transaction costs		1,242
Restructuring costs		401
Aggregate purchase price	**$**	**66,875**

The acquisition was accounted for under the purchase method and the results of operations have been included in the consolidated statements of income from the date of acquisition.

The restructuring costs primarily relate to the costs of consolidating NGX and NTP's technology services and offices.

The Company's common shares issued as part of the transaction were valued at $36.50 per share. The $36.50 per share represents the volume weighted average market price of the Company's common shares over a reasonable period before and after April 1, 2009, the day the Company exercised its option to acquire NTP. The purchase price has been allocated to the fair values of the assets acquired and liabilities assumed as follows:

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

	Net assets acquired
Cash and cash equivalents	$ 643
Energy contracts receivable	363,140
Fair value of open energy contracts	4,297
Other current assets	4,012
Premises and equipment	25
Future income tax asset	901
Intangible assets	49,620
Goodwill	30,581
Net tangible and intangible assets acquired	**453,219**
Less liabilities assumed:	
Current liabilities	4,395
Energy contracts payable	363,140
Fair value of open energy contracts	4,297
Other liabilities	8
Future income tax liability	14,504
Total net assets acquired	**$ 66,875**

The Company recognized $80,201 of goodwill and intangible assets as part of the acquisition. The details of these assets are as follows:

Description	Amortization Period	Amount
Goodwill	n/a	$ 30,581
Indefinite life intangible assets:		
Product list	Not amortized	14,863
Index licenses	Not amortized	1,854
Definite life intangible assets:		
Customer base	22 years	32,828
Capitalized software	1 year	75
Total goodwill and intangible assets		**$ 80,201**

The goodwill acquired is not deductible for tax purposes.

The Company is exposed to credit risk in the event that NTP's contracting parties fail to settle on the contracted settlement date. Crude oil contracts entered into on or after May 1, 2009, transact through NGX and follow NGX's collateral model, where each contracting party is required to provide collateral, in the form of cash or letters of credit, which exceeds its outstanding credit exposure as determined by NGX in accordance with its margining methodology.

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

3. Segmented information:

The Company operates in three reportable segments: the Cash Markets ("Cash") segment, the Derivatives Markets ("Derivatives") segment, and the Energy Markets ("Energy") segment. In the Cash segment, the Company owns and operates Canada's two national stock exchanges, Toronto Stock Exchange and TSX Venture Exchange, Shorcan, a fixed income inter-dealer broker, and Equicom, an investor relations and corporate communications services provider. In the year ended December 31, 2008, the Cash segment also included a $15,152 loss on termination of a derivatives joint venture. The Derivatives segment provides markets for trading derivatives, clearing options and futures contracts and certain over-the-counter ("OTC") products through MX and its subsidiaries, CDCC, Montréal Climate Exchange Inc. ("MCeX"), and BOX. In the year ended December 31, 2009, the Derivatives segment included a $77,255 impairment charge relating to BOX (note 8). The Energy segment provides a marketplace for the trading and clearing of natural gas, electricity and crude oil contracts through NGX.

Year ended December 31*

	Cash	Derivatives	Energy	Total
2009				
Issuer services	**$ 142,118**	**$ -**	**$ -**	**$ 142,118**
Trading, clearing and related	**119,385**	**78,533**	**39,427**	**237,345**
Market data	**129,561**	**16,220**	**195**	**145,976**
Business services and other	**12,051**	**19,193**	**(367)**	**30,877**
Total revenue	**403,115**	**113,946**	**39,255**	**556,316**
Net income	**133,518**	**(42,905)**	**14,088**	**104,701**
Goodwill	**116,913**	**415,039**	**51,859**	**583,811**
Total assets	**522,090**	**1,942,921**	**1,059,464**	**3,524,475**
2008				
Issuer services	$ 152,209	$ -	$ -	$ 152,209
Trading, clearing and related	145,722	47,233	29,748	222,703
Market data	125,917	9,420	70	135,407
Business services and other	15,100	6,812	383	22,295
Total revenue	438,948	63,465	30,201	532,614
Net income	155,671	18,108	8,173	181,952
Goodwill	113,847	515,428	21,279	650,554
Total assets	529,750	1,970,133	1,188,762	3,688,645

* Includes results from dates of acquisitions in the year

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

4. Cash and cash equivalents and marketable securities:

Cash and cash equivalents and marketable securities are comprised of:

	2009	2008
Cash	**$ 49,888**	$ 64,533
Banker's acceptances	**-**	20,339
Overnight money market	**36,062**	-
Treasury bills	**2,028**	17,570
Cash and cash equivalents	**$ 87,978**	$ 102,442
Money market funds	**$ 30,619**	$ 17,270
Bonds and bond funds	**72,550**	78,981
Marketable securities	**$ 103,169**	$ 96,251

5. Premises and equipment:

Premises and equipment are comprised of:

As at December 31, 2009	**Cost**	**Accumulated amortization**	**Net book value**
Computers and electronic trading equipment	**$ 58,515**	**$ 47,517**	**$ 10,998**
Computers and electronic trading equipment under capital leases	**11,608**	**2,762**	**8,846**
Furniture, fixtures and other equipment	**16,411**	**15,268**	**1,143**
Leasehold improvements	**48,630**	**38,061**	**10,569**
	$ 135,164	**$ 103,608**	**$ 31,556**

As at December 31, 2008	**Cost**	**Accumulated amortization**	**Net book value**
Premises under capital lease	$ 12,317	$ 12,317	$ -
Computers and electronic trading equipment	78,465	62,721	15,744
Furniture, fixtures and other equipment	18,456	16,918	1,538
Leasehold improvements	45,980	35,757	10,223
	$ 155,218	$ 127,713	$ 27,505

Amortization charged for the year was $14,191 (2008 - $12,200).

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

6. Other assets:

As at December 31		2009		2008
Option to acquire NetThruPut Inc., including transaction costs (note 2)	$	-	$	10,265
Accrued benefit assets (note 9)		19,259		9,631
Investments carried at cost		8,280		567
Other		206		609
	$	27,745	$	21,072

7. Investment in affiliate:

The Company owns a 47% equity interest in CanDeal.ca Inc. (“CanDeal”), an electronic trading system for the institutional debt market. The investment is accounted for using the equity method. As part of the investment, the Company and CanDeal entered into an agreement under which the Company would provide technological services in support of CanDeal's electronic trading system. This agreement was terminated during 2009. In 2009, the Company charged CanDeal $135 (2008 - $187) for technology services and remitted to CanDeal $1,548 (2008 - $695) as part of a revenue sharing arrangement and for the supply of technology development.

8. Goodwill and intangible assets:

(a) Impairment:

(i) Goodwill:

The Company performed its annual goodwill impairment analysis during the fourth quarter of 2009, and determined that the fair value of the BOX reporting unit was lower than its carrying amount. This reduction in fair value primarily resulted from increased competition and a weakening market share in the US equity options trading market, resulting in a decline in current and forecasted revenues. As a result, the Company recorded a goodwill impairment charge of $77,255 with respect to BOX, which is included in the derivatives operating segment.

In assessing whether or not there is an impairment, the Company uses an income approach, based on a discounted cash flow (“DCF”) model, to determine the fair value of its reporting units. If there is indication of impairment, the Company uses the DCF model to estimate the amount of impairment. Under the DCF approach, the Company estimates the discounted future cash flows for three to eight years, depending on the reporting unit, along with a terminal value. The future cash flows are based on the Company’s estimates of expected future operating results, economic conditions and a general outlook for the industry in which the reporting unit operates. The discount rates used by the Company consider the weighted average cost of capital of the Company and certain risk premiums. The terminal value is the value attributed to the reporting unit's operations beyond the projected time period using a perpetuity rate based on expected economic conditions and a general outlook for the industry. A market comparative approach is also used to assess the reasonableness of the fair value determined under the DCF model.

The tests referred to above require the Company to make various assumptions regarding projected cash flows, including long-term growth rates, and discount rates for the various reporting units. These assumptions are subjective judgments based on the Company's experience, knowledge of operations and knowledge of the economic environment in which it operates. It is possible that, if future cash flow projections, long-term projections or discount rates are significantly different to those used, the outcome of future impairment tests could result in a different outcome with the BOX reporting unit being further impaired or with other reporting units and their associated goodwill being impaired.

(ii) Intangible assets:

During the fourth quarter of 2009, the Company performed impairment analyses on its indefinite life intangibles and on definite life intangibles where circumstances indicated that the asset may be impaired, and determined that the carrying values of its intangible assets were not impaired.

Recoverability of definite life intangible assets is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. The fair values of the indefinite life intangibles were determined using a DCF model, based on various assumptions regarding projected cash flows, including long term growth rates and discount rates. These assumptions are subjective judgments based on the Company's experience, knowledge of operations and knowledge of the economic environment in which it operates. It is possible that, if future cash flow projections or discount rates are significantly different to those used, the outcome of future impairment tests could result in an impairment of one or more of the Company's intangible assets.

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

(b) Goodwill:

A summary of the changes in goodwill is as follows:

	2009	2008
Balance, beginning of year	**$ 650,554**	$ 65,883
Acquisition of MX	**-**	460,080
Acquisition of BOX	**(7,778)**	106,675
Acquisition of NTP (note 2)	**30,581**	-
Other acquisitions and adjustments	**3,065**	2,314
Exchange movement	**(15,356)**	15,602
Impairment charge	**(77,255)**	-
Balance, end of year	**$ 583,811**	$ 650,554

(c) Intangible assets:

A summary of the Company's intangible assets is as follows:

	2009			2008		
	Gross carrying amount	Accumulated amortization	Net book value	Gross carrying amount	Accumulated amortization	Net book value
Indefinite life						
Derivative products	**$ 630,926**	**$ -**	**$ 630,926**	$ 630,926	$ -	$ 630,926
Trade names	**28,214**	**-**	**28,214**	28,214	-	28,214
Regulatory designation	**2,000**	**-**	**2,000**	2,000	-	2,000
Crude oil products	**14,863**	**-**	**14,863**	-	-	-
Index licenses	**1,855**	**-**	**1,855**	-	-	-
	677,858	**-**	**677,858**	661,140	-	661,140
Definite life						
Capitalized software and software development	**40,441**	**8,321**	**32,120**	30,289	3,614	26,675
Customer bases	**250,731**	**32,708**	**218,023**	221,326	22,336	198,990
Data licenses	**6,500**	**2,058**	**4,442**	7,000	1,829	5,171
Open interests	**-**	**-**	**-**	1,429	1,429	-
	297,672	**43,087**	**254,585**	260,044	29,208	230,836
	$ 975,530	**$ 43,087**	**$ 932,443**	$ 921,184	$ 29,208	$ 891,976

The gross carrying amounts and accumulated amortization above include the effects of foreign exchange translation for the US denominated assets where applicable.

During 2009, the Company capitalized $13,152 of software and software development costs (2008 - $8,451).

As part of the Company's acquisition of NTP, the Company recorded additional intangible assets as noted in note 2.

During 2009, the Company recognized amortization expense of $18,003 (2008 - $13,140).

9. Employee future benefits:

Information about the Company's benefit plans is as follows:

Total cash amounts recognized as paid or payable for employee future benefits in 2009, consisting of employer contributions to the defined benefit pension plans, employer contributions to the other benefit plans, and employer contributions to the defined contribution plans, was $15,200 (2008 - $5,697).

Defined benefit plans:

Commencing January 1, 2004, the Company, excluding MX, measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at September 30 of each year. The measurement date for MX plan assets and accrued benefit obligations is December 31 of each year. For the Company, excluding MX, the most recent actuarial valuation of the registered pension plan for funding purposes was as at December 31, 2008, and the next required valuation is as at December 31, 2009. For the RCA plan, the most recent actuarial valuation for funding purposes was as at December 31, 2008, and the next required valuation is as at December 31, 2009. For the MX plan, the most recent actuarial valuation for funding purposes was as at January 1, 2007 and the next required valuation will be as at January 1, 2010.

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

	Pension and RCA plans		Other benefit plans	
As at December 31	**2009**	2008	**2009**	2008
Accrued benefit obligation:				
Balance, beginning of year	**$ 51,293**	$ 55,714	**$ 8,829**	$ 9,215
Benefit obligation acquired with MX	**–**	2,001	**–**	–
Adjustment for inclusion of subsidiary employees	**–**	–	**1,098**	–
Current service cost	**1,699**	2,023	**269**	763
Interest cost	**3,505**	3,295	**430**	559
Benefits paid	**(3,851)**	(2,755)	**(202)**	(168)
Employee contributions	**239**	264	**–**	–
Actuarial losses (gains)	**700**	(9,249)	**(34)**	(1,540)
Reduction in obligation due to settlement	**(1,902)**	–	**–**	–
Special termination benefits	**228**	–	**–**	–
Plan amendments	**45**	–	**(2,909)**	–
Balance, end of year	**$ 51,956**	$ 51,293	**$ 7,481**	$ 8,829
Plan assets:				
Fair value, beginning of year	**$ 54,058**	$ 57,948	**$ –**	$ –
Plan assets acquired with MX	**–**	330	**–**	–
Actual return on plan assets	**2,789**	(5,106)	**–**	–
Employer contributions	**12,254**	3,377	**202**	168
Employee contributions	**239**	264	**–**	–
Benefits paid	**(3,851)**	(2,755)	**(202)**	(168)
Net transfers out	**(1,902)**	–	**–**	–
Fair value, end of year	**$ 63,587**	$ 54,058	**$ –**	$ –
Funded status-plan surplus (deficit)	**$ 11,631**	$ 2,765	**$ (7,481)**	$ (8,829)
Unamortized net actuarial loss	**6,523**	5,644	**153**	190
Employer contributions after measurement date	**1,010**	667	**58**	42
Unamortized transitional obligation	**–**	13	**–**	–
Unamortized past service costs	**95**	542	**(5,517)**	(4,319)
Accrued benefit asset (liability)	**$ 19,259**	$ 9,631	**$ (12,787)**	$ (12,916)

The accrued benefit assets and accrued benefit obligations are included in the Company's consolidated balance sheet as follows:

	Pension and RCA plans		Other benefit plans	
As at December 31	**2009**	2008	**2009**	2008
Other assets	**$ 19,259**	$ 9,631	**$ –**	$ –
Accrued employee benefits payable	**–**	–	**(12,787)**	(12,916)
Total	**$ 19,259**	$ 9,631	**$ (12,787)**	$ (12,916)

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

Plan assets consist of:

Asset category	Percentage of plan assets	
	2009	2008
Equity securities	**50%**	47%
Debt securities	**36%**	39%
Canada Revenue Agency refundable tax account	**14%**	14%
	100%	100%

The elements of the Company's defined benefit plan costs recognized in the year are as follows:

	Pension and RCA plans		Other benefit plans	
As at December 31	**2009**	2008	**2009**	2008
Current service cost	**$ 1,699**	$ 2,023	**$ 269**	$ 763
Interest cost	**3,505**	3,295	**430**	559
Actual return on plan assets	**(2,789)**	5,106	–	–
Plan amendments	**45**	–	**(2,909)**	–
Adjustment for inclusion of subsidiary employees	–	–	**1,098**	–
Special termination benefits	**228**	–	–	–
Actuarial losses (gains)	**700**	(9,249)	**(34)**	(1,540)
	3,388	1,175	**(1,146)**	(218)
Elements of employee future benefit costs before adjustments to recognize the long- term nature of employee future benefit costs:				
Difference between expected return and actual return on plan assets for the year (a)	**(465)**	(8,292)	–	–
Difference between actuarial (gains) losses recognized for the year and actual actuarial (gains) losses on accrued benefit obligations for the year (b)	**(413)**	9,474	**37**	1,588
Difference between amortization of past service costs for the year and actual plan amendments for the year (c)	**447**	135	**1,199**	(398)
Difference between costs arising in the period and costs recognized in the year in respect of transitional obligation (asset)	**13**	14	–	–
Net benefit plan expense	**$ 2,970**	$ 2,506	**$ 90**	$ 972

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

(a) Expected return on plan assets of $(3,254) (2008 - $(3,186)) less the actual return on plan assets of $(2,789) (2008 - $5,106).

(b) Actuarial (gain) loss recognized for the year of $287 (2008 - $225) less the actual actuarial (gain) loss on accrued benefit obligation of $700 (2008 - $(9,249)).

(c) Amortization of past service costs for the year of $492 (2008 - $135) less the actual plan amendments for the year of $45 (2008 – $Nil).

The significant actuarial assumptions adopted in measuring the obligation are as follows (weighted average):

	Pension and RCA plans		**Other benefit plans**	
As at December 31	**2009**	2008	**2009**	2008
Discount rate	**6.70%**	6.80%	**6.70%**	6.80%
Rate of compensation increase	**3.75%**	3.75%	**3.75%**	3.75%
Expected long-term rate of return on plan assets	**6.40%**	6.10%	**n/a**	n/a

The assumed health care cost trend rate at December 31, 2009 was 7.3% (2008 – 7.1%), decreasing to 4.5% (2008 – 4.8%) over 20 years (8 years in 2008).

Increasing or decreasing the assumed health care cost trend rates by one percentage point would have the following effects for 2009:

	Increase	**Decrease**
Total of service and interest cost	$ 34	$ (29)
Accrued benefit obligation	$ 448	$ (382)

In 2009, the Company contributed and expensed $2,378 (2008 - $2,152) to the defined contribution tier, which amounts are not included in the recognized defined benefit costs above.

The average remaining service period of the active employees covered by the pension plans is between 10 and 15 years, depending on the plan (2008 – 13 years). The average remaining service period of the active employees covered by the other retirement benefits plans is 18 years (2008 – 18 years).

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

MX has provided a letter of guarantee in the amount of $677 to the benefit of the trustee of the MX employee future benefit plan, using a part of the operating line of credit in place with its bank (note 10).

10. Credit facilities:

The Company has the following credit facilities:

	Interest rate	Year of maturity	Authorized	Amount drawn at December 31, 2009
TMX Group Inc. non-revolving three year term facility	30 day B.A. + 45 bps	2011	$ 430,000	$ 430,000
TMX Group Inc. revolving three year term facility	-	2011	50,000	-
MX operating line of credit	-	N/A	3,000	-
CDCC revolving standby credit facility	-	N/A	30,000	-
NGX letter of credit	-	N/A	US$100,000	-
NGX overdraft facility	-	N/A	20,000	-
NGX EFT daylight facility	-	N/A	300,000	-
Total credit facilities				**$ 430,000**

In connection with the acquisition of MX, the Company established a non-revolving three-year term credit facility of $430,000 and a revolving three-year credit facility of $50,000. The Company may draw on these facilities in Canadian dollars by way of prime rate loans and/or Bankers' Acceptances ("B.A.") or in US dollars by way of LIBOR loans and/or US base rate loans. On April 30, 2008, the Company drew $430,000. As at December 31, 2009, the Company has prepaid $984 of financing fees, which leaves a net credit facility liability of $429,016. These financing fees will be amortized over the remaining term of the loan.

MX has an outstanding letter of credit for $677 issued against the MX operating line of credit. This letter of credit has been issued as a guarantee to the trustee under the MX employee future benefit plan in respect of accrued future employee benefits.

The credit facilities are unsecured and include certain covenants that the Company must maintain (note 23). The Company was in compliance with these covenants at December 31, 2009.

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

During 2009, the Company recognized interest expense on the facilities of $5,828 (2008 - $10,505) which included $738 (2008 - $492) of amortized financing fees.

11. Interest rate swaps:

Effective August 28, 2008, the Company entered into a series of interest rate swap agreements to partially manage its exposure to interest rate fluctuations on its $430,000 non-revolving three year term facility. The interest rate swaps in place at December 31, 2009 are as follows:

Swap number	Notional value	Maturity date	Interest rate the Company will receive	Interest rate the Company will pay	Fair value unrealized gain/(loss) at December 31, 2009	Fair value unrealized gain/(loss) at December 31, 2008
#1	$ 100,000	August 31, 2009	30 day B.A.	3.496%	**$ expired**	$ (1,787)
#2	100,000	August 31, 2010	30 day B.A.	3.749%	**(2,117)**	(4,598)
#3	100,000	April 18, 2011	30 day B.A.	3.829%	**(3,584)**	(6,092)
Total	**$ 300,000**				**$ (5,701)**	$ (12,477)

The Company marks to market the fair value of these interest rate swaps as an adjustment to income. During 2009, unrealized gains of $6,776 (2008 – unrealized losses of $12,477) and realized losses of $8,190 (2008 – realized losses of $812) have been reflected in net income. Both amounts have been included within mark to market on interest rate swaps.

12. Commitments and capital lease obligations:

The Company is committed under long-term leases and licenses as follows:

(a) The rental of office space, under various long-term operating leases with remaining terms of up to 9 years, including certain asset retirement obligations with regards to these leases.

(b) The rental of computer hardware and software for terms of one to three years under operating leases.

(c) The rental of computer hardware and software for terms of one to four years under capital leases.

(d) Certain data licenses for remaining terms of up to 7 years.

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

Current lease and license obligations over the remaining terms are as follows:

Years ending December 31:	Capital lease obligations	Other non-capital commitments
2010	$ 3,640	$ 22,135
2011	2,797	15,477
2012	2,090	11,724
2013	810	8,339
2014	-	7,664
Thereafter	-	19,787
	9,337	$ 85,126
Interest amount (at an average rate of 3.5%)	(412)	-
	8,925	-
Less: Obligation under capital leases – current	(3,413)	-
Obligation under capital leases – long-term	$ 5,512	-

In addition, the Company is responsible for additional taxes, maintenance and other direct charges with respect to its leases. The additional amount will be approximately $9,856 for 2010.

13. Other liabilities:

Other liabilities include amounts payable under the long-term incentive plan (note 18), amounts due on acquisitions made during the previous years and asset retirement obligations.

14. Deferred revenue – initial and additional listing fees:

Deferred revenue – initial and additional listing fees represents non-refundable fees received from listed issuers. This deferred revenue is recognized on a straight-line basis over an estimated service period of ten years.

15. Share capital:

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. No preference shares have been issued.

Each common share of the Company entitles its holder to one vote at all meetings of shareholders subject to certain restrictions with respect to the voting rights and the transferability of the shares. No person or combination of persons acting jointly or in concert is permitted to beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of the Company without the prior approval of the Ontario Securities Commission ("OSC") and Quebec's Autorité des marchés financiers ("AMF").

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

Each common share of the Company is also entitled to receive dividends if, as and when declared by the Board of Directors of the Company. All dividends that the Board of Directors of the Company may declare and pay will be declared and paid in equal amounts per share on all common shares, subject to the rights of holders of the preference shares. Holders of common shares will participate in any distribution of the net assets of the Company upon liquidation, dissolution or winding-up on an equal basis per share, but subject to the rights of the holders of the preference shares.

There are no pre-emptive, redemption, purchase or conversion rights attaching to the common shares, except for the compulsory sale of shares or redemption provision described in connection with enforcing the restriction on ownership of voting shares of the Company.

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

	Number of common shares		**Share capital**	
	2009	2008	**2009**	2008
Balance, beginning of the period	**74,403,577**	66,278,370	**$1,084,399**	$ 379,370
Issued (note 2)	**878,059**	15,316,608	**32,052**	806,573
Repurchased and cancelled	**(1,000,000)**	(7,523,249)	**(14,575)**	(110,234)
Options exercised	**25,405**	331,848	**743**	8,690
Balance, end of the period	**74,307,041**	74,403,577	**$1,102,619**	$ 1,084,399

On August 14, 2008, the Company received approval from Toronto Stock Exchange to repurchase up to 7,595,585 of its common shares pursuant to a normal course issuer bid ("NCIB"). Common shares purchased under the NCIB are cancelled, and purchases could be made over a one year period ending August 17, 2009, or such earlier date as the Company completed its purchases. In connection with this NCIB, the Company entered into two private agreements with a shareholder in February to repurchase a pre-defined number of shares. Under these agreements, the Company repurchased 1,000,000 common shares at an aggregate cost of $30,435 of which $14,575 was charged to share capital and the excess of the cost of the NCIB over the stated value of the common shares of $15,860 was charged to deficit.

16. Employee share purchase plan:

The Company offers an employee share purchase plan for eligible employees of the Company and of its designated subsidiaries. Under the employee share purchase plan, contributions by the Company and by eligible employees will be used by the plan administrator, CIBC Mellon Trust Company, to make purchases of common shares of the Company on the open market. Each eligible employee may contribute up to 10% of the employee's salary to the employee share purchase plan. The Company will contribute to the plan administrator the funds required to purchase one common share of the Company for each two common shares purchased on behalf of the eligible employee, up to a maximum annual contribution of $3. Shareholder approval is not required for this plan or any amendments to the plan.

The Company accounts for its contributions as compensation expense when the amounts are contributed to the plan. Compensation expense related to this plan was $1,324 for the year ended December 31, 2009 (2008 - $1,106).

17. Share option plan:

The Company established a share option plan in 2002, the year of its initial public offering. All employees of the Company and those of its designated subsidiaries at or above the director level are eligible to be granted share options under the share option plan.

According to the terms of the Company's plan, under no circumstances may any one person's share options and all other share compensation arrangements exceed 5% of the outstanding common shares issued of the Company. 4,143,100 common shares of the Company remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 6% of the outstanding common shares of the Company.

The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 2009: dividend yield of 3.5% (2008 – 2.9%); expected volatility of 26.8% (2008 – 23.6%); risk-free interest rate of 4.0% (2008 – 4.1%) and expected life of 7 years (2008 – 7 years).

Share options granted in 2009 have strike prices in the range of $31.59 to $34.24. Share options granted in 2008 had strike prices in the range of $36.46 to $54.50.

Options granted will expire in 2012, 2013, 2014, 2015, and 2016.

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

Share options:

	2009		2008	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding, beginning of year	**1,021,819**	**$ 39.14**	973,522	$ 31.64
Granted	**635,717**	**31.63**	526,228	44.71
Forfeited	**(249,562)**	**41.65**	(146,083)	50.46
Exercised	**(25,405)**	**22.58**	(331,848)	20.97
Outstanding, end of year	**1,382,569**	**$ 35.53**	1,021,819	$ 39.14

At December 31, 2009, 542,764 options were fully vested and exercisable at strike prices in the range of $10.53 to $54.50. During 2009, the Company recognized compensation costs of $2,909 in relation to its share option plan (2008 - $2,473).

18. Interim bonus and long-term incentive plan:

Effective January 1, 2001, TSX introduced an interim bonus plan (in lieu of a long-term incentive plan) for employees or officers at or above the director-level of TSX and its designated subsidiaries. The interim bonus plan provided eligible employees with a deferred award based on the annual financial performance of the Company. Amounts earned in 2001 were converted into deferred share units for executive officers and restricted share units for other participants, based on the price of one common share of the Company, in conjunction with the public offering of the Company. Amounts earned in 2002 were converted into deferred share units or restricted share units based on the value of one common share of the Company on December 31, 2002.

The deferred share units discussed above vested over a three year period ended December 31, 2005, but can only be redeemed upon termination of employment or retirement by cash payment. Restricted share units vested and were redeemed in cash by December 31, 2005.

In addition, to assist the Company's officers to meet their equity ownership requirements, the Company gives officers the opportunity to convert all or part of their short-term incentive award into deferred share units. These deferred share units vest immediately.

In January 2004, the Board approved a long-term incentive plan for employees or officers at or above the director-level of the Company and its designated subsidiaries or employees below the director-level designated by the CEO of the Company, which provides for the granting of restricted share units ("RSUs"). The amount of the award payable at the end of three years will be determined by the total shareholder return at the end of the three year period. Total shareholder return represents the appreciation in share price of the Company plus dividends paid on a common share of the Company, measured at the time RSUs vest.

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

The Company records its obligation under the long-term incentive plan, if any, in the period in which the award is earned. The Company has purchased swaps to economically hedge against the impact of its share price fluctuations on the non-performance based portion of the long-term incentive plan (note 21). As at December 31, 2009, the total accrual for the Company's long-term incentive plan is $6,303 (December 31, 2008 - $3,255) and this is included in accounts payable and accrued liabilities and other liabilities.

The maximum amount to be paid is not known until the awards have vested and will be based on total shareholder return to the time of payout. The accrual is based on actual dividends paid, continuation of the most recent quarterly dividend and the closing price of the Company's common shares for the period.

19. Earnings per share:

	2009	2008
Net income	**$ 104,701**	$ 181,952
Weighted average number of common shares outstanding	**74,131,244**	73,443,944
Basic earnings per share	**$ 1.41**	$ 2.48
Diluted weighted average number of common shares outstanding	**74,255,480**	73,540,390
Diluted earnings per share	**$ 1.41**	$ 2.47

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

20. Income taxes:

Income tax expense attributable to income differs from the amounts computed by applying the combined federal and provincial income tax rate of 33% (2008 – 33.5%) to pre-tax income from operations as a result of the following:

	2009	2008
Income before income taxes, and after non-controlling interests	**$ 201,653**	$ 280,101
Computed expected income tax expense	**$ 66,548**	$ 93,834
Rate differential due to various jurisdictions	**(7,257)**	(2,518)
Provincial tax holiday	**(3,393)**	(1,770)
Non-deductible expenses	**22,176**	6,256
Share of affiliate loss (income)	**(137)**	(458)
Deferred revenue not affecting income tax expense	**(380)**	(982)
Impact of changes in substantively enacted income tax rates	**10,356**	569
Valuation allowance	**8,605**	-
Other	**434**	3,218
	$ 96,952	$ 98,149

The income tax provisions for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Current income tax expense	**$ 93,410**	$ 107,473
Future income tax expense (benefit)	**3,542**	(9,324)
	$ 96,952	$ 98,149

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

The tax effects of temporary differences that give rise to significant portions of the future tax asset and liability at December 31, 2009 and 2008 are presented below:

	2009	2008
Non-capital loss carryforwards	**$ 8,438**	$ 2,229
Premises and equipment	**2,003**	4,694
Cumulative eligible capital/intangible assets	**(199,468)**	(205,184)
Total return swaps and interest rate swaps	**1,834**	5,970
Restructuring	**185**	3,215
Deferred listing revenue	**128,384**	131,448
Other temporary differences	**4,253**	3,883
Valuation allowance	**(9,218)**	(827)
	$ (63,589)	$ (54,572)
Future tax assets:		
Current	**$ 26,675**	$ 30,529
Long-term	**144,551**	151,960
Future tax liabilities:		
Current	**(118)**	(66)
Long-term	**(234,697)**	(236,995)

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

21. Financial instruments:

The Company has classified the significant impacts of its financial instruments as follows:

(a) Financial instruments – carrying values and fair values:

						December 31, 2009
Asset/(Liability)	Held for trading		Available-for-sale (measured at cost)	Loans and receivables/ (other financial liabilities)	Carrying amount	Fair value
	Classified	Designated				
Cash and cash equivalents	$ –	$ 87,978	$ –	$ –	$ 87,978	$ 87,978
Marketable securities	–	103,169	–	–	103,169	103,169
Restricted cash	–	911	–	–	911	911
Accounts receivable – trade	–	–	–	75,678	75,678	75,678
Accounts receivable - other	–	–	–	3,749	3,749	3,749
Energy contracts receivable	–	–	–	714,545	714,545	714,545
Fair value of open energy contracts	–	202,760	–	–	202,760	202,760
Daily settlements and cash deposits	–	–	–	565,408	565,408	565,408
Investments in privately-owned companies	–	–	8,280	–	8,280	8,280
Accounts payable and accrued liabilities	–	–	–	(44,350)	(44,350)	(44,350)
Total return swaps	(533)	–	–	–	(533)	(533)
Interest rate swaps	(5,701)	–	–	–	(5,701)	(5,701)
Obligations under capital leases	–	–	–	(8,925)	(8,925)	(8,925)
Energy contracts payable	–	–	–	(714,545)	(714,545)	(714,545)
Fair value of open energy contracts	–	(202,760)	–	–	(202,760)	(202,760)
Daily settlements and cash deposits	–	–	–	(565,408)	(565,408)	(565,408)
Term loan payable, net	–	–	–	(429,016)	(429,016)	(427,025)

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

						December 31, 2008
Asset/(Liability)	**Held for trading**		**Available-for-sale (measured at cost)**	**Loans and receivables/ (other financial liabilities)**	**Carrying amount**	**Fair value**
	Classified	**Designated**				
Cash and cash equivalents	$ –	$ 102,442	$ –	$ –	$ 102,442	$ 102,442
Marketable securities	–	96,251	–	–	96,251	96,251
Restricted cash	–	1,454	–	–	1,454	1,454
Accounts receivable – trade	–	–	–	62,076	62,076	62,076
Accounts receivable - other	–	–	–	1,679	1,679	1,679
Energy contracts receivable	–	–	–	976,431	976,431	976,431
Fair value of open energy contracts	–	155,331	–	–	155,331	155,331
Daily settlements and cash deposits	–	–	–	497,312	497,312	497,312
Option to acquire NetThruPut Inc.	10,265	–	–	–	10,265	10,265
Accounts payable and accrued liabilities	–	–	–	(53,402)	(53,402)	(53,402)
Total return swaps	(5,838)	–	–	–	(5,838)	(5,838)
Interest rate swaps	(12,477)	–	–	–	(12,477)	(12,477)
Obligations under capital leases	–	–	–	(71)	(71)	(71)
Energy contracts payable	–	–	–	(976,431)	(976,431)	(976,431)
Fair value of open energy contracts	–	(155,331)	–	–	(155,331)	(155,331)
Daily settlements and cash deposits	–	–	–	(497,312)	(497,312)	(497,312)
Term loan payable, net	–	–	–	(428,278)	(428,278)	(428,278)

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

(b) Fair value measurement:

The Company uses a fair value hierarchy to categorize the inputs used in its valuation of assets and liabilities carried at fair value. The extent of the Company's use of unadjusted quoted market prices (Level 1), models using observable market information as inputs (Level 2) and models using unobservable market information (Level 3) in its valuation of assets and liabilities carried at fair value is as follows:

				As at 31 December, 2009
Asset/(Liability)	**Fair value measurements using:**			**Assets/(liabilities)**
	Level 1	**Level 2**	**Level 3**	**at fair value**
Cash and cash equivalents	$ 87,978	-	-	87,978
Marketable securities	73,308	29,861	-	103,169
Restricted cash	911	-	-	911
Fair value of open energy contracts	-	202,760	-	202,760
Total return swaps	-	(533)	-	(533)
Interest rate swaps	-	(5,701)	-	(5,701)
Fair value of open energy contracts	-	(202,760)	-	(202,760)

There were no transfers during the year between Levels 1 and 2.

As at December 31, 2008, the Company held an option to acquire NTP, which would have been a Level 3 asset. This option was exercised during 2009 when the Company acquired NTP (note 2).

(c) Marketable securities:

The investment portfolio includes pooled fund investments, federal, provincial and corporate bonds, and bank-backed asset-backed debt securities, managed by external investment fund managers. There is no contracted maturity date for the investments.

The Company has designated its marketable securities as held-for-trading. At December 31, 2009, these investments have been measured at fair value and unrealized losses of $153 have been reflected in net income in the consolidated financial statements for the year ended December 31, 2009 (2008 – unrealized gains of $1,206).

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

(d) Total return swaps:

The Company has entered into a series of total return swaps ("TRSs") which synthetically replicate the economics of the Company purchasing the Company's shares as a partial fair value hedge to the share appreciation rights of the non-performance element of restricted share units and deferred share units that are awarded to directors and employees of the Company and its designated subsidiaries. The Company marks to market the fair value of the TRSs as an adjustment to income, and simultaneously marks to market the liability to holders of the units as an adjustment to income. The fair value of the TRSs is based upon the excess or deficit of the volume weighted average price of the Company's shares for the last five trading days of the year compared with the Company's share price at the date of entering into the TRSs. The fair value of the TRSs and the obligation to unit holders are reflected on the balance sheet. The contracts are settled in cash upon maturity.

The following tables represent the TRSs which are outstanding:

As at December 31, 2009:

	Remaining term to maturity (notional amount)			Fair value		
	Under 1 year	**1 to 3 years**	**Total**	**Gain**	**Loss**	**Net**
Equity contract #16	**$ 407**	**$ –**	**$ 407**	**$ –**	**$ (28)**	**$ (28)**
Equity contract #20	**–**	**1,258**	**1,258**	**58**	**–**	**58**
Equity contract #21	**5,338**	**–**	**5,338**	**–**	**(574)**	**(574)**
Equity contract #22	**600**	**–**	**600**	**29**	**–**	**29**
Equity contract #23	**4,408**	**–**	**4,408**	**–**	**(12)**	**(12)**
Equity contract #24	**2,399**	**–**	**2,399**	**–**	**(6)**	**(6)**
	$ 13,152	**$ 1,258**	**$ 14,410**	**$ 87**	**$ (620)**	**$ (533)**

As at December 31, 2008:

	Remaining term to maturity (notional amount)			Fair value		
	Under 1 year	**1 to 3 years**	**Total**	**Gain**	**Loss**	**Net**
Equity contract #12	$ 854	$ –	$ 854	$ –	$ (433)	$ (433)
Equity contract #16	–	407	407	–	(135)	(135)
Equity contract #17	4,321	–	4,321	–	(1,528)	(1,528)
Equity contract #18	5,516	–	5,516	–	(2,241)	(2,241)
Equity contract #19	3,695	–	3,695	–	(1,501)	(1,501)
	$ 14,386	$ 407	$ 14,793	$ –	$ (5,838)	$ (5,838)

Unrealized gains of $5,305 have been reflected in net income in the consolidated financial statements for the year ended December 31, 2009 (2008 – Unrealized losses of $9,964).

(e) Interest rate swaps:

The Company has entered into a series of interest rate swap agreements, which commenced on August 28, 2008, to partially manage its exposure to interest rate fluctuations on the non-revolving three year term facility (notes 10 and 11).

The Company marks to market the fair value of the interest rate swaps. Unrealized gains of $6,776 and realized losses of $8,190 have been reflected within net income, as Mark to market on interest rate swaps, for the year ended December 31, 2009 (2008 – unrealized losses of $12,477 and realized losses of $812).

(f) NGX energy contracts:

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

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

(g) CDCC daily settlements and cash deposits:

Amounts due from and to clearing members as a result of marking open futures positions to market and settling option transactions each day are required to be collected from or paid to clearing members prior to the commencement of trading the next day. The amounts due from and due to clearing members are recognized in the consolidated assets and liabilities as daily settlements and cash deposits. There is no impact on the consolidated statement of income.

(h) Investments in privately-owned companies:

The Company holds certain equity investments in privately-owned companies. As these equity instruments are privately owned and do not have quoted market prices in active markets, these available-for-sale investments are carried at cost.

22. Risk management:

(a) Credit risk:

Credit risk is the risk of financial loss to the Company associated with a counterparty's failure to fulfill its financial obligations and arises principally from the Company's investments in marketable securities, total return swaps and interest rate swaps, accounts receivable and the clearing and/or brokerage operations of Shorcan, NGX and CDCC.

(i) Investments in marketable securities

The Company manages its exposure to credit risk arising from investments in marketable securities by limiting the investment in short-term bond and mortgage funds to a maximum of 70% of the investment portfolio. Corporate bonds must have a minimum credit rating of BBB by DBRS Limited. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages. The Company does not have any investments in non-bank asset-backed commercial paper.

(ii) Total return swaps

The Company limits its exposure to credit risk on TRSs by contracting with a major Canadian chartered bank.

(iii) Interest rate swaps

The Company limits its exposure to credit risk on the interest rate swaps by contracting with a major Canadian chartered bank.

(iv) Accounts receivable

The Company's exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of its customers, many of whom are banks and financial institutions. There is no concentration of credit risk attributable to transactions with a single customer, and customers are dispersed across varying geographic locations throughout Canada and the US. In addition, customers that fail to maintain their account in good standing risk loss of listing, trading or data privileges.

(v) Clearing and/or brokerage operations

The Company is exposed to credit risk in the event that customers, in the case of Shorcan, or contracting parties, in the case of NGX, or clearing members, in the case of CDCC, fail to settle on the contracted settlement date.

Shorcan's risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account. As agent, in the event of a failed trade, Shorcan has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, to exceed its outstanding credit exposure as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. This collateral may be accessed by NGX in the event of default by a contracting party. NGX measures total potential exposure for both credit and market risk for each contracting party on a real-time basis as the aggregate of:

(a) Outstanding energy contracts receivable;

(b) "Variation Margin", comprised of the aggregate "mark-to-market" exposure for all forward purchase and sale contracts with an adverse value from the perspective of the customer; and

(c) "Initial Margin", an amount that estimates the worst expected loss that a contract might incur under normal market conditions during a liquidation period.

As a result of these calculations of contracting party exposure at December 31, 2009, NGX held cash collateral deposits of $1,040,319 (December 31, 2008 - $716,484) and letters of credit of $1,963,685 (December 31, 2008 - $2,366,318). These amounts are not included in the Company's consolidated balance sheet.

CDCC is exposed to the risk of default of its clearing members. CDCC is the central counterparty and guarantor of all transactions carried out on MX's markets and on the OTC market when the transaction is cleared through CDCC. It primarily supports the risk of one or more counterparties, meeting strict financial and regulatory criteria, defaulting on their obligations, in which case the obligations of that counterparty would become the responsibility of CDCC. This risk is greater if market conditions are unfavourable at the time of the default.

CDCC's principal risk management practice is the collection of risk-based margin deposits in the form of cash, letters of credit, equities and liquid government securities. Should a clearing member fail to meet a daily margin call or otherwise not honour their obligations under open futures and options contracts, margin deposits would be available to apply against the costs incurred to liquidate the clearing member's positions.

CDCC's margining system is complemented by a stress reporting system. This process evaluates the financial strength of a clearing member to meet margin requirements that might result from a sudden adverse change in the market. Clearing members who fail to meet the criteria are required to deposit a stress margin.

CDCC also maintains a clearing fund through deposits of cash and securities from all clearing members. The aggregate level of clearing funds required from all clearing members must cover the worst loss that CDCC could face if one counterparty is failing under various extreme but plausible market conditions. Each clearing member contributes to the clearing fund in proportion to its margin requirements. If, by a clearing member's default, further funding is necessary to complete a liquidation, CDCC has the right to require other clearing members to contribute additional amounts equal to their previous contribution to the clearing fund.

CDCC's margin collateral deposits and clearing fund deposits are held by approved depositories under irrevocable agreements. This collateral may be accessed by CDCC in the event of default by a clearing member. As a result of these calculations of clearing member exposure at December 31, 2009, CDCC held margin collateral deposits of $2,931,030 (December 31, 2008 - $4,502,024), and clearing fund deposits of $187,481 (December 31, 2008 – 201,478), primarily in collateral securities. These amounts are not included in the Company's consolidated balance sheet.

(vi) Guarantees

NGX maintains an unsecured clearing backstop fund of US $100,000. The Company is the guarantor, on an unsecured basis, of this fund.

CDCC maintains $30,000 in revolving standby credit facilities in the event of default by a clearing member of CDCC. Borrowings under these facilities would be required to be collateralized.

Neither facility has been drawn upon at December 31, 2009.

(b) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or the value of its holdings of financial instruments.

(i) Foreign currency risk

The Company is exposed to foreign currency risk on revenue, cash and cash equivalents, marketable securities, accounts receivable and accounts payable principally denominated in US dollars. In 2009, the Company recognized US denominated revenue of approximately US $110,000, including BOX, less various US expenses. The approximate impact of a 10% rise and a 10% decline in the Canadian dollar compared to the US dollar on these transactions as at December 31, 2009 is a $5,500 decrease or increase in net income respectively. At December 31, 2009, cash and cash equivalents and accounts receivable, excluding BOX, and current liabilities, excluding BOX, include US $11,920 (December 31, 2008 – US $14,962), and US $598 (December 31, 2008 – US $420) respectively, which are exposed to changes in the US – Canadian dollar exchange rate. The approximate impact of a 10% rise and a 10% decline in the Canadian dollar compared to the US dollar on these exposed balances at December 31, 2009 is a $1,190 decrease or increase in net income respectively. In addition, net assets related to BOX are denominated in US dollars, and the effect of exchange rate movements on the Company's share of these net assets is included in other comprehensive income. The approximate impact of a 10% rise and a 10% decline in the Canadian dollar compared to the US dollar on the translation of the net assets related to BOX at December 31, 2009 is a $5,789 decrease or increase in other comprehensive income respectively.

(ii) Interest rate risk

The Company is exposed to interest rate risk on its marketable securities, non-revolving term loan payable and interest rate swaps.

External investment fund managers have been engaged by the Company to manage the asset mix and the risks associated with its marketable securities. At December 31, 2009 the Company held $103,169 in these funds (December 31, 2008 - $96,251). The approximate impact on the carrying value of these investments of a 1% rise and a 1% fall in interest rates is ($1,916) and $1,952 respectively.

The Company has a non-revolving term loan payable of $430,000 (note 10). The Company has entered into a series of interest rate swaps agreements to partially manage its exposure to interest rate fluctuations on the loan (note 11). At December 31, 2009, the fair value of these interest rate swaps was a liability of $5,701. The approximate impact of a 1% rise and a 1% fall in interest rates on the fair value of the swaps is a $1,868 decrease in the liability and a $1,654 increase in the liability respectively. The approximate impact on net income of a 1% rise and a 1% fall in interest rates with respect to the loan is a decrease of $(4,300) and an increase of $4,300 respectively.

(iii) Equity price risk

The Company is exposed to equity price risk arising from its long-term incentive plan, as the Company's obligation under the plan is partly based on the price of the Company's shares. The Company has entered into TRSs as a partial fair value hedge to the share appreciation rights of the restricted and deferred share units awarded under the plan. The fair value of the TRSs is based upon the excess or deficit of the volume weighted average price of the Company's shares for the last five trading days of the reporting period compared with the Company's share price at the date of entering into the TRSs. As at December 31, 2009, a 25% increase in the share price of the Company would result in a net $250 decrease in net income. A 25% decrease in the share price of the Company would result in a net $531 increase in net income.

(iv) Other market price risk

The Company is exposed to other market price risk from the activities of Shorcan, NGX and CDCC if a customer, contracting party or clearing member, as the case may be, fails to take or deliver either securities, derivative products or energy products on the contracted settlement date where the contracted price is less favourable than the current market price.

Shorcan's risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account, the short period of time between trade date and settlement date, and the defaulting customer's liability for any difference between the amounts received upon sale of the securities and the amount paid to acquire the securities.

Both NGX's and CDCC's measure of total potential exposure, as described previously, includes measures of market risk which are factored into the collateral required from each contracting party or clearing member.

The Company is also exposed to other market price risk on a portion of its sustaining fees revenue, which is based on quoted market values of listed issuers as at December 31 of the previous year.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its revolving and non-revolving credit facilities (notes 10 and 11) and capital (note 23).

23. Capital maintenance:

In accordance with Section 1535 "Capital Disclosures" of the CICA Handbook, the Company's primary objectives in managing capital, which it defines as including its share capital and various credit facilities, include:

(i) Maintaining sufficient capital for operations, to ensure market confidence and to meet capital maintenance requirements imposed on its subsidiaries:

(a) In respect of TSX, as required by the OSC to maintain certain regulatory ratios as defined in the OSC recognition order, as follows:

(i) a current ratio not less than 1.1:1;

(ii) a debt to cash flow ratio not greater than 4:1; and

(iii) a financial leverage ratio consisting of adjusted total assets to adjusted shareholders' equity not greater than 4:1

The Company has complied with these externally imposed capital requirements;

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

The Company has complied with these externally imposed capital requirements;

(c) In respect of NGX to:

(i) maintain adequate financial resources as required by the Alberta Securities Commission; and

(ii) maintain a current ratio of no less than 1:1 and a tangible net worth of not less than $9,000 as required by a major Canadian chartered bank

The Company has complied with these externally imposed capital requirements;

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

(i) a working capital ratio not less than 1.5:1;

(ii) a cash flow to total debt ratio of more than 20%; and

(iii) a financial leverage ratio consisting of total assets to shareholders' equity of less than 4:1

The Company has complied with these externally imposed capital requirements;

(e) In respect of Shorcan by the Investment Industry Regulatory Organization of Canada ("IIROC") which requires Shorcan to maintain a minimum level of shareholders' equity of $500

The Company has complied with these externally imposed capital requirements;

(ii) Providing sufficient capital to meet the covenants imposed in connection with credit facilities (note 10) that require the Company to maintain:

(a) a maximum debt to adjusted EBITDA ratio of 3.5:1;

(b) a minimum consolidated net worth based on a contracted formula; and

(c) a debt incurrence test of not more than 3:1

The Company has complied with these externally imposed capital requirements;

(iii) Retaining sufficient capital to invest and continue to grow our business; and

(iv) Returning capital to shareholders through dividends paid to shareholders and purchasing shares for cancellation pursuant to normal course issuer bids.

The current economic conditions have not changed our objectives, policies or processes for managing capital.

24. Regulatory services:

On June 1, 2008, Market Regulation Services Inc. (“RS”), a private corporation jointly owned by the Company and the Investment Dealers Association of Canada (“IDA”) and operated on a not-for-profit basis providing regulatory services to Canadian equity marketplaces, combined with the IDA to form the IIROC. As a result of the combination, the Company relinquished any ownership interest but remains entitled to nominate one of the fifteen member board of directors subject to certain pre-determined conditions. Prior to June 1, 2008, RS was a related party to the Company. For the period up to June 1, 2008, $2,825 of Business services and other revenue was earned for technology service provided to RS and $1,435 was paid to RS for services provided by RS.

25. Related party transactions:

In 2001, MX signed an agreement with BOX to provide, for a fee, the technology and related services required for its electronic trading system. In addition, beginning in February 2004, MX became a supplier to BOX and charges at the exchange amount, being the amount established and agreed to by BOX, salaries, telecommunication services, computer equipment, and other services. On August 29, 2008, BOX became a subsidiary of the Company.

Amounts invoiced for the year ended December 31, 2008, covering the period before BOX became a subsidiary, are $4,963. These transactions were undertaken in the normal course of business. Starting August 29, 2008, due to the acquisition of control, these amounts are eliminated upon consolidation.

26. Contingent liabilities:

The Company may make additional payments of up to a maximum $375k contingent on the results of acquisition operations within the next year.

From time to time in connection with its operations, the Company or its subsidiaries are named as a defendant in actions for damages and costs sustained by plaintiffs, or as a respondent in court proceedings challenging the Company’s or its subsidiaries’ regulatory actions, decisions or jurisdiction. In 2005, TSX Venture Exchange Inc. was named as a defendant in an action for unspecified damages. The Company believes this claim is without merit and intends to vigorously defend the action. Accordingly, no provision has been set up in the accounts.

27. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial presentation adopted in the current period.