



Notice of Annual Meeting of Shareholders
& Management Information Circular
April 27, 2004

Notice of Annual Meeting of Shareholders of TSX Group Inc.

TSX Group Inc. (“TSX Group” or the “Corporation”) will hold its annual meeting of shareholders of the Corporation (the “Meeting”) at the Design Exchange, 234 Bay Street, Toronto, Ontario, Canada on Tuesday, April 27, 2004 at 2:00 p.m. (Eastern Daylight Time).

Holders of common shares are invited to attend the Meeting for the following purposes:

1. To receive the financial statements of the Corporation for the year ended December 31, 2003, and the auditor’s report on those statements;
2. To elect Directors of the Corporation;
3. To appoint an auditor of the Corporation and authorize the Directors to fix the auditor’s remuneration; and
4. To transact any other business properly brought before the Meeting.

Shareholders at the close of business on March 15, 2004 will be entitled to vote at the Meeting.

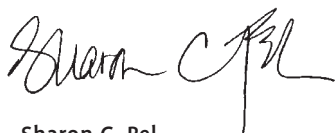
The Management Information Circular (the “Circular”) which accompanies this notice is your guide to the business to be considered at the Meeting. Holders of common shares are invited to attend the Meeting. There will be an opportunity to ask questions and meet with management, the Board of Directors and your fellow shareholders. At the Meeting we will also report on our 2003 financial results.

Please vote by proxy on the matters to be considered at the Meeting if it is not convenient for you to attend in person. Instructions on how to complete and return your proxy are provided with the enclosed proxy form and are described in the Circular. Your proxy must be received no later than 5:00 p.m. (Eastern Daylight Time) on Friday, April 23, 2004, or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting. Your proxy must be sent to our transfer agent, CIBC Mellon Trust Company by either using the postage-prepaid envelope provided or by mailing the proxy to CIBC Mellon Trust Company at 200 Queens Quay East, Unit 6, Toronto, Ontario, Canada, M5A 4K9. Proxies may also be faxed to CIBC Mellon Trust Company at (416) 368-2502, Attention: Proxy Department.

For those shareholders who cannot attend the Meeting in person, the Corporation has made arrangements to provide a live webcast of the Meeting. Details on how shareholders may view the webcast will be found on the Corporation’s web site at www.tsx.com and will also be provided in a media release prior to the Meeting. However, shareholders will not be permitted to vote through the webcast facility or participate in the Meeting.

The 2003 Annual Report, the Circular and a form of proxy (and a pre-addressed envelope) accompany this Notice of Meeting and are posted on our web site at www.tsx.com.

By Order of the Board of Directors



Sharon C. Pel

Senior Vice-President, Legal and Business Affairs

Toronto, Ontario

March 26, 2004

Management Information Circular

All information is as at March 26, 2004, unless otherwise indicated.

About This Document

This management information circular (the “Circular”) explains the business to be considered at the annual meeting of shareholders (the “Meeting”) of TSX Group Inc. (“TSX Group” or the “Corporation”) on Tuesday, April 27, 2004, at the place and for the purposes set out in the accompanying Notice of Annual Meeting of Shareholders.

This Circular is sent to you in connection with management’s solicitation of your proxy for use at the Meeting and any continued meeting after an adjournment. Proxies will be solicited primarily by mail. However, the Directors, officers and employees of the Corporation may also solicit proxies by telephone, in writing or in person. All costs of proxy solicitation will be paid by the Corporation.

See “Voting Information” below for an explanation of how you can vote on the matters to be considered at the Meeting, whether or not you decide to attend the Meeting.

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Voting Information

What will I be voting on?

You will be voting on:

- The election of Directors of the Corporation (see page 6); and
- The appointment of KPMG LLP as the Corporation's auditor (see page 10) and the authorization for the Directors to fix the remuneration of the auditor (see page 10).

How will these matters be decided at the Meeting?

A simple majority of the votes cast, by proxy or in person, will constitute approval of matters voted on at the Meeting, except as otherwise specified.

How many votes do I have?

Subject to the voting restriction noted below, you will have one vote for every common share of the Corporation you own at the close of business on March 15, 2004, the record date for the Meeting.

To vote common shares you acquired subsequent to the record date, you must, not later than 10 days before the Meeting:

- Request that the Corporation add your name to the voters' list; and
- Produce properly endorsed share certificates or otherwise establish that you own the common shares.

What are the share ownership and voting restrictions?

No person or company or combination of persons or companies, acting jointly or in concert, may beneficially own or exercise control or direction over more than 10% of the common shares of the Corporation without the prior approval of the Ontario Securities Commission nor may any such person or company exercise the right to vote more than 10% of the votes attached to the common shares of the Corporation.

To the knowledge of the Corporation's Directors and officers, no person or company or combination of persons or companies beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the outstanding common shares of the Corporation.

How many common shares are eligible to vote?

On March 15, 2004, there were 33,832,941 common shares of the Corporation outstanding and eligible to vote.

How do I vote?

If you are eligible to vote and your common shares are registered in your name, you can vote your common shares in person at the Meeting or by proxy, as explained below.

If your common shares are held in the name of a nominee (this makes you a "Non-Registered Shareholder"), please see the instructions below under the headings "How can a Non-Registered Shareholder vote by mail?" and "How can a Non-Registered Shareholder vote in person at the Meeting?".

Can I vote by proxy?

Whether or not you attend the Meeting, you can appoint someone else to vote for you as your proxyholder. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxyholder. The persons named in the enclosed form of proxy are Directors of the Corporation. However, you can choose another person to be your proxyholder, including someone who is not a shareholder of the Corporation. You may do so by crossing out the names printed on the proxy and inserting another person's name in the blank space provided, or by completing another proper form of proxy.

The Corporation will provide proxy materials to brokers, custodians, nominees and fiduciaries who are required to forward those materials to the beneficial owners of common shares.

How will my proxy be voted?

On the proxy form, you can indicate how you want your proxyholder to vote your common shares, or you can let your proxyholder decide for you.

If you have specified on the proxy form how you want your common shares to be voted on a particular issue (by marking FOR or WITHHOLD), then your proxyholder must vote your common shares accordingly.

If you have not specified on the proxy form how you want your common shares to be voted on a particular issue, then your proxyholder can vote your common shares as he or she sees fit.

Unless contrary instructions are provided, common shares represented by proxies received by management will be voted:

- FOR the election as Directors of the proposed nominees to the Board whose names are set out on the following pages; and
- FOR the appointment of KPMG LLP as auditor of the Corporation and the authorization for the Directors to fix the remuneration of the auditor.

What if there are amendments or if other matters are brought before the Meeting?

The enclosed proxy form gives the persons named on it authority to use their discretion in voting on amendments or variations to matters identified in the Notice of Meeting and on any other matter properly brought before the Meeting.

At the time of printing this Circular, management of the Corporation is not aware of any such amendments or that any other matter is to be presented for action at the Meeting. If, however, any such amendments or other matters properly come before the Meeting, the persons named on the enclosed proxy form will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred by the proxy form.

What if I change my mind and want to revoke my proxy?

You can revoke your proxy at any time before it is acted upon. You can do this by:

- Delivering a properly executed form of proxy bearing a later date; or
- Stating clearly, in writing, that you want to revoke your proxy and by delivering this written statement to the attention of the Secretary of the Corporation no later than the close of business on April 26, 2004, or, if the Meeting is adjourned, the business day before any adjourned meeting, or to the Chair of the Meeting before the start of the Meeting or any adjourned meeting; or
- In any other manner permitted by law.

Who counts the votes?

Proxies are counted by CIBC Mellon Trust Company, the Transfer Agent of the Corporation.

If I need to contact the Transfer Agent, how do I reach them?

By mail at: CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9

By telephone at: (416) 643-5500 (Toronto Area)
1 (800) 387-0825 (North America)

By fax at: (416) 643-5501

By e-mail: inquiries@cibcmellon.com

Is my vote confidential?

The Transfer Agent preserves the confidentiality of individual shareholder votes, except (1) where the shareholder clearly intends to communicate his or her individual position to management, or (2) as necessary to comply with legal requirements.

How are proxies solicited?

The Corporation's management requests that you sign and return the proxy form (in the postage-prepaid envelope provided) to ensure your votes are exercised at the Meeting. The solicitation of proxies will be primarily by mail. However, the Directors, officers and employees of the Corporation may also solicit proxies by telephone, in writing or in person. All costs of proxy solicitation will be paid by the Corporation.

How can a Non-Registered Shareholder vote by mail?

If your common shares are not registered in your own name, they will be held in the name of a nominee, which is usually a trust company, custodian, securities broker, other financial institution or a clearing agency in which the intermediary participates. Your nominee is required to seek your instructions as to how to vote your common shares. Consequently, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received this Circular in a mailing from your nominee, together with a proxy form or request for voting instructions.

Each nominee has its own signing and return instructions, which you should follow carefully to ensure your common shares will be voted. If you are a Non-Registered Shareholder (that is, your common shares are held in the name of a nominee) who has voted by mail and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

How can a Non-Registered Shareholder vote in person at the Meeting?

Since the Corporation does not have access to the names of its Non-Registered Shareholders, if you attend the Meeting, the Corporation will have no record of your shareholdings or of your entitlement to vote, unless your nominee has appointed you as proxyholder. Therefore, if you are a Non-Registered Shareholder and wish to vote in person at the Meeting, please insert your own name in the space provided on the proxy form or request for voting instructions sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder. Then follow the signing and return instructions provided by your nominee. Do not otherwise complete the form, as you will be voting at the Meeting.

Business of the Meeting

Consolidated Financial Statements

The audited consolidated financial statements of the Corporation for the year ended December 31, 2003, and the report of the auditor on those financial statements will be placed before the Meeting. They are included in the 2003 Annual Report of the Corporation, which has been mailed to shareholders with the Notice of Meeting and this Circular. Additional copies of the 2003 Annual Report, in English or French, may be obtained from the Secretary of the Corporation upon request and will be available at the Meeting.

Election of Directors

The Corporation's articles of incorporation provide for the board of Directors of the Corporation (the "Board" or "Board of Directors") to consist of a minimum of three and a maximum of twenty-four Directors. The number of Directors currently in office is fourteen. The Board has set the number of Directors to be elected at the Meeting at thirteen. The Board and the Governance Committee are of the view that thirteen Directors are appropriate for a company the size and complexity of TSX Group. Mr. Throop is retiring from the Board after four years of service.

The Governance Committee of the Board annually reviews the qualifications of persons proposed for election to the Board and submits its recommendations to the Board for consideration and approval. The persons proposed for election are, in the opinion of the Board, well qualified to act as Directors for the coming year. Each nominee has established his or her eligibility and willingness to serve as a Director, if elected. All proposed nominees for election as Directors are currently Directors of the Corporation.

The persons named in the form of proxy are Directors of the Corporation who intend to vote at the Meeting for the election of the nominees to the Board whose names are set out below unless specifically instructed on the form of proxy to withhold that vote. If, prior to the Meeting, any of the listed nominees becomes unable or unwilling to serve as a Director, the persons named in the form of proxy will have the right to use their discretion in voting for a properly qualified substitute. Each Director elected will hold office until the next annual meeting of the Corporation's shareholders or until his or her successor is earlier elected or appointed.

The following pages set out the names of the thirteen proposed nominees for election as Directors, together with their municipalities of residence; the year from which each has continually served as a Director of the Corporation, TSX Inc. or their predecessors; their principal occupations and their occupations for the previous five years; other directorships; TSX Group committee memberships; and the number of common shares (including deferred share units) of TSX Group beneficially owned by each proposed nominee.

A "Record of Attendance by Directors in 2003" at meetings of the Board and its committees held during the year ended December 31, 2003, is set out in Schedule A to this Circular.

Wayne C. Fox ⁽¹⁾⁽³⁾⁽⁵⁾
 Chair of TSX Group ⁽⁶⁾
 Oakville, Ontario
 Director since April 29, 1997
 Common Shares: 6,170 ⁽⁷⁾
 Options: nil

Director's 2003 compensation:
Total: \$279,269
Cash: \$ 15,600
DSUs: \$263,669



Mr. Fox is the Vice-Chair and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce (chartered bank). He is also Managing Director, CIBC World Markets and Deputy Chairman of CIBC World Markets Inc. In the previous five years, Mr. Fox held several increasingly senior positions in his firm and in several CIBC affiliates. Mr. Fox also serves on the boards of CanadaHelps.org Inc. and several CIBC affiliates. In addition, he is a member of the Steering Committee on Regulatory Capital, Institute of International Finance Inc., and is on the Board of Governors of McMaster University and Junior Achievement of Central Ontario. He is Governor Emeritus of Appleby College.

Ian S. Brown ⁽¹⁾⁽⁴⁾
 Calgary, Alberta
 Director since August 1, 2001
 Common Shares: 3,370 ⁽⁸⁾
 Options: nil

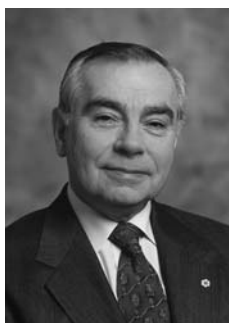
Director's 2003 compensation:
Total: \$ 125,312
Cash: \$ 45,400
DSUs: \$ 79,912



Mr. Brown is a Senior Managing Director of Raymond James Ltd. (investor dealer), a position he has held for the last five years. Prior to joining Raymond James, Mr. Brown was with the Alberta Stock Exchange (ASE) for nine years, becoming the Executive Vice President of the ASE in 1990. During his nine years at the ASE, Mr. Brown was the senior executive responsible for the key operating areas of the ASE, including Corporate Finance, Member Regulation, Market Surveillance and Information Systems. Mr. Brown also serves on the Board of Market Regulation Services Inc.

Brian A. Canfield ⁽¹⁾⁽³⁾
 Point Roberts, Washington, U.S.A. ⁽⁹⁾
 Director since June 10, 1999
 Common Shares: 1,870 ⁽⁸⁾
 Options: nil

Director's 2003 compensation:
Total: \$ 112,612
Cash: \$ 32,700
DSUs: \$ 79,912



Mr. Canfield is Chairman of TELUS Corporation (telecommunications company), a position he has held since 2000 and for a period of time in 1999. Also in 1999 he was CEO of TELUS and, prior to that, he was Chairman of BCTEL from 1997. Mr. Canfield serves on the boards of TELUS Corporation, Terasen Inc., and Suncor Energy Inc. He is also a Director of the Canadian Public Accountability Board.

Tullio Cedraschi ⁽¹⁾⁽³⁾
 Montreal, Quebec
 Director since September 25, 2001
 Common Shares: 1,870 ⁽⁸⁾
 Options: nil

Director's 2003 compensation:
Total: \$ 110,662
Cash: \$ 30,750
DSUs: \$ 79,912



Mr. Cedraschi is President and Chief Executive Officer of CN Investment Division (investment operations), a position he has held for more than five years. Mr. Cedraschi serves on the company boards of Western Oil Sands Inc., Freehold Resources Limited and Helix Investments (Canada) Inc. He is also a member of the Accounting Standards Oversight Council, a governor of McGill University and the National Theatre School, and serves on the Investment Committee of Royal Victoria Hospital.

Raymond Garneau

Montreal, Quebec

Director since November 25, 2003

Common Shares: 1,165⁽¹⁰⁾

Options: nil

Director's 2003 compensation:

Total: \$ 49,785

Cash: nil

DSUs: \$ 49,785



Mr. Garneau is Chairman of the Board of Industrial Alliance, Insurance and Financial Services Inc. (life insurance and financial services company), a position he has held since 2000, and its wholly-owned subsidiaries: The National Life Assurance Company of Canada, Industrial Alliance Pacific Insurance and Financial Services, Industrial Alliance Auto and Home Insurance and Industrial Alliance Trust Company. From 1996 to 2000, he was Chairman of the Board and CEO of Industrial Alliance, Insurance and Financial Services Inc. Mr. Garneau is also a Director of MAAX Inc. and Canadian Life and Health Insurance OmbudService and is President of Montreal Cancer Institute.

John A. Hagg⁽¹⁾⁽⁴⁾

Calgary, Alberta

Director since May 29, 2001

Common Shares: 1,870⁽⁸⁾

Options: nil

Director's 2003 compensation:

Total: \$ 113,212

Cash: \$ 33,300

DSUs: \$ 79,912



Mr. Hagg is currently Principal of Tristone Capital Inc. (investment dealer) and Senior Director of Tristone Capital Advisors Inc. Prior to December 2001, he was Chairman of Northstar Energy Corporation. Mr. Hagg also serves on the boards of Berry Petroleum Company and The Fraser Institute.

Harry A. Jaako⁽²⁾⁽⁴⁾

West Vancouver, B.C.

Director since August 1, 2001

Common Shares: 1,273⁽¹¹⁾

Options: nil

Director's 2003 compensation:

Total: \$ 103,233

Cash: \$ 48,833

DSUs: \$ 54,400



Mr. Jaako is Chairman, Co-Chief Executive Officer and Principal of Discovery Capital Corporation (venture capital company), a position he has held for more than five years. Mr. Jaako also serves on the boards of British Columbia Discovery Fund (VCC) Inc., Exceptional Technologies Fund 5 (VCC) Inc., TIR Systems Ltd., Texada Software Inc., Vigil Health Solutions Inc. and its subsidiary, Brookdale International Systems Inc., Kelsan Technologies Corp. and Tri-Link Technologies Inc., as well as various subsidiaries of Discovery Capital Corporation. Mr. Jaako is also the Estonian Honourary Consul for Alberta and British Columbia.

J. Spencer Lanthier⁽¹⁾⁽²⁾⁽³⁾

Toronto, Ontario

Director since February 8, 2000

Common Shares: 1,273⁽¹¹⁾

Options: nil

Director's 2003 compensation:

Total: \$ 113,300

Cash: \$ 58,900

DSUs: \$ 54,400

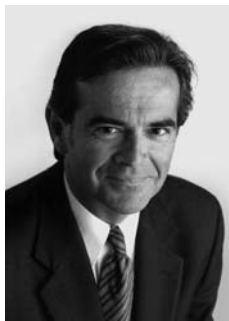


Mr. Lanthier is a Corporate Director who also serves on the boards of Bank of Canada, Torstar Corporation, BCE Emergis Inc., Ellis-Don Inc., Gerdau Ameristeel Corporation, Intertape Polymer Group Inc., Roynat Canadian Diversified Fund and Zarlink Semiconductor Inc. Mr. Lanthier is also Vice-Chair of the Board of Wellspring and a Member of the London Health Sciences Foundation. When he retired in 1999, Mr. Lanthier was a partner of KPMG Canada and from 1993 until 1999 he was Chairman and Chief Executive of KPMG Canada.

Jean Martel ⁽⁴⁾

Montreal, Quebec
 Director since October 26, 1999
 Common Shares: 1,923 ⁽¹¹⁾
 Options: nil

Director's 2003 compensation:
Total: \$ 95,933
Cash: \$ 41,533
DSUs: \$ 54,400



Mr. Martel is a Senior Partner of Lavery de Billy (law firm) which he joined in 1999. From 1995 to 1999 he was President and Chief Executive Officer of the Commission des valeurs mobilières du Québec (Quebec Securities Commission). Mr. Martel also serves on the boards of Market Regulation Services Inc., State Street Global Advisors, Ltd., Partage-Action de l'Ouest de l'Île/West Island Community Shares, Comité de surveillance du fonds de placement du Barreau du Québec, and L'Alliance Conseil en marchés financiers (ACMF) inc./The Financial Markets Consultancy Alliance (FMCA) Inc.

Owen McCreery ⁽²⁾

Thornhill, Ontario
 Director since July 9, 2002
 Common Shares: 3,273 ⁽¹¹⁾
 Options: nil

Director's 2003 compensation:
Total: \$ 93,533
Cash: \$ 39,133
DSUs: \$ 54,400



Mr. McCreery is a Consultant (consulting services) and a Corporate Director. Mr. McCreery joined Beutel Goodman & Co. Ltd. in 1973 where he held various positions, including Financial Analyst/Portfolio Manager, and subsequently became President.

John P. Mulvihill ⁽¹⁾⁽²⁾

Toronto, Ontario
 Director since June 12, 1996
 Common Shares: 1,424 ⁽¹²⁾
 Options: nil

Director's 2003 compensation:
Total: \$ 93,786
Cash: \$ 32,933
DSUs: \$ 60,853



Mr. Mulvihill is Chairman, President and Chief Executive Officer, Mulvihill Capital Management Inc. (investment counsel), a position he has held for more than five years. Mr. Mulvihill serves on the board of University Health Network and is Chairman of 15 funds listed on Toronto Stock Exchange (Digital World Income Trust, First Premium Income Trust, First Premium Oil & Gas Income Trust, First Premium US Income Trust, Global Plus Income Trust, Global Telecom Corp., MCM Split Corp., Premium Income Corporation, Pro-AMS Trust, Pro-AMS US Trust, Sixty Plus Income Trust, Mulvihill Pro-AMS 100 Plus (Cdn) Trust, Mulvihill Pro-AMS 100 Plus (US) Trust, Mulvihill Pro-AMS RSP Split Share Corp. and World Financial Split Corp.).

Barbara G. Stymiest ⁽⁵⁾

Chief Executive Officer of TSX Group ⁽⁶⁾
 Director since May 19, 1993 ⁽¹³⁾
 Common Shares: 169,818 ⁽¹⁴⁾
 Options: 125,300

Director's 2003 compensation:
Total: nil ⁽¹⁵⁾



Ms. Stymiest is the Chief Executive Officer of TSX Group Inc. (holding company), a position she assumed in 1999. From 1992 to 1999, Ms. Stymiest was Executive Vice-President and Chief Financial Officer at The Nesbitt Burns Corporation Limited. Ms. Stymiest also serves on the boards of Business Development Bank of Canada, Public Policy Forum, The Canadian Depository for Securities Limited, Canadian Capital Markets Association, Market Regulation Services Inc., and the World Federation of Exchanges. She is also a member of the Accounting Standards Oversight Council, a Director of the Toronto Rehab Foundation and is a Campaign Cabinet member of the United Way of Greater Toronto.

Eric C. Tripp⁽³⁾

Toronto, Ontario

Director since June 10, 1999

Common Shares: 6,338⁽¹⁾

Options: nil

Director's 2003 compensation:

Total: \$ 90,311

Cash: \$ 33,133

DSUs: \$ 57,178



Mr. Tripp is the Vice-Chairman, Equity Division, BMO Nesbitt Burns Inc. (investment dealer), a position he has held since 1999. From 1997 to 1999, Mr. Tripp was Executive Managing Director, Equity Division, BMO Nesbitt Burns Inc. Mr. Tripp serves on the board of BMO Nesbitt Burns Inc. and on the boards of several related subsidiaries. Mr. Tripp is also a cabinet member of the United Way of Greater Toronto.

- (1) Mr. Canfield is the chair of the Governance Committee of the Board. Messrs. Brown, Cedraschi, Fox, Hagg, Lanthier and Mulvihill are members of that committee.
- (2) The Corporation is required by law to have an audit committee. Mr. Lanthier is the chair of the Finance and Audit Committee of the Board. Messrs. Jaako, McCreery and Mulvihill are members of that committee.
- (3) Mr. Cedraschi is the chair of the Human Resources Committee of the Board. Messrs. Canfield, Fox, Lanthier and Tripp are members of that committee.
- (4) Mr. Brown is the chair of the Public Venture Market Committee of the Board. Messrs. Hagg, Jaako and Martel are members of that committee.
- (5) The Chief Executive Officer of TSX Group and, to the extent not otherwise a member of the committee, the Chair and any other Directors may attend all meetings of the Governance Committee, the Finance and Audit Committee, the Human Resources Committee and the Public Venture Market Committee in an ex-officio capacity, but are not entitled to vote at committee meetings.
- (6) On April 3, 2000, The Toronto Stock Exchange demutualized and continued under the Business Corporations Act (Ontario) as The Toronto Stock Exchange Inc. The Toronto Stock Exchange had a Board of Governors, which became the Board of Directors of The Toronto Stock Exchange Inc. on demutualization. The Toronto Stock Exchange Inc. was renamed TSX Inc. on July 10, 2002. On November 12, 2002, TSX Inc. completed a corporate reorganization under a court-approved plan of arrangement whereby the Corporation acquired all the outstanding common shares of TSX Inc. and became the holding company of the TSX group of companies which includes TSX Inc.
- (7) Includes 6,170 deferred share units.
- (8) Includes 1,870 deferred share units.
- (9) With the exception of Mr. Canfield, all nominees are Canadian residents.
- (10) Includes 1,165 deferred share units.
- (11) Includes 1,273 deferred share units.
- (12) Includes 1,424 deferred share units.
- (13) Ms. Stymiest served as a Governor of The Toronto Stock Exchange from May 19, 1993 until June 10, 1999 and then resumed her position as a Governor (now Director) on October 12, 1999.
- (14) Includes common shares acquired as of February 27, 2004 under the Corporation's Employee Share Purchase Plan and 47,173 deferred share units.
- (15) Ms. Stymiest is not entitled to receive compensation for serving as a Director of the Corporation.

Appointment of Auditor and Auditor's Remuneration

The Board recommends that KPMG LLP, Chartered Accountants, be re-appointed as the Corporation's auditor to hold office until the close of the next annual meeting of shareholders and that the Directors be authorized to fix the auditor's remuneration. Representatives of KPMG LLP will be present at the Meeting. KPMG LLP has served as auditor of the Corporation since its formation on August 23, 2002, and has served as auditor of TSX Inc. and its predecessors since 1993.

The persons named in the enclosed proxy intend to vote for the re-appointment of KPMG LLP, Chartered Accountants, 199 Bay Street, Commerce Court West, Toronto, Ontario M5L 1B2, as auditor of the Corporation to hold office until the next annual meeting of shareholders and in favour of authorizing the Directors to fix the remuneration of the Corporation's auditor.

The aggregate fees paid in 2003 for professional services rendered by KPMG LLP, TSX Group's auditor, are set out below:

Service Rendered	Fees Paid to KPMG LLP in Fiscal 2003
Audit Fees ⁽¹⁾	\$ 137,500
Audit Related Fees ⁽²⁾	\$ 43,000
Tax Fees ⁽³⁾	\$ 189,775
All Other Fees ⁽⁴⁾	\$ 22,406

- (1) For the audit of the financial statements of TSX Group, its subsidiaries and the pension plan for employees of TSX Inc. and for services normally provided by the auditor in connection with statutory and regulatory filings.
- (2) For assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported in (1), including review of quarterly financial statements.
- (3) For advisory services for scientific research and experimental development grants, tax compliance, advice, planning and return preparation.
- (4) For products and services other than the fees reported in (1) to (3), including valuation advisory services.

Disclosure of Compensation and Other Information

Composition of the Human Resources Committee

The Human Resources Committee of the Board of Directors (the “Committee”) is composed of five Directors: Tullio Cedraschi (Chair), Brian A. Canfield, Wayne C. Fox, J. Spencer Lanthier and Eric C. Tripp, who are all non-management Directors and a majority of whom are unrelated under the TSX Guidelines (as set out in Schedule B). The Committee’s complete Charter is available on the Corporation’s web site at www.tsx.com.

Human Resources Committee Report on Executive Compensation

The role of the Human Resources Committee is to ensure that TSX Group attracts and retains a capable executive team which will enhance the growth and profitability of the organization. Effective compensation principles and practices are fundamental to achieving this objective.

One of the principal responsibilities of the Committee is to review and make recommendations to the Board regarding the annual compensation of the Chief Executive Officer of the Corporation and to review and approve the annual compensation of the other executive officers of the Corporation. In addition, the Committee is responsible for overseeing the compensation policies and programs for executive officers. The Board has the final approval on the compensation philosophy, guidelines and plans for compensation of executive officers.

In determining the Corporation’s executive compensation levels, the Committee relies on external consultants to provide competitive benchmark information and to assist in the review and design of pay programs. By using competitive pay information and assessing executive performance, the Committee is able to evaluate the appropriateness of executive compensation each year.

Principles of Executive Compensation

The compensation program for the executive officers of the Corporation, including the “Named Executive Officers” (determined for the Corporation in accordance with applicable securities legislation), is overseen by the Committee. The objectives of the program are to:

- Attract and retain executives critical to the Corporation’s short and long-term success;
- Provide executives with compensation that is market competitive and reflects individual performance;
- Focus executives on key business factors that affect shareholder value; and
- Reflect the highest standards of good governance.

The executive compensation program is designed to provide median competitive pay when corporate and individual performance meet established objectives. It is also designed to provide significant upside opportunity for superior corporate and individual performance. In developing a total compensation structure for executive officers, the Committee benchmarks the pay of comparable positions in companies within selected comparator groups. For this purpose, the primary sample is made up of general industry companies. For the Chief Executive Officer and other corporate executives, this sample was made up of the same 30 companies as used in the prior year. This comparative group has median revenues of approximately \$1 billion. Pay practices of financial services companies are benchmarked as a secondary reference. The Committee is of the view that these samples are both appropriate and responsible given the complexity of the Corporation’s business and that there is no directly comparable group of Canadian companies (that is, stock exchanges). The Committee also considers more specialized samples (for example, companies with heavy regulatory requirements and/or strategic technology functions) to reflect the specific skill requirements for certain positions.

The design of the compensation program puts a significant portion of executive pay at risk. The more senior the executive, the greater the portion of pay that is variable. For the CEO, approximately 65% of direct pay is at risk and for the other Named Executive Officers, approximately 55% of direct pay is at risk. Direct pay is defined as salary plus annual short-term incentives and long-term compensation at target.

Base Salary

Each year, the Committee reviews the base salaries of the executive officers. Base salaries are adjusted, as needed, relative to the competitive market for a given position and the performance, responsibility, and contribution of each executive officer.

Short-Term Incentive Plan

A “Balanced Scorecard” approach is used for the purpose of funding the annual incentive plan. The scorecard provides comprehensive performance measures and indicators and enables the Corporation to evaluate performance and progress with respect to critical short-term corporate goals.

Four categories of performance are considered:

- Financial;
- Customer satisfaction;
- Business process and innovation; and
- Employee measures.

Performance is measured by comparing actual results against short-term corporate performance targets established at the beginning of the year. In this way, compensation is aligned with measured success towards the achievement of short-term financial performance and long-term strategic goals. The bonuses paid for achieving target level of performance vary depending on the level of the executive officer and range from 35% to 60% of salary.

The Committee approves the scorecard objectives and the results annually. For 2003, financial measures (net income and operating expense control) accounted for 60% of the award opportunity. The other 40% was made up of a balance of measures dealing with the customers (for example, trading system availability), business process and innovation (such as key initiatives), and employee specific measures. Team and individual contributions are considered in determining individual bonus awards.

Long-Term Compensation

2001 and 2002 Interim Bonus Plan

For the years 2001 and 2002, executive officers and director-level employees received an award under the interim bonus plan which was introduced in lieu of a long-term compensation plan for those years. The interim bonus plan provided eligible employees with a deferred award based on the annual financial performance of TSX Group. The deferred awards were converted into deferred share units for executive officers (“DSUs”) or restricted share units for director-level employees (“RSUs”). A DSU or an RSU is a bookkeeping entry equivalent to the value of a TSX Group common share, credited to an account to be maintained for the individual entitled to the DSU or RSU, as the case may be. Additional DSUs or RSUs are credited to an individual’s account to reflect notional equivalents of dividends paid on TSX Group common shares. The awards for 2001 were converted at the initial public offering share price of \$18.00, and the awards for 2002 were converted at the share price of \$21.131, the weighted average price for the five trading days prior to December 31, 2002. RSUs are cashed out at the end of three years. Both DSUs and RSUs vest in one-third increments at the end of each calendar year.

Share Option Plan

The share option plan has been designed to motivate participants to increase focus on shareholder value. The Committee administers the share option plan in compliance with applicable laws and the rules of Toronto Stock Exchange on which the Corporation’s common shares are listed.

All executive officers and director-level employees of the Corporation are eligible to be granted share options under the option plan. There are 2,715,150 common shares of the Corporation reserved for issuance upon exercise of options granted under the share option plan, representing approximately 8% of the outstanding common shares of the Corporation. The share option plan is subject to the rules of Toronto Stock Exchange which cap the maximum number of share options that can be issued to insiders unless the prior approval of a majority of the votes cast at a shareholders' meeting is obtained.

On January 2, 2003, an aggregate of 725,000 options were granted to executives to purchase common shares at an exercise price equal to \$21.057 per share. Employees who joined the Corporation after January 2003, were granted an additional 45,000 options at an average exercise price of \$25.268 per share. These exercise prices are based on the five-day weighted average trading prices prior to the respective grant dates. Options granted in 2003 have a ten-year term with 25% of options vesting and becoming exercisable one year after the date of the grant and in increments of 25% on each subsequent anniversary. In determining the award sizes to recommend to the Board, the Committee considered the target number of options required to meet the median total direct compensation policy described under the section "Principles of Executive Compensation" and grants made in 2003.

On December 31, 2003, the Corporation paid a special dividend of \$5.00 per common share on all outstanding common shares of the Corporation. To address the decrease in value of share options as a result of the payment of the special dividend, the Board approved special deferred bonus payments to holders of share options. Subject to ongoing employment, for each option granted in 2003, option holders will receive a cash amount of \$5.00 per option payable in four equal instalments ending December 2006, essentially in line with the period over which the stock options vest. An initial instalment was paid in January 2004.

Changes to Long-Term Incentives for 2004

To reflect best practices and market trends in long-term incentive awards, the Committee has introduced changes to TSX Group's long-term incentive program for 2004 to ensure that the gains realized from long-term incentive awards are aligned with the experience of shareholders.

Long-term incentive awards will now consist of options (for approximately half of long-term incentives) and RSUs for the balance of such incentives.

Share Options

On January 28, 2004, an aggregate of 211,800 options were granted to management to purchase common shares at an exercise price of \$44.80. Share options granted in 2004 will be exercisable for seven years, with vesting occurring in equal proportions over three years.

Restricted Share Unit Plan

For 2004 compensation, 57,015 RSUs were granted to management under the Employees' Restricted Share Unit Plan. The initial value of each of these RSUs is equivalent to \$42.90, the value of one common share of TSX Group at the close of business on December 31, 2003, with additional RSUs being credited to reflect notional equivalents of dividends paid on TSX Group common shares. RSUs vest at the end of three years. In addition to time vesting, the RSUs are subject to performance criteria based on total shareholder return with the target award adjusted by this performance modifier.

Total shareholder return ("TSR") represents the appreciation in share price plus dividends paid on a share, measured at the time RSUs vest. TSR determines the degree to which the original grant is adjusted. For example, if target TSR is achieved, grants vest at 100%. If target TSR is exceeded, grants will be adjusted upwards to a maximum of 180%. Conversely, if target TSR is not achieved, the award will be adjusted downward. In any event, a minimum payment equal to 25% of the RSUs granted will be made.

Share Ownership Requirements

To further align the interests of executive officers with those of the Corporation's shareholders, the Corporation has mandated share ownership for each of its executive officers, including the Named Executive Officers (as defined under the section "Compensation of Named Executive Officers"). The required level of share ownership is a multiple of one to three times the executive officer's base salary depending on the seniority of the executive officer as follows:

- Chief Executive Officer – three times salary
- Presidents and Senior Vice Presidents – two times salary
- Vice Presidents – one times salary

The executive officers are required to achieve the applicable minimum level of share ownership within a three-year period. Ownership of Deferred Share Units are counted for purposes of satisfying an executive officer's share ownership requirement.

The following table sets forth the share ownership information for the Named Executive Officers as at February 27, 2004:

Named Executive Officer	Common Shares		DSUs		Total Share Ownership \$	Multiple of Salary
	(#)	(\$) ⁽¹⁾	(#)	(\$) ⁽²⁾		
Barbara G. Stymiest	122,645	6,588,489	47,173	2,379,170	8,967,659	19.9
Richard W. Nesbitt	21,071	1,131,934	27,969	1,410,617	2,542,551	7.1
John B. Cieslak	28,737	1,543,752	25,264	1,274,190	2,817,942	8.1
Sharon C. Pel	–	–	2,016	101,677	101,677	0.3
Linda M.O. Hohol	14,132	759,171	5,409	272,803	1,031,974	4.1

(1) The closing price for the Corporation's common shares on February 27, 2004 was \$53.72.

(2) The fair market value of a DSU on February 27, 2004, determined based on the weighted average trading price of the Corporation's common shares for the five trading days preceding February 27, 2004, was \$50.435.

Deferred Share Unit Plan

To assist executive officers in meeting their share ownership requirements, executive officers were given the opportunity to convert all or part of their short-term incentive award to DSUs. This opportunity is limited to those executive officers who have not yet achieved their required level of ownership.

Compensation of the Chief Executive Officer

The Governance Committee of the Board assesses the overall performance of the Chief Executive Officer ("CEO") each year. The Committee considers this assessment in determining the CEO's salary and recommending short and long-term compensation awards for the CEO to the Board of Directors.

Each year the Committee reviews the competitiveness of the CEO's compensation. For 2003, the CEO's base salary was set at \$450,000, which was somewhat below the median of the comparable companies as described under the section "Principles of Executive Compensation". Target total direct compensation consisting of salary plus a target bonus of 60% of salary and a grant of 100,000 options provided in January 2003, was slightly above the median of the comparable companies.

In January 2004, the Governance Committee reviewed the CEO's contribution based primarily on the following basis:

- Delivery of the financial plan and targeted long-term earnings per share growth;
- Development and execution of strategies for growth through expansion, innovation and improved operations;
- Development of strong relationships with the investment community;

- Enhancement of relationships with customers and shareholders;
- Improvement of Board effectiveness and corporate governance; and
- Development of a strong management team.

In assessing Ms. Stymiest's contribution, the Governance Committee placed the greatest weighting (75%) on the delivery of the Corporation's financial plan, the targets of which were significantly exceeded. Further recognition was given to Ms. Stymiest's contribution in developing a customer-centric culture, in developing an effective investor relations program, and in expanding the shareholder base of the Corporation in the public market.

Ms. Stymiest received an annual bonus of \$550,000 for 2003. This amount was determined in accordance with the annual incentive program and the Governance Committee's assessment of the CEO's contribution.

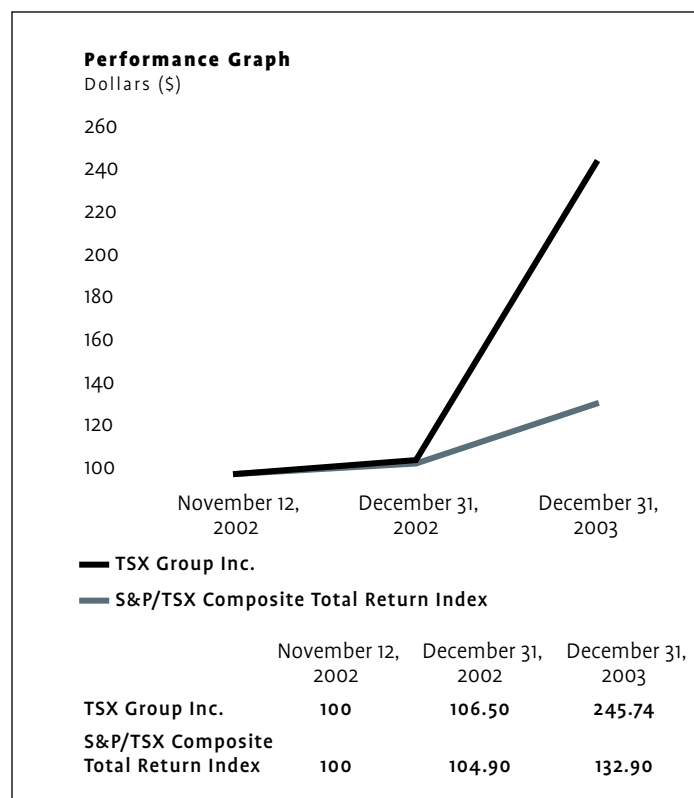
To better align the CEO's compensation with the competitive sample, Ms. Stymiest's salary was adjusted for 2004 to \$550,000. The target bonus remains at 60% of salary and the long-term incentive grant for 2004 consists of 30,000 options and 10,000 RSUs at target.

Submitted by the Human Resources Committee:

Tullio Cedraschi – Chair, Brian A. Canfield, Wayne C. Fox, J. Spencer Lanthier, Eric C. Tripp

Performance Graph

The following performance graph compares the total cumulative shareholder return for \$100 invested in the common shares of TSX Group on November 12, 2002, with the cumulative total return, including dividend reinvestment, of the S&P/TSX Composite Index™ for the period from November 12, 2002, the date the common shares commenced trading on Toronto Stock Exchange, through to and including December 31, 2003.



Compensation of Named Executive Officers

The following tables present information about compensation of the Corporation's "Named Executive Officers" determined for TSX Group and its subsidiaries in accordance with applicable securities legislation. (For periods prior to November 12, 2002, compensation is given in respect to TSX Inc. and its subsidiaries.) The following table sets out the total compensation awarded to, earned by, or paid to, each of the Named Executive Officers for services rendered by that individual in all capacities to the Corporation or its subsidiaries:

Summary Compensation Table

Name & Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SAR Granted (#)	Deferred Share Units (#) ⁽¹⁾	LTIP Payouts (\$)	All Other Compensation (\$) ⁽²⁾
Barbara G. Stymiest Chief Executive Officer	2003	450,000	550,000	N/A	100,000	N/A	N/A	2,572
	2002	420,000	506,464 ⁽³⁾	N/A	N/A	23,662 DSUs based on \$500,000	N/A	882
	2001	420,000	452,000 ⁽³⁾	N/A	N/A	17,614 DSUs based on \$300,000	N/A	882
Richard W. Nesbitt ⁽⁴⁾ President, TSX Markets	2003	360,000	360,000	N/A	50,000	N/A	N/A	2,519
	2002	360,000	300,000	N/A	N/A	14,197 DSUs based on \$300,000	N/A	882
	2001	120,000	83,500	N/A	N/A	10,275 DSUs based on \$175,000	N/A	294
John B. Cieslak Senior Vice-President Information & Trading Technology and Chief Information Officer	2003	350,000	325,000	N/A	40,000	N/A	N/A	2,660
	2002	330,000	266,057 ⁽³⁾	N/A	N/A	11,831 DSUs based on \$250,000	N/A	1,411
	2001	308,000	246,020 ⁽³⁾	N/A	N/A	10,275 DSUs based on \$175,000	N/A	1,411
Sharon C. Pel ⁽⁵⁾ Senior Vice-President, Legal and Business Affairs	2003	149,038	100,000 ⁽⁶⁾	N/A	25,000	N/A	N/A	661
	2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Linda M.O. Hohol ⁽⁷⁾ President, TSX Venture Exchange Inc.	2003	250,000	175,000	N/A	30,000	N/A	N/A	2,416
	2002	168,590	100,000	N/A	N/A	4,732 DSUs based on \$100,000	N/A	588
	2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Deferred share units were converted from deferred amounts granted under the interim bonus plan, as outlined under the "Long-Term Compensation" section of this Circular. Dividend equivalents accrued during the year are credited in the form of additional units. Aggregate holdings of deferred share units as at December 31, 2003, which includes the value of dividend equivalent DSUs credited during the year, and their value, based on a closing TSX Group share price of \$42.90, are as follows: Ms. Stymiest 47,173 units with a value of \$2,023,721, Mr. Nesbitt 27,969 units with a value of \$1,199,870, Mr. Cieslak 25,264 units with a value of \$1,083,825 and Ms. Hohol 5,409 units with a value of \$232,046. The included year-end value of the dividend equivalents for 2003 is as follows: Ms. Stymiest \$252,045, Mr. Nesbitt \$149,441, Mr. Cieslak \$134,954 and Ms. Hohol \$28,888.

(2) These amounts include premiums for term life insurance maintained for the benefit of the Named Executive Officer and employer contributions to the Employee Share Purchase Plan (ESPP).

(3) Of the bonus amount paid in 2001 and 2002, the following amounts related to a bonus award made in 2000 prior to the introduction of the interim bonus plan, and payable over a three-year period. For the years 2001 and 2002, respectively: Ms. Stymiest, \$72,000, and \$76,464 and Mr. Cieslak, \$15,120 and \$16,057.

(4) Mr. Nesbitt joined TSX Group effective September 4, 2001. The information presented for 2001 is the actual compensation paid. The annualized equivalent for salary and bonus was \$360,000 and \$250,500 respectively.

(5) Ms. Pel joined TSX Group effective July 2, 2003. The information presented for 2003 is the actual compensation paid. The annualized equivalent for salary, bonus and all other compensation was \$300,000, \$200,000 and \$1,322 respectively.

(6) Ms. Pel elected to convert her bonus into Deferred Share Units at a price of \$49.596 per DSU in accordance with the terms of the TSX Group Executives Deferred Share Unit Plan.

(7) Ms. Hohol joined TSX Group effective April 29, 2002. The information presented for 2002 is the actual compensation paid. The annualized equivalent for salary and bonus was \$250,000 and \$150,000 respectively.

Share Options Granted in 2003

The following table sets forth share options granted under the Share Option Plan to Named Executive Officers during the year ended December 31, 2003. The exercise price is based on the weighted average trading price for TSX Group common shares on Toronto Stock Exchange for the five trading days preceding the date of grant.

Name	Securities Under Options Granted (#) ^(1,2)	% of Total Options Granted to Employees in 2003	Exercise Price (\$/security)	Market Value of Securities Underlying Options on the Date of Grant (\$/security)	Expiration Date
Barbara G. Stymiest	100,000	13.0	21.057	22.13	Jan. 1, 2013
Richard W. Nesbitt	50,000	6.5	21.057	22.13	Jan. 1, 2013
John B. Cieslak	40,000	5.2	21.057	22.13	Jan. 1, 2013
Sharon C. Pel	25,000	3.2	28.333	27.20	July 1, 2013
Linda M.O. Hohol	30,000	3.9	21.057	22.13	Jan. 1, 2013

- (1) Options granted in 2003 are exercisable for 10 years from the date of grant and vest as to 25% one year after the date of grant and an additional 25% per year on each subsequent anniversary.
- (2) On December 31, 2003, the Corporation paid a special dividend of \$5.00 per common share. To address the decrease in value of share options as a result of the payment of the special dividend, the Board approved special deferred bonus payments to holders of share options. Subject to ongoing employment, for each option granted in 2003, option holders will receive a cash amount of \$5.00, payable in four equal instalments ending December 2006, essentially in line with the period over which the stock options vest. An initial instalment was paid in January 2004.

Options Exercised in 2003

No options were exercisable in 2003. The following table sets forth information concerning financial year-end option values for Named Executive Officers. The value of unexercised in-the-money options at December 31, 2003 is the difference between the exercise price of the options and the closing price of TSX Group common shares on December 31, 2003, which was \$42.90 per common share.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End (#)		Value of Unexercised In-the-Money Options at Financial Year-End (\$) ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Barbara G. Stymiest	Nil	Nil	Nil	100,000	Nil	2,184,300
Richard W. Nesbitt	Nil	Nil	Nil	50,000	Nil	1,092,150
John B. Cieslak	Nil	Nil	Nil	40,000	Nil	873,720
Sharon C. Pel	Nil	Nil	Nil	25,000	Nil	364,175
Linda M.O. Hohol	Nil	Nil	Nil	30,000	Nil	655,290

- (1) On December 31, 2003, the Corporation paid a special dividend of \$5.00 per common share. To address the decrease in value of share options as a result of the payment of the special dividend, the Board approved special deferred bonus payments to holders of share options. Subject to ongoing employment, for each option granted in 2003, option holders will receive a cash amount of \$5.00, payable in four equal instalments ending December 2006, essentially in line with the period over which the stock options vest. An initial instalment was paid in January 2004.

The following table provides details on the stock option and RSU grants that were made to the Named Executive Officers in January 2004.

Name	Options			RSUs	
	Securities Under Options Granted (#)	Exercise or Base Price (\$/Security)	Expiration Date	Target RSUs Granted (#) ⁽ⁱ⁾	Grant Price (\$/RSU)
Barbara G. Stymiest	30,000	44.80	Jan. 27, 2011	10,000	42.90
Richard W. Nesbitt	16,000	44.80	Jan. 27, 2011	4,280	42.90
John B. Cieslak	14,000	44.80	Jan. 27, 2011	3,930	42.90
Sharon C. PeI	8,000	44.80	Jan. 27, 2011	2,140	42.90
Linda M.O. Hohol	8,000	44.80	Jan. 27, 2011	2,140	42.90

(i) The target RSU grants are adjusted to reflect dividends paid and then modified by a three-year total shareholder return performance factor. Total shareholder return (TSR) represents the appreciation in share price plus the return related to dividends paid. TSR determines the degree to which the original grant is adjusted. For example, if target TSR is achieved, grants vest at 100%. If target TSR is exceeded, grants will be adjusted upwards to a maximum of 180%. Conversely, if target TSR is not achieved, the award will be adjusted downward. In any event, a minimum payment equal to 25% of the RSUs granted will be made.

Pension Plans

The Named Executive Officers (along with executive officers and other members of senior management) participate in the defined benefits tier of TSX Group's employee registered pension plan as non-contributory members. If a Named Executive Officer retires on the normal retirement date, the amount of annual pension will be 2% of the average of the best three consecutive years of pensionable earnings (base salary plus short-term incentive plan bonus award) multiplied by credited years of service. All Named Executive Officers may retire at age 60 with full pension (as if they were 65). The pension benefit is payable for life, with 120 monthly payments guaranteed if there is no surviving spouse or 60% continuance for a surviving spouse. Under the defined benefits tier of the pension plan, the pension benefit will be limited to the maximum amount prescribed under the *Income Tax Act* (Canada).

TSX Group also maintains a non-contributory supplementary pension plan for executive officers and other members of senior management. The supplementary pension plan provides the portion of the pension benefits that exceed the maximum permitted under the defined benefits tier of the registered pension plan. In addition, executive officers are guaranteed the greater of the commuted value of their accrued pension benefit and the amount equivalent to 10% of their base salary plus annual bonus accumulated each year with interest while a member of the supplementary pension plan.

The following table shows the aggregate annual retirement benefits payable under the defined benefits tier of the pension plan and the supplementary pension plan upon retirement at age 65 based on the above described pension formula (exclusive of the amounts paid under the Canada Pension Plan or the Quebec Pension Plan):

Annual Pension Payable Upon Retirement at Normal Retirement Age

Remuneration (\$)	Years of Service and Annual Pension Benefit Payable					
	10 (\$)	15 (\$)	20 (\$)	25 (\$)	30 (\$)	35 (\$)
200,000	40,000	60,000	80,000	100,000	120,000	140,000
225,000	45,000	67,500	90,000	112,500	135,000	157,500
250,000	50,000	75,000	100,000	125,000	150,000	175,000
300,000	60,000	90,000	120,000	150,000	180,000	210,000
400,000	80,000	120,000	160,000	200,000	240,000	280,000
500,000	100,000	150,000	200,000	250,000	300,000	350,000
600,000	120,000	180,000	240,000	300,000	360,000	420,000
700,000	140,000	210,000	280,000	350,000	420,000	490,000
800,000	160,000	240,000	320,000	400,000	480,000	560,000
900,000	180,000	270,000	360,000	450,000	540,000	630,000
1,000,000	200,000	300,000	400,000	500,000	600,000	700,000
1,100,000	220,000	330,000	440,000	550,000	660,000	770,000
1,200,000	240,000	360,000	480,000	600,000	720,000	840,000

The above table indicates pension levels at various credited years of service and levels of remuneration.

The respective credited years of service for pension plan purposes as of December 31, 2003, at age 60 and at normal retirement at age 65 for the Named Executive Officers, as well as the estimated benefits based on current levels of compensation and payable upon retirement are as follows:

	Years of Service			Projected Annual Benefit	
	December 31, 2003	Age 60	Age 65	Age 60 (\$)	Age 65 (\$)
Barbara G. Stymiest	4.2	16.7	21.7	333,334	433,334
Richard W. Nesbitt	2.3	14.1	19.1	202,800	274,800
John B. Cieslak	3.4	19.1	24.1	257,625	325,125
Sharon C. Pel	0.5	13.4	18.4	107,334	147,334
Linda M.O. Hohol	1.7	9.9	14.9	84,292	126,792

Each of Ms. Stymiest and Ms. Pel also participates in a supplemental executive retirement arrangement that will provide an additional \$115,300 and \$77,700 per annum, respectively, upon her retirement at age 65.

Employment Contracts and Severance Arrangements

Mr. Cieslak is a party to a severance arrangement under which he will receive a lump-sum cash payment equivalent to 2.85 times his base salary if terminated without cause. The severance arrangement also provides that Mr. Cieslak is entitled to certain benefits including life insurance benefits either for the duration of the severance period or for the earlier of the duration of the severance period or re-employment. Pension contributions and disability benefits cease on the day of termination.

Directors' Compensation and Share Ownership Requirements

The following summarizes the annual compensation arrangements in effect from May 8, 2003 for the non-employee Directors:

Chairman of the Board Retainer⁽¹⁾:

Cash	\$100,000 per year
Deferred Share Units ⁽²⁾	3,000 per year

Director Retainer

Cash	\$20,000 per year
Deferred Share Units ⁽²⁾	1,000 per year

Committee Chair Retainer

Finance and Audit Committee	\$10,000 per year
Other Committees	6,000 per year

Committee Member Retainer

\$3,000 per year

Board Meeting Attendance Fee

\$1,200 per meeting

Committee Meeting Attendance Fee

\$1,200 per meeting

Travel Fee⁽³⁾

\$1,200 per meeting

(1) The Chair of the Board receives no additional committee or attendance fees.

(2) A deferred share unit is a bookkeeping entry equivalent to the value of a TSX Group common share, credited to an account to be maintained for the individual director until retirement from the Board.

(3) Travel fees are paid to Directors whose return air travel time exceeds six hours per meeting.

Directors who are employees of the Corporation or its subsidiaries do not receive fees for serving as Directors. Directors are reimbursed for out-of-pocket expenses incurred in connection with meetings of the Board of Directors or any committee of the Board.

Directors are required to achieve ownership of \$150,000 of common shares over a four-year period. Ownership of deferred share units are counted for purposes of satisfying Director share ownership requirements. Until the mandated level of ownership is reached, at least 50% of a Director's annual cash retainer must be taken in the form of DSUs although Directors are free to elect a higher level of DSU participation. Each DSU has a value based on the value of one common share of the Corporation. DSUs are initially credited to a Director's DSU account at an amount based on the weighted average trading price for TSX Group common shares on the Toronto Stock Exchange for the five trading days preceding the date of payment of a Director's retainer. DSUs can only be redeemed at the time a Director ceases to be a Director. No common shares will be issued or transferred on redemption of deferred share units; only cash payments will be made.

Directors' and Officers' Liability Insurance

Directors and officers of TSX Group are covered under Directors' and Officers' Liability Insurance policies. The policies include coverage for wrongful acts (including misleading statements) claimed against Directors and officers by reason of their serving in such capacities. The aggregate limit of liability applicable to those insured Directors and officers under the insurance policies is \$50 million, inclusive of defence costs. In the event of indemnification of its Directors and officers, TSX Group has reimbursement coverage in excess of a deductible of \$500,000 for each loss. The premium for the Directors' and officers' liability insurance was \$274,700 for the April 1, 2003 to March 31, 2004 policy year. The by-laws of TSX Group also provide for the indemnification of its Directors and officers, and TSX Group has entered into indemnification agreements with its Directors and officers which indemnify them from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain limitations.

Indebtedness of Directors and Officers

No Directors or senior officers of TSX Group were indebted to the Corporation or its subsidiaries as at December 31, 2003 or at any time during 2003.

Additional Items

Available Documentation

The Corporation is a reporting issuer under the securities acts of all of the provinces and territories of Canada and is therefore required to file consolidated financial statements and information circulars with the various securities commissions. The Corporation will also file an annual information form with those securities commissions which will, among other things, contain all of the disclosure required by Form 52-110F1 under Multilateral Instrument 52-110 – Audit Committees. Copies of the Corporation's annual information form, annual consolidated financial statements, any interim financial statements filed subsequent to the filing of the most recent annual financial statements, the Management Information Circular and additional copies of the 2003 Annual Report, in English and/or French, may be obtained on request from the Secretary of the Corporation.

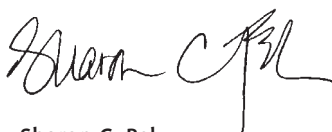
Corporate Governance

Under the rules of Toronto Stock Exchange, the Corporation is required to disclose information relating to its corporate governance practices. The Corporation's disclosure is set out in Schedule B to this Circular and under the heading "Statement of Corporate Governance Practices" in the Corporation's 2003 Annual Report.

Schedule C to this Circular sets out the Charter of the Board of Directors, which includes the principal responsibilities of the Chair of the Board and the Chief Executive Officer. The Charter for each Committee of the Board is available on the Corporation's web site at www.tsx.com under the Investor Relations tab. The Code of Conduct for Directors of TSX Group Inc. and the Code of Conduct for employees of TSX Group Inc. are also available in the same location.

Directors' Approval

The Board of Directors of the Corporation has approved the contents and sending of this Management Information Circular to the shareholders.



Sharon C. Pel

Senior Vice-President, Legal and Business Affairs

Toronto, Ontario

March 26, 2004

Schedule A

Record of Attendance by Directors in 2003

(includes only nominees for election)

Director	Number of meetings attended	
	Board	Committees
Ian S. Brown	10 of 12	12 of 12
Brian A. Canfield	10 of 12	11 of 13
Tullio Cedraschi	10 of 12	11 of 13
Wayne C. Fox ⁽¹⁾	11 of 12	14 of 17
Raymond Garneau ⁽²⁾	N/A	N/A
John A. Hagg	12 of 12	11 of 12
Harry A. Jaako	12 of 12	12 of 13
J. Spencer Lanthier	11 of 12	19 of 21
Jean Martel	11 of 12	3 of 5
Owen McCreery	12 of 12	8 of 8
John P. Mulvihill ⁽³⁾	12 of 12	9 of 9
Barbara G. Stymiest	12 of 12	N/A
Eric C. Tripp	11 of 12	4 of 6

Summary of Board and Committee Meetings Held in 2003

Board ⁽⁴⁾	12
Finance and Audit Committee	8
Governance Committee	7
Human Resources Committee	6
Public Venture Market Committee	5
Total Number of Meetings Held	38

(1) Resigned from the Finance and Audit Committee on May 8, 2003.

(2) Appointed to the Board on November 25, 2003, the last Board meeting of 2003, and attended his first meeting on January 27, 2004.

(3) Appointed to the Finance and Audit Committee on July 29, 2003.

(4) Includes one all-day Board strategy session.

Schedule B

Comparison of Corporate Governance Practices

The Corporation believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. The Corporation's 2003 Annual Report contains an overview of the Corporation's corporate governance practices. The corporate governance practices of TSX Group are aligned with the guidelines for improved corporate governance adopted by Toronto Stock Exchange (the "TSX Guidelines"). Where the Corporation's practice differs from any of the TSX Guidelines, the difference and the reason for the difference is noted.

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
1. The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:	Yes	The primary responsibility of the Board of Directors of the Corporation is to provide the Corporation with governance and stewardship. The Board establishes the overall policies and standards for the Corporation in the operation of its business, reviews, approves and monitors the strategic plan, and supervises the management of the Corporation's business and affairs with the goal of enhancing long-term shareholder value. The Board has adopted a charter which articulates its primary responsibilities. The charter is attached as Schedule C to this Circular. The Board delegates to management the authority and responsibility for day-to-day affairs and monitors and reviews management's performance and effectiveness (see also TSX Guidelines 1(c) and 11). The Board has established formal policies specifying when a corporate decision requires prior Board approval (see also TSX Guidelines 1(a) and 11).
a) Adoption of a strategic planning process;	Yes	The Board has adopted a formal annual and on-going strategic planning process which requires the Board to regularly review and annually approve the management-developed strategic planning methodology and strategic plan, which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis. The Board believes that strategic development is an interactive process between management and the Board and, accordingly, the Board provides input on the proposed strategic approach to key issues and opportunities. The Board devotes at least one day-long meeting each year to strategic planning. Recognizing that strategic planning is a continuous process, the Board also meets regularly during the year as strategic plans evolve and require Board input, approval or confirmation. The Board makes all major strategic policy decisions and uses the strategic plan as one of its tools to measure the Corporation's progress towards achieving its corporate objectives.

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
b) The identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;	Yes	<p>The principal risks of the Corporation's business are outlined in the 2003 Annual Report under Management's Discussion and Analysis. TSX Group follows a Board-approved corporate-wide comprehensive integrated business risk management program to assist management and the Board in identifying, assessing, prioritizing, and managing the key business risks the Corporation faces and to provide consistent reporting and monitoring of those risks. The Board as a whole, and the Finance and Audit Committee in particular, reviews and assesses these risks and the adequacy of the risk management policies and procedures with regard to the identification of the Corporation's principal risks annually and reviews quarterly updates on these risks from the Corporation's Director, Risk Management. In addition, the Finance and Audit Committee reviews and assesses the adequacy of the implementation of appropriate systems to mitigate and manage the risks.</p> <p>The Board also confirms that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.</p> <p>In addition, the Corporation has implemented a business continuity plan providing for the protection of personnel and resources and the continuity of critical business functions, which was tested periodically throughout the year.</p> <p>The Board has approved Codes of Conduct for the Directors and employees of the Corporation and its subsidiaries which provide guidance on ethical issues and establish mechanisms to report unethical conduct. The Codes of Conduct may be found on the Corporation's web site at www.tsx.com. The Finance and Audit Committee also reviews with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
c) Succession planning, including appointing, training and monitoring senior management;	Yes	<p>The Board has responsibility for appointing and monitoring senior management through the Human Resources and Governance Committees. These Committees review and recommend to the Board, for approval, the appointment of all senior executive management positions. These Committees also have responsibility to review, approve and report to the Board annually on organizational, structural and succession planning issues including specific development plans and career planning for potential successors. The CEO provides a report to the Human Resources Committee on these issues at least annually.</p> <p>The Board encourages management's participation in appropriate professional and personal development activities, courses and programs. The Board also supports management's commitment to the training and development of all employees. Significant funding is allocated in the Corporation's budget each year for these activities, and the extent of staff's participation in these programs is monitored annually. As part of the CEO's performance objectives, the CEO is assessed on the development of a strong management team.</p> <p>The Governance Committee conducts an annual review and assessment of the CEO's performance. The senior executive officers of the Corporation are similarly assessed by the Human Resources Committee.</p>
d) A communication policy for the corporation; and	Yes	<p>The Corporation has a public affairs and communications group that has developed a clearly articulated policy for effective, timely and non-selective two-way communications with shareholders, governments, employees, suppliers, other stakeholders and the public in general, including the media. The Corporation also has an investor relations function which responds to analysts, and to institutional and individual shareholder inquiries. Together the personnel responsible for these two functions deal with stakeholders' concerns and ensure all inquiries receive a full and timely response. The Board recognizes communications to be, except in rare circumstances, the responsibility of management and not the Board. However, as part of the Board charter, the Board is required to confirm that management has established a system for effective corporate communication, including processes for consistent, transparent, regular and timely public disclosure. The Board, or the appropriate Board Committee, reviews major communications to shareholders and the public, including the quarterly and annual reports, Management's</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
		<p>Discussion and Analysis, and approves the Management Information Circular and the Corporation's annual information form. Disclosed information is distributed through mailings, news wire services, the general media and the Corporation's web site. In addition, the Board has adopted a comprehensive Timely Disclosure, Confidentiality and Insider Trading Policy (the "Policy") which applies to all Directors and employees of the Corporation and its subsidiaries. Under that policy, the Corporation has established a Disclosure Committee that is responsible for updating the Policy regularly, monitoring the effectiveness of and compliance with the Policy, educating the Corporation's Directors, officers and employees about the Policy, reviewing and authorizing all written, electronic and oral disclosure by the Corporation and monitoring the Corporation's web site. Compliance with the Policy is also monitored by the Governance Committee.</p> <p>The CEO and CFO meet periodically with financial analysts and institutional investors. Quarterly earnings conference calls are broadcast live over the internet and archived on the Corporation's web site and are accessible on a live and recorded basis via telephone. Presentations at investor conferences are promptly made available through the Corporation's web site or via webcast.</p> <p>The Board is responsible for determining appropriate criteria against which to evaluate corporate performance against shareholder expectations and ensures that the Corporation has procedures in place to receive feedback from shareholders.</p>
e) The integrity of the corporation's internal control and management information systems.	Yes	<p>The Board, primarily through its Finance and Audit Committee, requires that management implement and maintain appropriate internal control procedures, which are reviewed and updated as appropriate. This Committee regularly reviews and assesses the integrity, adequacy and effectiveness of the Corporation's internal control and management information systems. The Committee oversees internal control systems by monitoring and reviewing policies and procedures for internal accounting, internal audit, financial controls and management information systems. The Committee reviews with management its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response.</p> <p>The Corporation also has an internal audit function which carries out independent assessments of the adequacy and effectiveness of internal controls. The audits encompass efficient and effective operations, reliable internal and external reporting, and compliance with laws and regulations. They cover the</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
<p>2. The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.</p>	Yes	<p>Corporation's resources, systems, processes, culture, structure and tasks, as they collectively make up the control environment. A summary of audit findings and the corrective action being taken is provided to the Finance and Audit Committee, at least quarterly, to assist the Board in fulfilling its stewardship responsibility of ensuring that appropriate internal controls are in place to manage operations.</p> <p>The Committee meets with the internal auditor and the independent auditors, with and without management, at least annually to discuss and review these matters and then reports its findings to the Board.</p> <p>The Board believes that, as a matter of policy, there should be a majority of "unrelated" Directors on the Board.</p> <p>At the Annual Meeting of shareholders on April 27, 2004, the size of the Board will be reduced from fourteen Directors to thirteen Directors. Eight of the nominees to the Board, being a majority of the Board, are "unrelated" Directors in that they are independent of management and are not associated with a Participating Organization ("PO") of TSX Inc. or with a PO or Member of TSX Venture Exchange Inc. (which are both affiliates of TSX Group). (A PO or a Member is a registered broker dealer which is permitted access to the facilities of TSX Inc. and/or TSX Venture Exchange Inc. for the purpose of trading securities listed on those two exchanges.) In addition to having no association with a PO or Member, none of the eight nominees to the Board has any other interest or relationship that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Corporation.</p> <p>One nominee for Director is a member of management and four nominees are associated with a PO or a Member and as such are "related" Directors.</p> <p>The Governance Committee periodically reviews the relationship of the Directors with the Corporation to determine which Directors are "unrelated" and, if not, that they are acting appropriately.</p> <p>The recognition order issued by the Ontario Securities Commission for the Corporation (the "Recognition Order") requires that at least 50% of the Corporation's Directors must be "independent", which is defined in the Recognition Order as being independent of management and not associated with a PO or Member. In 2004, the Board composition will exceed this requirement as more than 50% of the Directors will be independent within the meaning of the Recognition Order</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
<p>3. The application of the definition of "unrelated director" to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.</p>	Yes	<p>in that they are independent of management and are not associated with a PO of TSX Inc. or a PO or Member of TSX Venture Exchange Inc.</p> <p>The Corporation does not have a "significant shareholder" since each shareholder alone or in concert with others, is prohibited from beneficially owning, voting or exercising control or direction over more than 10% of the outstanding common shares of the Corporation without the prior consent of the Ontario Securities Commission.</p> <p>The Board has considered each proposed nominee for Director at the Annual Meeting on April 27, 2004 and has determined that the Board has a majority of "unrelated" Directors, as follows:</p> <ul style="list-style-type: none"> (i) Eight nominees: Brian A. Canfield, Tullio Cedraschi, Raymond Garneau, Harry A. Jaako, J. Spencer Lanthier, Jean Martel, Owen McCreery and John P. Mulvihill, being a majority of the Board, are each independent of management and are also "unrelated". They are "unrelated" in that none has any interest or relationship that could or could reasonably be perceived to materially interfere with his ability to act in the best interests of the Corporation. In addition, they are considered independent under the terms of the Corporation's Recognition Order because they are not associated with a PO of TSX Inc. or a PO or Member of TSX Venture Exchange Inc. (both of which are affiliates of the Corporation). (ii) One nominee, Barbara G. Stymiest, the CEO of the Corporation, is a member of management and is therefore a "related" Director. (iii) Four nominees, Wayne C. Fox, Ian S. Brown, John A. Hagg and Eric C. Tripp, have been deemed "related" and non-independent (within the meaning of the Recognition Order) Directors since they have an association with a PO of TSX Inc. or a PO or Member of TSX Venture Exchange Inc. However, each of them is independent of management. (iv) No non-employee Director has received remuneration from the Corporation in excess of Directors' fees. <p>The Corporation will be reviewing the characterization of the relationship of the Directors to the Corporation in light of Multilateral Instrument 52-110 – Audit Committees, proposed Multilateral Instrument 58-101 – Disclosure of Corporate Governance Practices and proposed Multilateral Policy 58-201 – Effective Corporate Governance.</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
<p>4. The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, i.e., non-management, directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.</p>	Yes	<p>The Board has constituted a Governance Committee, composed exclusively of non-management Directors, the majority of whom are also “unrelated”, with the responsibility for governance issues and all matters relating to the stewardship role of the Board in respect of the management of the Corporation, and, in particular, to determine the size, composition and effectiveness of the Board; the committee structure and mandates; CEO succession planning; and to make recommendations to the Board with respect to the nominees to the Board.</p> <p>Nominees to the Board are selected for qualities such as integrity, business judgment, independence, business, professional or board expertise, capital market experience, public venture market experience and international experience. As well, representation from geographic regions relevant to the Corporation’s strategic priorities is taken into consideration. The objective is to ensure the Board’s composition provides the best mix of skills and experience to guide the strategies and business operations of the Corporation. In certain circumstances, the Governance Committee may retain outside consultants to conduct searches for appropriate nominees. Prospective nominees to the Board are made aware of their duties, responsibilities and time commitment expectations as a Director.</p> <p>The Governance Committee is also responsible for assessing Directors on an ongoing basis (see also TSX Guideline 5) and for reporting to the Board the results of such assessments, including recommendations to the Board. The complete charter of the Governance Committee is set out on the Corporation’s web site at www.tsx.com.</p>
<p>5. Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.</p>	Yes	<p>The Board annually evaluates its performance and effectiveness and also evaluates the performance and effectiveness of the committees of the Board and of individual Directors (including the Chair) through written self-assessment and peer questionnaires and through formal interviews of each Director (other than the Chair) by the Chair of the Board and of the Chair of the Board by the chair of the Governance Committee. The results of the assessments are reviewed by the Board and changes are then implemented to improve Board performance and effectiveness (see also TSX Guideline 4).</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
6. Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.	Yes	The Governance Committee oversees and makes recommendations to the Board regarding the orientation of new Directors. The Corporation continues to strengthen its existing orientation and ongoing education programs for Directors, including new Directors. New Directors meet with the Corporation's executive officers, including the CEO and CFO, to discuss the business functions and initiatives of the Corporation and the contribution individual Directors are expected to make. Comprehensive information packages are distributed to all Directors in advance of Board and committee meetings and for strategic planning sessions. The Corporation has prepared, and updates, a director's guide for new and existing Directors. Presentations on different aspects of the Corporation's business are regularly made to the Board.
7. Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.	Yes	The Governance Committee is mandated to review the size, composition and effectiveness of the Board on an annual basis and to recommend changes to the Board where appropriate. The Board has determined that thirteen Directors is appropriate for a company of the size and complexity of TSX Group and that, at that size, the Board will continue to have the necessary breadth and diversity of experience to provide effective decision-making and staffing of Board committees. While the Board was temporarily increased in size to 14 in November 2003 to ensure a smooth transition, the size of the Board will be reduced at the annual general meeting of shareholders in 2004 from fourteen Directors to thirteen Directors, a majority of whom are "unrelated" and also independent.
8. The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.	Yes	In 2003 the Governance Committee set the current level of Board compensation based upon advice received from an independent compensation consulting firm which reviewed compensation in comparable organizations. The adequacy and form of compensation is recommended by the Governance Committee to the Board, and is reviewed annually by the Board or the Governance Committee, utilizing an outside independent consultant. The Board has final approval on all Board compensation decisions. Current compensation of Directors is detailed on page 20 of this Circular.

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
9. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.	Yes	<p>The Corporation has four Board committees: the Finance and Audit Committee, the Governance Committee, the Human Resources Committee, and the Public Venture Market Committee. The charters of each of these committees is available on the Corporation's web site at www.tsx.com. Each committee is composed solely of non-management, outside Directors, a majority of whom are also "unrelated". There are no management Directors on any Board Committee. Ms. Stymiest is not a member of any committees, however, she is entitled to attend all committee meetings but has no voting or other rights at such committee meetings. At the end of each committee meeting, the committee meets in camera without management present.</p> <p>Schedule A to this Circular sets out the number of Board and committee meetings held in 2003, and the record of attendance of each Director at those meetings.</p>
10. Every board of directors should expressly assume responsibility for, or assign to a committee of directors, the general responsibility for developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.	Yes	<p>The Governance Committee monitors "best practices" for governance in Canada and the United States and regularly reviews the Corporation's governance practices to ensure the Corporation remains at the forefront of good governance. The charter of the Governance Committee is set out on the Corporation's web site at www.tsx.com and includes responsibility for developing and monitoring the Corporation's approach to governance issues and for responding to the TSX Guidelines. The Governance Committee and the Board have reviewed and approved the Corporation's response to the TSX Guidelines as described in this Circular and in the Statement of Corporate Governance set out in the Corporation's 2003 Annual Report.</p>
11. The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.	Yes	<p>The Board has a Board Charter which sets out the role and responsibilities of the Board. The Board Charter can be found in Schedule C to this Circular and on the Corporation's web site at www.tsx.com. Any responsibility not delegated to management or a committee of the Board remains with the Board. Charters have been developed for each of the Board's committees and position descriptions and performance metrics have been developed for the Chair of the Board and for the CEO. Performance objectives, including weightings, are established annually for the CEO and the Corporation which set out the Board's expectations. Delegation of authority in the Board Charter, the Corporation's by-laws and the Corporation's</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
		<p>written policies and guidelines has been put in place by the Board which specifically defines the limits of management's authority and responsibility.</p> <p>The Governance Committee conducts an annual review of the performance of the CEO, as measured against corporate and personal objectives established at the beginning of the year jointly by the Committee and CEO and approved by the Board. The results of this annual review are communicated to the Board which then makes an evaluation of the overall performance of the Corporation and the CEO. The evaluation is used by the Human Resources Committee in its deliberations concerning the CEO's annual compensation. The evaluation of performance against corporate objectives also forms part of the determination of the entire compensation of all employees of the Corporation, including the other members of senior management.</p>
<p>12. Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director". Appropriate procedures may involve the board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the board's relationship to management to a committee of the board.</p>	<p>Yes</p>	<p>The Governance Committee has the responsibility to ensure that the Board functions independently of management. The Governance Committee's responsibilities include the review of the Corporation's structures and procedures to ensure the Board is able to, and in fact is, functioning independently of management. In addition, the Governance Committee monitors the quality of the relationship between management and the Board and recommends improvements to the extent necessary or desirable.</p> <p>The non-management Directors of the Corporation meet in camera after each Board meeting to freely discuss matters of interest independent of any management influence.</p> <p>The Chair of the Board is appointed by the Board in a non-executive capacity and is not a member of management. One of his responsibilities is to ensure that the Board can and does function independently of management. The Chair also serves as a liaison among the Directors and between the Board and senior management.</p>

TSX Guideline	Does the Corporation align with the TSX Guidelines?	Description of the Corporation's Practice
<p>13. The audit committee of every board of directors should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.</p>	Yes	<p>All of the members of the Finance and Audit Committee are non-management Directors and all are also "unrelated" to the Corporation. The roles and responsibilities of the Committee are set out in the Committee's charter which can be found on the Corporation's web site at www.tsx.com. The Board has determined that all members of the Committee are financially literate (as defined in the Committee's Charter). The Committee meets separately with the external and internal auditors and management to discuss any financial, accounting or reporting issues, at least quarterly and otherwise as appropriate. The Committee oversees management's implementation and maintenance of appropriate internal controls.</p>
<p>14. The board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.</p>	Yes	<p>The Corporation recognizes that in appropriate circumstances individual Directors may need the services of an outside advisor or expert to assist on matters involving their responsibilities as a Board member. The Board has determined that any director or any board committee, other than the Finance and Audit Committee, that wishes to engage an outside advisor or expert at the expense of TSX Group may do so if the prior approval of the Governance Committee is obtained. The Finance and Audit Committee does not require the prior approval of the Governance Committee to retain an expert or advisor, and is only required to notify the Governance Committee of such a retainer.</p>

Schedule C

TSX Group Inc.
(the “Corporation”)

Board Charter

1. General

The primary responsibility of the Board of Directors of the Corporation (the “Board”) is to provide governance and stewardship to the Corporation.

The Board will appoint a competent executive management team to run the day-to-day operations of the Corporation and will oversee and supervise the management of the business of the Corporation by that team. The Board will oversee the Corporation’s systems of corporate governance and financial reporting and controls to ensure that the Corporation reports adequate and fair financial information to shareholders and engages in ethical and legal corporate conduct.

The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it appoints from time to time): the Finance and Audit Committee, the Human Resources Committee, the Governance Committee and the Public Venture Market Committee.

2. Appointment and Supervision of Management

The Board will:

- Appoint the Chief Executive Officer (“CEO”) and other senior officers comprising the senior management team (“SMT”), provide them with advice and counsel and monitor the performance of the CEO against a set of mutually agreed corporate objectives directed at maximizing shareholder value and approve CEO compensation.
- Establish a process to adequately provide for management succession.
- Establish boundaries between the Board and management responsibilities and establish limits of authority delegated to management.
- Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

3. Strategic Planning, Risk Management

The Board will:

- Adopt a strategic planning process and review and approve annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- Review and approve management’s strategic and operational plans to ensure they are consistent with the corporate vision.
- Monitor the Corporation’s performance against both short-term and long-term strategic plans and annual performance objectives.
- Confirm that a management system is in place to identify the principal risks to the Corporation and its business and that appropriate procedures are in place to monitor and mitigate those risks.
- Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.
- Confirm that processes are in place to comply with the Corporation’s by-laws, Codes of Conduct, all recognition orders and exemption orders issued in respect of the Corporation by applicable securities regulatory authorities, and all other significant policies and procedures.

4. Financial Reporting and Management

The Board will:

- Approve the Corporation's financial statements and review and oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- Approve annual operating and capital budgets.
- Confirm the integrity of the Corporation's internal control and management information systems.
- Review operating and financial performance results relative to established strategy, budgets and objectives.
- Review and assess the adequacy of the Finance and Audit Committee Charter on an annual basis.

5. Shareholder Communication

The Board will:

- Confirm that management has established a system for effective corporate communications including processes for consistent, transparent, regular and timely public disclosure.
- Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Corporation's business information.
- Report annually to shareholders on the Board's stewardship for the previous year.
- Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Corporation has a system in place to receive feedback from shareholders.

6. Corporate Governance

The Board will:

- Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management.
- Establish committees and approve their respective charters and the limits of authority delegated to each committee.
- Determine Board member qualifications.
- Establish appropriate processes for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Review on an annual basis whether any two or more Board members sit on the board of another corporation (other than any of the Corporation's subsidiaries) and whether the composition of the Board needs to be changed to eliminate these interlocks.
- Approve the nomination of Directors.
- Review the adequacy and form of Directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a Director.
- Arrange for non-management Directors to meet regularly, and in no case less frequently than quarterly, without management present.
- Establish a minimum attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all Directors should attend all meetings of the Board and each committee on which he or she sits.

7. Codes of Conduct

The Board will:

- Adopt a code of conduct for Directors, and a code of conduct for officers and employees (collectively, the "Codes of Conduct") and monitor compliance with those codes.
- Approve any waivers and ensure disclosure of any waivers of the Codes of Conduct in the Corporation's annual report or management information circular.

8. The Chair of the Board

The Chair of the Board reports to the Board and shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities, and works with the CEO and SMT to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, governments and the public. The Chair of the Board will be a person other than the CEO.

The Chair of the Board will:

- Provide effective leadership so that the Board can function independently of management by ensuring that the Board meets regularly without management and that the Board may engage outside advisors as required subject to any approvals determined by the Board.
- Establish procedures to govern the Board's work including:
 - Together with the Corporate Secretary, scheduling meetings of the Board and its committees;
 - Chairing all meetings of the Board;
 - Encouraging full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
 - Developing the agenda for Board meetings with input from other Board members and management;
 - Together with the Corporate Secretary, ensuring proper and timely information is delivered to the Board;
 - Ensuring that the Board has appropriate administrative support; and
 - Addressing complaints, questions and concerns regarding Board matters.
- Ensure the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.
- Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.
- Act as a liaison between the Board and management.
- Serve as advisor to the CEO and other officers.
- Together with the Board's Governance Committee, establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.
- Ensure that adequate orientation and ongoing training programs are in place for Board members.
- Together with the Board's Governance Committee, establish performance criteria for the Board and for individual Board members and co-ordinate the evaluation of performance and reporting against these criteria.
- Work with the Board or appropriate Board committee to establish performance criteria for the CEO and to facilitate the evaluation of the CEO's performance.
- Work with the Board's Governance Committee to establish and manage a succession program for the CEO's position.
- Oversee matters relating to shareholder relations and chair meetings of the shareholders.
- Work with the CEO to represent the Corporation to external stakeholders including shareholders, the investment community, governments and communities.

The Chair of the Board's performance will be measured against the following key metrics:

- The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
- The extent to which the Corporation carries out its responsibilities to shareholders, employees, customers, governments, and the public.
- The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

9. The Chief Executive Officer

The CEO is accountable to the Board for achieving corporate objectives within specified limitations and in accordance with the CEO's performance objectives determined annually by the Board.

The CEO will:

- Provide worldwide vision and leadership for the Corporation.
- Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.
- Execute the corporate strategy to achieve profitable growth and maximize shareholder value for the Corporation's shareholders.
- Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board, including, as applicable:
 - Protecting the core business of the Corporation;
 - Extending the Corporation's pre-eminent position in the Canadian exchange space; and
 - Examining selective opportunities to expand outside Canada.
- Challenge management to set and achieve viable annual and long-term strategic and financial goals.
- Monitor the performance of management against a set of initially agreed corporate objectives directed at maximizing shareholder value.
- Recommend appropriate rewards and incentives for management.
- Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives and within executive limitations.
- Report to the Board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
- Advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies, or legal and/or regulatory requirements.
- Provide the Board with all information and access that the Board may require in order to make fully informed decisions.
- Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.

