

Notice of Annual and Special Meeting of Shareholders
& Management Information Circular
April 26, 2005

Notice of Annual and Special Meeting of Shareholders of TSX Group Inc.

TSX Group Inc. (“TSX Group” or the “Corporation”) will hold its Annual and Special Meeting of shareholders (the “Meeting”) at the Calgary TELUS Convention Centre, 120 Ninth Avenue SE, South Building, Upper Level, Glen Room 202-204, Calgary, Alberta, Canada on Tuesday, April 26, 2005 at 2:00 p.m. (Mountain Daylight Time).

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

1. to consider the financial statements of the Corporation for the year ended December 31, 2004, 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;
4. to consider and, if deemed advisable, to pass, with or without variation, a special resolution approving amendments to the Corporation’s articles (“Articles”) (i) to change each issued and unissued common share of the Corporation into two common shares; (ii) to remove from the authorized capital of the Corporation the class of shares designated as choice shares; (iii) to remove from the Articles the rights, privileges, restrictions and conditions attaching to the choice shares; and (iv) to remove all references to the choice shares contained elsewhere in the Articles of the Corporation, as described in the Management Information Circular; and
5. to transact any other business properly brought before the Meeting.

The full text of the special resolution referred to in item 4 above is set out in the accompanying Management Information Circular as Schedule A.

Shareholders at the close of business on March 14, 2005 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 2004 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 22, 2005, 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 otherwise participate in the Meeting.

Our 2004 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,

A handwritten signature in black ink, appearing to read "Sharon C. Pel". The signature is fluid and cursive, with the first name "Sharon" written in a larger, more prominent script than the last name "Pel".

Sharon C. Pel
Senior Vice President, Legal and Business Affairs
Toronto, Ontario
March 24, 2005

Management Information Circular

All information is as at February 28, 2005, unless otherwise indicated.

About This Document

This Management Information Circular (the “Circular”) explains the business to be considered at the annual and special meeting of shareholders (the “Meeting”) of TSX Group Inc. (“TSX Group” or the “Corporation”) on Tuesday, April 26, 2005 at the place and for the purposes set out in the accompanying Notice of Annual and Special 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, employees and agents 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 7);
- The appointment of KPMG LLP as the Corporation's auditor (see page 12) and the authorization for the Directors to fix the remuneration of the auditor (see page 12); and
- The amendment to the Corporation's articles ("Articles") (i) to change each issued and unissued common share of the Corporation into two common shares; (ii) to remove from the authorized capital of the Corporation the class of shares designated as choice shares; (iii) to remove from the Articles the rights, privileges, restrictions and conditions attaching to the choice shares; and (iv) to remove all references to the choice shares contained elsewhere in the Articles (see page 12).

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.

The special resolution set out in the Circular must be approved by at least 66-2/3% of the votes cast, by proxy or in person.

How many votes do I have?

Subject to the share ownership and 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 14, 2005, 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. No such person or company may 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 owns, 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 14, 2005, there were 33,995,242 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 the Chair of the Board and the Chief Executive Officer 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, AGAINST or WITHHOLD, as applicable) 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;
- FOR the appointment of KPMG LLP as auditor of the Corporation and the authorization for the Directors to fix the remuneration of the auditor; and
- FOR amendments to the Articles of the Corporation (i) to change each issued and unissued common share of the Corporation into two common shares; (ii) to remove from the authorized capital of the Corporation the class of shares designated as choice shares; (iii) to remove from the Articles the rights, privileges, restrictions and conditions attaching to the choice shares; and (iv) to remove all references to the choice shares contained elsewhere in the Articles.

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 25, 2005, 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?

Management of the Corporation requests that you sign and return the proxy form (in the postage-prepaid envelope provided) to ensure your votes will be counted at the Meeting. The solicitation of proxies will be primarily by mail. However, the Directors, officers, employees and agents 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 (making you a Non-Registered Shareholder), 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 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 all 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, 2004, and the report of the auditor on those financial statements will be considered at the Meeting. They are included in the 2004 Annual Report of the Corporation, which has been mailed to shareholders with the Notice of Meeting and this Circular. Additional copies of the 2004 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 eleven. The Board has set the number of Directors to be elected at the Meeting at fourteen. The Board and the Governance Committee are of the view that fourteen Directors are appropriate for a company the size and complexity of TSX Group. Mr. Canfield retired from the Board on July 1, 2004 after five years of service. Ms. Stymiest resigned as Chief Executive Officer and from the Board of TSX Group effective October 31, 2004 after five years as Chief Executive Officer and almost eleven years as a Director.

The Governance Committee of the Board annually reviews the qualification 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. With the exception of Richard W. Nesbitt, Kathleen M. O'Neill and Geraldine B. Sinclair, all proposed nominees for election as Directors are currently Directors of the Corporation.

The persons named in the form of proxy are Directors or officers 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 fourteen 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 at meetings of the Board and its committees held during the year ended December 31, 2004 is set out in Schedule B to this Circular.

Wayne C. Fox ⁽¹⁾⁽³⁾⁽⁵⁾
Chair of TSX Group⁽⁶⁾
Oakville, Ontario, Canada
Director since April 29, 1997
Common Shares: nil
Deferred Share Units: 11,200
Equity at Risk: \$661,248⁽¹⁰⁾
Options: nil



Mr. Fox is the Vice-Chair and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce (chartered bank). 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 on the Board of Governors of McMaster University and Junior Achievement of Central Ontario. He is Governor Emeritus of Appleby College.

2004 Compensation:
Total: \$278,807
Cash: nil
DSUs: \$278,807

Ian S. Brown ⁽⁴⁾⁽⁵⁾
Calgary, Alberta, Canada
Director since Aug. 1, 2001
Common Shares: 1,500
Deferred Share Units: 3,197
Equity at Risk: \$277,251⁽¹⁰⁾
Options: nil



Mr. Brown is a Senior Managing Director of Raymond James Ltd. (investor dealer), a position he has held for more than 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. and Bonavista Energy Trust.

2004 Compensation:
Total: \$120,572
Cash: \$ 49,667
DSUs: \$ 70,905

Tullio Cedraschi ⁽¹⁾⁽³⁾⁽⁵⁾
Montreal, Quebec, Canada
Director since Sept. 25, 2001
Common Shares: nil
Deferred Share Units: 3,336
Equity at Risk: \$196,957⁽¹⁰⁾
Options: nil



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 governor of McGill University and the National Theatre School.

2004 Compensation:
Total: \$120,878
Cash: \$ 42,600
DSUs: \$ 78,278

Raymond Garneau ⁽¹⁾⁽³⁾⁽⁵⁾
Montreal, Quebec, Canada
Director since Nov. 25, 2003
Common Shares: 500
Deferred Share Units: 2,620
Equity at Risk: \$184,185⁽¹⁰⁾
Options: nil



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. Effective May 4, 2005, Mr. Garneau will retire from all positions with Industrial Alliance. Mr. Garneau is also a director of Canadian Life and Health Insurance OmbudService and the Centre for the Financial Services OmbudsNetwork. He is President of Société du 400e anniversaire de Québec and is Chairman of the Board and President of Montreal Cancer Institute.

2004 Compensation:
Total: \$108,100
Cash: \$ 30,700
DSUs: \$ 77,400

John A. Hagg ⁽¹⁾⁽⁴⁾⁽⁵⁾

Calgary, Alberta, Canada
Director since May 29, 2001
Common Shares: nil
Deferred Share Units: 3,336
Equity at Risk: \$196,957⁽¹⁰⁾
Options: nil



Mr. Hagg is a director of Tristone Capital Advisors Inc., the parent company of Tristone Capital Inc. (investment dealer). 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.

2004 Compensation:

Total: \$117,878

Cash: \$ 39,600

DSUs: \$ 78,278

Harry A. Jaako ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁹⁾

West Vancouver, British Columbia, Canada
Director since Aug. 1, 2001
Common Shares: nil
Deferred Share Units: 2,665
Equity at Risk: \$157,342⁽¹⁰⁾
Options: nil



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. 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.

2004 Compensation:

Total: \$108,563

Cash: \$ 34,533

DSUs: \$ 74,030

J. Spencer Lanthier ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾

Toronto, Ontario, Canada
Director since Feb. 8, 2000
Common Shares: nil
Deferred Share Units: 2,526
Equity at Risk: \$149,135⁽¹⁰⁾
Options: nil



Mr. Lanthier is a Corporate Director who also serves on the boards of Bank of Canada, Torstar Corporation, Emergis Inc., Ellis-Don Inc., Gerdau Ameristeel Corporation, Intertape Polymer Group Inc. and Zarlink Semiconductor Inc. Mr. Lanthier is also Chairman of the Board of Wellspring. 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.

2004 Compensation:

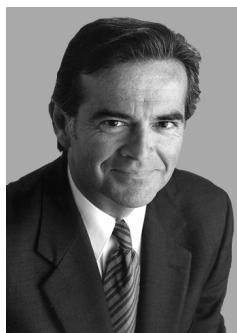
Total: \$130,257

Cash: \$ 63,600

DSUs: \$ 66,657

Jean Martel ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

Montreal, Quebec, Canada
Director since Oct. 26, 1999
Common Shares: 1,000
Deferred Share Units: 2,526
Equity at Risk: \$208,135⁽¹⁰⁾
Options: nil



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 (the former Québec Securities Commission, now L'Autorité des marchés financiers). Mr. Martel is the Vice Chair of the Board of West Island Community Shares and Chair of the Board of The Financial Markets Consultancy Alliance (FMCA) Inc. He also serves on the board of Market Regulation Services Inc. and on the Supervisory Committee of the Investment Funds of the Québec Bar Association.

2004 Compensation:

Total: \$120,057

Cash: \$ 53,400

DSUs: \$ 66,657

Owen McCreery ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾
Thornhill, Ontario, Canada
Director since July 9, 2002
Common Shares: 2,000
Deferred Share Units: 2,526
Equity at Risk: \$267,135⁽¹⁰⁾
Options: nil



Mr. McCreery is a Consultant (consulting services) and a Corporate Director. Mr. McCreery has been employed in various organizations as an accountant, a financial analyst, a portfolio manager and a partner/director. Mr. McCreery joined Beutel Goodman & Co. Ltd. in 1973 where he held various positions, including Financial Analyst/Portfolio Manager. He subsequently became President of Beutel Goodman & Co. Ltd. in 1994, a position he held until his retirement in 1999.

2004 Compensation:

Total: \$103,257

Cash: \$ 36,600

DSUs: \$ 66,657

John P. Mulvihill ⁽¹⁾⁽²⁾⁽⁵⁾⁽⁷⁾
Toronto, Ontario, Canada
Director since June 12, 1996
Common Shares: nil
Deferred Share Units: 2,886
Equity at Risk: \$170,389⁽¹⁰⁾
Options: nil



Mr. Mulvihill is Chairman, 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.).

2004 Compensation:

Total: \$116,126

Cash: \$ 38,400

DSUs: \$ 77,726

Richard W. Nesbitt ⁽⁵⁾
Toronto, Ontario, Canada
New Nominee for Election

Common Shares: 50,544 ⁽⁸⁾
Equity at Risk: \$2,983,241⁽¹⁰⁾

Options: 131,898



Mr. Nesbitt is the Chief Executive Officer of TSX Group Inc. (holding company), a position he assumed in December 2004. From September 2001 to January 25, 2005 Mr. Nesbitt was President, TSX Markets. From February 2000 to August 2001 Mr. Nesbitt was President, BayStreetDirect Inc. and from January 1997 to January 2000 Mr. Nesbitt was Chief Executive Officer, HSBC Securities (Canada) Inc. Mr. Nesbitt also serves on the boards of Market Regulation Services Inc., CanDeal.ca Inc., World Federation of Exchanges and Frontier College Foundation.

Kathleen M. O'Neill
Toronto, Ontario, Canada
New Nominee for Election

Common Shares: nil
Equity at Risk: nil



Ms. O'Neill is a Corporate Director. Prior to January 2005, she was Executive Vice President, Personal & Commercial Development & Head of Small Business Banking of BMO Bank of Montreal. Prior to joining BMO Bank of Montreal in 1994, Ms. O'Neill was with PricewaterhouseCoopers for 19 years including eight years as a tax partner. Ms. O'Neill is a fellow of the Institute of Chartered Accountants of Ontario. She is a member of the board of directors and Third Vice Chair of the Board of The Canadian Chamber of Commerce. Ms. O'Neill is currently on the board of the University of St. Michael's College Foundation, MDS Inc. and is past Chair of the Board of St. Joseph's Health Centre in Toronto.

Geraldine B. Sinclair
Vancouver, British Columbia,
Canada
New Nominee for Election

Common Shares: nil
Equity at Risk: nil



Ms. Sinclair is a Strategic Consultant (consulting services) to government and industry, specializing in the areas of telecommunication and emerging technologies. From 2002 to 2004 she was the General Manager of MSN.ca. From 2001 to 2002, Ms. Sinclair was President of B.C. Premier's Technology Council. From 1996 to 2001 she was the President and CEO of NCompass Labs Inc., an internet software company acquired by Microsoft Corporation. Ms. Sinclair also serves on the Board of the Canadian Foundation for Innovation and the Canadian Communications Research Council. She is also a member of the B.C. Premier's Technology Council and the Vancouver Canucks Business Advisory Board.

Eric C. Tripp ⁽³⁾⁽⁵⁾
Toronto, Ontario, Canada
Director since June 10, 1999
Common Shares: 5,000
Deferred Share Units: 2,665
Equity at Risk: \$456,379⁽¹⁰⁾
Options: nil



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.

2004 Compensation:
Total: \$102,330
Cash: \$ 28,300
DSUs: \$ 74,030

- (1) Mr. Mulvihill is the chair of the Governance Committee of the Board. Messrs. Cedraschi, Fox, Garneau, Hagg, Lanthier and McCreery 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, Martel, McCreery and Mulvihill are members of that committee.
- (3) Mr. Cedraschi is the chair of the Human Resources Committee of the Board. Messrs. Fox, Garneau, Jaako, Lanthier, Martel 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, Martel and McCreery are members of that committee.
- (5) The Chief Executive Officer of TSX Group and, to the extent not otherwise a member of the committee, all 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) Mr. Mulvihill is prohibited from purchasing common shares of TSX Group by the terms of employment with his respective employer.
- (8) Includes common shares acquired up to February 28, 2005 under the Corporation's Employee Share Purchase Plan and 28,629 deferred share units.
- (9) Mr. Jaako was a non-management director of Xinex Networks Inc. In 1998, Xinex's securities were the subject of a cease trade order for a period exceeding 30 consecutive days. In addition, in 1998, Xinex had a receiver appointed to hold and dispose of its assets and, in 1999, it was adjudged bankrupt.
- (10) Equity at Risk is determined by adding the value of common shares and DSUs owned. The value of common shares is determined with reference to the closing price for the Corporation's common shares on Toronto Stock Exchange on February 28, 2005, which was \$59.00. The value of DSUs is determined with reference to the fair market value of a DSU on February 28, 2005, calculated based on the weighted average trading price of the Corporation's common shares on Toronto Stock Exchange for the five trading days preceding February 28, 2005, which was \$59.04.

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 billed by KPMG LLP, TSX Group's auditor, for professional services rendered in 2004 and 2003, are set out below:

Service Rendered	Fees billed to KPMG LLP in Fiscal 2004	Fees billed to KPMG LLP in Fiscal 2003
Audit Fees ⁽¹⁾	\$292,210	\$275,725
Audit Related Fees ⁽²⁾	\$ 94,378	\$ 54,250
Tax Fees ⁽³⁾	\$ 1,500	\$258,400
All Other Fees ⁽⁴⁾	\$ 0	\$ 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 and background investigations.

Amendment to Articles of the Corporation

Subdivision of Common Shares

The Directors have proposed that each of the issued and unissued common shares of the Corporation be changed into two common shares, subject to the approval of the shareholders. The proposed change will double the number of common shares outstanding and available for purchase by members of the investing public and will initially reduce the price per share at which common shares may be acquired. The Directors believe that the proposed share subdivision is in the best interests of the Corporation and its shareholders, as the reduced price per share should facilitate more active trading in the common shares of the Corporation. The proposed change must be effected through an amendment to the Corporation's Articles. At the Meeting, shareholders will be requested to pass a special resolution approving such an amendment to the Corporation's Articles. The full text of the special resolution is set out in Schedule A to this Circular.

The Corporation's common shares are listed on Toronto Stock Exchange and the Corporation has applied to have the additional common shares which will be issued on the stock split listed on Toronto Stock Exchange. The Corporation and its subsidiary, TSX Inc. (which operates Toronto Stock Exchange), are recognized as stock exchanges by the Ontario Securities Commission ("OSC"). Under the recognition order issued by the OSC, the OSC established procedures which require Toronto Stock Exchange to promptly report to the OSC

any conflicts or potential conflicts of interest that arise or may arise with respect to the Corporation's continued listing on Toronto Stock Exchange. A conflicts committee has been established to manage this process. All conflict resolutions must be approved by staff of the OSC.

As Toronto Stock Exchange is required by its rules to grant prior approval for a stock split, the conflicts committee convened a meeting to review the Corporation's notice to Toronto Stock Exchange requesting approval of the stock split, and applying for listing of the additional common shares issued on the stock split, to determine if there was a conflict of interest between the Corporation and Toronto Stock Exchange. The conflicts committee determined that a conflict of interest regarding the proposed stock split does not exist and was unlikely to arise, and the OSC authorized Toronto Stock Exchange to deal with the stock split in its usual course. The Corporation has received conditional approval from Toronto Stock Exchange for the stock split and the listing of the additional common shares resulting from the stock split, subject to the Corporation delivering certain documents.

Canadian Income Tax Considerations

The following discussion is limited to Canadian federal income tax considerations and should not be considered to be legal or tax advice to any particular holder of common shares of the Corporation. Holders of common shares are advised to consult with their own tax advisers.

The Corporation is advised by legal counsel that, under the current provisions of the *Income Tax Act* (Canada) and current published administrative practices of the Canada Revenue Agency, the subdivision of the Corporation's common shares will not in itself result in a disposition of the common shares to a shareholder. A shareholder's aggregate cost of common shares of the Corporation will not be affected by the subdivision, however, that aggregate cost must be averaged over all common shares held by the shareholder following the subdivision.

Effective Date for the Subdivision

If the special resolution is passed by the requisite number of shareholder votes, the Corporation intends to file articles of amendment with the Director under the Ontario *Business Corporations Act* as soon as possible after the Meeting. Shareholders of record at the close of business on May 17, 2005 (or such other date as may be approved by the Board of Directors and publicly announced by the Corporation) will be entitled to receive additional common shares resulting from the subdivision. Pursuant to the rules of Toronto Stock Exchange, it is expected that the common shares will commence trading on a subdivided basis on or about May 13, 2005.

Removal of Choice Shares

The Directors believe that it is in the best interests of the Corporation to remove the choice shares from the authorized capital of the Corporation. The choice shares were special purpose shares issued to the former shareholders of TSX Inc. who chose to sell shares in TSX Group's initial public offering (the "Offering") to facilitate their sale of shares as part of the Offering. All the issued choice shares were acquired by a wholly-owned subsidiary of the Corporation after completion of the Offering. Those acquired choice shares were subsequently cancelled. As of the date hereof no further choice shares have been issued.

The choice shares are preference shares of the Corporation. The choice shares are not entitled to any votes, except as required by law.

The proposed removal of the choice shares from the authorized capital of the Corporation and removal of all references thereto in the Corporation's Articles must be effected through an amendment to the Corporation's Articles. At the Meeting, shareholders will be requested to pass a special resolution approving such an amendment to the Corporation's Articles. The full text of the special resolution is set out in Schedule A to this Circular.

Votes Required to Pass the Special Resolution

The special resolution authorizing the amendment of the Articles (i) to change each issued and unissued common share of the Corporation into two common shares; (ii) to remove from the authorized capital of the Corporation the class of shares designated as choice shares; (iii) to remove from the Articles the rights, privileges, restrictions and conditions attaching to the choice shares; and (iv) to remove all references to the choice shares contained elsewhere in the Articles, must be approved by at least 66-2/3% of the votes cast by the shareholders present in person or represented by proxy at the Meeting. The persons named in the enclosed proxy intend to vote for the amendment of the Articles (i) to change each issued and unissued common share of the Corporation into two common shares; (ii) to remove from the authorized capital of the Corporation the class of shares designated as choice shares; (iii) to remove from the Articles the rights, privileges, restrictions and conditions attaching to the choice shares; and (iv) to remove all references to the choice shares contained elsewhere in the Articles.

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 seven Directors: Tullio Cedraschi (Chair), Wayne C. Fox, Raymond Garneau, Harry A. Jaako, J. Spencer Lanthier, Jean Martel and Eric C. Tripp, who are all non-management Directors. Mr. Canfield was a member of the Human Resources Committee between January 1, 2004 and April 27, 2004. 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 by 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 companies in a broad cross section of industries. For the Chief Executive Officer and other corporate executives, this sample was comprised of widely held publicly-traded Canadian companies with revenues between \$100 million and \$4 billion. Pay practices of specialized sample groups are benchmarked as a secondary reference and customized by position to reflect specialized skills, where applicable. The Committee is of the view that these samples are both appropriate and responsible given that there is no directly comparable group of Canadian companies (that is, stock and energy exchanges).

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. Base salaries are targeted at the median of the market.

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 2004, 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 customers (for example, trading system availability), business process and innovation (such as key initiatives, including corporate development activities), and employee specific measures. Team and individual contribution 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. The terms governing the DSUs and RSUs granted under the interim bonus plan are otherwise identical to the terms set out below under the description of the Deferred Share Unit Plan and the Restricted Share Unit Plan, respectively.

Changes to Long-Term Compensation Introduced in 2004

To reflect best practices and market trends in long-term incentive awards, the Committee introduced changes to TSX Group’s long-term incentive program in 2004 to ensure that the gains realized from long-term incentive awards are aligned with the experience of shareholders. Commencing in 2004, long-term incentive awards now consist of share options and restricted share units.

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 requirements of Toronto Stock Exchange on which the Corporation’s common shares are listed.

All employees or officers of the Corporation and its designated subsidiaries at or above the director-level are eligible to be granted share options under the option plan. There are 2,555,649 common shares of the Corporation reserved for issuance upon exercise of options granted under the share option plan, representing approximately 7.5% of the outstanding common shares of the Corporation. The exercise price of a share option is determined based on the weighted average of the closing prices for the common shares on Toronto Stock Exchange for the five trading days prior to the grant date. The term and vesting schedule of options is determined by the Committee. In the absence of any determination, options will vest as to 25% on each of the first four anniversary of the date of grant and no option may be exercised later than ten (10) years after the date of grant.

In 2004, the Corporation amended its share option plan to facilitate the exercise of options on a cashless basis. The amendment did not require shareholder approval as it was not considered by Toronto Stock Exchange to be a material amendment.

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.

On January 28, 2004, an aggregate of 211,800 options were granted to executives to purchase common shares at an exercise price equal to \$44.80 per share. Employees who joined the Corporation after January 2004, were granted an additional 13,600 options at an average exercise price of \$52.89 per share. Share options granted in 2004 are exercisable for seven years, with vesting occurring in equal proportions over three years.

On February 2, 2005, an aggregate of 188,843 options were granted to executives to purchase common shares at an exercise price equal to \$59.27 per share respectively. With the exception of Mr. Nesbitt's award of 50,000 options granted in recognition of his appointment as CEO, options granted in 2005 have a seven year term with vesting occurring in equal proportions over three years. Mr. Nesbitt's 50,000 options will vest at the end of a three year period. 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 above under the section "Principles of Executive Compensation" and grants made in 2004.

As at February 28, 2005, the total number of common shares (a) issued on the exercise of options granted under the share option plan and (b) issuable under outstanding options granted under the share option plan, and the respective percentages of the Corporation's issued and outstanding common shares represented by such shares, was as follows:

Common Shares Issued	Common Shares Issuable Under Outstanding Options
244,351 (0.01%)	710,443 (0.02%)

Under no circumstances may the share option plan, together with all of the Corporation's other previously established or proposed share compensation arrangements, result in the number of shares reserved for issuance pursuant to stock options to any one person exceed five percent (5%) of the total number of the outstanding issue.

Options are not transferable and may be exercised by optionees only while optionees remain employees or officers of the Corporation and its designated subsidiaries at or above the director-level. If an optionee's employment is terminated:

- (a) Voluntarily as a result of resignation of employment, each option held by the optionee which is exercisable as at the time of resignation may be exercised during the period ending thirty (30) days after the resignation date after which all unexercised options held by the optionee will expire.
- (b) Without just cause, each option held by the optionee which is exercisable as at the time of termination may be exercised during the period ending ninety (90) days after the termination date (which is the last day of active employment and does not include any period of statutory or common law notice or severance) after which all unexercised options held by the optionee will expire.
- (c) For just cause, each option held by the optionee will cease to be exercisable on the termination date.
- (d) As a result of retirement or disability, each option held by the optionee which is exercisable as at the time of the termination date may be exercised during the period ending thirty-six (36) months after the termination date after which all unexercised options held by the optionee will expire.

- (e) As a result of death, each option held by the optionee which is exercisable as at the date of death may be exercised by the optionee's legal representatives during the period ending twelve (12) months after the date of death after which all unexercised options held by the optionee will expire.

Under the share option plan, the Committee may, at any time, subject to any required regulatory approval or shareholder approval, and prior approval of Toronto Stock Exchange, amend, suspend or terminate the share option plan in whole or in part.

The Corporation does not provide financial assistance to facilitate the purchase of common shares under the share option plan.

Restricted Share Unit Plan

The Employees' Restricted Share Unit Plan ("RSU Plan") was originally adopted in 2002 to provide for conversion of the 2001 and 2002 awards under the interim bonus plan. In 2004, TSX Group amended the RSU Plan to further align management's experience with that of shareholders. All employees or officers of the Corporation and its designated subsidiaries at or above the director-level are eligible to be granted RSUs under the RSU Plan. RSUs vest in one third increments at the end of each calendar year. The ultimate value of the RSUs will be determined by actual total shareholder return ("TSR") at the end of a three-year period. 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. The grant price of an RSU is the closing price for the common shares on Toronto Stock Exchange as of the close of business on December 31, or the last trading day of the year.

For 2004 compensation, 60,765 RSUs were granted to management under the RSU Plan. The initial value of each of these RSUs is equivalent to \$42.90, the closing price of the common shares of TSX Group on Toronto Stock Exchange on December 31, 2003, with additional RSUs being credited to reflect notional equivalents of dividends paid on TSX Group common shares. RSUs granted in 2004 vest at the end of 2006.

For 2005 compensation, 44,300 RSUs were granted to executives under the RSU Plan. The initial value of each of these RSUs is equivalent to \$53.69, the closing price of the common shares of TSX Group on Toronto Stock Exchange on December 31, 2004, with additional RSUs being credited to reflect notional equivalents of dividends paid on TSX Group common shares. RSUs granted in 2005 vest at the end of 2007.

RSUs are not transferable or assignable other than by will or the laws of descent and distribution. If employment is terminated for any reason prior to the vesting date of the RSUs, the employee forfeits all rights, title and interest with respect to the RSUs which have not vested on or prior to the termination date. If an employee's RSUs have vested prior to the termination date, then within 90 days of ceasing to be an employee of the Corporation or its subsidiaries, the Corporation must redeem all of the employee's vested RSUs and must make a lump sum cash payment (net of any applicable withholdings) to or for the benefit of the employee. The lump sum payment must be equal to the number of vested RSUs multiplied by the fair market value per common share determined as at the date of termination.

Under the RSU Plan, the Committee may, at any time, subject to any required regulatory approval or shareholder approval, amend, suspend or terminate the RSU Plan in whole or in part.

Share Ownership Requirements

In 2003, to further align the interests of senior officers with those of the Corporation's shareholders the Corporation mandated minimum share ownership for each of its senior officers, including the Named Executive Officers. The required level of share ownership is a multiple of one to three times the senior officer's base salary depending on the seniority of the senior officer as follows:

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

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

The following table sets forth the share ownership information for the Named Executive Officers as at February 28, 2005.

Named Executive Officer	Common Shares		DSUs		Total Share Ownership	Multiple of Salary
	(#)	(\$) ⁽¹⁾	(#)	(\$) ⁽²⁾	(\$)	
Richard W. Nesbitt	21,915	1,292,985	28,629	1,690,256	2,983,241	6.0
Michael S. Ptasznik	4,655	274,661	10,765	635,566	910,227	3.6
John B. Cieslak	29,329	1,730,414	25,861	1,526,833	3,257,247	9.3
Sharon C. Pel	8,137	480,094	2,064	121,859	601,953	2.0
Rik Parkhill	7,500	442,500	8,981	530,238	972,738	3.2

- (1) The closing price for the Corporation's common shares on Toronto Stock Exchange on February 28, 2005, was \$59.00.
- (2) The fair market value of a DSU on February 28, 2005, determined based on the weighted average trading price of the Corporation's common shares on Toronto Stock Exchange for the five trading days preceding February 28, 2005, was \$59.04.

Deferred Share Unit Plan

In addition to the DSUs granted pursuant to the 2001 and 2002 Interim Bonus Plan described above, to assist officers of the Corporation or TSX Inc. in meeting their share ownership requirements, officers were given the opportunity to convert all or part of their short-term incentive award to DSUs. This opportunity is limited to those officers who have not yet achieved their required level of share ownership. The fair market value of a DSU is determined based on the weighted average trading price of the Corporation's common shares on Toronto Stock Exchange for the five trading days prior to the applicable conversion date.

In 2004, officers of TSX Inc. converted a total of \$290,000 of their 2003 short-term incentive award into 5,847 DSUs at a fair market value of \$49.596. In 2005, officers of TSX Inc. converted a total of \$117,200 of their 2004 short-term incentive award into 1,977 DSUs at a fair market value of \$59.275.

DSUs are not transferable or assignable other than by will or the laws of descent and distribution. If employment is terminated for any reason, the employee forfeits all right, title and interest with respect to the DSUs which have not vested on or prior to the termination date. If an employee retires or otherwise ceases to hold any positions with the Corporation or its subsidiaries (other than for reason of death), the employee

must file a notice of redemption on or before December 15 of the first calendar year which commences after the date of retirement or termination. The employee will then be paid a lump sum cash payment (net of any applicable withholdings) equal to the number of DSUs vested as of the filing date multiplied by the fair market value per common share determined as at the date of filing the notice of redemption. If an employee dies while employed (or after ceasing to hold all positions with the Corporation or its subsidiaries but before filing a notice of redemption), then within 90 days of the employee's death, the Corporation must redeem all of the employee's DSUs and must make a lump sum cash payment to or for the benefit of the legal representative of the employee. The lump sum payment will be equal to the number of DSUs which have vested as of the date of the employee's death multiplied by the fair market value per common share determined as of the date of the employee's death.

Under the Deferred Share Unit Plan, the Committee may, at any time, subject to any required regulatory approval or shareholder approval, amend, suspend or terminate the Deferred Share Unit Plan in whole or in part.

Compensation of the Chief Executive Officer

The Governance Committee of the Board generally assesses the overall performance of the Chief Executive Officer ("CEO") each year. The review of the CEO's contribution is conducted 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.

The Committee then 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.

Given Ms. Stymiest's resignation effective October 31, 2004, and Mr. Nesbitt's subsequent appointment in December 2004, a formal assessment of this nature by the Governance Committee was not conducted on the CEO. Rather, the Committee assessed Mr. Nesbitt's 2004 performance in his capacity as President, TSX Markets to determine his 2004 short-term incentive award. His 2005 compensation was determined considering his prospective role as CEO. For 2005, the CEO's base salary was set at \$500,000. Mr. Nesbitt received an annual bonus of \$400,000 for 2004. Ms. Stymiest did not receive any incentive award for 2004 and all her unvested long-term incentive awards were forfeited.

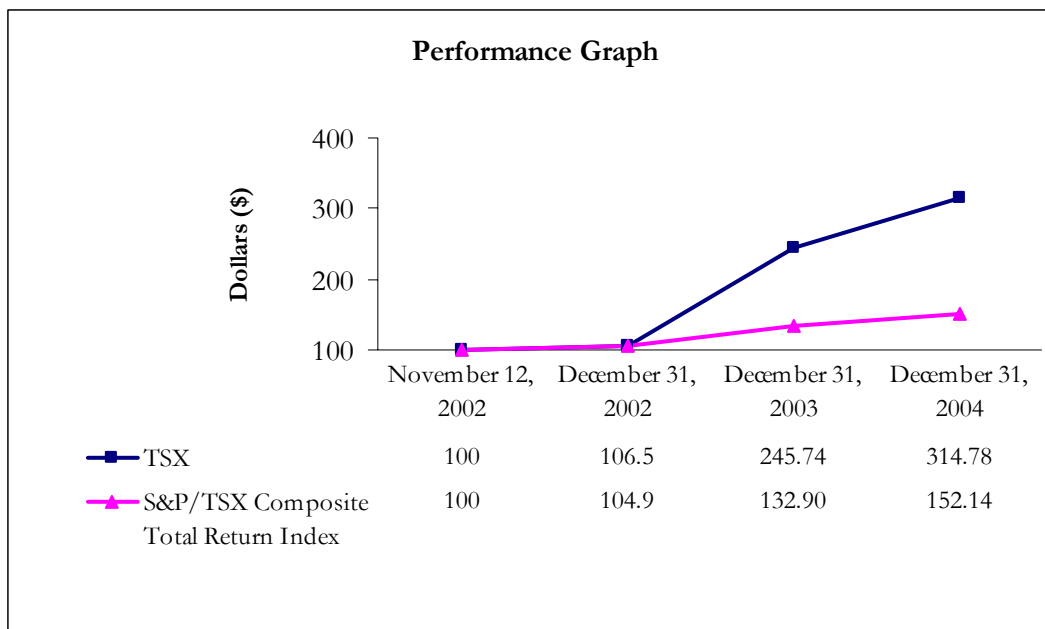
The target annual short-term bonus for the CEO is 60% of salary and the long-term incentive grant for 2005 consists of 15,898 share options and 5,100 RSUs. In addition, Mr. Nesbitt was granted a one time award of 50,000 share options in recognition of his appointment as CEO. This one time award will vest at the end of a three year period.

Submitted by the Human Resources Committee:

Tullio Cedraschi – Chair, Wayne C. Fox, Raymond Garneau, J. Spencer Lanthier, Harry A. Jaako, Jean Martel and Eric C. Tripp.

Performance Graph

This 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, 2004.



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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 of 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 (#) ⁽⁹⁾	Deferred Share Units (#) ⁽⁵⁾	LTIP Payouts (\$)	All Other Compensation (\$) ⁽⁴⁾
Richard W. Nesbitt CEO ⁽¹⁾⁽²⁾	2004	371,449	400,000	N/A	16,000	N/A	N/A	101,758
	2003	360,000	360,000	N/A	50,000	N/A	N/A	151,960
	2002	360,000	300,000	N/A	N/A	14,197 DSUs based on \$300,000	N/A	882
Michael S. Ptasznik Senior Vice President and CFO	2004	225,000	165,000	N/A	6,000	N/A	N/A	48,123
	2003	200,000	150,000	N/A	25,000	N/A	N/A	58,306
	2002	165,000	125,000	N/A	N/A	5,679 DSUs, based on \$120,000	N/A	1,038
John B. Cieslak Executive Vice President, Chief Information and Administration Officer	2004	350,000	375,000	N/A	14,000	N/A	N/A	85,963
	2003	350,000	325,000	N/A	40,000	N/A	N/A	137,614
	2002	330,000	266,057 ⁽³⁾	N/A	N/A	11,830 DSUs based on \$250,000	N/A	1,411
Sharon C. Pel ⁽⁶⁾ Senior Vice President, Legal and Business Affairs	2004	300,000	225,000		8,000	N/A	N/A	36,816
	2003	149,038	100,000 ⁽⁷⁾	N/A	25,000	N/A	N/A	661
	2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rik Parkhill President, TSX Markets	2004	275,000	250,000		6,000	N/A		37,490
	2003	250,000	150,000	N/A	20,000	N/A	N/A	31,304
	2002	250,000	135,000	N/A	N/A	5,915 DSUs based on \$125,000	N/A	
Barbara G. Stymiest Chief Executive Officer ⁽¹⁾⁽⁸⁾	2004	458,334	0	N/A	30,000	N/A	N/A	207,761
	2003	450,000	550,000	N/A	100,000	N/A	N/A	254,617
	2002	420,000	506,464 ⁽³⁾	N/A	N/A	23,662 DSUs based on \$500,000	N/A	882

- (1) Ms. Stymiest resigned as CEO effective October 31, 2004. Mr. Nesbitt and Mr. Cieslak were appointed Interim Co-CEO's until Mr. Nesbitt assumed the role of CEO effective December 2, 2004.
- (2) Mr. Nesbitt was appointed CEO on December 2, 2004. The information presented for 2004 is the actual compensation paid. The annualized equivalent for salary was \$360,000 in his capacity as President, TSX Markets, and \$500,000 in his capacity of CEO, TSX Group.
- (3) 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, 2004 and their value, based on the closing price of TSX Group common shares on December 31, 2004 of \$53.69 are as follows: Mr. Nesbitt 28,629 units with a value of \$1,537,109, Mr. Ptasznik 10,765 units with a value of \$577,965, Mr. Cieslak 25,861 units with a value of \$1,388,486, Ms. Pel 2,064 units with a value of \$110,816, Mr. Parkhill 8,981 units with a value of \$482,193, and Ms. Stymiest 22,965 units with a value of \$1,232,976.
- (4) These amounts include premiums for term life insurance maintained for the benefit of the Named Executive Officer, employer contributions to the Employee Share Purchase Plan up to February 28, 2005, cash equivalent of the first installment of the \$5 special dividend per common share paid to participants in the 2003 share option plan, the value of dividend equivalent DSUs credited during the year and, for Ms. Stymiest, the value of club membership fees paid on her behalf. The year-end value of the dividend equivalents for 2004 (which includes the dividend equivalents for the \$5 special dividend per common share paid to participants in the 2003 share option plan) is as follows: Mr. Nesbitt \$97,989, Mr. Ptasznik \$44,565, Mr. Cieslak \$82,053, Ms. Pel \$33,827, Mr. Parkhill \$36,168 and Ms. Stymiest \$184,843.
- (5) Of the bonus amount paid in 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: Mr. Cieslak, \$16,057 and Ms. Stymiest, \$76,464.

- (6) 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.
- (7) 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 Deferred Share Unit Plan.
- (8) Ms. Stymiest resigned as CEO effective October 31, 2004. The information presented for 2004 is the actual compensation paid. The annualized equivalent for salary and all other compensation was \$550,000 and \$208,398 respectively.
- (9) See tables on page 24 for RSU grants in 2004 and 2005.

Share Options Granted in 2004

The following table sets forth share options granted under the Share Option Plan to Named Executive Officers during the year ended December 31, 2004. 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 (#)	% of Total Options Granted to Employees in 2004	Exercise Price (\$/security)	Market Value of Securities Underlying Options on the Date of Grant (\$/security)	Expiration Date
Richard W. Nesbitt	16,000	7.1	44.806	45.99	January 27, 2011
Michael S. Ptasznik	6,000	2.7	44.806	45.99	January 27, 2011
John B. Cieslak	14,000	6.2	44.806	45.99	January 27, 2011
Sharon C. Pel	8,000	3.5	44.806	45.99	January 27, 2011
Rik Parkhill	6,000	2.7	44.806	45.99	January 27, 2011
Barbara G. Stymiest ⁽¹⁾	30,000	13.3	44.806	45.99	January 27, 2011

- (1) Ms. Stymiest resigned as CEO effective October 31, 2004. All share options granted in 2004 were forfeited.

Options Exercised in 2004

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, 2004 is the difference between the exercise price of the options and the closing price of TSX Group common shares on Toronto Stock Exchange on December 31, 2004, which was \$53.69 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 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Richard W. Nesbitt	Nil	Nil	12,500	53,500	407,875	1,365,705
Michael S. Ptasznik	6,000	171,858	250	24,750	8,158	659,827
John B. Cieslak	10,000	287,930	Nil	44,000	Nil	1,103,220
Sharon C. Pel	3,500	88,959	2,750	26,750	147,647	468,632
Rik Parkhill	5,000	130,215	Nil	21,000	Nil	542,730
Barbara G. Stymiest ⁽¹⁾	25,000	787,513	Nil	Nil	Nil	Nil

- (1) Ms. Stymiest resigned as CEO effective October 31, 2004. 105,000 share options granted in 2003 and 2004 were forfeited.

Restricted Share Units granted in 2004

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

RSUs vest at the end of 3 years. The target RSU grants are adjusted to reflect dividends paid and then modified by a three-year total shareholder return performance factor. 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.

Name	Securities, Units or other Rights (#)	Performance or other period until maturation or payout	Estimated Future Payouts Under Non-Securities-Price-Based Plans		
			Minimum (#)	Target (#)	Maximum (#)
Richard W. Nesbitt	4,280	December 31, 2006	1,070	4,280	7,704
Michael S. Ptasznik	1,780	December 31, 2006	445	1,780	3,204
John B. Cieslak	3,940	December 31, 2006	985	3,940	7,092
Sharon C. Pel	2,170	December 31, 2006	543	2,170	3,906
Rik Parkhill	1,780	December 31, 2006	445	1,780	3,204
Barbara G. Stymiest ⁽¹⁾	10,000	December 31, 2006	2,500	10,000	18,000

(1) Ms. Stymiest resigned as CEO effective October 31, 2004. All RSUs granted in 2004 were forfeited.

Share Options and Restricted Share Units granted in 2005

The following table provides details on the stock options and RSU grants that were made to the Named Executive Officers up to and including February 28, 2005.

Name	Options			RSUs	
	Securities Under Options Granted (#)	Exercise or Base Price (\$/Security)	Expiration Date	Target RSUs Granted (#) ⁽¹⁾	Grant Price (\$/RSU)
Richard W. Nesbitt	65,898 ⁽²⁾	59.27	February 1, 2012	5,100	53.69
Michael S. Ptasznik	4,863	59.27	February 1, 2012	1,500	53.69
John B. Cieslak	11,035	59.27	February 1, 2012	3,600	53.69
Sharon C. Pel	5,517	59.27	February 1, 2012	1,800	53.69
Rik Parkhill	8,105	59.27	February 1, 2012	2,500	53.69

- (1) The target RSU grants are adjusted to reflect dividends paid and then modified by a three-year total shareholder return performance factor. 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.
- (2) Includes 50,000 share options awarded to Mr. Nesbitt in recognition of his new role as CEO of the Corporation.

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows, as of December 31, 2004, compensation plans under which equity securities of the Corporation are authorized for issuance from treasury. The information has been aggregated either by equity compensation plans requiring the issuance of common shares previously approved by shareholders or by equity compensation plans requiring the issuance of common shares not previously approved by shareholders, of which there are none to report.

The numbers shown under “Equity compensation plans approved by security holders” relate to the Corporation’s share option plan. Please refer to the description of the share option plan under “Long-Term Compensation” in this Circular.

Plan category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	665,950	27.87	1,993,850
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	665,950	27.87	1,993,850

Pension Plans

The Named Executive Officers 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 retirement plan for executive officers and other members of senior management. The supplementary retirement 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 retirement plan.

The following table shows the aggregate annual retirement benefits payable under the defined benefits tier of the pension plan and the supplementary retirement 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 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, 2004, 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:

Name	Years of Service			Projected Annual Benefit	
	December 31, 2004	Age 60	Age 65	Age 60 (\$)	Age 65 (\$)
Richard W. Nesbitt	3.3	14.1	19.1	253,499	343,499
Michael S. Ptasznik	6.2	28.7	33.7	223,600	262,600
John B. Cieslak	4.4	19.1	24.1	276,708	349,208
Sharon C. Pel	1.5	13.4	18.4	140,875	193,375
Rik Parkhill	3.0	14.6	19.6	153,125	205,625

Ms. Pel also participates in a supplemental executive retirement arrangement that will provide an additional \$77,700 per annum 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 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 cash board 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, officers and certain employees of TSX Group are covered under Directors' and Officers' Liability Insurance policies. The policies include coverage for wrongful acts, claimed against Directors, officers and such employees by reason of their serving in such capacities. The aggregate limit of liability applicable to those insured Directors, officers and employees under the insurance policies is \$50 million, inclusive of defence costs. In the event of indemnification of its insured Directors, officers and employees, 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 \$296,870 for the May 1, 2004 to April 30, 2005 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, officers and certain employees 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, 2004 or at any time during 2004.

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. We provide additional financial information in our comparative financial statements for our most recently completed financial year and our management's discussion and analysis, contained in our 2004 Annual Report. The Management Information Circular, management's discussion and analysis, annual information form, annual consolidated financial statements, any interim financial statements filed subsequent to the filing of the most recent annual financial statements and additional copies of the 2004 Annual Report may be found on SEDAR at www.sedar.com or obtained on request from the Investor Relations Department of the Corporation.

Finance and Audit Committee

The Finance and Audit Committee of the Board of Directors is composed entirely of unrelated Directors who meet the independence and experience requirements set out in Multilateral Instrument 52-110 - Audit Committees. The Finance and Audit Committee is composed of five Directors: J. Spencer Lanthier (Chair), Harry A. Jaako, Jean Martel, Owen McCreery and John P. Mulvihill. The committee's complete Charter is available on the Corporation's web site at www.tsx.com.

The Finance and Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. The committee supervises the adequacy of TSX Group's internal accounting controls and financial reporting practices and procedures and the quality and integrity of the Corporation's audited and unaudited financial statements, including thorough discussions with the Corporation's external auditors. The committee reviews TSX Group's business plan and operating and capital budgets and management's reports on pension plan oversight. The committee is responsible for ensuring efficient and effective assessment of management of risk throughout TSX Group.

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 C to this Circular and under the heading "Statement of Corporate Governance Practices" in the Corporation's 2004 Annual Report.

The Charter of the Board of Directors, which includes the principal responsibilities of the Chair of the Board and the Chief Executive Officer, and the charters 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 and the Code of Conduct for Employees of TSX Group are also available in the same location.

Board of Directors' Approval

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

A handwritten signature in black ink, appearing to read "Sharon C. Pel", is positioned to the left of a vertical red line.

Sharon C. Pel

Senior Vice President, Legal and Business Affairs

Toronto, Ontario

March 24, 2005

Schedule A

Special Resolution – Subdivision of Common Shares and Removal of Choice Shares

BE IT RESOLVED as a special resolution that:

1. The certificate and Articles of the Corporation are amended (i) to change each common share of the Corporation, whether issued or unissued, into two common shares; (ii) to remove from the authorized capital of the Corporation the class of shares designated as choice shares; (iii) to remove from the Articles the rights, privileges, restrictions and conditions attaching to the choice shares; and (iv) to remove all references to the choice shares contained elsewhere in the Articles of the Corporation.
2. Any director or officer of the Corporation is authorized for and on behalf of and in the name of the Corporation to do all such acts and things and to execute and deliver, whether under the corporate seal of the Corporation or otherwise, all such documents, instruments and writings as in that person's discretion are necessary or desirable to give effect to this special resolution including, without limitation, the delivery of Articles of Amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario) (Director) and compliance with all requirements of Toronto Stock Exchange.
3. The directors of the Corporation may, in their discretion, without further approval by the shareholders, revoke this special resolution at any time before the issuance by the Director of a Certificate of Amendment in respect of the foregoing.

Schedule B

RECORD OF ATTENDANCE BY DIRECTORS IN 2004

(includes only nominees for election)

Director	Number of meetings attended		Percentage of meetings attended	
	Board	Committees	Board	Committees
Ian S. Brown	11 of 13	5 of 5	85	100
Tullio Cedraschi	12 of 13	16 of 16	92	100
Wayne C. Fox	13 of 13	16 of 16	100	100
Raymond Garneau	13 of 13	9 of 9	100	100
John A. Hagg	12 of 13	10 of 11	92	91
Harry A. Jaako	11 of 13	6 of 8	85	75
J. Spencer Lanthier	12 of 13	20 of 21	92	95
Jean Martel	13 of 13	6 of 6	100	100
Owen McCreery	11 of 13	6 of 7	85	86
John P. Mulvihill	11 of 13	15 of 15	85	100
Eric C. Tripp	13 of 13	7 of 7	100	100

SUMMARY OF BOARD AND COMMITTEE MEETINGS HELD IN 2004

Board ⁽¹⁾	13
Finance and Audit Committee	6
Governance Committee	4
Human Resources Committee	7
Public Venture Market Committee	2
CEO Search Committee ⁽²⁾	5
Total Numbers of Meetings Held	37

(1) Includes one all-day Board Strategy Session and two Special Meetings of the Board.

(2) The CEO Search Committee was an ad hoc committee constituted following the announcement in September 2004 of the pending departure of Barbara G. Szymiest as Chief Executive Officer of the Corporation. The Committee's mandate was to identify a qualified candidate for appointment as Chief Executive Officer for the Corporation and to recommend that person to the Board for appointment. The Committee members were Wayne C. Fox (Chair), Tullio Cedraschi, Raymond Garneau, John A. Hagg, J. Spencer Lanthier and John P. Mulvihill. The Committee met five times. The Committee's mandate was fulfilled on the appointment of Richard W. Nesbitt as Chief Executive Officer in December 2004.

Schedule C

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 2004 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"). In addition, TSX Group continues to review its corporate governance practices with reference to the corporate governance guidelines recommended by the Canadian Coalition for Good Governance, and in anticipation of National Policy 58-201 - Effective Corporate Governance and National Instrument 58-101 - Disclosure of Corporate Governance Practices coming into force. 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 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 available on the Corporation's web site at www.tsx.com under the Investor Relations tab. 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 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 2004 Annual Report under Management's Discussion and Analysis and the annual information form. 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 semi-annual 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, or any violation of the Codes of Conduct, and for the protection from retaliation of those who report such complaints in good faith.</p>

TSX Guideline	Does the Corporation align with 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 corporate 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 Discussion and Analysis, and approves the Management Information Circular and the Corporation's annual information form. Disclosed information is distributed through mailings, news wire</p>

TSX Guideline	Does the Corporation align with TSX Guidelines?	Description of the Corporation's Practice
e) The integrity of the corporation's internal control and management information systems.	Yes	<p>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 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 web cast.</p> <p>The Board is responsible for determining appropriate criteria to evaluate corporate performance against shareholder expectations and ensuring that the Corporation has procedures in place to receive feedback from shareholders.</p> <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 Corporation's resources, systems, processes, culture, structure and</p>

TSX Guideline	Does the Corporation align with TSX Guidelines?	Description of the Corporation's Practice
		<p>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>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>	<p>Yes</p>	<p>The Board believes that, as a matter of policy, there should be a majority of unrelated Directors on the Board.</p> <p>A majority of the nominees for the Board (8 out of 14 or approximately 57%) are both unrelated under the TSX Guidelines and independent under the Corporation's recognition order issued by the OSC as further described in TSX Guideline 3 below (the "Recognition Order").</p> <p>Mr. Richard W. Nesbitt, Chief Executive Officer of the Corporation, is the only member of management nominated as a Director.</p> <p>An additional five nominees are non-independent Directors under the Recognition Order. Non-independent Directors under the Recognition Order are considered to be related Directors (see also TSX Guideline 3, below).</p> <p>The Corporation does not have a "significant shareholder" since no shareholder, acting alone or in concert with others, is permitted to beneficially own, vote or exercise control or direction over more than 10% of the outstanding common shares of the Corporation without the prior consent of the OSC.</p>

TSX Guideline	Does the Corporation align with 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>The Governance Committee periodically reviews the relationship of each Director with the Corporation to determine which Directors are unrelated under the TSX Guidelines and independent under the Recognition Order, and if not, that they are acting appropriately. The Governance Committee then advises the Board of its findings, for consideration by the Board.</p> <p>To assist the Governance Committee and the Board with their determinations, all directors annually complete a detailed questionnaire about their business relationships and shareholdings.</p> <p>A Director is independent under the Recognition Order if the Director is independent of management and not associated with a Participating Organization of Toronto Stock Exchange or with a Participating Organization or Member of TSX Venture Exchange (collectively, “POs”). A PO is a registered broker dealer which is permitted access to the facilities of Toronto Stock Exchange or TSX Venture Exchange for the purpose of trading securities listed on those exchanges. The Board has determined that a non-independent Director under the Recognition Order is to be considered a related director under the TSX Guidelines. The Recognition Order requires that at least 50% of the Corporation's Directors be independent.</p> <p>A total of six of the nominees for election to the Board are currently related Directors: Richard W. Nesbitt (the Chief Executive Officer of the Corporation), and Wayne C. Fox, Ian S. Brown, Raymond Garneau, John A. Hagg and Eric C. Tripp (each of whom is associated with a PO, but independent from management).</p> <p>The remaining eight nominees for election to the Board (Tullio Cedraschi, Harry A. Jaako, J. Spencer Lanthier, Jean Martel, Owen McCreery, John P. Mulvihill, Kathleen M. O'Neill and Geraldine B. Sinclair) are independent under the Recognition Order and unrelated under the TSX Guidelines, in that none of those nominees has any other interest or relationship that could, or could reasonably be perceived to, materially interfere with their abilities to act in the best interests of the Corporation. In addition, Mr. Raymond Garneau will become an unrelated Director on May 4, 2005 following his retirement from Industrial Alliance Insurance and Financial Services Inc.</p> <p>No non-employee Director has received remuneration from the Corporation in excess of Directors' fees and expenses.</p>

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<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 Corporation continues to review the characterization of the relationship of each Director to the Corporation in light of proposed National Instrument 58-101 - Disclosure of Corporate Governance Practices and proposed National Policy 58-201 - Effective Corporate Governance.</p> <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, energy market experience and regulated company 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. The Governance Committee maintains a list of potential director candidates for its future considerations. 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>

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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.	Yes	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 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 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).
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 maintains orientation and ongoing education programs for Directors, (including new Directors) and regularly reviews these programs. TSX Group provides new Directors with a Directors' Manual, which serves as a corporate reference, as well as with orientation materials describing its business, strategy, objectives and initiatives. New Directors are also invited to spend time at the Corporation's offices and to 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. Directors receive a comprehensive package of information prior to each Board and committee meeting and prior to each strategic planning session. As well, each committee delivers a report to the full Board on its work after each committee meeting. Presentations on different aspects of the Corporation's business are regularly made to the Board. TSX Group also provides the Board with a variety of materials and presentations on an <i>ad hoc</i> basis, to keep them informed about internal developments as well as developments in, or which affect, its industry. All of these materials and other corporate materials are also accessible by Directors on a permanent, secure intranet.

TSX Guideline	Does the Corporation align with TSX Guidelines?	Description of the Corporation's Practice
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 fourteen 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.
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 periodically by the Board or the Governance Committee. The Board has final approval on all Board compensation decisions. Current compensation of Directors is detailed on page 27 of this Circular.
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	The Corporation has four standing 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 are available on the Corporation's web site at www.tsx.com . In September 2004, the Board also constituted a special committee to search for a new Chief Executive Officer following the announced resignation of Barbara G. Stymiest. 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. If elected as a Director, Mr. Nesbitt will not be a member of any committees, however, he will be entitled to attend all committee meetings as a non-voting member. At the end of each committee meeting, the committee meets in-camera without management present.
		Schedule B to this Circular sets out the number of Board and committee meetings held in 2004, and the record of attendance of each Director at those meetings.

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<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.</p>	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 2004 Annual Report.</p>
<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.</p>	Yes	<p>The Board has a Board Charter which sets out the role and responsibilities of the Board. The Board Charter can be found 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 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>

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<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>	Yes	<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>
<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 and Multilateral Instrument 52-110 - Audit Committees). 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>

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<p>14. The board of directors should implement a system which enables an individual director to engage an outside adviser 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. The Governance Committee can retain an expert or advisor with the prior approval of the Chair of the Board.</p>