

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements, which are not historical facts but are based on certain assumptions and reflect TSX Group's current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Please see Forward-Looking Statements, Risks and Uncertainties in the **Q3-2005** Management's Discussion and Analysis for some of the risk factors that could cause actual events or results to differ materially from current expectations.

CEO'S LETTER TO SHAREHOLDERS

I am pleased to report that we had very strong third quarter results.

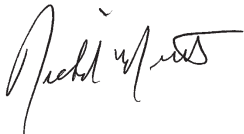
Revenue was \$75.3 million, up 27% over the same quarter last year as restated for the accounting change described below, largely reflecting significantly higher trading in equity capital markets. Net income was \$28.7 million, or 42 cents per common share, an increase of 84% compared with the same quarter last year as restated, due to the higher revenue and a 15% reduction in expenses. Without giving effect to the accounting change, revenue for the third quarter of 2005 would have been \$89.3 million, which is a 32% increase over the third quarter of last year, and net income would have been \$36.8 million, or 54 cents per common share, which is an increase of 84%.

Initial offerings raised on Toronto Stock Exchange and TSX Venture Exchange during the third quarter of 2005 were almost \$4.9 billion, approximately triple the amount raised in the same quarter of 2004. On the trading side of the business, the value of securities traded on both of our equity markets was up 62% compared with the same quarter of last year, and the number of transactions increased by 66% over the same period last year. Market data subscriptions were also up almost 10% compared with last year. In our energy segment, NGX experienced a 16% increase in trading volumes during the third quarter of 2005 compared with the same quarter of 2004.

Turning to the accounting change, we have historically reported revenue related to fees charged for new listings and additional financing activity in the period that we received those fees. In consultation with our auditors, we have changed our revenue recognition policy for initial and additional listings to recognize that revenue on a straight line basis over 10 years and, as a result, have restated certain financial results. Cash flows and our strong cash position were not affected. Details of the accounting change are outlined in this report.

We continue to remain confident in our goal of achieving long-term annual earnings per share growth in the 10 to 12 percent range although we expect to see variation in growth rates on both a quarterly and annual basis.

In summary, we enjoyed a strong third quarter in 2005. I look forward to updating you again next year.



RICHARD NESBITT
 Chief Executive Officer
 TSX Group Inc.
 November 7, 2005

Q3-2005 MANAGEMENT'S DISCUSSION AND ANALYSIS

Note: All references to earnings per common share, net income per common share, dividends per common share, common shares issued and outstanding, common shares reserved for issuance, and options outstanding have been restated to reflect the impact of the two-for-one stock split which was effective May 17, 2005.

Restatement of Initial and Additional Listing Fee Revenue

TSX Group has retroactively changed its revenue recognition policy for initial and additional listing fees to comply with the Canadian Institute of Chartered Accountants' Emerging Issues Committee Abstract-141 ("EIC-141"). EIC-141 specifies that certain non-refundable fees be deferred and recognized systematically over future accounting periods. EIC-141 was effective for fiscal years commencing on or after January 1, 2004.

Before the adoption of EIC-141, non-refundable fees were recognized at the time such fees were received. TSX Group, in consultation with its auditors, reviewed its revenue recognition policy for initial and additional listing fees when EIC-141 became effective in January, 2004. As a result of that review, TSX Group continued to recognize initial and additional listing fees as they were received. Since that time, the interpretation of EIC-141 has evolved and precedents have been established. As a result, TSX Group again reviewed the application of EIC-141, and in consultation with its auditors, TSX Group has changed its accounting policy for recognizing initial and additional listing fees.

The effect of this change is that TSX Group now recognizes revenue from initial and additional listing fees amortized on a straight-line basis over an estimated service period of 10 years. Unamortized balances are recorded as deferred revenue—initial and additional listing fees on the consolidated balance sheet. TSX Group is restating its financial results to conform with EIC-141, and will be refiling certain financial statements. For Toronto Stock Exchange, revenue from initial and additional listing fees has been recalculated for the ten years preceding the periods presented in the financial statements for the three months and nine months ended September 30, 2005. In the case of TSX Venture Exchange, which was acquired on August 1, 2001, initial and additional listing fee revenue has been recalculated from the date of acquisition. Since Natural Gas Exchange ("NGX") does not charge listing fees, no restatement of its revenue is required.

The implementation of EIC-141 has not changed TSX Group's business operations, cash flows or cash position.

QUARTER ENDED SEPTEMBER 30, 2005 COMPARED TO RESTATED QUARTER ENDED SEPTEMBER 30, 2004

Net income was \$28.7 million, or 42 cents per common share (on both a basic and diluted basis) for the third quarter of 2005, compared to restated net income of \$15.6 million, or 23 cents per common share (on both a basic and diluted basis) for the same period in 2004, representing an increase of 84%. The increase was mainly attributable to both higher revenue and lower general and administrative expenses.

Without giving effect to the implementation of EIC-141, net income would have been \$36.8 million, or 54 cents per common share (on a basic and diluted basis) for the third quarter of 2005, compared to net income of \$20.0 million, or 30 cents per common share (29 cents on a diluted basis) for the same period in 2004, representing an increase of 84%. The increase was mainly attributable to both higher revenue and lower general and administrative expenses*.

REVENUE

Revenue was \$75.3 million for the third quarter of 2005, up 27% as compared to restated revenue of \$59.5 million for the same period in 2004, reflecting increased revenue in the primary revenue streams of listing, trading and market data.

Without giving effect to the implementation of EIC-141, revenue would have been \$89.3 million for the third quarter of 2005, up 32% as compared to \$67.8 million for the same period in 2004, reflecting increases in the primary revenue streams of listing, trading and market data*.

Listing Revenue

Listing revenue of \$22.3 million in the third quarter of 2005 increased by \$3.1 million, or 16%, compared with restated listing revenue of \$19.2 million in the third quarter of 2004.

*Revenue, net income and earnings per common share (basic and diluted) without giving effect to the implementation of EIC-141 are non-GAAP financial measures. See discussion under the heading Non-GAAP Financial Measures.

Sustaining Listing Fees

Sustaining listing fees of \$12.2 million increased by \$1.1 million, or 10%, in the third quarter of 2005 compared with \$11.1 million in the third quarter of 2004. The increase in revenue from sustaining listing fees in the third quarter of 2005, over the corresponding period in 2004, reflected overall higher market capitalization of issuers at December 31, 2004 compared with December 31, 2003. Sustaining listing fees are billed during the first quarter of the year and the amount is recorded as deferred revenue and amortized over the year on a straight-line basis. The accounting policy relating to the revenue recognition of sustaining listing fees is unchanged.

Initial Listing Fees and Additional Listing Fees

The following is a summary of revenue from initial and additional listing fees in the third quarter of 2005 compared to restated revenue from initial and additional listing fees for the third quarter of 2004, both as reported under EIC-141 (“Initial Listing Fees Reported” and “Additional Listing Fees Reported”), and as calculated without giving effect to EIC-141 (“Initial Listing Fees Received”^{***} and “Additional Listing Fees Received”^{***}). The latter measures are consistent with our reporting of revenue from initial and additional financing activities in previously issued financial statements. TSX Group believes that Initial Listing Fees Received and Additional Listing Fees Received are important measures of performance that reflect actual initial and additional listing activity during the quarter.

(In millions of dollars - Unaudited)

	Three Months Ended September 30, 2005		Three Months Ended September 30, 2004	
	Initial and Additional Listing Fees Reported	Initial and Additional Listing Fees Received (Non-GAAP)**	Initial and Additional Listing Fees Reported (Restated)	Initial and Additional Listing Fees Received (Non-GAAP)**
Initial	\$ 3.7	\$ 7.8	\$ 2.6	\$ 4.7
Additional	\$ 6.4	\$ 16.3	\$ 5.5	\$ 11.7

Initial Listing Fees Reported

Initial Listing Fees Reported of \$3.7 million increased by \$1.1 million, or 42% in the third quarter of 2005 compared with \$2.6 million of restated Initial Listing Fees Reported for the third quarter of 2004. The change reflects increased capital market activity and fee increases during the period from October 1, 1995 to September 30, 2005 when compared to the period from October 1, 1994 to September 30, 2004.

Additional Listing Fees Reported

Additional Listing Fees Reported of \$6.4 million increased by \$0.9 million, or 16% in the third quarter of 2005 compared with \$5.5 million of restated Additional Listing Fees Reported for the third quarter of 2004. The change reflects increased capital market activity and fee increases during the period from October 1, 1995 to September 30, 2005 when compared to the period from October 1, 1994 to September 30, 2004.

Initial Listing Fees Received**

Initial Listing Fees Received of \$7.8 million increased by \$3.1 million, or 66%, in the third quarter of 2005 compared with \$4.7 million of Initial Listing Fees Received in the third quarter of 2004. In terms of initial offerings, the \$4.9 billion raised on Toronto Stock Exchange and TSX Venture Exchange during the third quarter of 2005 was 206% higher than the \$1.6 billion raised during the same period in 2004. There were 56 new issuers listed on Toronto Stock Exchange and 39 new issuers listed on TSX Venture Exchange in the third quarter of 2005. This compares with 36 and 35 new issuers listed on Toronto Stock Exchange and TSX Venture Exchange, respectively, in the third quarter of 2004.

Additional Listing Fees Received**

Additional Listing Fees Received of \$16.3 million increased by \$4.6 million, or 39%, in the third quarter of 2005 compared with \$11.7 million of Additional Listing Fees Received in the third quarter of 2004. In terms of additional financing, the \$7.9 billion

**See discussion under the heading Non-GAAP Financial Measures.

raised on Toronto Stock Exchange and TSX Venture Exchange during the third quarter of 2005 was 25% lower than the \$10.5 billion raised during the same period of 2004. Excluding one offering in the third quarter of 2004 valued at \$3.2 billion, which did not generate listing fees in that quarter because the related shares had been previously reserved, additional financing in the third quarter of 2005 increased by 8% over the third quarter of 2004.

Trading and Related Revenue

Trading and related revenue of \$33.6 million in the third quarter of 2005 increased by \$11.0 million, or 49%, compared with \$22.6 million in the third quarter of 2004 due to increases in both equity and energy trading. Trading and related revenue of \$29.2 million on our equity exchanges increased by \$10.0 million, or 52%, in the third quarter of 2005 compared with the same period in 2004. The total value of securities traded on Toronto Stock Exchange and TSX Venture Exchange was \$282.0 billion in the third quarter of 2005, a 62% increase over the \$174.2 billion in value traded for the third quarter of 2004. The number of transactions on Toronto Stock Exchange and TSX Venture Exchange increased by 66% to 15.1 million in the third quarter of 2005 from 9.1 million in the third quarter of 2004.

Trading fee revisions on Toronto Stock Exchange, effective October 1, 2005 and January 1, 2006, which were announced on July 26, 2005, had no impact on results for the third quarter of 2005.

For the third quarter of 2005, revenues of \$4.4 million from NGX have also been included in trading and related revenue compared with \$3.4 million in the third quarter of 2004, representing an increase of \$1.0 million. In the third quarter of 2005, 2.2 million terajoules in natural gas and electricity contracts were traded on NGX, a 16% increase over 1.9 million terajoules traded in the third quarter of 2004.

Market Data Revenue

Market data revenue of \$17.3 million in the third quarter of 2005 increased by \$1.9 million, or 12%, compared with \$15.4 million in the third quarter of 2004. The increase reflects a higher number of professional and equivalent real-time data subscriptions and the launch of new market data products in 2005. The 114,545 professional and equivalent real-time data subscriptions at the end of the third quarter of 2005 were higher by approximately 10%, when compared to 104,450 at the end of the third quarter of 2004. During the third quarter of 2004, there were revenue recoveries of approximately \$1.5 million related to under-reported usage of real-time quotes.

The market data revenue growth was somewhat offset by the impact of certain users converting to an alternate fee model under which the fees for usage based quotes are capped. In addition, market data revenue was reduced in the third quarter of 2005 by the negative impact of the appreciation of the Canadian dollar against the U.S. dollar since the third quarter of 2004, somewhat offset by price increases that were effective September 1, 2004 and May 1, 2005.

Business Services Revenue

Business services revenue of \$1.9 million in the third quarter of 2005 decreased by \$0.2 million, or 10%, compared with \$2.1 million in the third quarter of 2004. The decrease is primarily related to a change in the pricing for technology services provided to Market Regulation Services Inc. ("RS"), reflecting cost savings from migrating to a lower cost technology solution. RS, which is 50% owned by TSX Inc., paid \$1.7 million in the third quarter of 2005 for technology related services as compared to \$1.8 million in the third quarter of 2004.

EXPENSES

Expenses were \$33.1 million in the third quarter of 2005, a decrease of 15% from \$39.0 million in the third quarter of 2004. The decrease was largely due to lower general and administrative costs, partially offset by an increase in compensation and benefits costs.

Compensation and Benefits

Compensation and benefits costs of \$18.4 million for the third quarter of 2005 increased by \$1.0 million, or 6%, from \$17.4 million in the third quarter of 2004. The increase reflects higher costs related to annual salary increases and higher organizational transition costs as well as a higher accrual for performance incentives, somewhat offset by reduced costs related to a reduction in headcount. The number of employees at September 30, 2005 was 510 compared with 548 at September 30, 2004. The reduction in the number of employees resulted from an organizational restructuring designed to increase operational efficiencies.

Information and Trading Systems

Information and trading systems costs of \$4.0 million for the third quarter of 2005 increased by \$0.2 million, or 5%, from \$3.8 million in the third quarter of 2004. The increase is primarily attributable to higher hardware lease costs, which relate in part to expansion of trading system capacity.

General and Administrative

General and administrative costs of \$7.6 million decreased by \$7.0 million, or 48%, from \$14.6 million in the third quarter of 2004. During the third quarter of 2004, TSX Group settled arbitration proceedings with a supplier for \$3.6 million. In addition, there was a decrease in spending in the third quarter of 2005 compared with the same period in 2004 related to product and brand marketing activities. TSX Group paid RS \$0.8 million for regulation services in the third quarter of 2005, as compared to \$0.7 million in the third quarter of 2004.

Amortization

Amortization of \$3.2 million for the third quarter of 2005 decreased by \$0.1 million, or 3%, from \$3.3 million in the third quarter of 2004.

Loss from Investment in Affiliate

Loss from investment in affiliate of \$0.3 million represents TSX Group's share of CanDeal.ca Inc.'s ("CanDeal") loss for the third quarter of 2005, based on TSX Group's approximate 45% interest in CanDeal. The loss is unchanged from the third quarter of 2004. CanDeal's loss included the write-off of software related to its transition to the Thomson TradeWeb® technology platform.

Investment Income

Investment income of \$1.8 million in the third quarter of 2005 increased by \$0.2 million, or 13%, compared with \$1.6 million in the third quarter of 2004. The change is primarily attributable to an increase in the amount of cash and marketable securities available for investment during the third quarter of 2005 compared with the third quarter of 2004, somewhat offset by a reduction in the value of the short-term bond and mortgage fund investments.

Income Taxes

Income taxes were \$15.1 million for the third quarter of 2005, compared to restated income taxes of \$6.2 million in the third quarter of 2004. The effective tax rate increased from approximately 28% as restated in the third quarter of 2004 to approximately 34% in the third quarter of 2005. Revenue from periods prior to demutualization on April 3, 2000, was not subject to taxation. The effective tax rate for the third quarter of 2004 was lower than the effective tax rate for the third quarter of 2005, which reflects a lower proportion of initial and additional listing fees from pre-demutualization periods.

NINE MONTHS ENDED SEPTEMBER 30, 2005 COMPARED TO RESTATED NINE MONTHS ENDED SEPTEMBER 30, 2004

Net income was \$75.5 million or \$1.11 per common share (\$1.10 on a diluted basis) for the nine months ended September 30, 2005, compared to restated net income of \$49.9 million, or \$0.74 per common share (\$0.73 on a diluted basis) for the same period in 2004, representing an increase of 51%. The increase was mainly attributable to both higher revenue and lower general and administrative expenses.

Without giving effect to the implementation of EIC-141, net income would have been \$100.4 million or \$1.48 per common share (\$1.46 on a diluted basis) for the nine months ended September 30, 2005, compared to net income of \$70.7 million, or \$1.05 per common share (\$1.03 on a diluted basis) for the same period in 2004, representing an increase of 42%. The increase was mainly attributable to both higher revenue and lower general and administrative expenses*.

REVENUE

For the nine months ended September 30, 2005, revenues were \$213.7 million, an increase of \$34.1 million, or 19%, from restated revenue of \$179.6 million for the same period in 2004 due to increases in the three primary revenue streams of listing, trading and market data.

Without giving effect to the implementation of EIC-141, revenue would have been \$256.4 million for the nine months ended September 30, 2005, an increase of \$39.8 million, or 18%, from \$216.6 million for the same period in 2004 due to increases in the three primary revenue streams of listing, trading and market data*.

Listing Revenue

Listing revenue of \$64.6 million in the first nine months of 2005 increased by \$9.2 million, or 17%, compared with restated listing revenue of \$55.4 million in the first nine months of 2004.

*Revenue, net income and earnings per common share (basic and diluted) without giving effect to the implementation of EIC-141 are non-GAAP financial measures. See discussion under the heading Non-GAAP Financial Measures.

Sustaining Listing Fees

Sustaining listing fees of \$35.9 million increased by \$3.7 million, or 11%, in the first nine months of 2005 compared with \$32.2 million for the first nine months of 2004. The increase in revenue from sustaining listing fees in the first nine months of 2005, over the corresponding period in 2004, reflected overall higher market capitalization of issuers at December 31, 2004 compared with December 31, 2003. Sustaining listing fees are billed during the first quarter of the year and the amount is recorded as deferred revenue and amortized over the year on a straight-line basis. The accounting policy relating to the revenue recognition of sustaining listing fees is unchanged.

Initial Listing Fees and Additional Listing Fees

The following is a summary of revenue from initial and additional listing fees for the nine months ended September 30, 2005 compared to restated revenue from initial and additional listing fees for the nine months ended September 30, 2004, both as reported under EIC-141 (“Initial Listing Fees Reported”** and “Additional Listing Fees Reported”), and as calculated without giving effect to EIC-141 (“Initial Listing Fees Received” and “Additional Listing Fees Received”**). The latter measures are consistent with our reporting of revenue from initial and additional financing activities in previously issued financial statements.

(In millions of dollars - Unaudited)

	Nine Months Ended September 30, 2005		Nine Months Ended September 30, 2004	
	Initial and Additional Listing Fees Reported	Initial and Additional Listing Fees Received (Non-GAAP)**	Initial and Additional Listing Fees Reported (Restated)	Initial and Additional Listing Fees Received (Non-GAAP)**
Initial	\$ 9.1	\$ 21.4	\$ 6.8	\$ 16.3
Additional	\$ 19.6	\$ 50.0	\$ 16.4	\$ 43.7

Initial Listing Fees Reported

Initial Listing Fees Reported of \$9.1 million increased by \$2.3 million, or 34%, in the first nine months of 2005 compared with \$6.8 million in restated Initial Listing Fees Reported for the first nine months of 2004. The change reflects increased capital market activity and fee increases during the period from October 1, 1995 to September 30, 2005 when compared to the period from October 1, 1994 to September 30, 2004.

Additional Listing Fees Reported

Additional Listing Fees Reported of \$19.6 million increased by \$3.2 million, or 20%, in the first nine months of 2005 compared with \$16.4 million in restated Additional Listing Fees Reported for the first nine months of 2004. The change reflects the increased capital market activity and fee increases during the period from October 1, 1995 to September 30, 2005 when compared to the period from October 1, 1994 to September 30, 2004.

Initial Listing Fees Received**

Initial Listing Fees Received of \$21.4 million increased by \$5.1 million, or 31%, in the first nine months of 2005 compared with \$16.3 million of Initial Listing Fees Received in the first nine months of 2004. In terms of initial offerings, the \$13.0 billion raised on Toronto Stock Exchange and TSX Venture Exchange during the first nine months of 2005 was 40% higher than the \$9.3 billion raised during the same period in 2004. There were 168 new issuers listed on Toronto Stock Exchange and 113 new issuers on TSX Venture Exchange in the first nine months of 2005. This compares with 134 and 103 new issuers on Toronto Stock Exchange and TSX Venture Exchange, respectively, in the first nine months of 2004.

Additional Listing Fees Received**

Additional Listing Fees Received of \$50.0 million increased by \$6.3 million, or 14%, in the first nine months of 2005 compared with \$43.7 million of Additional Listing Fees Received in the first nine months of 2004. In terms of additional financing, the \$26.5 billion raised on Toronto Stock Exchange and TSX Venture Exchange during the first nine months of 2005 was 5% higher than the \$25.3 billion raised during the same period of 2004. Excluding one offering in the third quarter of 2004 valued at \$3.2 billion, which did not generate listing fees in that period because the related shares had been previously reserved, additional financing in the first nine months of 2005 increased by 20% over the first nine months of 2004.

**See discussion under the heading Non-GAAP Financial Measures.

Trading and Related Revenue

Trading and related revenue of \$92.5 million in the first nine months of 2005 increased by \$20.3 million, or 28%, compared with \$72.2 million in the first nine months of 2004. Trading and related revenue of \$80.3 million on our equity exchanges increased by \$15.2 million, or 23%, in the first nine months of 2005 compared with the same period in 2004. The total value of securities traded on Toronto Stock Exchange and TSX Venture Exchange was \$789.8 billion in the first nine months of 2005, an increase of 27% from the \$622.9 billion in value traded for the first nine months of 2004. The number of transactions on Toronto Stock Exchange and TSX Venture Exchange increased by 30% to 41.1 million in the first nine months of 2005 from 31.6 million in the first nine months of 2004.

For the first nine months of 2005, revenues of \$12.2 million from NGX have also been included in trading and related revenue compared with \$7.1 million for the seven months following the acquisition of NGX on March 1, 2004, representing an increase of \$5.1 million. In the first nine months of 2005, 6.6 million terajoules in natural gas and electricity contracts were traded on NGX compared with 4.3 million terajoules traded in the seven months following the acquisition of NGX on March 1, 2004.

Market Data Revenue

Market data revenue of \$49.6 million in the first nine months of 2005 increased by \$5.2 million, or 12%, compared with \$44.4 million in the first nine months of 2004. The increase in revenue reflects a higher number of professional and equivalent real-time data subscriptions and the launch of new market data products in 2005. The 114,545 professional and equivalent real-time data subscriptions at the end of the third quarter of 2005 were higher by approximately 10%, when compared to 104,450 at the end of the third quarter of 2004, partially reflecting increased sales to U.S. customers. During the third quarter of 2004, there were revenue recoveries of approximately \$1.5 million related to under-reported usage of real-time quotes.

The market data revenue growth was somewhat offset by the impact of certain users converting to an alternate fee model under which the fees for usage based quotes are capped. In addition, market data revenue was reduced in the first nine months of 2005 by the negative impact of the appreciation of the Canadian dollar against the U.S. dollar since the third quarter of 2004, somewhat offset by price increases that were effective September 1, 2004 and May 1, 2005.

Business Services Revenue

Business services revenue of \$6.0 million in the first nine months of 2005 decreased by \$0.4 million, or 6%, compared with \$6.4 million in the first nine months of 2004. The decrease is primarily related to a change in the pricing for technology services provided to RS, as previously discussed. RS paid \$5.0 million in the first nine months of 2005 for technology related services as compared to \$5.5 million in the first nine months of 2004.

EXPENSES

Expenses were \$104.5 million in the first nine months of 2005, a decrease of 3% from \$108.2 million in the first nine months of 2004. The decrease was largely due to lower general and administrative costs, partially offset by an increase in compensation and benefits costs.

Compensation and Benefits

Compensation and benefits costs of \$57.5 million for the first nine months of 2005 increased by \$3.0 million, or 6%, from \$54.5 million in the first nine months of 2004. The increase reflects higher costs related to annual salary increases and higher organizational transition costs as well as a higher accrual for performance incentives. The increase is also attributable to the inclusion of costs pertaining to NGX employees for nine months compared with seven months in 2004 following the acquisition of NGX on March 1, 2004. The increase was somewhat offset by reduced costs related to a reduction in headcount, as previously discussed.

Information and Trading Systems Costs

Information and trading systems costs of \$12.4 million for the first nine months of 2005 increased by \$1.1 million, or 10%, from \$11.3 million in the first nine months of 2004. The increase is primarily attributable to higher hardware lease costs, which relate in part to expansion of trading system capacity.

General and Administrative Costs

General and administrative costs of \$25.0 million decreased by \$8.3 million, or 25%, from \$33.3 million in the first nine months of 2004. As previously discussed, during the third quarter of 2004, TSX Group settled arbitration proceedings with a supplier for \$3.6 million. The decrease is also attributable to reduced spending related to marketing activities, somewhat offset by the inclusion of NGX expenses for nine months in 2005 compared with seven months in 2004. TSX Group paid RS \$2.5 million for regulation services in the first nine months of 2005 as compared to \$2.3 million in the first nine months of 2004.

Amortization

Amortization of \$9.5 million for the first nine months of 2005 increased by \$0.3 million, or 3%, from \$9.2 million in the first nine months of 2004.

Loss From Investment in Affiliate

Loss from investment in affiliate of \$0.4 million represents TSX Group's share of CanDeal's loss for the first nine months of 2005, based on TSX Group's approximate 45% interest in CanDeal. The decrease of \$0.6 million from a loss of \$1.0 million in the first nine months of 2004 reflects a combination of CanDeal's increased revenue and a reduction in CanDeal's operating costs, somewhat offset by the write-off of software related to CanDeal's transition to the Thomson TradeWeb® technology platform.

Investment Income

Investment income of \$5.6 million in the first nine months of 2005 increased by \$2.1 million, or 60%, compared with \$3.5 million in the first nine months of 2004. The change is primarily attributable to an increase in the amount of cash and marketable securities available for investment during the first nine months of 2005 compared with the same period during 2004.

Income Taxes

Income taxes were \$38.8 million for the first nine months of 2005, compared to restated income taxes of \$24.0 million in the first nine months of 2004. The effective tax rate increased from approximately 32% as restated for the first nine months of 2004 to approximately 34% in the first nine months of 2005.

LIQUIDITY, CAPITAL RESOURCES AND DEFERRED REVENUE

CASH AND MARKETABLE SECURITIES

Cash and marketable securities were \$242.0 million at September 30, 2005, an increase of \$70.4 million, compared to \$171.6 million at December 31, 2004. Cash generated from operations of \$114.7 million for the first nine months of 2005 was partially offset by the payment of two dividends of \$0.20 per common share and one dividend of \$0.25 per common share, aggregating \$44.2 million. The implementation of EIC-141 had no impact on cash flows from operating activities.

NGX COLLATERAL ARRANGEMENTS AND CLEARING BACKSTOP FUND

As part of its clearing operations, NGX becomes the counterparty to each transaction, thereby guaranteeing the performance of every contract that is executed on its electronic trading platform. To backstop its clearing operations, NGX has a credit agreement in place with a Canadian chartered bank. TSX Group is NGX's guarantor for this credit agreement up to a maximum of \$30.0 million ("TSX Guarantee"). TSX Group has pledged \$30.0 million of marketable securities related to its obligations as guarantor. In addition, NGX has covenanted under the agreement to maintain a minimum of \$9.0 million of tangible net worth. If NGX suffers a loss on its clearing operations, it could lose its entire tangible net worth. The bank could also realize on the TSX Guarantee, to the extent required to cover the loss.

NGX requires each counterparty (the "Contracting Party") to provide collateral in the form of cash or letters of credit based on the margins required for its unsettled contractual obligations, which may be accessed in the event of a default by such Contracting Party. The collateral provided in the form of cash ("the cash collateral deposits") is segregated in individually designated bank accounts held at the same Canadian chartered bank by NGX, which acts as trustee for these funds. The cash collateral deposits, together with letters of credit provided by all the Contracting Parties, exceed all of the outstanding credit exposure, as determined by NGX, for all its unsettled contractual obligations at any point in time.

TOTAL ASSETS

Total assets were \$1,372.9 million at September 30, 2005, an increase of \$336.6 million from restated total assets of \$1,036.3 million at the end of 2004. The increase is primarily due to higher energy contracts receivables of \$850.6 million related to the clearing operations of NGX (\$608.4 million at December 31, 2004) and an increase in marketable securities, accounts receivable and the long-term portion of the future tax asset. As the clearing counterparty to every trade, NGX also carries offsetting liabilities in the form of energy contracts payables, which were \$850.6 million at September 30, 2005 (\$607.5 million at December 31, 2004).

DEFERRED REVENUE-INITIAL AND ADDITIONAL LISTING FEES

Deferred revenue-initial and additional listing fees was \$262.8 million at September 30, 2005, an increase of \$42.6 million from \$220.2 million at December 31, 2004. Prior to adopting EIC-141, there was no deferred revenue related to initial listing fees and additional listing fees. This deferred revenue represents non-refundable initial and additional listing fees received from listed issuers, and is recognized on a straight line basis over an estimated service period of ten years.

The estimated service period of ten years was determined by conducting an historical review of listing activity. TSX Group determined that the average period of time that an issuer remained listed on Toronto Stock Exchange was approximately ten years. In addition, turnover rates were calculated for a Toronto Stock Exchange listed issuer and for a TSX Venture Exchange listed issuer, and were determined to be in the range of ten to twelve years. Examining historical data allowed TSX Group to consider the impact of economic cycles and other trends in capital markets over time. The service period selected affects the rate at which deferred revenue is recognized, as well as the future tax asset related to these fees.

SHAREHOLDERS' EQUITY

Shareholders' equity was \$166.1 million at September 30, 2005, an increase of \$36.6 million from restated shareholders' equity of \$129.5 million at the end of 2004. The increase is primarily attributable to net income of \$75.5 million in the first nine months of 2005, offset by dividend payments aggregating \$44.2 million.

At September 30, 2005 there were 68,070,252 common shares issued and outstanding and 5,029,930 common shares reserved for issuance under TSX Group's share option plan. During the first nine months of 2005, options to purchase 289,670 common shares were exercised. At September 30, 2005, 1,271,228 options were outstanding.

At November 7, 2005 there were 68,070,252 common shares issued and outstanding and 1,271,228 options outstanding under the share option plan.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities were \$40.5 million in the third quarter of 2005, compared with \$20.5 million in the third quarter of 2004, representing an increase of \$20.0 million. The implementation of EIC-141 had no impact on cash flows from operating activities. A significant contributor to cash flows in the third quarter of 2005 was \$31.9 million of net income excluding amortization** (\$18.8 million as restated for the third quarter of 2004).

For the first nine months of 2005, cash flows from operating activities were \$114.7 million compared with \$97.0 million for the first nine months of 2004, representing an increase of \$17.7 million. The primary contributor to increased cash flows in the first nine months of 2005 was \$85.1 million of net income excluding amortization** (\$59.1 million as restated for the first nine months of 2004). In addition, cash flows were increased by the receipt of listing fees, which is reflected in the increase in deferred revenue of \$56.6 million (as compared to an increase in deferred revenue of \$49.6 million as restated for the first nine months of 2004). However, cash flows were reduced by the increase in the future tax asset of \$16.0 million in the first nine months of 2005 (as compared to an increase in the future tax asset of \$15.8 million as restated for the first nine months of 2004).

CASH FLOWS USED IN INVESTING ACTIVITIES

Cash flows used in investing activities were \$15.8 million in the third quarter of 2005, compared with \$6.9 million in the third quarter of 2004, representing an increase of \$8.9 million. During the third quarter of 2005, \$14.5 million was invested in marketable securities and there were \$1.3 million of capital expenditures, primarily related to further technology investments targeted at maintaining our best in class systems, and leasehold improvements. During the third quarter of 2004, \$5.4 million was invested in marketable securities and there were \$1.5 million of capital expenditures, primarily related to technology investments and leasehold improvements.

**See discussion under the heading Non-GAAP Financial Measures.

For the first nine months of 2005, cash flows used in investing activities were \$68.3 million, compared with \$57.8 million in the first nine months of 2004, representing an increase of \$10.5 million. During the first nine months of 2005, \$65.1 million was invested in marketable securities and there were \$3.3 million of capital expenditures, primarily related to technology investments and leasehold improvements. During the first nine months of 2004, \$27.2 million was used in investing activities related to the purchase of NGX, and \$24.6 million was invested in marketable securities. In addition, during the first nine months of 2004 there were \$6.1 million of capital expenditures related to technology investments and leasehold improvements.

OUTLOOK

TSX Group remains confident in its previously stated goal of long-term annual earnings per share growth in the 10 to 12 percent range although it expects to see variation in growth rates on both a quarterly and annual basis. TSX Group believes it has a proven business model that delivers strong cash flow performance. The strategies to grow the business and deliver value to shareholders remain unchanged. TSX Group is committed to pursuing the many opportunities that surround it for enhancing its core business, extending its pre-eminent domestic position through diversification and expanding beyond Canada.

FORWARD-LOOKING STATEMENTS, RISKS AND UNCERTAINTIES

This Management's Discussion and Analysis ("MD&A"), in particular the section under the heading "Outlook," includes forward-looking statements, which are not historical facts but are based on certain assumptions and reflect TSX Group's current expectations. The business of TSX Group and these forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of the risk factors that could cause actual results or events to differ materially from current expectations are: levels of market activity that are outside of TSX Group's control; its cost structure being largely fixed; competition from other marketplaces, including alternative trading systems; new technologies; adverse effect of new business activities; failure to implement its strategy; failure to develop or gain acceptance of new products; dependence of the trading and market data operations on a small number of clients; dependence on the economy of Canada; dependence on information technology; dependence on suppliers for a number of important services; risks of litigation; changes in regulation; and the risks associated with NGX's clearing operations. A description of the above mentioned items and certain additional risk factors are discussed in TSX Group's materials, including its 2004 Annual MD&A and Annual Information Form, as well as its First and Second Quarter 2005 MD&A, filed with the securities regulatory authorities in Canada from time to time. The risk factors outlined in the previously mentioned documents are specifically incorporated herein by reference. TSX Group's business, financial condition, or operating results could be materially adversely affected if any of these risks and uncertainties were to materialize. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

QUARTERLY INFORMATION

The following is a summary of quarterly unaudited results. For quarters ended prior to September 30, 2005, revenue, net income and earnings per common share (basic and diluted) have been restated due to the implementation of EIC-141:

(in thousands of dollars except per share amounts)

	Sept 30 /05	June 30/05 (Restated)	Mar. 31 /05 (Restated)	Dec. 31 /04 (Restated)	Sept 30 /04 (Restated)	June 30 /04 (Restated)	Mar. 31/04 (Restated)	Dec. 31/03 (Restated)
Revenue	\$ 75,333	\$ 68,621	\$ 69,746	\$ 63,786	\$ 59,472	\$ 59,342	\$ 60,830	\$ 53,518
Net Income	28,717	23,748	23,075	18,600	15,587	16,187	18,116	23,532
Earnings per share:								
Basic	0.42	0.35	0.34	0.27	0.23	0.24	0.27	0.35
Diluted	0.42	0.35	0.34	0.27	0.23	0.24	0.26	0.35

In the fourth quarter of 2003, the Ontario government enacted legislation to increase the provincial corporate income tax rate from 12.5% to 14.0% effective January 1, 2004. As a result of this change in the provincial corporate tax rate, the value of the restated future tax asset was increased and restated income tax expense decreased by \$8.7 million.

Trading activity was strong in the first quarter of 2004, which resulted in improved revenue compared with revenue in the fourth quarter of 2003. In the second quarter of 2004, revenue and net income were lower compared with revenue and net income in the first quarter of 2004 due to reduced trading activity. Net income for the third quarter of 2004 declined when compared with net income for both the first and second quarters of 2004 primarily due to higher general and administrative costs. Trading activity increased in September, 2004 and continued into the fourth quarter, resulting in significantly increased trading revenue. Net income for the fourth quarter of 2004 increased compared to net income for each of the first three quarters of 2004 primarily due to the increased revenue. Expenses in the fourth quarter of 2004 were significantly lower than the third quarter of 2004 due to substantially lower general and administrative costs, which also contributed to the increase in net income for the fourth quarter of 2004 compared with net income for the third quarter of 2004.

Revenue in the first quarter of 2005 improved over revenue in the fourth quarter of 2004 due to higher trading, restated listing and market data revenue. This increased revenue was the primary driver of the increase in net income for the first quarter of 2005 compared with net income for the fourth quarter of 2004. Revenue in the second quarter of 2005 declined slightly from revenue in the first quarter of 2005 primarily due to lower trading revenue. Net income for the second quarter of 2005 improved over net income for the first quarter of 2005 primarily due to lower compensation and benefits expenses. Revenue in the third quarter of 2005 improved over the revenue in the second quarter of 2005 primarily due to higher trading, listing and market data revenue. Net income for the third quarter of 2005 improved over net income for the second quarter of 2005 primarily due to increased revenue combined with lower general and administrative expenses.

NON-GAAP FINANCIAL MEASURES

Certain measures used in this MD&A, specifically Initial Listing Fees Received and Additional Listing Fees Received, revenue, net income and earnings per common share (basic and diluted) without giving effect to the implementation of EIC-141, do not have standardized meanings prescribed by Canadian GAAP. These other measures are intended to provide an alternative view as to how revenue received from initial and additional listings activity in the current period would impact the financial results of the business. In addition, net income excluding amortization does not have a standardized meaning prescribed by Canadian GAAP. These measures are unlikely to be comparable to similar measures presented by other issuers.

TSX Group's interim financial statements have been prepared in accordance with Canadian GAAP and are reported in Canadian dollars. Once filed with Canadian securities regulators, TSX Group Inc.'s third quarter, 2005 unaudited consolidated financial statements along with this MD&A may be accessed through www.sedar.com or on the TSX Group website at www.tsx.com. Additional information about TSX Group, including its Annual Information Form is available through www.sedar.com.

November 7, 2005

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	2005	2004 restated
September 30, 2005 and December 31, 2004 restated (in thousands of dollars)		
Assets		
Current assets:		
Cash	\$ 22,774	\$ 17,424
Marketable securities	219,263	154,126
Accounts receivable	34,914	19,751
Energy contracts receivable	850,583	608,383
Prepaid expenses	2,336	2,592
Future tax asset	5,751	5,694

	1,135,621	807,970
Premises and equipment	27,702	31,484
Future tax asset	127,802	111,873
Other assets	13,804	14,686
Investment in affiliate	11,699	12,132
Intangible assets	31,327	33,208
Goodwill	24,941	24,941

	\$ 1,372,896	\$ 1,036,294
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,588	\$ 31,852
Energy contracts payable	850,583	607,537
Deferred revenue	16,747	2,828
Current portion of obligation under capital lease	481	533
Income taxes payable	16,792	19,587

	911,191	662,337
Long term liabilities:		
Accrued employee benefits liability	7,857	7,220
Obligation under capital lease	1,433	1,282
Other liabilities	23,459	15,784

	32,749	24,286
Deferred revenue-initial and additional listing fees (note 2)	262,820	220,155
Shareholders' equity:		
Share capital	380,506	375,765
Reserve for share option plan (note 4)	2,223	1,662
Deficit	(216,593)	(247,911)

	166,136	129,516

	\$ 1,372,896	\$ 1,036,294

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2005	2004 restated	2005	2004 restated
(in thousands of dollars, except per share amounts)				
Revenue:				
Listing	\$ 22,258	\$ 19,158	\$ 64,597	\$ 55,369
Trading and related	33,571	22,566	92,477	72,165
Market data	17,310	15,429	49,573	44,387
Business services	1,949	2,092	5,954	6,353
Other	245	226	1,099	1,369
	<u>75,333</u>	<u>59,471</u>	<u>213,700</u>	<u>179,643</u>
Expenses:				
Compensation and benefits	18,370	17,380	57,487	54,475
Information and trading systems	3,960	3,759	12,445	11,257
General and administration	7,605	14,587	25,044	33,315
Amortization	3,185	3,259	9,522	9,202
	<u>33,120</u>	<u>38,985</u>	<u>104,498</u>	<u>108,249</u>
Income from operations	42,213	20,486	109,202	71,394
Loss from investment in affiliate	(254)	(260)	(433)	(963)
Investment income	1,821	1,557	5,587	3,477
Income before income taxes	43,780	21,783	114,356	73,908
Income taxes	15,063	6,197	38,816	24,019
Net income	<u>\$ 28,717</u>	<u>\$ 15,586</u>	<u>\$ 75,540</u>	<u>\$ 49,889</u>
Earnings per share (note 5):				
Basic	\$ 0.42	\$ 0.23	\$ 1.11	\$ 0.74
Diluted	0.42	0.23	1.10	0.73

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

Nine months ended September 30, 2005 and 2004 (in thousands of dollars)	2005	2004 restated
Common shares:		
Balance, beginning of period	\$ 375,765	\$ 372,004
Proceeds on options exercised	3,805	2,433
Cost of exercised options	936	639
Balance, end of period	<u>380,506</u>	<u>375,076</u>
Reserve for share option plan:		
Balance, beginning of period	1,662	1,018
Cost of exercised options	(936)	(639)
Cost of share option plan	1,497	1,256
Balance, end of period	<u>2,223</u>	<u>1,635</u>
Deficit:		
Balance, beginning of period, as previously presented	(96,620)	(155,735)
Retroactive impact of change in accounting policy (note 1)	(151,291)	(121,384)
Balance, beginning of period, as restated	<u>(247,911)</u>	<u>(277,119)</u>
Net income	75,540	49,889
Dividends on common shares	(44,222)	(28,098)
Balance, end of period	<u>(216,593)</u>	<u>(255,328)</u>
Shareholders' equity, end of period	<u>\$ 166,136</u>	<u>\$ 121,383</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands of dollars)	Three months ended September 30		Nine months ended September 30	
	2005	2004 restated	2005	2004 restated
Cash flows from (used in) operating activities:				
Net income	\$ 28,717	\$ 15,586	\$ 75,540	\$ 49,889
Items not involving cash:				
Amortization	3,185	3,259	9,522	9,202
Loss from investment in affiliate	254	260	433	963
Cost of share option plan	523	417	1,497	1,256
(Gain) loss on disposal of equipment	–	(4)	7	227
Decrease (increase) in future tax asset	(5,784)	(3,420)	(15,986)	(15,842)
	<u>26,895</u>	<u>16,098</u>	<u>71,013</u>	<u>45,695</u>
Change in non-cash working capital:				
Decrease (increase) in energy contracts receivable	(375,213)	146,736	(242,200)	6,931
Decrease (increase) in accounts receivable and prepaid expenses	(5,559)	834	(14,907)	(2,186)
Decrease (increase) in other assets	479	431	882	(2,705)
Increase (decrease) in accounts payable and accrued liabilities	2,758	3,543	(4,627)	(968)
(Decrease) increase in energy contracts payable	376,844	(146,805)	243,046	(8,210)
Increase (decrease) in long term other liabilities	3,414	159	7,675	726
(Decrease) increase in deferred revenue	1,703	(2,167)	56,584	49,626
Increase (decrease) in income taxes payable	9,145	1,706	(2,795)	8,120
	<u>40,466</u>	<u>20,535</u>	<u>114,671</u>	<u>97,029</u>
Cash flows from (used in) financing activities:				
Reduction in obligation under capital lease	(195)	(73)	(575)	(216)
Exercised options	175	135	3,805	2,433
Dividends on common shares	(17,014)	(11,174)	(44,222)	(28,098)
	<u>(17,034)</u>	<u>(11,112)</u>	<u>(40,992)</u>	<u>(25,881)</u>
Cash flows from (used in) investing activities:				
Additions to premises and equipment	(1,268)	(1,495)	(3,292)	(6,054)
Proceeds on disposal of equipment	–	4	100	18
Purchase of NGX Canada Inc., net of cash acquired	–	–	–	(27,183)
Increase in marketable securities	(14,506)	(5,360)	(65,137)	(24,566)
	<u>(15,774)</u>	<u>(6,851)</u>	<u>(68,329)</u>	<u>(57,785)</u>
Increase (decrease) in cash	7,658	2,572	5,350	13,363
Cash, beginning of period	15,116	19,021	17,424	8,230
Cash, end of period	<u>\$ 22,774</u>	<u>\$ 21,593</u>	<u>\$ 22,774</u>	<u>\$ 21,593</u>
Supplemental cash flow information:				
Interest paid	\$ 114	\$ 122	\$ 365	\$ 368
Interest received	1,786	1,373	5,645	3,546
Income taxes paid	13,601	8,861	60,524	33,020

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended September 30, 2005 and restated 2004 (in thousands of dollars, except per share amounts) (Unaudited)

The unaudited interim consolidated financial statements of TSX Group Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

These financial statements follow the same accounting policies and their methods of application as the Company's restated consolidated financial statements for the year ended December 31, 2004. The Company's interim consolidated financial statements do not include all disclosures required by Canadian GAAP for annual financial statements and accordingly, should be read in conjunction with the restated consolidated financial statements for the year ended December 31, 2004.

All references to earnings per common share, net income, net income per common share, dividends per common share, common shares issued and outstanding, common shares reserved for issuance, and options outstanding have been restated to reflect the impact of the two-for-one stock split which was effective May 17, 2005.

1. CHANGE IN ACCOUNTING POLICY:

The Company has retroactively changed its accounting policy for initial listing fees and additional listing fees to comply with the evolving interpretation of The Canadian Institute of Chartered Accountants' Emerging Issues Committee Abstract 141-Revenue Recognition. Previously, non-refundable initial and additional listing fees were recognized at the time such fees were received. The Company now recognizes such fees on a straight-line basis over an estimated service period of ten years.

For Toronto Stock Exchange, reported revenue from initial and additional listing fees has been recalculated for the ten years preceding the periods presented in these financial statements. For TSX Venture Exchange, which was acquired on August 1, 2001, reported revenue from initial and additional listing fees has been recalculated from the date of acquisition.

The effect of this change in accounting policy relating to revenue recognition is a decrease in revenue for the nine months ended September 30, 2005 of \$42,665 (2004 - \$36,910) and a decrease in revenue for the three months ended September 30, 2005 of \$13,952 (2004 - \$8,313). Income tax expense for the nine months ended September 30, 2005 decreased by \$17,804 (2004 - \$16,080) and for the three months ended September 30, 2005 decreased by \$5,876 (2004 - \$3,903). Net income for the nine months ended September 30, 2005 decreased by \$24,861 (2004 - \$20,830) and for the three months ended September 30, 2005 decreased by \$8,076 (2004 - \$4,410). The effect of the change on basic earnings per share for the nine months ended September 30, 2005 was a decrease of \$0.36 (2004 - \$0.32) and for the three months ended September 30, 2005 was a decrease of \$0.12 (2004 - \$0.07).

The effect on the balance sheet at September 30, 2005 and at December 31, 2004 is an increase in the future tax asset of \$86,668 and \$68,864 respectively, and an increase in deferred revenue-initial and additional listing fees of \$262,820 and \$220,155 respectively, with a corresponding net reduction in retained earnings of \$176,152 and \$151,291 respectively.

2. DEFERRED REVENUE-INITIAL AND ADDITIONAL LISTING FEES:

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

3. SEGMENTED INFORMATION:

The Company operates in two reportable segments. In the Capital Markets segment, the Company owns and operates Canada's two national stock exchanges, Toronto Stock Exchange and TSX Venture Exchange. The Energy Markets segment is engaged in trading and clearing natural gas and electricity contracts through Natural Gas Exchange Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Nine months ended September 30, 2005 and restated 2004 (in thousands of dollars, except per share amounts) (Unaudited)

	Three months ended September 30, 2005		
	Capital Markets	Energy Markets	Total
Total Revenue	\$ 70,815	\$ 4,518	\$ 75,333
Net Income	27,541	1,176	28,717
Goodwill	5,963	18,978	24,941
Total Assets	501,446	871,450	1,372,896

	Three months ended September 30, 2004		
	Capital Markets restated	Energy Markets*	Total restated
Total Revenue	\$ 55,983	\$ 3,488	\$ 59,471
Net Income	15,000	586	15,586
Goodwill	5,963	18,978	24,941
Total Assets	382,068	411,863	793,931

	Nine months ended September 30, 2005		
	Capital Markets	Energy Markets	Total
Total Revenue	\$ 200,992	\$ 12,708	\$ 213,700
Net Income	72,500	3,040	75,540
Goodwill	5,963	18,978	24,941
Total Assets	501,446	871,450	1,372,896

	Nine months ended September 30, 2004		
	Capital Markets restated	Energy Markets*	Total restated
Total Revenue	\$ 172,091	\$ 7,552	\$ 179,643
Net Income	48,766	1,123	49,889
Goodwill	5,963	18,978	24,941
Total Assets	382,068	411,863	793,931

* Results from date of acquisition (March 1, 2004).

4. SHARE OPTION PLAN:

The Company established a share option plan in the year of its initial public offering. All officers and director level employees of the Company and its affiliates are eligible to be granted options under the option plan. The share option plan, together with all of the Company's other share compensation arrangements, cannot result in the number of shares reserved for issuance under share options held by any one person to exceed 5% of the issued and outstanding common shares. 5,029,930 common shares of the Company remain reserved for issuance upon exercise of options granted under this plan, representing approximately 7% of the outstanding common shares of the Company.

In February 2005, 377,686 options were granted to eligible employees. On May 05, 2005 an additional 6,796 options were granted. During the first nine months of 2005, 289,670 options were exercised and 155,484 options were forfeited, resulting in 1,271,228 options remaining outstanding under the share option plan. Options granted in 2005 have strike prices in the range of \$29.636 to \$31.113.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 2005: dividend yield of 2.5 percent; expected volatility of 25 percent; risk-free interest rate of 4 percent and expected life of seven years.

Options granted will expire in 2012, 2013 and 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Nine months ended September 30, 2005 and restated 2004 (in thousands of dollars, except per share amounts) (Unaudited)

SHARE OPTIONS:

	Three months ended September 30, 2005		Three months ended September 30, 2004	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,290,168	\$ 18.754	1,604,300	\$ 14.009
Granted	–	–	–	–
Forfeited	(3,890)	29.640	–	–
Exercised	(15,050)	11.630	(12,800)	10.529
Outstanding, end of period	1,271,228	18.885	1,591,500	14.072

During the third quarter, the Company recognized compensation cost of \$523 (third quarter 2004 - \$417) in respect of its share option plan.

	Nine months ended September 30, 2005		Nine months ended September 30, 2004	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,331,900	\$ 13.937	1,406,000	\$ 10.608
Granted	384,482	29.646	450,800	22.570
Forfeited	(155,484)	16.140	(34,500)	10.529
Exercised	(289,670)	13.140	(230,800)	10.536
Outstanding, end of period	1,271,228	18.212	1,591,500	13.872

216,697 options were fully vested and exercisable at strike prices in the range of \$10.529 to \$26.447 at September 30, 2005.

During the first nine months of 2005, the Company recognized compensation cost of \$1,497 (year to date September 2004-\$1,256) in respect of its share option plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Nine months ended September 30, 2005 and restated 2004 (in thousands of dollars, except per share amounts) (Unaudited)

5. EARNINGS PER SHARE:

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004 restated	2005	2004 restated
Net income	\$ 28,717	\$ 15,586	\$ 75,540	\$ 49,889
Weighted average number of common shares outstanding	68,063,230	67,723,330	67,998,208	67,664,850
Basic earnings per share	\$ 0.42	\$ 0.23	\$ 1.11	\$ 0.74
Diluted weighted average number of common shares outstanding	68,717,674	68,364,318	68,604,790	68,391,438
Diluted earnings per share	\$ 0.42	\$ 0.23	\$ 1.10	\$ 0.73

6. EMPLOYEE FUTURE BENEFITS:

Total retirement benefit cost for the quarter ended September 30, 2005 was \$1,280 (2004 - \$1,136) and for the year-to-date was \$3,663 (2004 - \$3,246).

7. CONTINGENT LIABILITY:

From time to time in connection with its operations, the Company or its subsidiaries are named as a defendant in actions for damages and costs sustained by plaintiffs. During the first quarter of 2005, TSX Venture Exchange Inc. was named as a defendant in an action for unspecified damages. The Company believes the claim is without merit and intends to vigorously defend the action. Accordingly, no provision has been made in the accounts.

8. COMPARATIVE FIGURES:

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

SUPPLEMENTARY FINANCIAL INFORMATION

The following tables have been included in order to assist readers in understanding the effect of the implementation of the Canadian Institute of Chartered Accountants' Emerging Issues Committee Abstract-141 ("EIC-141") on financial statements included in this quarterly report.

SUPPLEMENTARY SELECTED BALANCE SHEET INFORMATION

(Unaudited)

Effect of implementing EIC-141 (In thousands of dollars)

		September 30, 2005	
	Financial Position without giving effect to implementation of EIC-141	Effect of implementing EIC-141	Financial Position as reported
Assets			
Cash and marketable securities	\$ 242,037	\$ -	\$ 242,037
Total Current Assets	1,135,621	-	1,135,621
Future tax asset	41,134 *	86,668	127,802
Total Assets	<u>1,286,228 *</u>	<u>86,668</u>	<u>1,372,896</u>
Liabilities and Shareholders' Equity			
Total Current Liabilities	\$ 911,191	\$ -	\$ 911,191
Total Long Term liabilities	32,749	-	32,749
Deferred revenue-initial and additional listings	- *	262,820	262,820
Shareholders' equity:			
Deficit	(40,441)*	(176,152)	(216,593)
Total Shareholders' equity	<u>342,288 *</u>	<u>(176,152)</u>	<u>166,136</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,286,228 *</u>	<u>\$ 86,668</u>	<u>\$ 1,372,896</u>

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

SUPPLEMENTARY SELECTED BALANCE SHEET INFORMATION

(Unaudited)

Effect of implementing EIC-141 (In thousands of dollars)

	December 31, 2004		
	Financial Position as previously reported	Effect of implementing EIC-141	Financial Position as restated
Assets			
Cash and marketable securities	\$ 171,550	\$ -	\$ 171,550
Total Current Assets	807,970	-	807,970
Future tax asset	43,009 *	68,864	111,873
Total Assets	<u>967,430 *</u>	<u>68,864</u>	<u>1,036,294</u>
Liabilities and Shareholders' Equity			
Total Current Liabilities	\$ 662,337	\$ -	\$ 662,337
Total Long Term liabilities	24,286	-	24,286
Deferred revenue-initial and additional listings	- *	220,155	220,155
Shareholders' equity:			
Deficit	(96,620)*	(151,291)	(247,911)
Total Shareholders' equity	<u>280,807 *</u>	<u>(151,291)</u>	<u>129,516</u>
Total Liabilities and Shareholders' Equity	<u>\$ 967,430 *</u>	<u>\$ 68,864</u>	<u>\$ 1,036,294</u>

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

SUPPLEMENTARY SELECTED INCOME STATEMENT INFORMATION

(Unaudited)

Effect of implementing EIC-141 (In thousands of dollars, except per share amounts)

	Three months ended September 30, 2005		
	Results without giving effect to implementation of EIC-141	Effect of implementing EIC-141	Results as reported
Revenue:			
Listing	\$ 36,210*	\$ (13,952)	\$ 22,258
Total Revenue	89,285*	(13,952)	75,333
Total Expenses	33,120	-	33,120
Income from operations	56,165*	(13,952)	42,213
Income before income taxes	57,732*	(13,952)	43,780
Income taxes	20,939*	(5,876)	15,063
Net income	\$ 36,793*	(8,076)	\$ 28,717
Earnings per share:			
Basic	\$ 0.54*	\$ (0.12)	\$ 0.42
Diluted	0.54*	(0.12)	0.42

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

Effect of implementing EIC-141 (In thousands of dollars, except per share amounts)

	Three months ended September 30, 2004		
	Results as previously reported	Effect of implementing EIC-141	Results as restated
Revenue:			
Listing	\$ 27,471*	\$ (8,313)	\$ 19,158
Total Revenue	67,784*	(8,313)	59,471
Total Expenses	38,985	-	38,985
Income from operations	28,799*	(8,313)	20,486
Income before income taxes	30,096*	(8,313)	21,783
Income taxes	10,100*	(3,903)	6,197
Net income	\$ 19,996*	\$ (4,410)	\$ 15,586
Earnings per share:			
Basic	\$ 0.30*	\$ (0.07)	\$ 0.23
Diluted	0.29*	(0.06)	0.23

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

SUPPLEMENTARY SELECTED INCOME STATEMENT INFORMATION

(Unaudited)

Effect of implementing EIC-141 (In thousands of dollars, except per share amounts)

Nine months ended September 30, 2005

	Results without giving effect to implementation of EIC-141	Effect of implementing EIC-141	Results as reported
Revenue:			
Listing	\$ 107,262*	\$ (42,665)	\$ 64,597
Total Revenue	256,365*	(42,665)	213,700
Total Expenses	104,498	-	104,498
Income from operations	151,867*	(42,665)	109,202
Income before income taxes	157,021*	(42,665)	114,356
Income taxes	56,620*	(17,804)	38,816
Net income	\$ 100,401*	\$ (24,861)	\$ 75,540
Earnings per share:			
Basic	\$ 1.48*	\$ (0.37)	\$ 1.11
Diluted	1.46*	(0.36)	1.10

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

Effect of implementing EIC-141 (In thousands of dollars, except per share amounts)

Nine months ended September 30, 2004

	Results as previously reported	Effect of implementing EIC-141	Results as restated
Revenue:			
Listing	\$ 92,279*	\$ (36,910)	\$ 55,369
Total Revenue	216,553*	(36,910)	179,643
Total Expenses	108,249	-	108,249
Income from operations	108,304*	(36,910)	71,394
Income before income taxes	110,818*	(36,910)	73,908
Income taxes	40,099*	(16,080)	24,019
Net income	\$ 70,719*	\$ (20,830)	\$ 49,889
Earnings per share:			
Basic	\$ 1.05*	\$ (0.31)	\$ 0.74
Diluted	1.03*	(0.30)	0.73

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

SUPPLEMENTARY SELECTED STATEMENT OF CASH FLOWS INFORMATION

(Unaudited)

Effect of implementing EIC-141 (In thousands of dollars)

Three months ended September 30, 2005

	Cash Flows without giving effect to implementation of EIC-141	Effect of implementing EIC-141	Cash Flows as reported
Cash flows from (used in) operating activities:			
Net income	\$ 36,793 *	\$ (8,076)	\$ 28,717
(Increase) decrease in future tax asset	92 *	(5,876)	(5,784)
Changes in non-cash working capital:			
Increase (decrease) in deferred revenue	(12,249)*	13,952	1,703
Cash flows from (used in) operating activities:	40,466	-	40,466
Cash flows from (used in) financing activities:	(17,034)	-	(17,034)
Cash flows from (used in) investing activities:	(15,774)	-	(15,774)
Increase (decrease) in cash	7,658	-	7,658
Cash, beginning of period	\$ 15,116	\$ -	\$ 15,116
Cash, end of period	<u>\$ 22,774</u>	<u>\$ -</u>	<u>\$ 22,774</u>

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

Effect of implementing EIC-141 (In thousands of dollars)

Three months ended September 30, 2004

	Cash Flows as previously reported	Effect of implementing EIC-141	Cash Flows as restated
Cash flows from (used in) operating activities:			
Net income	\$ 19,996 *	\$ (4,410)	\$ 15,586
(Increase) decrease in future tax asset	483 *	(3,903)	(3,420)
Changes in non-cash working capital:			
Increase (decrease) in deferred revenue	(10,480)*	8,313	(2,167)
Cash flows from (used in) operating activities:	20,535	-	20,535
Cash flows from (used in) financing activities:	(11,112)	-	(11,112)
Cash flows from (used in) investing activities:	(6,851)	-	(6,851)
Increase (decrease) in cash	2,572	-	2,572
Cash, beginning of period	\$ 19,021	\$ -	\$ 19,021
Cash, end of period	<u>\$ 21,593</u>	<u>\$ -</u>	<u>\$ 21,593</u>

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

SUPPLEMENTARY SELECTED STATEMENT OF CASH FLOWS INFORMATION

(Unaudited)

Effect of implementing EIC-141 (In thousands of dollars)

Nine months ended September 30, 2005

	Cash Flows without giving effect to implementation of EIC-141	Effect of implementing EIC-141	Cash Flows as reported
Cash flows from (used in) operating activities:			
Net income	\$100,401*	\$ (24,861)	\$ 75,540
(Increase) decrease in future tax asset	1,818*	(17,804)	(15,986)
Changes in non-cash working capital:			
Increase (decrease) in deferred revenue	13,919*	42,665	56,584
Cash flows from (used in) operating activities:	114,671	-	114,671
Cash flows from (used in) financing activities:	(40,992)	-	(40,992)
Cash flows from (used in) investing activities:	(68,329)	-	(68,329)
Increase (decrease) in cash	5,350	-	5,350
Cash, beginning of period	\$ 17,424	\$ -	\$ 17,424
Cash, end of period	<u>\$ 22,774</u>	<u>\$ -</u>	<u>\$ 22,774</u>

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

Effect of implementing EIC-141 (In thousands of dollars)

Nine months ended September 30, 2004

	Cash Flows as previously reported	Effect of implementing EIC-141	Cash Flows as restated
Cash flows from (used in) operating activities:			
Net income	\$ 70,719*	\$ (20,830)	\$ 49,889
(Increase) decrease in future tax asset	238*	(16,080)	(15,842)
Changes in non-cash working capital:			
Increase (decrease) in deferred revenue	12,716*	36,910	49,626
Cash flows from (used in) operating activities:	97,029	-	97,029
Cash flows from (used in) financing activities:	(25,881)	-	(25,881)
Cash flows from (used in) investing activities:	(57,785)	-	(57,785)
Increase (decrease) in cash	13,363	-	13,363
Cash, beginning of period	\$ 8,230	\$ -	\$ 8,230
Cash, end of period	<u>\$ 21,593</u>	<u>\$ -</u>	<u>\$ 21,593</u>

*Non-GAAP measure and therefore does not have a standardized meaning prescribed by Canadian GAAP.

SUPPLEMENTARY INFORMATION ON DEFERRED REVENUE-INITIAL AND ADDITIONAL LISTING FEES¹

(Unaudited)

(In thousands of dollars)

Future amortization of deferred revenue

	Q1	Q2	Q3	Q4	Total Year
2005	\$ 0	\$ 0	\$ 0	\$ 9,985	\$ 9,985
2006	9,862	9,717	9,593	9,436	38,608
2007	9,305	9,149	9,012	8,842	36,308
2008	8,721	8,573	8,436	8,345	34,075
2009	8,231	8,116	8,002	7,899	32,248
2010	7,771	7,622	7,491	7,347	30,231
2011	7,194	7,023	6,825	6,593	27,635
2012	6,354	5,975	5,678	5,404	23,411
2013	5,096	4,802	4,385	3,878	18,161
2014	3,357	2,788	2,378	1,784	10,307
2015	1,250	601	0	0	1,851
				Total deferred revenue	\$ 262,820

Note: only includes initial and additional listing fees billed and received up to September 30, 2005

¹ Please refer to **Forward-Looking Statements** on the inside cover of this quarterly report

MARKET STATISTICS*

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
Toronto Stock Exchange:				
Volume (millions)	16,051.8	12,599.8	46,813.3	45,824.1
Value (\$ billions)	278.0	172.4	778.1	615.1
Transactions (000s)	14,227.0	8,577.4	38,570.3	29,476.5
Issuers Listed	1,517	1,381	1,517	1,381
New Issuers Listed:	56	36	168	134
Number of Initial Public Offerings	34	12	102	67
Number of graduates from TSX Venture/NEX	13	17	33	47
New Equity Financing: (\$ millions)	11,490.2	11,398.1	35,495.3	31,526.2
Initial Public Offering Financings (\$ millions)	4,801.7	1,610.8	12,796.0	9,189.3
Secondary Offering Financings ¹ (\$ millions)	3,690.9	6,677.2	10,497.4	14,723.7
Supplementary Financings (\$ millions)	2,997.6	3,110.1	12,201.9	7,613.2
Market Cap of Issuers Listed (\$ billions)	1,844.0	1,456.6	1,844.0	1,456.6
S&P/TSX Composite Index ² Close	11,011.8	8,668.3	11,011.8	8,668.3
TSX Venture Exchange:³				
Volume (millions)	5,265.0	3,022.1	15,806.2	12,087.6
Value (\$ millions)	4,012.0	1,767.2	11,655.5	7,818.6
Transactions (000s)	843.6	493.7	2,567.9	2,091.6
Issuers Listed	2,201	2,203	2,201	2,203
New Issuers Listed	39	35	113	103
New Equity Financing: (\$ millions)	1,253.6	742.0	3,934.8	3,073.0
Initial Public Offering Financings (\$ millions)	52.4	38.0	172.4	138.3
Secondary Offering Financings ¹ (\$ millions)	1,201.2	704.0	3,762.4	2,934.7
Market Cap of Issuers Listed: (\$ billions)	32.0	22.2	32.0	22.2
S&P/TSX Venture Composite Index ² Close	2,159.1	1,629.4	2,159.1	1,629.4
Toronto Stock Exchange and TSX Venture Exchange:				
Professional and Equivalent Real-time Data Subscriptions	114,545	104,450	114,545	104,450

¹ Secondary Offering Financings includes prospectus offerings on both a treasury and secondary basis.

² S&P is a trade-mark owned by The McGraw-Hill Companies, Inc. and is used under license.

³ TSX Venture Exchange market statistics do not include data for debt securities. 'New Issuers Listed' and 'S&P/TSX Venture Composite Index Close' statistics exclude data for issuers on NEX. All other TSX Venture Exchange market statistics include data for issuers on NEX, which is a board that was established on August 18, 2003 for issuers that have fallen below TSX Venture's listing standards (218 issuers at September 30, 2005 and 266 issuers at September 30, 2004).

* Certain comparative figures have been restated.

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Le rapport du troisième trimestre est également disponible en français.