Consolidated Financial Statements of

TMX GROUP INC.

Years ended December 31, 2011 and 2010

(In millions of Canadian dollars, unless otherwise stated)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of TMX Group Inc.

We have audited the accompanying consolidated financial statements of the TMX Group Inc., which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the balance sheets of TMX Group Inc. as at as at December 31, 2011, December 31, 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards**.**

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
February 7, 2012

TMX GROUP INC.

Consolidated Balance Sheets
(In millions of Canadian dollars)

	Note	December 31, 2011	December 31, 2010	January 1, 2010
Assets				
Current assets:				
Cash and cash equivalents	8	$ **87.2**	$ 69.9	$ 88.9
Marketable securities	8	**403.2**	261.6	103.2
Trade and other receivables	9	**79.0**	89.7	79.4
Energy contracts receivable	25	**645.7**	754.9	714.5
Fair value of open energy contracts	25	**159.0**	141.9	202.8
Daily settlements and cash deposits	25	**550.8**	193.1	565.4
Prepaid expenses		**6.9**	6.7	6.0
Current income tax assets		**3.8**	4.3	12.3
		1,935.6	1,522.1	1,772.5
Non-current assets:				
Premises and equipment	10	**29.5**	28.4	24.4
Investment in equity accounted investees	11	**16.3**	14.2	12.8
Goodwill	12	**432.8**	421.3	422.5
Other intangible assets	12	**919.0**	920.1	932.0
Deferred income tax assets	24	**52.6**	43.4	41.7
Other non-current assets	13	**9.0**	16.3	21.2
Total Assets		$ **3,394.8**	$ 2,965.8	$ 3,227.1
Liabilities and Equity				
Current liabilities:				
Trade and other payables	16	$ **81.7**	$ 58.6	$ 43.9
Energy contracts payable	25	**645.7**	754.9	714.5
Fair value of open energy contracts	25	**159.0**	141.9	202.8
Daily settlements and cash deposits	25	**550.8**	193.1	565.4
Deferred revenue	18	**19.4**	18.7	15.1
Provisions	17	**7.5**	0.4	1.2
Current income tax liabilities		**4.4**	7.3	10.9
Fair value of interest rate swaps	25	**-**	0.7	2.1
Term loan	15	**429.8**	429.8	-
		1,898.3	1,605.4	1,555.9
Non-current liabilities:				
Accrued employee benefits payable	14	**14.0**	12.1	10.9
Deferred income tax liabilities	24	**230.0**	233.5	232.9
Other non-current liabilities	20	**30.5**	25.4	23.7
Fair value of interest rate swaps	25	**-**	-	3.6
Term loan	15	**-**	-	429.0
Total Liabilities		**2,172.8**	1,876.4	2,256.0
Equity:				
Share capital	21	**968.3**	959.4	957.9
Retained earnings (Deficit)		**216.8**	102.4	(16.5)
Contributed surplus – share option plan	22	**14.0**	12.0	9.6
Accumulated other comprehensive loss		**(2.6)**	(3.2)	-
Total Equity attributable to Shareholders of the Company		**1,196.5**	1,070.6	951.0
Non-controlling interests		**25.5**	18.8	20.1
Total Equity		**1,222.0**	1,089.4	971.1
Commitments and contingent liabilities	19,30			
Total Liabilities and Equity		$ **3,394.8**	$ 2,965.8	$ 3,227.1

See accompanying notes which form an integral part of these consolidated financial statements.

Approved on behalf of the Board on February 7, 2012:

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

TMX GROUP INC.

Consolidated Income Statements
(In millions of Canadian dollars, except per share amounts)
Years ended December 31, 2011 and 2010

	Note		**2011**		2010
Revenue:					
Issuer services		**$**	**230.5**	$	213.1
Trading, clearing and related			**262.6**		242.2
Information services			**165.1**		154.4
Technology services and other			**15.3**		15.9
Total revenue			**673.5**		625.6
Expenses:					
Compensation and benefits			**147.9**		133.5
Information and trading systems			**49.8**		50.7
General and administration	*7*		**75.7**		73.0
Depreciation and amortization			**28.1**		29.4
Total operating expenses			**301.5**		286.6
Income from operations			**372.0**		339.0
Share of net income of equity accounted investees			**1.1**		1.3
Gain on disposal/(impairment) of available for sale investment			**0.2**		(1.7)
LSEG and Maple related costs	*6*		**(37.2)**		-
Finance income (costs):					
Finance income			**10.1**		5.2
Finance costs			**(9.5)**		(6.0)
Net mark to market on interest rate swaps			**(0.1)**		(0.2)
Net finance income (costs)	*4*		**0.5**		(1.0)
Income before income taxes			**336.6**		337.6
Income tax expense	*24*		**93.0**		100.1
Net income		**$**	**243.6**	$	237.5
Net income attributable to:					
Equity holders of the Company		**$**	**237.5**	$	237.7
Non-controlling interests			**6.1**		(0.2)
		$	**243.6**	$	237.5
Earnings per share (attributable to equity holders of the Company):	*5*				
Basic		**$**	**3.18**	$	3.20
Diluted		**$**	**3.17**	$	3.19

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP INC.

Consolidated Statements of Comprehensive Income
(In millions of Canadian dollars)
Years ended December 31, 2011 and 2010

	Note		**2011**		2010
Net income		**$**	**243.6**	$	237.5
Other comprehensive (loss) income:					
Unrealized gain (loss) on translating financial statements of foreign operations (net of tax of $nil in 2011 and $nil in 2010)			**1.2**		(4.3)
Actuarial losses on defined benefit pension and other post employment benefit plans (net of tax benefit of $1.3 in 2011 and $1.5 in 2010)	*14*		**(3.8)**		(4.5)
Total comprehensive income		**$**	**241.0**	$	228.7
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		**$**	**234.3**	$	230.0
Non-controlling interests			**6.7**		(1.3)
		$	**241.0**	$	228.7

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP INC.

Consolidated Statements of Changes in Equity
(In millions of Canadian dollars)
Years ended December 31, 2011 and 2010

		Attributable to equity holders of the Company						
	Note	**Share capital**	**Contributed surplus – share option plan**	**Accumulated other comprehensive loss**	**Retained earnings**	**Total attributable to equity holders**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2010		$ 957.9	$ 9.6	$ -	$ (16.5)	$ 951.0	$ 20.1	$ 971.1
Net income		-	-	-	237.7	237.7	(0.2)	237.5
Other comprehensive income:								
Foreign currency translation differences, net of taxes		-	-	(3.2)	-	(3.2)	(1.1)	(4.3)
Actuarial losses on defined benefit pension and other post employment benefit plans, net of taxes	*14*	-	-	-	(4.5)	(4.5)	-	(4.5)
Total comprehensive (loss) income		-	-	(3.2)	233.2	230.0	(1.3)	228.7
Dividends to equity holders	*23*	-	-	-	(114.3)	(114.3)	-	(114.3)
Proceeds from exercised share options		1.2	-	-	-	1.2	-	1.2
Cost of exercised share options		0.3	(0.3)	-	-	-	-	-
Cost of share option plan	*22*	-	2.7	-	-	2.7	-	2.7
Balance at December 31, 2010		**959.4**	**12.0**	**(3.2)**	**102.4**	**1,070.6**	**18.8**	**1,089.4**
Net income		**-**	**-**	**-**	**237.5**	**237.5**	**6.1**	**243.6**
Other comprehensive income:								
Foreign currency translation differences, net of taxes		**-**	**-**	**0.6**	**-**	**0.6**	**0.6**	**1.2**
Actuarial losses on defined benefit pension and other post employment benefit plans, net of taxes	*14*	**-**	**-**	**-**	**(3.8)**	**(3.8)**	**-**	**(3.8)**
Total comprehensive income		**-**	**-**	**0.6**	**233.7**	**234.3**	**6.7**	**241.0**
Dividends to equity holders	*23*	**-**	**-**	**-**	**(119.3)**	**(119.3)**	**-**	**(119.3)**
Proceeds from exercised share options		**7.2**	**-**	**-**	**-**	**7.2**	**-**	**7.2**
Cost of exercised share options		**1.7**	**(1.7)**	**-**	**-**	**-**	**-**	**-**
Cost of share option plan	*22*	**-**	**3.7**	**-**	**-**	**3.7**	**-**	**3.7**
Balance at December 31, 2011		**$ 968.3**	**$ 14.0**	**$ (2.6)**	**$ 216.8**	**$ 1,196.5**	**$ 25.5**	**$ 1,222.0**

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP INC.

Consolidated Statements of Cash Flows
(In millions of Canadian dollars)
Years ended December 31, 2011 and 2010

	Note		**2011**		2010
Cash flows from (used in) operating activities:					
Income before income taxes		**$**	**336.6**	$	337.6
Adjustments to determine net cash flows:					
Depreciation and amortization			**28.1**		29.4
Net finance (income) costs	*4*		**(0.5)**		1.0
Share of net income of equity accounted investees			**(1.1)**		(1.3)
(Gain on disposal) impairment of available for sale investment			**(0.2)**		1.7
Cost of share option plan	*22*		**3.7**		2.7
Unrealized foreign exchange loss			**0.2**		0.1
LSEG and Maple related costs	*6*		**37.2**		-
LSEG and Maple related cash outlays			**(33.8)**		-
Trade and other receivables, and prepaid expenses			**12.4**		(10.9)
Other non-current assets			**(0.1)**		(2.1)
Trade and other payables			**16.7**		15.4
Provisions			**7.0**		(1.3)
Deferred revenue			**(0.9)**		3.7
Long-term accrued and other non-current liabilities			**5.1**		2.0
Realized gain on marketable securities			**0.6**		0.7
Realized loss on interest rate swaps			**(0.8)**		(5.2)
Interest paid			**(8.7)**		(5.6)
Interest received			**8.8**		5.4
Income taxes paid			**(106.8)**		(95.7)
			303.5		277.6
Cash flows from (used in) financing activities:					
Reduction in obligations under finance leases			**(0.9)**		(1.0)
Proceeds from exercised options			**7.2**		1.2
Financing fees on term loan	*15*		**(0.9)**		-
Dividends on common shares	*23*		**(119.3)**		(114.3)
			(113.9)		(114.1)
Cash flows from (used in) investing activities:					
Additions to premises and equipment	*10*		**(8.8)**		(12.8)
Additions to intangible assets	*12*		**(17.8)**		(9.7)
Acquisitions, net of cash acquired			**(11.2)**		-
Proceeds on disposal of available-for-sale investment			**6.2**		-
Marketable securities			**(140.9)**		(159.3)
			(172.5)		(181.8)
Increase (decrease) in cash and cash equivalents			**17.1**		(18.3)
Cash and cash equivalents, beginning of year			**69.9**		88.9
Unrealized foreign exchange gain (loss) on cash and cash equivalents held in foreign currencies			**0.2**		(0.7)
Cash and cash equivalents, end of year		**$**	**87.2**	$	69.9

See accompanying notes which form an integral part of these consolidated financial statements.

General information

TMX Group Inc. is a company domiciled in Canada and incorporated under the *Business Corporations Act* (Ontario). The registered office is located at The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

TMX Group Inc. directly or indirectly controls TSX Inc. ("TSX"), which operates the Toronto Stock Exchange, a national stock exchange serving the senior equity market, TSX Venture Exchange Inc. ("TSX Venture Exchange"), a national stock exchange serving the public venture equity market, Montréal Exchange Inc. ("MX"), Canada's national derivatives exchange, Canadian Derivatives Clearing Corporation ("CDCC"), the issuer and clearing house for options and futures contracts traded at MX and certain over-the-counter ("OTC") products, Natural Gas Exchange Inc. ("NGX"), an exchange providing a platform for the trading and clearing of natural gas, electricity, and crude oil contracts in North America and Shorcan Brokers Limited ("Shorcan"), an inter-dealer broker.

These consolidated financial statements as at and for the year ended December 31, 2011 (the "financial statements"), comprise the accounts of TMX Group Inc. and its wholly-owned subsidiaries, including TSX, MX, NGX and Shorcan, and their wholly-owned or controlled subsidiaries, collectively referred to as "TMX Group" or the "Company".

1. Basis of preparation

(a) Statement of compliance:

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as issued by the International Accounting Standards Board ("IASB").

These are TMX Group's first financial statements prepared in accordance with IFRS and as such, IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") has been applied.

Reconciliations and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company are provided in note 32.

The financial statements were approved by the Company's Board of Directors on February 7, 2012.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following items which are measured at fair value:

- Derivative financial instruments;
- Financial instruments at fair value through profit or loss;
- Available-for-sale financial assets;
- Liabilities arising from share-based payment plans.

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant. Actual results could differ from these estimates and assumptions.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant judgements and estimates have been made in the following areas in the preparation of the financial statements:

- Goodwill and other intangible assets – impairment tests are completed using the higher of fair value less costs to sell, where available, and value-in-use calculations, determined using management's best estimates of future cash flows, long-term growth rates and appropriate discount rates. Purchased intangibles are valued on acquisition using appropriate methodologies and amortized over their estimated useful economic lives, except in those cases where intangibles are determined to have indefinite lives, where there is no foreseeable limit over which these intangibles would generate net cash flows. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets will be derived (note 12);
- The accounting for pensions and other post retirement and post employment benefits – the valuations of the defined benefit assets and liabilities are based on actuarial assumptions made by management with advice from TMX Group's external actuary (note 14);
- Premises and equipment and intangible assets – useful lives over which assets are depreciated or amortized are based on management's judgement of future use and performance (notes 10 and 12);
- Leases – the classification of leases between operating and finance leases is partly based on management's judgement regarding the substance of the agreement, supported by other indicators within the lease (note 19);
- Provisions and contingencies – management judgement is required to assess whether provisions and/or contingencies should be recognized or disclosed, and at what value. Management bases its decisions on past experience and other factors it considers to be relevant on a case by case basis (notes 17 and 30);
- Income taxes – the accounting for income taxes requires estimates and judgements to be made. Where differences arise between estimated income tax provisions and final income tax liabilities, an adjustment is made when the difference is identified (note 24);
- Trade and other receivables – judgement is required when providing for doubtful accounts. Management bases its estimates on historical experience and other relevant factors (note 9);
- Share-based payments – The liabilities associated with TMX Group's share-based payment plans are measured at fair value using a recognized option pricing model based on management's assumptions.

Management's assumptions are based on historical share price movements, dividend policy and past experience (note 22).

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and in preparing the opening IFRS consolidated balance sheet as at January 1, 2010, for the purposes of the transition to IFRS, unless otherwise indicated.

The accounting policies have been applied consistently by TMX Group entities.

(a) Basis of consolidation:

Subsidiaries are entities controlled by TMX Group, and they are consolidated from the date on which control is transferred to TMX Group until the date that control ceases. Balances and transactions between TMX Group's subsidiaries have been eliminated on consolidation.

Equity accounted investees are entities in which TMX Group has determined it has significant influence, but not control, over the financial and operating policies. Investments in these entities are recognized initially at cost and subsequently accounted for using the equity method of accounting.

(b) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the service or supply is provided, when it is probable that the economic benefits will flow to TMX Group, and when the revenue and the costs incurred in respect of the transaction can be reliably measured.

Issuer services

Issuer services revenue includes revenue from initial and additional listing fees, annual sustaining fees and other issuer services. Initial and additional listing fees are recognized when the listing has taken place. Sustaining fees for existing issuers are billed during the first quarter of the year and the amount is recorded as deferred revenue and amortized over the year on a straight-line basis. Sustaining fees for new issuers are billed when the issuers' securities are officially listed and the amount is recorded as deferred revenue and amortized over the remainder of the year on a straight-line basis. Other issuer services revenue is recognized as the services are provided.

Trading, clearing and related

Trading and related revenues for cash markets, primarily through TSX, TSX Venture Exchange and Shorcan, are recognized in the month in which the trades are executed or when the related services are provided.

Trading and related revenues for derivatives markets, through MX and Boston Options Exchange Group, LLC ("BOX"), a subsidiary of MX, are recognized in the month in which the trades are executed or when the related services are provided.

Revenue related to derivatives clearing through CDCC is recognized on the settlement date of the related transaction.

Energy trading, clearing, settlement and related revenues relating to NGX are recognized over the period the services are provided. Unrealized gains and losses on open energy contracts are not recognized in the financial statements.

Information services

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

Technology services and other

Technology services and other revenue is recorded and recognized as revenue over the period the service is provided.

(c) Foreign currency:

Items included in the financial statements of each of TMX Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Canadian dollars, which is TMX Group's functional and presentation currency.

The assets and liabilities of TMX Group's foreign operations for which the Canadian dollar is not the functional currency are translated at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at the relevant average monthly exchange rates. The resulting unrealized exchange gain or loss is included in accumulated other comprehensive income within equity.

Revenues earned, expenses incurred and capital assets purchased in foreign currencies are translated into the functional currency at the prevailing exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the period end rate or at the transaction rate when settled. Resulting unrealized and realized foreign exchange gains and losses are recognized within technology services and other revenue in the consolidated income statement for the period.

(d) Premises and equipment:

Items of premises and equipment are recognized at cost less accumulated depreciation and any impairment losses.

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

Assets are depreciated from the date of acquisition. Depreciation is recognized in the consolidated income statement on a straight-line basis over the estimated useful life of the asset, or a major component thereof. The residual values and useful lives of the assets are reviewed annually, and revised as necessary.

Depreciation is provided over the following useful lives of the assets:

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

(e) Goodwill and other intangible assets:

Goodwill

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

TMX Group measures goodwill arising on a business combination as the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

TMX Group elects on a transaction by transaction basis whether to measure non-controlling interests at fair value or at their proportionate share of the recognized amount of the identifiable net assets acquired, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities as consideration, that TMX Group incurs in connection with a business combination are expensed as incurred.

Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization, where applicable, and any impairment in value. Cost includes any expenditure that is directly attributable to the acquisition of the asset. The cost of internally developed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Costs incurred in research activities, undertaken with the prospect of gaining new technical knowledge, are recognized in the consolidated income statement as incurred. Costs incurred in development activities are capitalized when all of the following criteria are met:

- It is technically feasible to complete the work such that the asset will be available for use or sale,
- TMX Group intends to complete the asset for use or sale,
- TMX Group will be able to use the asset once completed,
- The asset will be useful and is expected to generate future economic benefits for TMX Group,
- TMX Group has adequate resources available to complete the development of and to use the asset, and
- TMX Group is able to reliably measure the costs attributable to the asset during development.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed intangible assets, from the time the asset is available for use. Amortization is recognized in the consolidated income statement either on a declining balance or on a straight-line basis over the estimated useful life of the asset. Residual values and the useful lives of the assets are reviewed at each year end, and revised as necessary.

Assets are considered to have indefinite lives where management believes that there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

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

Asset	Basis	Rate
Indefinite life intangibles – not amortized		
Derivative products	n/a	n/a
Trade names	n/a	n/a
Regulatory designation	n/a	n/a
Crude oil products	n/a	n/a
Index licenses	n/a	n/a
Definite life intangibles – amortized		
Customer bases	Declining balance	2 - 7%
Customer bases	Straight-line	3 – 30 Years
Data license	Straight-line	10 Years
Capitalized software and software development	Straight-line	5 Years

(f) Impairment:

The carrying amounts of TMX Group's non-financial assets, other than deferred income tax assets and employee future benefit assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, are tested for impairment at least annually even if there is no indication of impairment, and the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses are recognized in the consolidated income statement.

An impairment loss in respect of goodwill can not be reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases and any lease incentives received are recognized in the consolidated income statement on a straight-line basis over the term of the lease.

TMX Group has entered into leases for equipment where substantially all of the risks and rewards of ownership have transferred to TMX Group, and these are classified as finance leases. The leased assets are capitalized on inception of the lease at the lower of their fair value and the present value of the minimum lease payments, and then amortized over their useful lives. Payments made under finance leases are apportioned between the finance expense and a reduction in the outstanding liability, to achieve a constant periodic rate of interest on the remaining liability.

(h) Employee benefits:

Defined contribution and defined benefit pension plans

The Company has registered pension plans with both a defined benefit tier and a defined contribution tier covering substantially all employees, as well as retirement compensation arrangements ("RCA") for senior management. The costs of these programs are being funded currently, except for MX, where a portion is guaranteed by a letter of guarantee.

TMX Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, and that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rates used are based on Canadian AA corporate bond yields. The calculation is performed annually by an actuary based on management's best estimates using the projected benefit method pro-rated on service. When the calculation results in a benefit to TMX Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is considered available to TMX Group if it is realizable during the life of the plan, or on settlement of the plan liabilities, and consideration is given to any minimum funding requirements that apply to the plan when calculating the present value of these economic benefits. The service cost, which represents the benefits accruing to the employees, along with the interest cost and the expected return on plan assets, is recognized in the consolidated income statement.

When the benefits of a plan are amended, the portion of the increased benefit relating to past service by employees is recognized in the consolidated income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the consolidated income statement.

TMX Group recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income.

For defined contribution plans, the expense is charged to the consolidated income statement as it is incurred.

Non-pension post retirement and post employment benefit plans

TMX Group also provides other post retirement and post employment benefits, such as supplementary medical and dental coverage and a long-term disability plan, which are funded on a cash basis by TMX Group, and contributions from plan members in some circumstances. TMX Group's net obligation in respect of these plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value. The discount rates used are based on Canadian AA corporate bond yields. The calculation is performed annually by an actuary based on management's best estimates and it is performed using the projected benefit method pro-rated on service. For post retirement plans, any actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. For the long-term disability plan, actuarial gains and losses are recognized within compensation and benefits expense in the consolidated income statement.

Termination benefits

Termination benefits are recognized as an expense when TMX Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before retirement.

Short-term employee benefits

Short-term employee benefit obligations, such as wages, salaries and annual vacation entitlements, are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for TMX Group's annual short-term incentive plan if a present legal or constructive obligation to pay this amount exists as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

TMX Group has both equity-settled and cash-settled share-based compensation plans.

TMX Group accounts for all share-based plans to eligible employees that call for settlement by the issuance of equity instruments using the fair value based method. Under the fair value based method, compensation cost attributable to options to employees is measured at fair value at the grant date, using a recognized option pricing model, and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of options expected to vest.

Compensation cost attributable to employee awards that call for settlement in cash is measured at fair value at each reporting date, using a recognized option pricing model. Changes in fair value between the grant date and the measurement date are recognized in the consolidated income statement over the vesting period, with a corresponding increase in either current or non-current liabilities, depending on the period in which the award is expected to be paid.

(i) Income tax:

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected income tax payable or receivable on the taxable income or loss for the period using income tax rates enacted or substantively enacted at the reporting date in the countries where TMX Group has a permanent establishment and generates taxable income, and any adjustments to income tax payable in respect of previous years.

Deferred income tax is recognized in respect of certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the income tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable income will be available against which it can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Uncertain income tax positions are recognized in the financial statements using management’s best estimate of the amount expected to be paid.

Current income tax assets and liabilities are offset in the financial statements if there is a legally enforceable right to offset them and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities but TMX Group intends to settle them on a net basis or where the income tax assets and liabilities will be realized simultaneously.

(j) Provisions:

A provision is recognized if, as a result of a past event, TMX Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. For onerous leases, TMX Group provides for the lower of the cost of meeting surplus property lease commitments, net of any sub-lease income, and the costs or penalties it would incur on breaking its lease commitments.

(k) Earnings per share:

Basic earnings per share is computed by dividing net income attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings per share is determined by dividing the net income attributable to the equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all potential dilutive common shares arising from share options granted to employees.

Adjusted basic and diluted earnings per share are presented where considered helpful to enable a comparison of the underlying performance of TMX Group with prior periods.

(l) Segment reporting:

An operating segment is a component of TMX Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of TMX Group's other components. In addition, there are certain corporate costs and/or balances that are not allocated across the group and these are included within the Cash segment. All operating segments' operating results are reviewed regularly by the Executive Management Committee ("Executive Committee") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(m) Financial instruments:

Non-derivative financial assets

Financial assets are recognized on the trade date at which TMX Group becomes a party to the contractual provisions of the instrument.

Financial assets are generally derecognized when the contractual rights to the cash flows from the assets expire, or when TMX Group transfers the rights to receive the contractual cash flows on the financial assets to another party without retaining substantially all the risks and rewards of ownership of the financial assets.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheet only when TMX Group has a current legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

TMX Group classifies its non-derivative financial assets in the following categories, depending on the purpose for which they were acquired:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are assets classified as held for trading or assets designated as fair value through profit or loss by management and TMX Group manages the asset, and makes purchase and sale decisions, based on its fair value in accordance with TMX Group's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, with changes recognized in the consolidated income statement. Transaction costs thereon are expensed as incurred.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any incremental directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Short-term receivables with no stated interest rate are measured at the original transaction amounts where the effect of discounting is immaterial.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified in any of the previous categories. These assets are measured at fair value, both initially and subsequently, with changes in fair value, except for impairment losses and certain foreign exchange gains and losses, recognized in other comprehensive income until the asset is sold. Impairment losses are recognized in the consolidated income statement as incurred, as are foreign exchange gains and losses arising on monetary items. Foreign exchange gains and losses arising on non-monetary items, such as an investment in an equity instrument, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in accumulated other comprehensive income is reclassified to the consolidated income statement.

Non-derivative financial liabilities

TMX Group initially recognizes its financial liabilities on the trade date at which TMX Group becomes a party to the contractual provisions of the instrument. TMX Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original transaction amounts where the effect of discounting is immaterial.

Derivative financial instruments

TMX Group holds certain derivative financial instruments which, while providing a partial economic hedge, are not designated as hedges for accounting purposes. As such, these derivatives are recognized at fair value, both initially and subsequently, with changes in the fair value recognized in the consolidated income statement.

(n) Cash and cash equivalents:

Cash and cash equivalents consist of cash and liquid investments having an original maturity of three months or less.

Cash and cash equivalents also include restricted cash. MX operates a separate regulatory division, responsible for the approval of participants and market regulation, which operates on a cost recovery basis. Restricted cash represents the surplus of this regulatory division. An equivalent and off-setting amount is included in trade and other payables.

(o) Marketable securities:

Marketable securities consist of pooled fund investments in Canadian money market funds and short-term bond and mortgage funds. They are carried at their estimated fair values, with changes in fair value being recorded within finance income in the consolidated income statement in the period in which they occur. Estimated fair values are determined based on quoted market values, and there is no contracted maturity date for the investments.

(p) Trade and other receivables:

Trade receivables generally have terms of 30 days. The recoverability of the trade receivables is assessed at each reporting date and an allowance for doubtful accounts is deducted from the asset's carrying value if the asset is not considered fully recoverable. Any change in the allowance is recognized within general and administration costs in the consolidated income statement.

(q) Finance income and finance costs:

Finance income comprises interest income on funds invested, and changes in the fair value of marketable securities.

Finance costs comprise interest expense on borrowings and finance leases.

(r) Future accounting changes:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing the financial statements. In particular, the following new and amended standards and interpretations are required to be implemented for financial years beginning on or after January 1, 2013, unless otherwise noted:

- *IFRS 9, Financial instruments* (effective for annual periods beginning on or after January 1, 2015)
- *IFRS 10, Consolidated financial statements*
- *IFRS 11, Joint arrangements*
- *IFRS 12, Disclosure of interests in other entities*
- *IFRS 13, Fair value measurement*
- *IAS 27, Separate financial statements*
- *IAS 28, Investments in associates and joint ventures*
- *IAS 1, Presentation of financial statements: Presentation of items of other comprehensive income* – Amendments requiring the grouping of items within other comprehensive income (effective for annual periods beginning on or after July 1, 2012)
- *IFRS 7, Financial instruments – disclosure* - Amendments regarding transfers of financial assets (effective for annual periods beginning on or after July 1, 2011)
- *IAS 12, Income taxes* – Amendments regarding deferred income tax - Recovery of underlying assets (effective for annual periods beginning on or after January 1, 2012)
- *IAS 19, Employee benefits* – Amendments regarding the recognition of gains and losses, the presentation of changes in assets and liabilities, and enhanced disclosure requirements

TMX Group is reviewing these new standards and amendments to determine the potential impact on TMX Group's financial statements once they are adopted.

3. Segmented information

TMX Group operates in three reportable segments: the Cash Markets ("Cash") segment, the Derivatives Markets ("Derivatives") segment, and the Energy Markets ("Energy") segment. In the Cash segment, TMX Group owns and operates Canada's two national stock exchanges, Toronto Stock Exchange and TSX Venture Exchange, Shorcan, a fixed income inter-dealer broker, The Equicom Group Inc. ("Equicom"), an investor relations and corporate communications services provider, and Finexeo S.A. ("Finexeo"), which operates TMX Atrium. This segment also includes certain corporate costs and/or balances not allocated across the group, such as the LSEG and Maple related costs. The Derivatives segment provides markets for trading derivatives, clearing options and futures contracts and certain over-the-counter ("OTC") products through MX and its subsidiaries, including CDCC and BOX. The Energy segment provides a marketplace for the trading and clearing of natural gas, electricity and crude oil contracts through NGX, and includes the brokering of crude oil contracts through Shorcan Energy Brokers Inc. ("Shorcan Energy Brokers"), a wholly-owned subsidiary of Shorcan.

TMX Group's Executive Committee reviews internal management reports on a regular basis and performance is measured based on revenue, income from operations and net income attributable to equity holders of the Company.

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

The accounting policies of the reportable segments are consistent with the accounting policies described in note 2.

Year ended December 31 *

	Cash	Derivatives	Energy	Total
2011				
Revenue:				
Issuer services	**$ 230.5**	**$ -**	**$ -**	**$ 230.5**
Trading, clearing and related	**105.5**	**112.7**	**44.4**	**262.6**
Information services	**148.6**	**16.2**	**0.3**	**165.1**
Technology services and other	**11.5**	**3.9**	**(0.1)**	**15.3**
Total revenue	**496.1**	**132.8**	**44.6**	**673.5**
Depreciation and amortization	**13.1**	**11.9**	**3.1**	**28.1**
Other operating expenses	**178.8**	**68.4**	**26.2**	**273.4**
Income from operations	**304.2**	**52.5**	**15.3**	**372.0**
LSEG and Maple related costs (note 6)	**37.2**	**-**	**-**	**37.2**
Other income/costs, including income tax expense and net income attributable to non-controlling interests	**78.5**	**14.8**	**4.0**	**97.3**
Net income attributable to equity holders of the Company	**$ 188.5**	**$ 37.7**	**$ 11.3**	**$ 237.5**
Additions to premises and equipment and intangible assets	**$ 14.9**	**$ 10.1**	**$ 1.6**	**$ 26.6**
2010				
Revenue:				
Issuer services	$ 213.1	$ -	$ -	$ 213.1
Trading, clearing and related	113.1	83.7	45.4	242.2
Information services	138.5	15.3	0.6	154.4
Technology services and other	10.6	5.3	-	15.9
Total revenue	475.3	104.3	46.0	625.6
Depreciation and amortization	12.8	13.7	2.9	29.4
Other operating expenses	171.5	60.1	25.6	257.2
Income from operations	291.0	30.5	17.5	339.0
LSEG and Maple related costs (note 6)	-	-	-	-
Other income/costs, including income tax expense and net income attributable to non-controlling interests	92.0	4.2	5.1	101.3
Net income attributable to equity holders of the Company	$ 199.0	$ 26.3	$ 12.4	$ 237.7
Additions to premises and equipment and intangible assets	$ 12.7	$ 7.7	$ 2.1	$ 22.5

* Includes results from dates of acquisitions in the year.

As at December 31

	Cash	Derivatives	Energy	Total
2011				
Investments in equity accounted investees	**$ 16.3**	**$ -**	**$ -**	**$ 16.3**
Total assets	**582.8**	**1,854.0**	**958.0**	**3,394.8**
Total liabilities	**557.0**	**784.4**	**831.4**	**2,172.8**
2010				
Investments in equity accounted investees	$ 14.2	$ -	$ -	$ 14.2
Total assets	484.9	1,439.1	1,041.8	2,965.8
Total liabilities	534.9	415.0	926.5	1,876.4

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

TMX Group's geographical information is as follows:

For the year ended December 31,		2011
Revenue		
Canada	$	**490.8**
US		**143.3**
Other		**39.4**
	$	**673.5**

Revenue is allocated based on the country to which customer invoices are addressed.

As at December 31,		2011
Non-current assets*		
Canada	$	**1,345.4**
US		**51.7**
Other		**0.5**
	$	**1,397.6**

* Non-current assets above are primarily comprised of premises and equipment, investments in equity accounted investees, goodwill and other intangible assets.

* 2010 comparative geographical information is not available.

4. Finance income and finance costs

For the years ended December 31,		2011		2010
Finance income				
Interest income on funds invested	$	**8.8**	$	5.2
Fair value gains (losses) on marketable securities:				
- realized		**0.6**		0.7
- unrealized		**0.7**		(0.7)
		10.1		5.2
Finance costs				
Interest expense on borrowings, including amortization of financing fees		**(9.4)**		(5.9)
Interest expense on finance leases		**(0.1)**		(0.1)
		(9.5)		(6.0)
Net mark to market on interest rate swaps		**(0.1)**		(0.2)
Net finance income (costs)	$	**0.5**	$	(1.0)

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

5. Earnings per share

For the years ended December 31,		**2011**		2010
Net income attributable to the equity holders of the Company	**$**	**237.5**	$	237.7
Weighted average number of common shares outstanding - basic		**74,575,962**		74,331,877
Effect of dilutive share options		**256,965**		79,123
Weighted average number of common shares outstanding - diluted		**74,832,927**		74,411,000
Basic earnings per share	**$**	**3.18**	$	3.20
Diluted earnings per share	**$**	**3.17**	$	3.19

Adjusted earnings per share

For the years ended December 31,		**2011**		2010
Net income attributable to the equity holders of the Company	**$**	**237.5**	$	237.7
Adjustments:				
- LSEG and Maple related costs (note 6)		**37.2**		-
- Income tax effect on LSEG and Maple related costs		**(9.4)**		-
- Commodity tax adjustment (note 7)		**2.9**		-
- Income tax effect on commodity tax adjustment		**(0.8)**		-
- Impairment of available for sale investment		**-**		1.7
- Income tax effect on impairment of available for sale investment		**-**		(0.1)
Adjusted net income attributable to the equity holders of the Company	**$**	**267.4**	$	239.3
Adjusted basic earnings per share	**$**	**3.58**	$	3.22
Adjusted diluted earnings per share	**$**	**3.57**	$	3.21

Adjusted earnings per share exclude LSEG and Maple related costs, a commodity tax adjustment relating to prior years and an impairment charge related to an available for sale investment, along with their income tax effect. This measure is presented to enable a comparison of the underlying business with prior periods.

6. London Stock Exchange Group plc ("LSEG") and Maple Group Acquisition Corporation ("Maple") related costs

On February 9, 2011, TMX Group announced an agreement to combine its operations with LSEG in an all-share merger. On June 29, 2011, TMX Group agreed with LSEG to terminate their merger agreement.

On October 30, 2011, TMX Group announced that it had entered into a support agreement with Maple regarding Maple's proposed acquisition of all of the outstanding shares of TMX Group pursuant to an integrated two-step transaction valued at approximately $3.8 billion.

The Maple offer was originally open for acceptance until August 8, 2011, but has since been extended to February 29, 2012. Maple or TMX Group may terminate the support agreement if the Maple offer has not been completed by

February 29, 2012, provided that this outside date may be extended to April 30, 2012, in order to obtain the required regulatory approvals. The transaction remains subject to a number of conditions and regulatory approvals.

During 2011, TMX Group incurred costs of $37.2 in relation to these proposed transactions, which are reflected in the consolidated income statement (2010 - $nil). The costs for the year ended December 31, 2011, include a $10.0 expense fee that TMX Group paid LSEG following the termination of the LSEG merger agreement.

A further $29.0 is payable to LSEG if Maple's proposed acquisition is consummated as contemplated in the support agreement. This $29.0 fee has not been accrued for in the financial statements.

TMX Group is liable for the payment of success fees of approximately $19.0 which are contingent upon the successful completion of the Maple transaction. These fees have not been accrued for in the financial statements.

7. Commodity tax adjustment

TMX Group has submitted ruling requests to the Canada Revenue Agency ("CRA") and Revenu Québec ("RQ") relating to the application of Harmonized Sales Tax and Goods and Services Tax (collectively, "HST") and Québec Sales Tax ("QST"), imposed under section 165 of the *Excise Tax Act* and section 16 of the *Act respecting the Québec sales tax* respectively, on its trade execution fees on equities and derivatives. Effective February 2011, TMX Group stopped charging HST/QST on its trade execution fees for both Toronto Stock Exchange and TSX Venture Exchange. Effective August 2011, TMX Group stopped charging HST/QST on its trade execution fees for the Montréal Exchange. On July 11, 2011, TMX Select Inc. ("TMX Select") was successfully launched to the marketplace. TMX Select has also submitted a ruling request to the CRA and to RQ and as such does not charge HST/QST on any of its trade execution fees. TMX Group is confident that the ruling requests will be approved, and as such, has not provided for HST/QST not charged to customers in 2011.

If the ruling requests are approved, TMX Group may be required to repay to the taxation authorities the input tax credits for HST ("ITC") claimed prior to February 2011 on the affected businesses. TMX Group firmly believes that the liability related to these ITCs should be $nil; however, a repayment of up to four years of ITCs previously claimed may be required. As a result, TMX Group has estimated the range of possible outcomes to be between $nil and $6.0. A provision of $2.9 was recorded in the year ended December 31, 2011, and the cost is included within general and administration expenses in the consolidated income statement.

TMX Group has not yet amended its 2011 ITC claims to reflect the changes in tax treatment, and as such a provision of $4.5 was recorded in the year ended December 31, 2011, for 2011 ITCs over-claimed.

Future estimates may be different and a change in the provision may be required.

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

8. Cash and cash equivalents and marketable securities

Cash and cash equivalents and marketable securities are comprised of:

	December 31, 2011	December 31, 2010	January 1, 2010
Cash	**$ 46.3**	$ 24.3	$ 49.9
Bankers' acceptances	**1.8**	1.8	1.8
Overnight money market	**36.6**	42.0	34.3
Treasury bills	**0.5**	0.7	2.0
Restricted cash	**2.0**	1.1	0.9
Cash and cash equivalents	**$ 87.2**	$ 69.9	$ 88.9
Money market funds	**$ 206.8**	$ 148.4	$ 30.6
Bonds and bond funds	**196.4**	113.2	72.6
Marketable securities	**$ 403.2**	$ 261.6	$ 103.2

Restricted cash represents the surplus of the regulatory division operated by MX. An equivalent and off-setting amount is included in trade and other payables.

TMX Group's exposure to interest rate risk and a sensitivity analysis for marketable securities is discussed in note 26.

9. Trade and other receivables

Trade and other receivables are comprised of:

	December 31, 2011	December 31, 2010	January 1, 2010
Trade receivables, gross	**$ 79.9**	$ 90.7	$ 84.5
Less: Allowance for doubtful accounts	**(7.4)**	(8.1)	(8.5)
Trade receivables, net	**72.5**	82.6	76.0
Other receivables	**6.5**	7.1	3.4
Trade and other receivables	**$ 79.0**	$ 89.7	$ 79.4

Trade and other receivables are regularly reviewed for objective evidence of impairment.

Trade receivables that are more than three months past due are considered to be impaired, and an allowance, which varies depending on the age of the receivable, is recorded within general and administration costs. Other specific trade receivables are also provided against as considered necessary.

The aging of the trade receivables was as follows:

	As at December 31, 2011		As at December 31, 2010		January 1, 2010	
	Gross	**Allowance**	Gross	Allowance	Gross	Allowance
Not due	**$ 56.0**	**$ 0.2**	$ 58.1	$ 0.1	$ 43.0	$ 0.3
Past due 0-90 days	**15.4**	**1.4**	21.6	0.6	28.7	1.2
More than 90 days	**8.5**	**5.8**	11.0	7.4	12.8	7.0
Trade receivables	**$ 79.9**	**$ 7.4**	$ 90.7	$ 8.1	$ 84.5	$ 8.5

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

The movement in TMX Group's allowance for doubtful accounts is as follows:

		2011		2010
Balance as at January 1	**$**	**8.1**	$	8.5
Allowance recognized in the year, net of allowance released as not required		**1.5**		2.5
Receivables written off as uncollectible		**(2.2)**		(2.9)
Balance as at December 31	**$**	**7.4**	$	8.1

No allowance for impairment is considered necessary for other receivables.

10. Premises and equipment

Premises and equipment are comprised of:

		Computers and electronic trading equipment		Computers and electronic trading equipment under finance leases		Furniture, fixtures and other equipment		Leasehold improvements		Total
Cost:										
Balance at January 1, 2010	$	58.5	$	2.4	$	16.4	$	48.6	$	125.9
Additions		7.7		1.2		0.3		5.3		14.5
Disposals		(1.8)		(0.8)		-		(0.3)		(2.9)
Effect of movements in exchange rates		(0.7)		-		-		-		(0.7)
Balance at December 31, 2010		63.7		2.8		16.7		53.6		136.8
Additions		5.5		0.1		0.7		2.5		8.8
Acquired through business combinations		0.1		-		0.6		-		0.7
Effect of movements in exchange rates		0.3		-		(0.1)		-		0.2
Balance at December 31, 2011	**$**	**69.6**	**$**	**2.9**	**$**	**17.9**	**$**	**56.1**	**$**	**146.5**
Accumulated depreciation:										
Balance at January 1, 2010	$	47.5	$	0.6	$	15.3	$	38.1	$	101.5
Charge for the year		5.9		0.9		0.4		2.9		10.1
Disposals		(1.8)		(0.5)		-		(0.3)		(2.6)
Effect of movements in exchange rates		(0.6)		-		-		-		(0.6)
Balance at December 31, 2010		51.0		1.0		15.7		40.7		108.4
Charge for the year		4.6		0.7		0.6		2.6		8.5
Effect of movements in exchange rates		0.2		-		(0.1)		-		0.1
Balance at December 31, 2011	**$**	**55.8**	**$**	**1.7**	**$**	**16.2**	**$**	**43.3**	**$**	**117.0**
Net book values:										
At December 31, 2011	**$**	**13.8**	**$**	**1.2**	**$**	**1.7**	**$**	**12.8**	**$**	**29.5**
At December 31, 2010	$	12.7	$	1.8	$	1.0	$	12.9	$	28.4
At January 1, 2010	$	11.0	$	1.8	$	1.1	$	10.5	$	24.4

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

11. Investment in equity accounted investees

		December 31, 2011		December 31, 2010		January 1, 2010
Investment in CanDeal.ca Inc	**$**	**15.4**	$	14.2	$	12.8
Other		**0.9**		-		-
Investments in equity accounted investees	**$**	**16.3**	$	14.2	$	12.8

As at December 31, 2011, TMX Group owns a 47% equity interest in CanDeal.ca Inc. ("CanDeal") (2010 – 47%), an electronic trading system for the institutional debt market. The investment is accounted for using the equity method.

Summary financial information, not adjusted for the percentage ownership held by TMX Group, is as follows:

		December 31, 2011		December 31, 2010		January 1, 2010
Assets	**$**	**17.9**	$	15.3	$	11.2
Liabilities		**1.9**		1.9		1.7
Revenue		**12.2**		10.9		9.1
Net income		**2.6**		3.9		1.2

CanDeal is subject to regulation by the Investment Industry Regulatory Organization of Canada ("IIROC"). Under the rules prescribed by IIROC, CanDeal is required to maintain prescribed/minimum levels of risk-adjusted capital, which could restrict its ability to transfer funds to the Company.

In 2011, TMX Group remitted to CanDeal $1.2 (2010 - $0.6) as part of a revenue sharing arrangement.

12. Goodwill and intangible assets

a) Goodwill:

A summary of the changes in goodwill is as follows:

		2011		2010
Balance as at January 1	**$**	**421.3**	$	422.5
Additions		**11.5**		-
Effect of movements in exchange rates		**-**		(1.2)
Balance as at December 31	**$**	**432.8**	$	421.3

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

b) Intangible assets – indefinite life:

There were no changes in TMX Group's indefinite life intangible assets during 2011 or 2010:

	2011	2010
Derivative products	**$ 630.9**	$ 630.9
Trade names	**28.2**	28.2
Regulatory designation	**2.0**	2.0
Crude oil products	**14.9**	14.9
Index licenses	**1.9**	1.9
Balance as at January 1 and December 31	**$ 677.9**	$ 677.9

These assets are considered to have indefinite lives as management believes that there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

c) Intangible assets – definite life:

A summary of TMX Group's definite life intangible assets is as follows:

	Capitalized software and software development	Customer bases	Data licenses	Total
Cost:				
Balance at January 1, 2010	$ 40.4	$ 267.7	$ 6.5	$ 314.6
Additions	9.7	-	-	9.7
Disposals	(0.7)	-	-	(0.7)
Effect of movements in exchange rates	(2.1)	(2.0)	-	(4.1)
Balance at December 31, 2010	47.3	265.7	6.5	319.5
Additions	17.8	-	-	17.8
Acquired through business combinations	0.1	-	-	0.1
Written off as fully amortized	-	(2.4)	-	(2.4)
Effect of movements in exchange rates	0.6	0.8	-	1.4
Balance at December 31, 2011	**$ 65.8**	**$ 264.1**	**$ 6.5**	**$ 336.4**
Accumulated amortization:				
Balance at January 1, 2010	$ 8.3	$ 50.2	$ 2.0	$ 60.5
Charge for the year	9.0	9.6	0.7	19.3
Disposals	(0.7)	-	-	(0.7)
Effect of movements in exchange rates	(0.8)	(1.0)	-	(1.8)
Balance at December 31, 2010	15.8	58.8	2.7	77.3
Charge for the year	10.5	8.4	0.7	19.6
Written-off as fully amortized	-	(2.4)	-	(2.4)
Effect of movements in exchange rates	0.4	0.4	-	0.8
Balance at December 31, 2011	**$ 26.7**	**$ 65.2**	**$ 3.4**	**$ 95.3**
Net book values:				
At December 31, 2011	**$ 39.1**	**$ 198.9**	**$ 3.1**	**$ 241.1**
At December 31, 2010	$ 31.5	$ 206.9	$ 3.8	$ 242.2
At January 1, 2010	$ 32.1	$ 217.5	$ 4.5	$ 254.1

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

d) Impairment testing:

Goodwill and indefinite life intangible assets:

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuous use and that are largely independent of the cash inflows of other assets or groups of assets. The carrying values of goodwill and indefinite life intangible assets allocated to each CGU are as follows:

CGU	**December 31, 2011** Goodwill	**December 31, 2011** Indefinite life intangibles	December 31, 2010 Goodwill	December 31, 2010 Indefinite life intangibles	January 1, 2010 Goodwill	January 1, 2010 Indefinite life intangibles
MX	**$ 236.9**	**$ 661.1**	$ 236.9	$ 661.1	$ 236.9	$ 661.1
Other	**195.9**	**16.8**	184.4	16.8	185.6	16.8
	$ 432.8	**$ 677.9**	$ 421.3	$ 677.9	$ 422.5	$ 677.9

The recoverable amounts of the above CGUs were determined based on value-in-use calculations, using management's discounted cash flow projections over periods of five to eight years, depending on the CGU, along with a terminal value. Specifically for MX, a cash flow projection period of eight years was used, which is consistent with the original acquisition economics, and reflects the stage of its product life cycle with significant long-term growth potential remaining beyond a five year forecast.

The terminal value is the value attributed to the CGUs operations beyond the projected time period. The terminal value for MX was determined using an estimated long-term growth rate of 4.5% (2010 - 4.5%), which is based on TMX Group's estimates of expected future operating results, future business plans, economic conditions and a general outlook for the industry in which the CGU operates.

In calculating the recoverable amount of these CGUs, a pre-tax discount rate is used. The pre-tax discount rate applied to MX was 11.9% (2010 - 11.9%), which was set considering the weighted average cost of capital of TMX Group and certain risk premiums, based on management's past experience.

No impairment was identified as a result of the tests discussed above for 2011 or 2010.

As at December 31, 2011, management believes that the goodwill and indefinite life intangibles allocated to the MX CGU are unlikely to be impaired under any reasonable changes in the key assumptions used.

Definite life intangible assets:

At the end of each reporting period, TMX Group assesses whether there is any indication that any of its definite life intangible assets may be impaired, and performs an impairment analysis where indicators are noted.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the asset's fair value less costs to sell and its value-in-use. Where impairment tests were necessary on certain definite life intangibles, TMX Group determined the recoverable amounts based on value-in-use calculations, which used discounted cash flow projections for the assets over periods of 18 to 26 years, depending on the CGU.

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

The future cash flows were estimated using long-term growth rates of 3.5% to 5.0% (2010 - 3.5% to 3.8%) which are based on TMX Group's estimates of expected future operating results, future business plans, economic conditions and a general outlook for the industry in which the CGU operates.

Pre-tax discount rates of 15.5% to 24.4% (2010 - 18.3% to 18.8%) were used in calculating the recoverable amount of each asset, which was set considering the weighted average cost of capital of TMX Group and certain risk premiums, based on management's past experience.

No impairment was identified as a result of the tests discussed above for 2011 or 2010.

The definite life intangible assets include $28.7 relating to the crude oil customer list recognized as part of the acquisition of NTP in 2009. This asset was tested as part of the 2011 impairment review process using a value-in-use calculation, and was found not to be impaired. The calculation is sensitive to changes in the key assumptions used and the impact of such changes is shown below:

	Impact on value-in-use		
	10% reduction in cash flows	1% reduction in long-term growth rate	1% increase in pre-tax discount rate
NTP customer list	$ (3.3)	$ (0.7)	$ (1.6)

The tests referred to above for goodwill and intangible assets require TMX Group to make various assumptions regarding projected cash flows, including long-term growth rates, and pre-tax discount rates for the various CGUs and definite life intangible assets. These assumptions are subjective judgements based on TMX Group's experience, knowledge of operations and knowledge of the economic environment in which it operates. It is possible that, if future cash flow projections, long-term growth rates or pre-tax discount rates are different to those used, the outcome of future impairment tests could result in a different outcome with a CGU's goodwill and/or intangible assets being impaired.

13. Other non-current assets

	December 31, 2011	December 31, 2010	January 1, 2010
Accrued employee benefit assets (note14)	**$ 7.6**	$ 9.5	$ 12.7
Available for sale investments	**1.4**	6.6	8.3
Other	**-**	0.2	0.2
Other non-current assets	**$ 9.0**	$ 16.3	$ 21.2

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

14. Employee future benefits

a) Defined contribution plans:

The total expense recognized in respect of TMX Group's defined contribution plans for the year ended December 31, 2011, was $4.3 (2010 - $4.1), which represents the employer contributions for the period.

b) Defined benefit plans:

TMX Group measures the present value of its defined benefit obligations and the fair value of plan assets for accounting purposes as at the balance sheet date of each fiscal year. The most recent actuarial valuation of the registered pension plans for funding purposes was as at December 31, 2009, and the next required valuation is as at December 31, 2012. For the RCA plan, the most recent actuarial valuation for funding purposes was as at December 31, 2010, and the next required valuation is as at December 31, 2011.

The accrued benefit assets and accrued benefit obligations related to TMX Group's defined benefit pension and non-pension post-retirement plans are included in TMX Group's consolidated balance sheet as follows:

	Pension and RCA plans		Other benefit plans	
As at December 31,	**2011**	2010	**2011**	2010
Other non-current assets	**$ 7.6**	$ 9.5	**$ -**	$ -
Accrued employee benefits payable	**(3.2)**	(1.9)	**(9.4)**	(9.0)
	$ 4.4	$ 7.6	**$ (9.4)**	$ (9.0)

Accrued employee benefits payable on the consolidated balance sheet also includes the obligation under the post employment benefit plan of $1.4 (2010 - $1.2).

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

	Pension and RCA plans		Other benefit plans	
As at December 31	**2011**	2010	**2011**	2010
Accrued benefit obligation:				
Balance, beginning of year	**$ 65.1**	$ 53.8	**$ 7.7**	$ 6.6
Current service cost	**2.2**	2.0	**0.4**	0.3
Interest cost	**3.8**	3.6	**0.4**	0.4
Benefits paid	**(2.7)**	(2.8)	**(0.3)**	(0.2)
Employee contributions	**0.2**	0.2	**-**	-
Actuarial losses (gains)	**3.6**	8.3	**0.4**	0.6
Reduction in obligation due to settlement	**(0.2)**	-	**-**	-
Balance, end of year	**$ 72.0**	$ 65.1	**$ 8.6**	$ 7.7
Plan assets:				
Fair value, beginning of year	**$ 72.7**	$ 64.9	**$ -**	$ -
Expected return on plan assets	**3.7**	3.5	**-**	-
Actuarial gains (losses)	**(1.1)**	2.7	**-**	-
Employer contributions	**3.9**	4.1	**0.3**	0.2
Employee contributions	**0.2**	0.2	**-**	-
Benefits paid	**(2.7)**	(2.7)	**(0.3)**	(0.2)
Reduction in assets due to settlement	**(0.3)**	-	**-**	-
Fair value, end of year	**$ 76.4**	$ 72.7	**$ -**	$ -
Funded status of wholly or partly funded obligations	**$ 6.0**	$ 9.1	**$ -**	$ -
Present value of unfunded obligations	**(1.6)**	(1.5)	**(8.6)**	(7.7)
Total funded status of obligations	**4.4**	7.6	**(8.6)**	(7.7)
Unrecognized past service benefits	**-**	-	**(0.8)**	(1.3)
Accrued benefit asset (liability)	**$ 4.4**	$ 7.6	**$ (9.4)**	$ (9.0)

Plan assets consist of:

	Percentage of plan assets		
Asset category	**December 31, 2011**	December 31, 2010	January 1, 2010
Equity securities	**47%**	51%	50%
Debt securities	**39%**	36%	35%
Other	**14%**	13%	15%
	100%	100%	100%

The plan assets include units held in a pooled fund investment which holds shares in TMX Group Inc. as at and for the years ended December 31, 2011 and 2010.

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

The elements of TMX Group's defined benefit plan costs recognized in the year are as follows. The full cost is recognized within compensation and benefits in the consolidated income statement.

For the years ended December 31	Pension and RCA plans 2011	Pension and RCA plans 2010	Other benefit plans 2011	Other benefit plans 2010
Current service cost	**$ 2.2**	$ 2.0	**$ 0.4**	$ 0.3
Interest cost	**3.8**	3.6	**0.4**	0.4
Expected return on plan assets	**(3.7)**	(3.5)	-	-
Amortization of past service costs	**-**	-	**(0.5)**	(0.4)
Settlement loss recognized	**0.1**	-	**-**	-
Net benefit plan expense	**$ 2.4**	$ 2.1	**$ 0.3**	$ 0.3

TMX Group recognizes experience adjustments and the effects of changes in actuarial assumptions immediately in other comprehensive income. The aggregate actuarial gains and losses and effects of asset limits recognized in other comprehensive income are as follows:

	Pension and RCA plans 2011	Pension and RCA plans 2010	Other benefit plans 2011	Other benefit plans 2010
At January 1	**$ (5.5)**	$ -	**$ (0.6)**	$ -
Net actuarial losses recognized in the year	**(4.7)**	(5.5)	**(0.4)**	(0.6)
At December 31	**$ (10.2)**	$ (5.5)	**$ (1.0)**	$ (0.6)

TMX Group has applied the IFRS 1 exemption with regards to disclosure of four years of historical data relating to its defined benefit plans; such information will be provided as it becomes available. Required historical information for the plans is as follows:

	Pension and RCA plans 2011	Pension and RCA plans 2010	Pension and RCA plans January 1, 2010	Other benefit plans 2011	Other benefit plans 2010	Other benefit plans January 1, 2010
Present value of defined benefit obligations	**$ (72.0)**	$ (65.1)	$ (53.8)	**$ (8.6)**	$ (7.7)	$ (6.6)
Fair value of plan assets	**76.4**	72.7	64.9	**-**	-	-
Surplus (deficit)	**$ 4.4**	$ 7.6	$ 11.1	**$ (8.6)**	$ (7.7)	$ (6.6)
Experience adjustments arising on plan assets	**$ (1.1)**	$ 2.7	n/a	**n/a**	n/a	n/a
Experience gain (loss) arising on plan obligations	**$ (0.7)**	$ (1.1)	n/a	**$ (0.4)**	$ (0.6)	n/a

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

As at December 31	Pension and RCA plans 2011	Pension and RCA plans 2010	Other benefit plans 2011	Other benefit plans 2010
Discount rate	**5.30%**	5.70%	**5.30%**	5.70%
Rate of compensation increase	**3.75%**	4.00%	**3.75%**	4.00%
Expected long-term rate of return on plan assets	**5.25%**	5.80%	**n/a**	n/a

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

To develop the expected long-term rate of return on assets assumption, TMX Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets. Assumptions regarding mortality rates are based on published statistics and mortality tables. The mortality tables used in 2011 for the pension and RCA plans was UP1994 Uninsured Pensioners Mortality Table, with generational improvements for all other results (2010 – UP1994 Uninsured Pensioners Mortality Table) and for other benefit plans was UP1994 Fully Generational Table (2010 – UP1994 Fully Generational Table).

The assumed health care cost trend rate at December 31, 2011 was 7.1% (2010 – 7.2%), decreasing to 4.5% (2010 – 4.5%) over 18 years (19 years in 2010).

Increasing or decreasing the assumed health care cost trend rates by one percentage point would have the following effects for 2011:

	Increase	Decrease
Total of service and interest cost	$ -	$ -
Accrued benefit obligation	$ 0.6	$ (0.5)

MX has provided a letter of guarantee in the amount of $0.7 to the benefit of the trustee of the MX supplementary pension plan, using a part of the operating line of credit in place with its bank (note 15).

TMX Group expects to contribute approximately $2.0 to its registered pension plan in 2012. Amounts to be contributed to the RCA will be determined by management once the valuations have been prepared.

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

15. Credit facilities

TMX Group has the following credit facilities:

	Interest rate	Year of maturity	Authorized	Amount drawn at December 31, 2011
TMX Group Inc. non-revolving three year term facility	30 day B.A. + 85 bps	2012	$ 430.0	$ 430.0
MX operating line of credit	-	N/A	3.0	-
CDCC revolving standby credit facility	-	N/A	50.0	-
CDCC daylight liquidity facility	-	N/A	300.0	-
CDCC call loan facility	-	N/A	50.0	-
NGX letter of credit	-	N/A	US$100.0	-
NGX overdraft facility	-	N/A	20.0	-
NGX EFT daylight facility	-	N/A	300.0	-
Total credit facilities				**$ 430.0**

On December 16, 2011, TMX Group extended and amended its $430.0 credit facility. The facility will now expire on June 29, 2012. Until April 18, 2011, the credit facility attracted interest at Bankers' Acceptances ("BAs") plus 45 basis points. After that date, interest was charged at BAs plus 85 basis points. TMX Group prepaid $0.9 of financing fees during 2011, which are amortized over the life of the loan. The facility remains unsecured and continues to include certain covenants that TMX Group must maintain (note 27). TMX Group was in compliance with these covenants at December 31, 2011.

In 2011, CDCC arranged new credit facilities. A $300.0 daylight liquidity facility and a $50.0 call loan facility were signed during the year with a Canadian Schedule 1 bank. CDCC has not drawn on either facility.

In addition, in January 2012, CDCC increased its standby credit facility from $50.0 to $100.0, signed an additional daylight facility for $400.0 with a Canadian Schedule 1 bank and closed the $50.0 call loan facility. These facilities were put in place in relation to the launch of CDCC's repo clearing business, scheduled for 2012.

MX has an outstanding letter of guarantee for $0.7 issued against the MX operating line of credit. This letter of guarantee has been issued as a guarantee to the trustee under the MX supplementary pension plan in respect of accrued future employee benefits.

During 2011, TMX Group recognized interest expense on the facilities of $9.4 (2010 - $5.9) which included $0.9 (2010 - $0.7) of amortized financing fees.

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

16. Trade and other payables

Trade and other payables are comprised of:

	December 31, 2011	December 31, 2010	January 1, 2010
Trade payables	**$ 10.9**	$ 6.2	$ 4.1
Sales taxes payable	**5.6**	4.7	2.7
Employee and director costs payable	**42.4**	30.8	25.0
Accrued expenses	**14.8**	12.2	8.1
Obligation under finance leases	**0.8**	0.7	0.7
Other payables	**7.2**	4.0	3.3
Trade and other payables	**$ 81.7**	$ 58.6	$ 43.9

The fair value of trade and other payables is approximately equal to their carrying amount given their short term until settlement.

17. Provisions

A summary of TMX Group's provisions is as follows:

Depreciation	Onerous leases	Decommissioning liabilities	Commodity tax provision (note 7)	Other	Total
Balance at January 1, 2010	$ 0.9	$ 1.7	$ -	$ 0.7	$ 3.3
Provisions recognized during the period	0.5	0.5	-	-	1.0
Provisions used or reversed during the period	(0.9)	(0.2)	-	(0.7)	(1.8)
Balance at December 31, 2010	$ 0.5	$ 2.0	$ -	$ -	$ 2.5
Current	0.4	-	-	-	0.4
Non-current	0.1	2.0	-	-	2.1
Balance at December 31, 2010	$ 0.5	$ 2.0	$ -	$ -	$ 2.5
Provisions recognized during the period	0.1	0.1	7.4	-	7.6
Provisions used or reversed during the period	(0.4)	(0.1)	-	-	(0.5)
Balance at December 31, 2011	$ 0.2	$ 2.0	$ 7.4	$ -	$ 9.6
Current	**0.1**	**-**	**7.4**	**-**	**7.5**
Non-current	**0.1**	**2.0**	**-**	**-**	**2.1**
Balance at December 31, 2011	**$ 0.2**	**$ 2.0**	**$ 7.4**	**$ -**	**$ 9.6**

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

18. Deferred revenue

	December 31, 2011	December 31, 2010	January 1, 2010
Current deferred revenue			
Cash segment	**$ 13.8**	$ 13.3	$ 10.0
Energy segment	**5.6**	5.4	5.0
Derivatives segment	**-**	-	0.1
	19.4	18.7	15.1
Long-term deferred revenue			
Energy segment	**0.7**	1.0	0.9
	$ 20.1	$ 19.7	$ 16.0

Deferred revenue related to the cash segment includes initial and additional listing fees for TSX Venture Exchange, which are paid in advance of the services being provided and which are deferred until the point at which the listing occurs and the service is completed. The cash segment also includes deferred revenue arising from annual information service subscriptions paid throughout the year and deferred over a twelve month period.

Energy segment deferred revenue relates to NGX, which recognizes trading, clearing and related revenue over the trade, delivery and settlement months of each transaction.

Long-term deferred revenue is included within other non-current liabilities on the consolidated balance sheet.

19. Commitments and finance lease obligations

TMX Group is committed under long-term leases and licenses as follows:

(a) The rental of office space, under various long-term operating leases with remaining terms of up to 10 years, including certain asset retirement obligations with regards to these leases.

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

(c) The rental of computer hardware and software for remaining terms of one to two years under finance leases.

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

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

Non-cancellable operating lease rentals are payable as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Less than one year	**$ 15.4**	$ 17.6	$ 24.9
Between one and five years	**37.4**	38.6	47.5
More than five years	**17.1**	19.5	18.3
	$ 69.9	$ 75.7	$ 90.7

The figures above do not include the Company's obligations to restore certain leased premises to their original condition (note 17).

In addition, TMX Group is responsible for additional taxes, maintenance and other direct charges with respect to its leases. The additional amount will be approximately $9.4 for 2012.

TMX Group has entered into sub-lease agreements with third parties for the rental of office space, and rentals receivable from these sub-leases are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Less than one year	**$ 1.0**	$ 1.0	$ 1.0
Between one and five years	**3.8**	3.8	3.8
More than five years	**1.2**	2.1	3.1
	$ 6.0	$ 6.9	$ 7.9

Payments of $27.3 (2010 – $31.7) were charged to the consolidated income statement in 2011 in relation to operating leases, net of sub-lease income.

Finance lease liabilities that are payable in less than one year are included in trade and other payables and the remaining liabilities are included in other non-current liabilities. Finance lease liabilities are payable as follows:

	December 31, 2011			December 31, 2010			January 1, 2010		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	**$ 0.9**	**$ 0.1**	**$ 0.8**	$ 0.8	$ 0.1	$ 0.7	$ 0.9	$ 0.2	$ 0.7
Between one and five years	**0.3**	**-**	**0.3**	1.2	0.1	1.1	1.2	0.1	1.1
	$ 1.2	**$ 0.1**	**$ 1.1**	$ 2.0	$ 0.2	$ 1.8	$ 2.1	$ 0.3	$ 1.8

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

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

On November 29, 2011, TMX Group entered into a Takeover Bid Implementation Agreement with Razor Risk Technologies Limited ("Razor"), a company listed on the Australian Stock Exchange. Pursuant to this agreement, TMX Australia Pty Ltd, a wholly-owned subsidiary of TMX Group, made a takeover bid for all the issued shares of Razor on December 14, 2011, for consideration of approximately AUD $10.0 and the bid remained open as at December 31, 2011.

20. Other non-current liabilities

	December 31, 2011	December 31, 2010	January 1, 2010
Long-term incentive plan and director compensation obligations (note 22)	**$ 22.4**	$ 15.2	$ 12.8
Obligation under finance leases (note 19)	**0.3**	1.1	1.1
Provisions (note 17)	**2.1**	2.1	2.1
Deferred revenue (note 18)	**0.7**	1.0	0.9
Data license payable	**2.5**	3.1	3.8
Other	**2.5**	2.9	3.0
Other non-current liabilities	**$ 30.5**	$ 25.4	$ 23.7

21. Share capital

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

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

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

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

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

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

	Number of common shares issued and fully paid		Share capital	
	2011	2010	**2011**	2010
Balance, beginning of year	**74,370,470**	74,307,049	**$ 959.4**	$ 957.9
Options exercised	**269,563**	63,421	**8.9**	1.5
Balance, end of year	**74,640,033**	74,370,470	**$ 968.3**	$ 959.4

22. Share-based payments

At December 31, 2011, TMX Group had the following share-based payment arrangements:

a) Share option plan
b) Restricted share units
c) Deferred share units
d) Employee share purchase plan

a) Share option plan:

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

According to the terms of TMX Group's plan, under no circumstances may any one person's share options and all other share compensation arrangements exceed 5% of the outstanding common shares issued of TMX Group. At December 31, 2011, 3,792,383 common shares of TMX Group remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 5% of the outstanding common shares of TMX Group.

The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 2011: dividend yield of 3.9% (2010 – 4.1%); expected volatility of 31.4% (2010 – 31.0%); risk-free interest rate of 2.1% (2010 – 3.5%); expected forfeiture rates of between 11.0% and 14.0%, depending on the tranche (2010 – between 13.0% and 16.0%); expected life of 4 years (2010 – 7 years); and a share price of $41.74 (2010 – $29.52). The assumptions are based on TMX Group's historical share price movements and historical dividend policy and the expected life is based on past experience. The resulting fair value calculated for share options granted in 2011 was $7.86 (2010 – $6.74).

Options outstanding at December 31, 2011 will expire in 2012, 2013, 2014, 2015, 2016, 2017, and 2018.

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

Movements in the number of share options outstanding are as follows:

	2011		2010	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding, beginning of year	**1,678,731**	**$ 34.23**	1,382,569	$ 35.53
Granted	**476,394**	**41.74**	457,782	29.52
Forfeited	**(58,833)**	**39.74**	(98,199)	40.24
Exercised	**(269,563)**	**26.72**	(63,421)	19.32
Outstanding, end of year	**1,826,729**	**$ 37.12**	1,678,731	$ 34.23
Vested and exercisable, end of year	**889,591**	**$ 38.22**	720,715	$ 37.05

During the year ended December 31, 2011, the weighted average share price of options exercised at the date of exercise was $41.74 (year ended December 31, 2010 – $32.53).

The range of exercise prices and weighted average remaining contractual life of options outstanding are as follows:

	As at December 31, 2011		As at December 31, 2010	
Exercise price range	**Number of share options**	**Weighted average remaining contractual life**	Number of share options	Weighted average remaining contractual life
$10.53 - $19.99	**47,300**	**1**	82,300	2
$20.00 - $29.99	**429,191**	**5**	575,535	5
$30.00 - $39.99	**495,361**	**4**	609,101	5
$40.00 - $54.50	**854,877**	**5**	411,795	4
	1,826,729	**4**	1,678,731	5

In the year ended December 31, 2011, TMX Group recognized compensation costs of $3.7 in relation to its share option plan (year ended December 31, 2010 – $2.7).

b) Restricted share units ("RSUs"):

TMX Group offers a long-term incentive plan ("LTIP") for certain employees and officers of the Company. The LTIP provides for the granting of RSUs which vest over a maximum of three years and are payable provided the employee is still employed by TMX Group. The amount of the award payable at the end of the second year following the year in which the RSUs were granted will be determined by the total shareholder return over the period. Total shareholder return represents the appreciation in share price of the Company plus dividends paid on a common share of the Company, measured at the time RSUs vest.

TMX Group records its obligation for the RSUs, if any, over the service period in which the award is earned. The liability is measured at fair value on date of grant and at each subsequent reporting date, using a Black Scholes option pricing model with the following assumptions: dividend yield of 3.9% (2010 - 4.1%); expected volatility of

31.4% (2010 – 31.0%); risk-free interest rate of 2.1% (2010 - 3.5%), expected life of 1 to 2 years (2010 - 1 to 2 years), and a weighted average share price of $42.09 (2010 - $36.98). The assumptions are based on TMX Group's historical share price movements and historical dividend policy, and the expected life is based on past experience. The weighted average fair value was $42.09 (2010 - $36.98). An estimated forfeiture rate of 19.5% was used for 2011 (2010 - 21.5%).

As at December 31, 2011, the total accrual for TMX Group's RSUs is $15.8 (December 31, 2010 - $5.9) and this is included in trade and other payables and other non-current liabilities on the consolidated balance sheet. The maximum amount to be paid is not known until the awards have vested and will be based on total shareholder return from the date of grant to the time of payout. The accrual is based on expected dividend yield, continuation of the most recent quarterly dividend and the closing price of TMX Group's common shares at the end of the reporting period. TMX Group has purchased total return swaps ("TRSs") to economically hedge against the impact of its share price fluctuations on the non-performance based portion of the RSUs (note 25).

During 2011, TMX Group recognized compensation and benefits expense of $10.1 in relation to its RSUs (2010 - $4.5).

c) Deferred share units ("DSUs"):

To assist the Company's officers to meet their equity ownership requirements, the Company gives officers who have not met their ownership requirements the opportunity to convert all or part of their short-term incentive award into DSUs. In addition, members of the Board of Directors are granted DSUs annually and are also given the opportunity to convert some of their annual remuneration into DSUs. These DSUs vest immediately. The amount of the award payable is based on the number of units outstanding multiplied by the share price of the Company at the date of the payout. The DSUs will only be paid out when the Officer or Board member is no longer employed by the Company.

During 2011, TMX Group granted additional retention DSUs to certain executives. These DSUs have the same terms as those discussed above except that they vest on the third anniversary of grant date and will be forfeited on resignation, retirement or termination prior to the vesting date.

As at December 31, 2011, the total accrual for TMX Group's DSUs is $20.7 (December 31, 2010 - $15.8) and this is included in other non-current liabilities on the consolidated balance sheet. The maximum amount to be paid is not known until the awards have vested and will be based on total shareholder return from the date of grant to the time of payout. The accrual is based on expected dividend yield, continuation of the most recent quarterly dividend and the closing price of TMX Group's common shares at the end of the reporting period. TMX Group has purchased TRSs to economically hedge against the impact of its share price fluctuations on the DSUs (note 25).

During 2011, TMX Group recognized costs of $4.7 in relation to its DSUs (2010 - $3.5).

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

d) Employee share purchase plan:

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

TMX Group accounts for its contributions as compensation expense when the amounts are contributed to the plan. Compensation expense related to this plan was $1.4 for the year ended December 31, 2011 (2010 - $1.3).

23. Dividends

Dividends recognized and paid in the year are as follows:

	2011		2010	
	Cost per share	**Total paid**	Cost per share	Total paid
Dividend paid in March	**$ 0.40**	**$ 29.8**	$ 0.38	$ 28.0
Dividend paid in June (2010 - May)	**0.40**	**29.9**	0.38	28.3
Dividend paid in September (2010 - August)	**0.40**	**29.8**	0.38	28.2
Dividend paid in December (2010 - November)	**0.40**	**29.8**	0.40	29.8
		$ 119.3		$ 114.3

On February 7, 2012, the Company’s Board of Directors declared a dividend of 40 cents per share. This dividend is expected to be paid on March 9, 2012, and is estimated to amount to $29.9.

24. Income taxes

a) Income tax expense recognized in the consolidated income statement:

	2011	2010
Current income tax expense:		
Income tax for the current period	**$ 104.1**	$ 100.8
Adjustments relating to prior years	**0.3**	(1.1)
	104.4	99.7
Deferred income tax expense:		
Origination and reversal of temporary differences	**(11.4)**	0.4
Total income tax expense	**$ 93.0**	$ 100.1

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

Income tax expense attributable to income differs from the amounts computed by applying the combined federal and provincial income tax rate of 28.25% (2010 – 31.00%) to income before income taxes as a result of the following:

		2011		2010
Income before income taxes	**$**	**336.6**	$	337.6
Computed expected income tax expense		**95.1**		104.7
Rate differential due to various jurisdictions		**(0.1)**		(3.1)
Provincial tax holiday		**-**		(3.6)
Non-deductible expenses		**1.3**		1.8
Share of affiliate income		**(0.3)**		(0.4)
Current year losses for which no deferred income tax asset was recognized		**(4.8)**		0.8
Adjustments relating to prior years		**0.3**		(1.1)
Other		**1.5**		1.0
Income tax expense	**$**	**93.0**	$	100.1

The federal and Ontario statutory corporate income tax rates were reduced in 2011 compared to 2010 by 1.5% and 1.25% respectively.

b) Income tax recognized in other comprehensive income:

				2011				2010
	Before tax	**Tax benefit**	**Net of tax**		Before tax	Tax benefit	Net of tax	
Related to actuarial losses on employee defined benefit plans	**$ (5.1)**	**$ 1.3**	**$ (3.8)**		$ (6.0)	$ 1.5	$ (4.5)	
Total	**$ (5.1)**	**$ 1.3**	**$ (3.8)**		$ (6.0)	$ 1.5	$ (4.5)	

c) Deferred income tax assets and liabilities:

Deferred income tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011	2010	**2011**	2010	**2011**	2010
Premises and equipment	**$ 4.3**	$ 4.6	**$ -**	$ (0.1)	**$ 4.3**	$ 4.5
Cumulative eligible capital / intangible assets	**19.6**	21.1	**(228.1)**	(229.8)	**(208.5)**	(208.7)
Tax loss carry-forwards	**11.6**	6.8	**-**	-	**11.6**	6.8
Total return swaps	**0.4**	0.2	**-**	(1.3)	**0.4**	(1.1)
Employee future benefits	**3.3**	2.8	**(1.8)**	(2.3)	**1.5**	0.5
RSUs and DSUs	**9.3**	5.7	**-**	-	**9.3**	5.7
Other	**4.1**	2.2	**(0.1)**	-	**4.0**	2.2
Net deferred income tax assets (liabilities)	**$ 52.6**	$ 43.4	**$ (230.0)**	$ (233.5)	**$ (177.4)**	$ (190.1)

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

Movements in the deferred income tax balances in the year are as follows:

	Premises and equipment	Cumulative eligible capital/ intangible assets	Tax loss carry-forwards	Total return swaps	Employee future benefits	RSUs and DSUs	Other	Total
Balance at January 1, 2010	$ 3.2	$ (206.9)	$ 5.1	$ 1.8	$ (0.6)	$ 3.7	$ 2.5	$ (191.2)
Recognized in net income	1.3	(1.8)	1.7	(2.9)	(0.4)	2.0	(0.3)	(0.4)
Recognized in other comprehensive income	-	-	-	-	1.5	-	-	1.5
Balance at December 31, 2010	4.5	(208.7)	6.8	(1.1)	0.5	5.7	2.2	(190.1)
Recognized in net income	(0.2)	0.2	4.8	1.5	(0.3)	3.6	1.8	11.4
Recognized in other comprehensive income	-	-	-	-	1.3	-	-	1.3
Balance at December 31, 2011	**$ 4.3**	**$ (208.5)**	**$ 11.6**	**$ 0.4**	**$ 1.5**	**$ 9.3**	**$ 4.0**	**(177.4)**

As at December 31, 2011, $11.3 of the above deferred income tax assets related to tax losses incurred in the TMX Group legal entity. Recoverability of this asset is dependant on the availability of future taxable profits within that legal entity. The Company is confident that these losses will be recoverable.

Deferred income tax assets have not been recognized in respect of the following items:

	2011	2010
Tax losses	$ 13.3	$ 16.2
Other deductible temporary differences	37.3	36.5
	$ 50.6	$ 52.7

The income tax losses will expire between 2024 and 2031. The other deductible temporary differences do not expire under current income tax legislation. Deferred income tax assets have not been recognized in respect of the items above because it is not probable that future taxable profit will be available against which TMX Group can utilize the tax benefits.

At December 31, 2011, deferred income tax liabilities for temporary differences of $0.5 (December 31, 2010 - $0.2) relating to investments in foreign subsidiaries and equity accounted investees were not recognized as TMX Group is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

At December 31, 2011, temporary differences relating to wholly-owned domestic subsidiaries have not been recognized as the carrying amount of the asset can be settled without tax consequences.

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

25. Financial instruments

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

	December 31, 2011		December 31, 2010		January 1, 2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Assets at fair value through profit or loss - Designated						
Marketable securities	**$ 403.2**	**$ 403.2**	$ 261.6	$ 261.6	$ 103.2	$ 103.2
	$ 403.2	**$ 403.2**	$ 261.6	$ 261.6	$ 103.2	$ 103.2
- Classified						
Fair value of open energy contracts	**$ 159.0**	**$ 159.0**	$ 141.9	$ 141.9	$ 202.8	$ 202.8
Total return swaps	**-**	**-**	4.5	4.5	-	-
	$ 159.0	**$ 159.0**	$ 146.4	$ 146.4	$ 202.8	$ 202.8
Available for sale financial assets						
Investments in privately-owned companies	**$ 1.4**	**$ 1.4**	$ 6.6	$ 6.6	$ 8.3	$ 8.3
	$ 1.4	**$ 1.4**	$ 6.6	$ 6.6	$ 8.3	$ 8.3
Loans and receivables						
Cash and cash equivalents	**$ 87.2**	**$ 87.2**	$ 69.9	$ 69.9	$ 88.9	$ 88.9
Trade and other receivables	**79.0**	**79.0**	85.2	85.2	79.4	79.4
Energy contracts receivable	**645.7**	**645.7**	754.9	754.9	714.5	714.5
Daily settlements and cash deposits	**550.8**	**550.8**	193.1	193.1	565.4	565.4
	$ 1,362.7	**$ 1,362.7**	$ 1,103.1	$ 1,103.1	$ 1,448.2	$ 1,448.2
Liabilities at fair value through profit or loss - Classified						
Fair value of open energy contracts	**$ (159.0)**	**$ (159.0)**	$ (141.9)	$ (141.9)	$ (202.8)	$ (202.8)
Total return swaps	**(1.7)**	**(1.7)**	-	-	(0.5)	(0.5)
Interest rate swaps	**-**	**-**	(0.7)	(0.7)	(5.7)	(5.7)
	$ (160.7)	**$ (160.7)**	$ (142.6)	$ (142.6)	$ (209.0)	$ (209.0)
Other financial liabilities						
Trade and other payables	**$ (65.1)**	**$ (65.1)**	$ (51.4)	$ (51.4)	$ (41.4)	$ (41.4)
Obligations under finance leases	**(1.1)**	**(1.1)**	(1.8)	(1.8)	(1.8)	(1.8)
Energy contracts payable	**(645.7)**	**(645.7)**	(754.9)	(754.9)	(714.5)	(714.5)
Daily settlements and cash deposits	**(550.8)**	**(550.8)**	(193.1)	(193.1)	(565.4)	(565.4)
Non-current data license and other payables	**(5.0)**	**(5.0)**	(6.0)	(6.0)	(6.8)	(6.8)
Term loan payable, net	**(429.8)**	**(429.8)**	(429.8)	(428.9)	(429.0)	(427.0)
	$ (1,697.5)	**$ (1,697.5)**	$ (1,437.0)	$ (1,436.1)	$ (1,758.9)	$ (1,756.9)

The carrying values for TMX Group's financial instruments approximate their fair values at each reporting date.

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

(b) Fair value measurement:

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

				As at December 31, 2011
Asset/(Liability)	**Fair value measurements using:**			**Assets/(liabilities) at fair value**
	Level 1	**Level 2**	**Level 3**	
Marketable securities	**$ 403.2**	**$ -**	**$ -**	**$ 403.2**
Fair value of open energy contracts	**-**	**159.0**	**-**	**159.0**
Investments in a privately-owned companies	**-**	**-**	**1.4**	**1.4**
Total return swaps	**-**	**(1.7)**	**-**	**(1.7)**
Fair value of open energy contracts	**-**	**(159.0)**	**-**	**(159.0)**

				As at December 31, 2010
Asset/(Liability)	**Fair value measurements using:**			**Assets/(liabilities) at fair value**
	Level 1	**Level 2**	**Level 3**	
Marketable securities	$ 261.6	$ -	$ -	$ 261.6
Fair value of open energy contracts	-	141.9	-	141.9
Investments In a privately-owned companies	-	-	6.6	6.6
Total return swaps	-	4.5	-	4.5
Interest rate swaps	-	(0.7)	-	(0.7)
Fair value of open energy contracts	-	(141.9)	-	(141.9)

There were no transfers during the years between any of the levels.

i) Marketable securities:

The investment portfolio includes pooled fund investments managed by an external investment fund manager as well as Bankers' Acceptances and Treasury Bills. There is no contracted maturity date for the pooled fund investments and the contracted term for the Bankers Acceptances and Treasury Bills is less than 3 months.

TMX Group has designated its marketable securities as fair value through profit and loss. Fair values have been determined by reference to quoted market prices or are based on observable market information. Unrealized gains of $0.7 have been reflected in net income for the year ended December 31, 2011 (2010 - unrealized losses of $0.7).

ii) NGX and CDCC clearing and settlement balances:

The NGX and CDCC clearing and settlement balances include the following:

a) NGX – Energy contracts receivable and energy contracts payable

These balances represent the amounts receivable and payable where physical delivery of energy trading contracts has occurred and/or settlement amounts have been determined but payments have not yet been made. There is no impact on the consolidated income statement as an equivalent amount is recognized in both the assets and the liabilities.

b) NGX – Fair value of open energy contracts

These balances represent the fair value at the balance sheet date of the undelivered physically settled energy trading contracts and the forward cash settled energy trading contracts. Fair value is determined based on observable market information. There is no impact on the consolidated income statement as an equivalent amount is recognized in both the assets and the liabilities.

c) CDCC – Daily settlements and cash deposits, consists of:

Daily settlements due from, and to, clearing members of CDCC ("Clearing Members")

These balances result from marking open futures positions to market and settling option transactions each day. These amounts are required to be collected from and paid to Clearing Members prior to the commencement of trading the next day. There is no impact on the consolidated income statement as an equivalent amount is recognized in both assets and liabilities.

Clearing members' cash margin deposits

These balances represent the cash deposits of Clearing Members held in the name of CDCC as margins against open positions. The cash held is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the Clearing Members. There is no impact on the consolidated income statement.

Clearing fund cash deposits

These balances represent the cash deposits of Clearing Members held in the name of CDCC as part of the clearing fund. The cash held is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the Clearing Members. There is no impact on the consolidated income statement.

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

Both NGX and CDCC also have access to other collateral that is not recognized on the consolidated balance sheet (note 26).

iii) Investments in privately-owned companies:

TMX Group holds investments in privately-owned companies, whose shares are not traded on an active market. As such, the fair values of these investments are calculated using unobservable assumptions and information, and are therefore categorized as Level 3 assets. A reconciliation of the movement in these investments is as follows:

		2011		2010
Fair value at January 1	**$**	**6.6**	$	8.3
Purchase of investment		**0.8**		-
Gains transferred to net income		**0.2**		-
Impairment loss recognized in net income		**-**		(1.7)
Sale of investment		**(6.2)**		-
Fair value at December 31	**$**	**1.4**	$	6.6

iv) Total return swaps:

TMX Group has entered into a series of TRSs which synthetically replicate the economics of TMX Group purchasing the Company's shares as a partial fair value hedge to the share appreciation rights of the non-performance element of RSUs. TMX Group has also entered into a series of TRSs as a full fair value hedge against the share price appreciation associated with the DSUs. TMX Group marks to market the fair value of the TRSs as an adjustment to income, and simultaneously marks to market the liability to holders of the units as an adjustment to income. The fair value of the TRSs is based upon the excess or deficit of the volume weighted average price of the Company's shares for the last five trading days of the year compared to the price of the TRS. The fair value of the TRSs and the obligation to unit holders are reflected on the consolidated balance sheet. The contracts are settled in cash upon maturity.

Unrealized losses and realized gains of $6.2 and $10.2 respectively have been reflected in net income in the consolidated financial statements for the year ended December 31, 2011 (2010 - unrealized gains and realized losses of $5.0 and $2.0 respectively).

v) Interest rate swaps:

TMX Group entered into a series of interest rate swap agreements in August 2008 to partially manage its exposure to interest rate fluctuations on the original non-revolving three year term facility (note 15). The swaps have all expired as at December 31, 2011.

TMX Group marked to market the fair value of the interest rate swaps, using a discounted cash flow analysis based on relevant yield curves and credit risk analysis. Unrealized gains of $0.7 and realized losses of $0.8 have been reflected within net income, as net mark to market on interest rate swaps, for the year ended December 31, 2011 (2010 - unrealized gains of $5.0 and realized losses of $5.2).

26. Financial risk management

TMX Group is exposed to a number of financial risks as a result of its operations, which are discussed below. It seeks to monitor and minimize adverse effects from these risks through its risk management policies and processes.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company associated with a counterparty's failure to fulfill its financial obligations, and arises principally from TMX Group's cash and cash equivalents and investments in marketable securities, trade receivables, total return swaps and the clearing and/or brokerage operations of Shorcan, Shorcan Energy Brokers, NGX and CDCC.

(i) Cash and cash equivalents

Cash and cash equivalents are deposited with Schedule 1 chartered Canadian banks.

(ii) Investments in marketable securities

TMX Group manages its exposure to credit risk arising from investments in marketable securities by holding investment funds that actively manage credit risk. The investment policy of the Company will only allow excess cash to be invested within money market securities or fixed income securities. Fixed income securities must compose less than 70% of the overall portfolio. The majority of the portfolio is held within a money market fund and a specific short-term bond and mortgage fund. The money market fund manages credit risk by limiting its investments to government or government-guaranteed treasury bills, and high-grade corporate notes. The short term bond and mortgage fund manages credit risk by limiting its investments to high-quality Canadian corporate bonds, government bonds and up to 40% of the fund's net assets in conventional first mortgages and mortgages guaranteed under the *National Housing Act* (Canada). Corporate bonds held must have a minimum credit rating of BBB by DBRS Limited at the time of purchase. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages. TMX Group does not have any investments in non-bank asset-backed commercial paper.

(iii) Trade receivables

TMX Group's exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of its customers, many of whom are banks and financial institutions. TMX Group invoices its customers on a regular basis and maintains a collections team to monitor customer accounts and minimize the amount of overdue receivables. There is no concentration of credit risk arising from trade receivables from a single customer. In addition, customers that fail to maintain their account in good standing risk loss of listing, trading, clearing and data privileges.

(iv) Total return swaps

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

(v) Clearing and/or brokerage operations

TMX Group is exposed to credit risk in the event that customers, in the case of Shorcan and Shorcan Energy Brokers, contracting parties, in the case of NGX, or Clearing Members, in the case of CDCC, fail to settle on the contracted settlement date.

Shorcan and Shorcan Energy Brokers' risk is limited by their status as agents, in that they do not purchase or sell securities for their own account. As agents, in the event of a failed trade, Shorcan or Shorcan Energy Brokers has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

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

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

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

(c) Outstanding energy contracts receivable.

As a result of these calculations of contracting party exposure at December 31, 2011, NGX had access to cash collateral deposits of $835.4 (December 31, 2010 - $835.7) and letters of credit of $2,047.7 (December 31, 2010 - $1,941.4). These amounts are not included in TMX Group's consolidated balance sheet.

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

CDCC's principal risk management practice is the collection of risk-based margin deposits in the form of cash, letters of credit (until March 1, 2011), equities and liquid government securities. Should a Clearing Member fail to meet a margin call or otherwise not honour its obligations under open futures and options contracts, margin deposits would be seized and would then be available to apply against the costs incurred to liquidate the Clearing Member's positions.

CDCC's margining system is complemented by a Daily Capital Margin Monitoring ("DCMM") process that evaluates the financial strength of a Clearing Member against its margin requirements. CDCC monitors the margin requirements of a Clearing Member as a percentage of its capital (net allowable assets). CDCC will make additional margin calls when the ratio of margin requirement/net allowable assets exceeds 100%. The additional margin requirement is equal to the excess of the ratio over 100%.

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

CDCC's cash margin deposits and cash clearing fund deposits are held at a Schedule I Canadian chartered bank. CDCC's non-cash margin deposits and non-cash clearing fund deposits are pledged to CDCC under irrevocable agreements and are held by approved depositories. This collateral may be seized by CDCC in the event of default by a Clearing Member. As a result of these calculations of Clearing Member exposure at December 31, 2011, non-cash margin deposits of $3,959.8 (December 31, 2010 - $2,911.2), and non-cash clearing fund deposits of $279.7 (December 31, 2010 - $264.1) had been pledged to CDCC, held primarily in government and equity securities. These amounts are not included in the Company's consolidated balance sheet.

(vi) Guarantees

NGX maintains an unsecured clearing backstop fund of US $100.0. The Company is the guarantor, on an unsecured basis, of this fund. The facility has not been drawn upon at December 31, 2011.

The Company is also the guarantor of a premises lease for MX, which expires in 2020.

(b) Market risk:

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

(i) Foreign currency risk

TMX Group is exposed to foreign currency risk on cash and cash equivalents, trade receivables and trade payables, principally denominated in US dollars. It is also exposed to foreign currency risk on revenue and expenses where it invoices or procures in US dollars. At December 31, 2011, cash and cash equivalents and trade receivables net of current liabilities, excluding BOX, include US $18.5 (December 31, 2010 - US $20.8) and GBP £0.4 (December 31, 2010 – GBP £nil), which are exposed to changes in the US-Canadian dollar and GBP-Canadian dollar exchange rates. In addition, net assets related to BOX and Finexeo are denominated in US dollars and Euros, respectively, and the effect of exchange rate movements on TMX Group's share of these net assets is included in other comprehensive income.

(ii) Interest rate risk

TMX Group is exposed to interest rate risk on its marketable securities and the non-revolving term loan payable.

External investment fund managers have been engaged by TMX Group to manage the asset mix and the risks associated with its marketable securities. At December 31, 2011, TMX Group held $403.2 in these funds (December 31, 2010 - $261.6), of which 51% (December 31, 2010 - 57%) were held in fixed rate money market investments.

TMX Group has a non-revolving term loan payable of $430.0 (note 15). In 2008, TMX Group entered into a series of interest rate swap agreements to partially manage its exposure to interest rate fluctuations on the loan. The last of these interest rate swaps expired during 2011.

(iii) Equity price risk

TMX Group is exposed to equity price risk arising from its RSUs and DSUs, as TMX Group's obligation under these arrangements are partly based on the price of the Company's shares. TMX Group has entered into TRSs as a partial fair value hedge to the share appreciation rights of these RSUs and DSUs.

(iv) Other market price risk

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

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

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

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

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

(v) Market risk sensitivity summary

	Change in underlying factor	Impact on income before income taxes	Impact on other comprehensive income
Foreign currency			
USD, GBP, and EUR currency	+10%	$ 1.9	$ 7.6
USD, GBP, and EUR currency	-10%	(1.9)	(7.6)
Interest rates			
Marketable securities	+1%	$ (4.1)	n/a
Marketable securities	-1%	4.1	n/a
Term loan	+1%	(4.3)	n/a
Term loan	-1%	4.3	n/a
Equity price			
RSUs, DSUs and TRSs	+25%	$ (1.2)	n/a
RSUs, DSUs and TRSs	-25%	1.3	n/a

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

(c) Liquidity risk:

Liquidity risk is the risk that TMX Group will not be able to meet its financial obligations as they fall due. TMX Group manages liquidity risk through the management of its cash and cash equivalents and marketable securities, all of which are held in short term instruments, and its revolving and non-revolving credit facilities (note 15) and capital (note 27). The contractual maturities of TMX Group's financial liabilities are as follows:

			At December 31, 2011
	Less than 1 year	**Between 1 and 5 years**	**Greater than 5 years**
Fair value of open energy contracts	**$ 159.0**	**$ -**	**$ -**
Total return swaps	**1.0**	**0.7**	**-**
Trade and other payables	**65.1**	**-**	**-**
Obligation under finance leases	**0.8**	**0.3**	**-**
Energy contracts payable	**645.7**	**-**	**-**
Daily settlements and cash deposits	**550.8**	**-**	**-**
Term loan payable	**430.0**	**-**	**-**
Non-current data license and other payables	**-**	**2.5**	**2.5**

			At December 31, 2010
	Less than 1 year	**Between 1 and 5 years**	**Greater than 5 years**
Fair value of open energy contracts	$ 141.9	$ -	$ -
Interest rate swaps	0.7	-	-
Trade and other payables	51.4	-	-
Obligation under finance leases	0.7	1.1	-
Energy contracts payable	754.9	-	-
Daily settlements and cash deposits	193.1	-	-
Term loan payable	430.0	-	-
Non-current data license and other payables	-	3.1	2.9

(i) Daily settlements and cash deposits

The margin deposits and clearing fund margins are held in liquid instruments. Cash margin deposits and cash clearing fund deposits from Clearing Members, which are recognized on the consolidated balance sheet, are held by CDCC with a major Canadian bank. Non-cash margin deposits and non-cash clearing fund deposits pledged to CDCC under irrevocable agreements are in government securities, letters of credit (up to March 1, 2011) and other securities and are held with approved depositories. Clearing Members may also pledge letters of credit (up to March 1, 2011) and escrow receipts directly with CDCC.

(ii) Fair value of open energy contracts and Energy contracts payable

NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, to exceed its outstanding credit exposure as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a Schedule I Canadian chartered bank.

(iii) Credit facilities

In response to the liquidity risk that CDCC is exposed to through its clearing operations, it has arranged various facilities as disclosed in note 15. The Daylight liquidity facility is in place to provide liquidity in exchange for securities that have been received by CDCC. The Daylight liquidity facility must be cleared to zero at the end of each day.

Both the revolving standby credit facility and the call loan facility are in place to provide end of day liquidity in the event that CDCC is unable to clear the Daylight liquidity facility to zero. This event would only occur in the event of a Clearing Member default. The facility will provide liquidity in exchange for collateral in the form of Clearing Member deposits,

Similarly, in response to the liquidity risk that NGX is exposed to through it clearing and settlement operations, it maintains an unsecured clearing backstop fund of US$100.0 and an EFT daylight facility.

(iv) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments.

(v) Marketable securities

The investment policy of the Company will only allow excess cash to be invested within money market securities or fixed income securities. Fixed income securities must compose less than 70% of the overall portfolio. The majority of the portfolio is held within a money market fund and a specific short-term bond and mortgage fund. The money market fund limits its investments to government or government-guaranteed treasury bills, and high-grade corporate notes. The short term bond and mortgage fund limits its investments to high-quality Canadian corporate bonds, government bonds and up to 40% of the fund's net assets in conventional first mortgages and mortgages guaranteed under the National Housing Act (Canada). Fund units can be redeemed on any day that Canadian banks are open for business. Funds will be received the day following the redemption.

27. Capital maintenance

TMX Group's primary objectives in managing capital, which it defines as including its share capital and various credit facilities, include:

(i) Maintaining sufficient capital for operations to ensure market confidence. Currently, we target to retain a minimum of $100.0 in cash, cash equivalents and marketable securities. This amount is subject to change.

(ii) Maintaining sufficient capital to meet capital maintenance requirements imposed on its subsidiaries:

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

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

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

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

During 2011, TMX Group has complied with these externally imposed capital requirements;

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

During 2011, TMX Group has complied with these externally imposed capital requirements;

(c) In respect of NGX to:

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

(ii) maintain a current ratio of no less than 1:1 and a tangible net worth of not less than $9.0 as required by a major Canadian chartered bank.

During 2011, TMX Group has complied with these externally imposed capital requirements;

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

(i) a working capital ratio of more than 1.5:1;

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

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

During 2011, TMX Group has complied with these externally imposed capital requirements;

(e) In respect of CDCC, was required to maintain certain cash amounts, as follows:

(i) $5.0 as part of the Clearing Member default recovery process plus an additional $5.0 in the event that the initial $5.0 is fully utilized during a default; and

(ii) sufficient cash, cash equivalents and marketable securities to cover 12 months of operating expenses, excluding amortization and depreciation;

TMX Group has complied with these externally imposed capital requirements put into place during 2011;

(f) In respect of Shorcan:

(i) by IIROC which requires Shorcan to maintain a minimum level of shareholders' equity of $0.5;

(ii) by the OSC which requires Shorcan to maintain a minimum level of excess working capital;

During 2011, TMX Group has complied with these externally imposed capital requirements;

(g) In respect of TMX Select by IIROC which requires TMX Select to maintain adequate risk adjusted capital;

During 2011, TMX Group has complied with this externally imposed capital requirement;

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

(iii) Providing sufficient capital to meet the covenants imposed in connection with credit facilities (note 15) that require TMX Group to maintain:

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

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

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

During 2011, TMX Group has complied with these externally imposed capital requirements;

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

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

The current economic conditions have not changed TMX Group's objectives, policies or processes for managing capital.

28. Related party relationships and transactions

Parent:

The ultimate controlling party of TMX Group is TMX Group Inc.

Key management personnel compensation:

Compensation for key management personnel, including the Company's Board of Directors, was as follows for the year:

		2011		2010
Salaries and other short-term employee benefits	$	8.6	$	8.8
Post-employment benefits		1.1		1.0
Share-based payments		10.3		6.4
Balance as at December 31	$	20.0	$	16.2

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

Other related party transactions:

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

During 2011, TMX Group provided $1.7 (2010 - $1.7) of technology services to The Canadian Depository for Securities Limited ("CDS") and acquired services of $0.1 (2010 - $0.1) from CDS, a company in which it holds an 18% interest.

29. Controlled entities

		Country of incorporation	December 31, 2011	December 31, 2010	January 1, 2010
			%	%	%
Controlled entities of TMX Group Inc.:	TSX Inc.	Canada	100	100	100
	Montréal Exchange Inc.	Canada	100	100	100
	Natural Gas Exchange Inc.	Canada	100	100	100
	Shorcan Brokers Limited	Canada	100	100	100
	The Equicom Group Inc.	Canada	100	100	100
	NetThruPut Inc. *(dormant)*	Canada	100	100	100
	Toronto Futures Exchange *(dormant)*	Canada	100	100	100
	CDEX Inc. *(dissolved)*	Canada	-	-	100
	TMX Select Inc.	Canada	100	100	-
	TMX Exchange Services Limited	U.K.	100	100	-
	Finexeo S.A.	Luxembourg	100	-	-
	TMX Group US Inc.	U.S.	100	-	-
	TMX Australia Pty Ltd.	Australia	100	-	-
	TMX Atrium Canada Inc.	Canada	100	-	-
Controlled entities of TSX Inc.:	TSX Venture Exchange Inc.	Canada	100	100	100
	TSX Group US Holdings, Inc. *(dormant)*	U.S.	100	100	100
Controlled entities of TSX Venture Exchange Inc.:	Canadian Unlisted Board Inc.	Canada	100	100	100
	Vancouver Curb Exchange Limited *(dormant)*	Canada	100	100	100
	Vancouver Stock Exchange Inc. *(dormant)*	Canada	100	100	100
	VCT Management Limited *(dormant)*	Canada	100	100	100
	West Canada Clearing Corporation *(dormant)*	Canada	100	100	100
	West Canada Depository Trust Company *(dormant)*	Canada	100	100	100
	Alberta Stock Exchange Inc. *(dormant)*	Canada	100	100	100

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

Controlled entities of Montréal Exchange Inc.:	Canadian Derivatives Clearing Corporation	Canada	100	100	100
	Canadian Resources Exchange Inc. *(dissolved)*	Canada	-	-	100
	Montréal Climate Exchange Inc.	Canada	51	51	51
	Boston Options Exchange Group, LLC	U.S.	53.8	53.8	53.8
	MX US 1. Inc.	U.S.	100	100	100
	MXUS 2. Inc.	U.S.	100	100	100
	3226506 Nova Scotia Company *(dissolved)*	Canada	-	-	100
	3226507 Nova Scotia Company *(dissolved)*	Canada	-	-	100
Controlled entity of Canadian Derivatives Clearing Corporation:	Canadian Derivatives Clearing Corporation (U.S.A.) Inc. *(dormant)*	U.S.	100	100	100
Controlled entities of Natural Gas Exchange Inc.:	Alberta Watt Exchange Limited	Canada	100	100	100
	NGX US Inc.	U.S.	100	100	100
Controlled entity of Shorcan Brokers Limited:	Shorcan Energy Brokers Inc.	Canada	100	100	100
Controlled entities of Finexeo S.A.:	Finexeo UK Limited	U.K.	100	-	-
	Finexeo US Inc.	U.S.	100	-	-
	Finexeo SARL	France	100	-	-
Controlled entities of TMX Group US Inc.:	TSX US Inc.	U.S.	100	-	-
	MX US Inc.	U.S	100	-	-

30. Contingent liabilities

From time to time in connection with its operations, TMX Group or its subsidiaries are named as a defendant in actions for damages and costs sustained by plaintiffs, or as a respondent in court proceedings challenging TMX Group's or its subsidiaries' regulatory actions, decisions or jurisdiction.

TMX Group may make additional acquisition-related payments up to a maximum of EUR €2.0 in the next two years contingent on future operating results.

31. Subsequent events

In January 2012, CDCC increased its standby credit facility from $50.0 to $100.0, signed an additional daylight facility for $400.0 with a Canadian Schedule 1 bank and closed the $50.0 call loan facility. These facilities were put in place in relation to the launch of CDCC's repo clearing business, scheduled for 2012.

32. Transition to IFRS

As discussed in note 1, the financial statements have been prepared in accordance with IFRS. These are TMX Group's first annual financial statements that comply with IFRS, and as such IFRS 1 is applicable.

In accordance with IFRS 1, TMX Group has applied IFRS retrospectively as of January 1, 2010 (the "Transition Date") for comparative purposes. In preparing its opening consolidated balance sheet and comparatives in accordance with IFRS, TMX Group has adjusted amounts reported previously in its financial statements prepared in accordance with pre-conversion Canadian generally accepted accounting principles ("GAAP"). The impact of the transition on TMX Group's financial position and financial performance is discussed below. The impact of the transition on TMX Group's statement of cash flows was minimal.

(A) Initial elections upon adoption:

In accordance with IFRS 1, TMX Group has applied certain optional exemptions and mandatory exceptions from full retrospective application of IFRS. Set out below are the IFRS 1 optional exemptions that TMX Group has elected to apply on its conversion to IFRS and the mandatory exceptions that are applicable to TMX Group.

IFRS 1 optional exemptions:

1. Business combinations – This exemption allows first-time adopters to elect to apply *IFRS 3 (revised), Business Combinations* ("IFRS 3"), prospectively from the Transition Date or retrospectively only to acquisitions after a chosen date that is prior to the Transition Date. Not taking this exemption would require retrospective restatement of all business combinations occurring before the Transition Date. TMX Group has elected to not apply IFRS 3 to all business combinations that occurred prior to January 1, 2008. Accordingly, only business combinations that took place on or after January 1, 2008 - the acquisitions of MX, BOX, and NetThruPut Inc. ("NTP") - have been restated to reflect the requirements of IFRS 3 upon adoption of IFRS. As a result of applying this exemption, goodwill arising on these three acquisitions has been adjusted accordingly as at the Transition Date. In applying this exemption there are certain additional requirements in relation to acquisitions that are not restated under IFRS. An analysis of these requirements as they relate to TMX Group was conducted with no resulting implications and as such, goodwill relating to business combinations prior to January 1, 2008 has not been adjusted from its pre-conversion Canadian GAAP carrying value.

2. Employee benefits – This exemption allows first-time adopters to recognize all cumulative unamortized actuarial gains and losses directly to retained earnings on the Transition Date, thus resetting unamortized actuarial gains and losses to zero. Not taking this exemption would require retrospective application of *IAS 19, Employee Benefits* ("IAS 19"), from the inception of all benefit plans. TMX Group has elected to apply this exemption, and recognize all unamortized actuarial gains and losses under pre-conversion Canadian GAAP to retained earnings on the Transition Date.

3. Cumulative translation differences – This exemption allows first-time adopters to recognize all cumulative translation differences relating to foreign operations directly to retained earnings on the Transition Date, thus resetting the cumulative translation difference to zero. Not taking this election would require retrospective application of *IAS 21, The Effect of Changes in Foreign Exchange Rates* ("IAS 21"), from the date the foreign operations were formed or acquired. TMX Group has elected to apply this exemption, and reset all its cumulative translation differences to zero through retained earnings on the Transition Date.

4. Share-based payments – This exemption allows first-time adopters to limit its application of *IFRS 2, Share-based Payments* ("IFRS 2") to only certain historical transactions. IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 to equity instruments granted on or before November 7, 2002, or to equity instruments granted after that date but which have vested by the Transition Date. In addition, it encourages, but again does not require, first-time adopters to apply IFRS 2 to liabilities arising from share-based payment transactions that were settled before the date of transition to IFRS. TMX Group has elected to only apply IFRS 2 to equity instruments granted after November 7, 2002 and remaining unvested at the Transition Date as well as to cash-settled share-based liabilities remaining unsettled as at the Transition Date.

5. Decommissioning liabilities included in the cost of premises and equipment – This exemption allows first-time adopters to elect to apply the guidance in *IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities* ("IFRIC 1"), prospectively from the Transition Date, as opposed to retrospectively. IFRIC 1 requires that changes in these liability estimates be added to, or deducted from, the cost of the asset to which it relates, and the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. TMX Group has elected to apply this exemption thereby applying the requirements of IFRIC 1 prospectively to decommissioning liabilities that existed as at the Transition Date. Accordingly, TMX Group recognized such liabilities as at the Transition Date in accordance with *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*, and adjusted the cost of the related assets accordingly.

6. Leases – This exemption allows first-time adopters to elect to apply *IFRIC 4, Determining whether an Arrangement contains a Lease* ("IFRIC 4"), only to arrangements existing at the Transition Date. An additional exemption also exists, allowing a first-time adopter to opt out of reassessing its arrangements under IFRIC 4 if it has already assessed whether an arrangement contains a lease in accordance with pre-conversion Canadian GAAP *EIC-150, Determining Whether an Arrangement Contains a Lease* ("EIC-150"). TMX Group has elected to apply both exemptions thus limiting its reassessment under IFRIC 4 to arrangements in place at the Transition Date that were not subject to the scope of EIC-150 under pre-conversion Canadian GAAP.

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

IFRS 1 mandatory exceptions:

IFRS 1 prohibits retrospective application of certain aspects of IFRS. The mandatory exceptions that are applicable to TMX Group on its conversion to IFRS are as follows:

1. Estimates – Hindsight cannot be used to create or revise estimates. The estimates previously made by TMX Group under pre-conversion Canadian GAAP have not been revised for application of IFRS except where necessary to reflect any difference in accounting policies.

2. Non-controlling interests – This exception requires entities to account for non-controlling interests following the requirements of *IAS 27, Consolidated and Separate Financial Statements* ("IAS 27"), prospectively from the date of transition to IFRS. However, if an entity elects to apply IFRS 3 retrospectively to past business combinations as of a designated date, it should also apply IAS 27 retrospectively from that same date. As TMX Group has elected to apply IFRS 3 as of January 1, 2008, IAS 27 has also been applied from the same date.

(B) Reconciliation of pre-conversion Canadian GAAP to IFRS:

In accordance with IFRS 1, the following tables and notes present reconciliations and explanations of how the transition to IFRS has affected TMX Group's comparative financial statements:

Reconciliation of Equity*

	Note	**January 1, 2010**	**December 31, 2010**
Equity under pre-conversion Canadian GAAP		$ 770.6	$ 853.1
Differences increasing (decreasing) reported equity:			
Business combinations	*a*	(163.0)	(163.0)
Employee benefits	*b*	(3.4)	(8.2)
Share-based compensation	*c*	0.4	0.5
Revenue	*d*	354.7	395.9
Impairment	*f*	(8.0)	(7.1)
Leases	*g*	-	0.1
Income taxes	*h*	(0.3)	(0.7)
Non-controlling interests	*a, f, j*	20.1	18.8
Equity under IFRS		**$ 971.1**	**$ 1,089.4**

* Figures in the table above are net of income tax where applicable.

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

Reconciliation of Comprehensive Income*

	Note		Year ended December 31, 2010
Comprehensive income under pre-conversion Canadian GAAP		$	192.8
Differences increasing (decreasing) reported comprehensive income:			
Employee benefits	*b*		(4.8)
Share-based compensation	*c*		0.2
Revenue	*d*		41.2
Impairment	*f*		0.9
Leases	*g*		0.1
Income taxes	*h*		(0.4)
Non-controlling interests	*j*		(1.3)
Comprehensive income under IFRS		**$**	**228.7**

* Figures in the table above are net of income tax where applicable.

Notes to the reconciliations:

Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following describes the differences between TMX Group's pre-conversion Canadian GAAP accounting policies and those adopted on transition to IFRS which have impacted TMX Group's financial position and/or financial performance:

(a) **BUSINESS COMBINATIONS:**

As stated previously, TMX Group has elected to apply IFRS 3 retrospectively to business combinations that occurred on or after January 1, 2008; specifically, the acquisitions of MX, BOX and NTP have been restated. The significant differences between the standards as applicable to these acquisitions are discussed below.

Measurement of purchase price:

Pre-conversion Canadian GAAP – Shares issued as consideration were measured at their estimated fair value on the date the parties to the business combination reached an agreement on the purchase price and the proposed transaction was announced.

IFRS – Shares issued as consideration are measured at their fair value on the acquisition date.

Acquisition costs:
Pre-conversion Canadian GAAP – Direct and incremental costs of business combinations were recognized as part of the purchase cost.

IFRS – Acquisition related costs are accounted for separately from the business combination and they are expensed as incurred.

Restructuring provisions:
Pre-conversion Canadian GAAP – If certain conditions were met, the costs of restructuring activities were included as part of the purchase price even if a present obligation did not exist as of the date of acquisition.

IFRS – Restructuring provisions are included as part of the business combination only if they represent a present obligation as of the date of acquisition.

Non-controlling interests:
Pre-conversion Canadian GAAP – Non-controlling interests were recorded at their share of the existing carrying values of the net assets acquired.

IFRS – Non-controlling interests are recorded at either their fair value or their proportionate share of the fair value of the acquiree's net assets. TMX Group has opted for the latter method.

Increase in ownership of a subsidiary:
Pre-conversion Canadian GAAP – Increase in ownership interests of a subsidiary was accounted for using the purchase method.

IFRS – When an entity increases its ownership in an investment that results in the acquisition of control, the previously held equity interests are re-measured to fair value through net income. When an entity increases its ownership in a previously controlled subsidiary, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Contingent liabilities:
Pre-conversion Canadian GAAP – Contingent liabilities assumed in a business combination were recognized when it was probable that a liability had been incurred on the date of acquisition and when the amount could be reasonably estimated.

IFRS – A contingent liability is recognized at fair value on the date of acquisition if it is a present obligation that arises from past events and its fair value can be measured reliably.

Impact on TMX Group *– On the Transition Date, the acquisitions of MX, BOX and NTP were restated under IFRS 3, and as a result of this, the acquisition accounting was amended. The goodwill associated with the MX acquisition decreased by $155.5, share capital decreased by $141.1, and retained earnings decreased by $14.4. Intangible assets related to the acquisition of BOX increased by $14.3, non-controlling interests increased* *by $16.0, and were reclassified to equity, and retained earnings decreased by $1.7. The goodwill related to the acquisition of NTP decreased by $5.3, share capital decreased by $3.6, and retained earnings decreased by $1.7. The income tax effect on the above transition adjustments was a reduction of $0.5 in goodwill with the offset to retained earnings.*

The above adjustments remained unchanged as at December 31, 2010.

(b) **EMPLOYEE BENEFITS:**

As stated previously, TMX Group has applied the IFRS 1 exemption and elected to recognize all cumulative unamortized actuarial gains and losses that existed at the Transition Date directly to retained earnings for all of its employee benefit plans. In taking this exemption, TMX Group is applying IAS 19 retrospectively from the Transition Date. The significant differences between IAS 19 and pre-conversion Canadian GAAP as applicable to TMX Group are discussed below.

Actuarial gains and losses:

Pre-conversion Canadian GAAP – TMX Group amortized actuarial gains and losses arising from its employee benefit plans over the expected average remaining service period of active employees when the net accumulated actuarial gain or loss was in excess of 10% of the greater of the accrued benefit obligations and the fair value of plan assets at the beginning of the fiscal year.

IFRS – As permitted under IAS 19, TMX Group has elected to recognize all actuarial gains and losses on pension and other post retirement plans immediately in other comprehensive income without recycling to the consolidated income statement in subsequent periods.

Measurement date:

Pre-conversion Canadian GAAP – TMX Group measured its defined benefit obligations and plan assets for certain plans as at September 30.

IFRS – An entity is required to determine the present value of the defined benefit obligations and the fair value of plan assets as at the balance sheet date. As a result, on transition to IFRS, TMX Group changed the measurement date of its plans to December 31.

Recognition of past service costs:

Pre-conversion Canadian GAAP – Past service costs arising from plan amendments or initiation were amortized on a straight-line basis over the expected average remaining service period of employees active at the time of the amendment.

IFRS – Past service costs arising from plan amendments or initiation are amortized on a straight-line basis over the expected average period remaining to vest. Any benefits already vested are recognized immediately in net income.

Limit on accrued benefit asset:
Pre-conversion Canadian GAAP – When a defined benefit plan gave rise to an accrued benefit asset, a valuation allowance was recognized for any excess of the accrued benefit asset over the expected future benefit, and the accrued benefit asset was presented net of any valuation allowance in the consolidated balance sheet. Any change in the valuation allowance was recognized in net income.

IFRS – IFRS also sets a limit on the accrued benefit asset that can be recognized in the consolidated balance sheet, although this is calculated differently than under pre-conversion Canadian GAAP. Any change in the recoverable amount will be recognized immediately in other comprehensive income.

Impact on TMX Group *– On the Transition Date, pension benefit assets (included within other non-current assets on the consolidated balance sheet) and accrued employee benefits payable were reduced by $8.1 and $3.5 respectively, with the offset of $4.6 to retained earnings. The income tax effect on the above transition adjustment was a decrease of $0.7 and a decrease of $1.9 in deferred income tax assets and deferred income tax liabilities respectively, with the offset to retained earnings.*

In the year ended December 31, 2010, comprehensive income was reduced by $4.8 in respect of changes relating to employee benefits. As at December 31, 2010, pension benefit assets and accrued employee benefits payable were reduced by $13.6 and $2.6 respectively, and deferred income tax assets and deferred income tax liabilities were reduced by $0.5 and $3.3 respectively.

(c) **SHARE BASED COMPENSATION:**
As stated previously, TMX Group has elected to only apply IFRS 2 to equity instruments granted after November 7, 2002, and remaining unvested at the Transition Date as well as to liabilities remaining unsettled as at the Transition Date. The significant differences between IFRS 2 and pre-conversion Canadian GAAP as applicable to TMX Group are discussed below.

Recognition of expense:
Pre-conversion Canadian GAAP – For share-based awards with graded vesting the total fair value of the award was recognized by TMX Group on a straight-line basis over the vesting period.

IFRS – Each tranche of an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each tranche is accounted for on that basis.

Forfeitures:
Pre-conversion Canadian GAAP – Forfeitures of awards were recognized as they occurred.

IFRS – Compensation expense is recognized based on an estimate of the number of awards expected to vest and is revised if subsequent information indicates that actual forfeitures differ from the estimate.

Cash-settled share based payments:
Pre-conversion Canadian GAAP – The liability for restricted share units and deferred share units was accrued based on the intrinsic value of the award with changes in the intrinsic values at each reporting period recognized in the consolidated income statement.

IFRS – TMX Group is required to measure the liability at fair value on the date of grant and at each subsequent reporting date by applying an option pricing model. Changes in fair value are recognized in the consolidated income statement.

Impact on TMX Group *– On the Transition Date, the share option plan component of equity was increased by $0.9 as a result of the changes in the accounting treatment of share options, and trade and other payables and other non-current liabilities decreased by $0.5 in respect of the cash-settled share based payments, the offset to which decreased retained earnings by $0.4. The income tax effect on the above transition adjustment was a decrease of $0.1 in deferred income tax assets with the offset to retained earnings.*

As at December 31, 2010, the above adjustments remained largely unchanged and the impact on comprehensive income for the year ended December 31, 2010 was minimal.

(d) **REVENUE:**
Pre-conversion Canadian GAAP – Initial and additional listing fees were recorded as deferred revenue – initial and additional listing fees, and were recognized on a straight-line basis over an estimated service period of 10 years, in accordance with *EIC-141, Revenue Recognition*.

IFRS – Initial and additional listing fees are recognized in full in the period when the listings occur.

Impact on TMX Group *– On the Transition Date, short-term deferred revenue – initial and additional listing fees and long-term deferred revenue – initial and additional listing fees were reduced by $78.0 and $405.1 respectively, with the offset to retained earnings. The income tax effect on the above transition adjustment was a reduction of $128.4 in deferred income tax assets with the offset to retained earnings.*

For the year ended December 31, 2010, revenue was increased by $50.1 and income tax expense was increased by $8.9 as a result of this change in accounting policy. As at December 31, 2010, short-term deferred revenue – initial and additional listing fees and long-term deferred revenue – initial and additional listing fees were reduced by a further $10.9 and $39.2 respectively. Deferred income tax assets were reduced by a further $8.9.

(e) **CUMULATIVE TRANSLATION DIFFERENCES:**
As noted in the IFRS 1 optional exemptions section above, TMX Group has applied the one-time exemption to set the foreign currency cumulative translation adjustment (“CTA”) to zero on January 1, 2010.

Impact on TMX Group *– The CTA balance of $3.2 as at the Transition Date was recognized as an adjustment to retained earnings on transition to IFRS. The application of the exemption had no impact on net equity.*

The above adjustment remained unchanged as at December 31, 2010.

(f) **IMPAIRMENT:**

Pre-conversion Canadian GAAP – An impairment loss was recognized when a long lived asset's carrying amount exceeded its recoverable amount which was estimated, by TMX Group, as the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition.

IFRS – An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the fair value less costs to sell and its value-in-use.

Impact on TMX Group *– An impairment charge of $14.8 was recognized on the Transition Date in respect of the BOX trading participants' intangible asset, $6.8 of which related to the non-controlling interests share, with the remaining $8.0 relating to TMX Group's share and therefore charged to retained earnings on transition. Value-in-use was the recoverable amount of the asset, using a discount rate of 15%. The impairment primarily resulted from increased competition and a weakening market share in the US equity options trading market, resulting in a decline in current and forecasted revenues during 2009. A goodwill impairment charge was recognized at the time under pre-conversion Canadian GAAP, and the trading participant intangible was also tested, but was found not to be impaired in accordance with pre-conversion Canadian GAAP.*

As at December 31, 2010, the above adjustments remained largely unchanged. The overall impact on comprehensive income was an increase of $0.9 for the year ended December 31, 2010.

(g) **LEASES:**

As stated previously, TMX Group has elected to limit its assessment in accordance with IFRIC 4 to arrangements in place on the Transition Date that had not been previously assessed under EIC-150. The significant differences between *IAS 17, Leases* and pre-conversion Canadian GAAP as applicable to TMX Group are discussed below.

Classification:

Pre-conversion Canadian GAAP – The criteria used to determine whether a lease was to be classified as an operating lease or a finance lease (previously termed a capital lease under pre-conversion Canadian GAAP) included "bright-line" thresholds such as whether a lease term was greater than 75% of the economic life of the leased asset, or the present value of the minimum lease payments was above 90% of the fair value of the lease.

IFRS – The criteria for lease classification rely heavily on the substance of the agreement and do not include any "bright-line" thresholds.

Present value of minimum lease payments:
Pre-conversion Canadian GAAP – The present value of minimum lease payments was calculated using the lower of (i) the interest rate implicit in the lease and (ii) the lessee's incremental borrowing rate.

IFRS – The present value of minimum lease payments should be determined using the interest rate implicit in the lease. The lessee's incremental borrowing rate should only be used when the interest rate implicit in the lease cannot be determined.

Impact on TMX Group *– A number of leases were reclassified on the Transition Date from finance leases to operating leases. As a result, obligations under finance leases, and the associated equipment assets, decreased by $7.1 on the consolidated balance sheet. The effect on retained earnings was negligible.*

As at December 31, 2010, the cumulative adjustment to obligations under finance leases and the associated equipment assets was a decrease of $5.3 and $5.2 respectively in respect of the above. The overall impact on net income for the year ended December 31, 2010, was minimal.

(h) **INCOME TAXES:**
Intercompany transactions:
Pre-conversion Canadian GAAP – The recognition of deferred income taxes relating to temporary differences arising from intercompany transactions was prohibited.

IFRS – There is no such prohibition under IFRS.

Impact on TMX Group – *On the Transition Date, deferred income tax assets were reduced by $0.3, with the offset to retained earnings.*

In the year ended December 31, 2010, deferred income tax assets were reduced by a further $0.4, the offset to which decreased net income.

Income tax effect of the other adjustments between pre-conversion Canadian GAAP and IFRS:
Income tax adjustments related to the IFRS transition include the effect of recording, where applicable, the deferred income tax effect of the other differences between pre-conversion Canadian GAAP and IFRS discussed above. These income tax impacts have been included in the notes above.

(i) **FINANCIAL INSTRUMENTS:**
Pre-conversion Canadian GAAP – Available for sale investments in equity instruments that do not have quoted prices on an active market are carried at cost less any impairment losses.

IFRS – Available for sale investments in equity instruments that do not have quoted prices on an active market are measured at fair value at each reporting period provided the fair value can be reliably measured. Changes in fair value, except for impairment losses and certain foreign exchange gains or losses, are recognized in other comprehensive income until the assets are sold.

Impact on TMX Group *– This difference had no impact on TMX Group on the Transition Date or at December 31, 2010.*

Presentation

The following describes differences in presentation between TMX Group's IFRS financial statements and those prepared in accordance with pre-conversion Canadian GAAP:

(j) **NON-CONTROLLING INTERESTS:**
Pre-conversion Canadian GAAP – Non-controlling interests were presented between liabilities and shareholders' equity in the consolidated balance sheet and as a component of net income in the consolidated income statement.

IFRS – Non-controlling interests are classified as a component of equity, separate from the equity of the parent company, in the consolidated balance sheet and their portion of the results is presented as an allocation of net income.

(k) **RESTRICTED CASH:**
Pre-conversion Canadian GAAP – Cash and cash equivalents subject to restrictions were presented separately on the consolidated balance sheet.

IFRS – Cash and cash equivalents subject to restrictions are not required to be presented separately on the face of the consolidated balance sheet.

(l) **DEFERRED INCOME TAXES:**
Pre-conversion Canadian GAAP – Deferred income taxes (previously future income taxes) were split between short-term and long-term components based on either (i) the underlying asset or liability or (ii) the expected reversal of items not related to a particular asset or liability.

IFRS – All deferred income tax balances are classified as non-current.

(m) **CURRENT INCOME TAXES:**

Pre-conversion Canadian GAAP – Current income taxes were offset if they related to the same legal entity and the same taxation authority.

IFRS – Current income taxes are only offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities but TMX Group intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

(n) **PROVISIONS:**

Pre-conversion Canadian GAAP – TMX Group presented provisions as part of trade and other payables or other non-current liabilities on the consolidated balance sheet.

IFRS – Provisions will be presented separately where significant.

(o) **PENSION ASSETS AND LIABILITIES:**

Pre-conversion Canadian GAAP – Accrued benefit assets and liabilities relating to TMX Group's pension plans were offset for balance sheet presentation.

IFRS – An accrued benefit asset relating to one plan can only be offset against an accrued benefit liability of another plan if there is a legally enforceable right to offset and TMX Group intends to settle obligations on a net basis or simultaneously.

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

Reconciliation of Consolidated Balance Sheet as at January 1, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Assets				
Current assets:				
Cash and cash equivalents	$ 88.0	$ -	$ 0.9	$ 88.9
Marketable securities	103.2	-	-	103.2
Restricted cash	0.9	-	(0.9)	-
Trade and other receivables	79.4	-	-	79.4
Energy contracts receivable	714.5	-	-	714.5
Fair value of open energy contracts	202.8	-	-	202.8
Daily settlements and cash deposits	565.4	-	-	565.4
Prepaid expenses	6.0	-	-	6.0
Current income tax assets	4.6	-	7.7	12.3
Deferred income tax assets	26.7	(24.0)	(2.7)	-
	1,791.5	**(24.0)**	**5.0**	**1,772.5**
Non-current assets:				
Premises and equipment	31.5	(7.1)	-	24.4
Investment in equity accounted investee	12.8	-	-	12.8
Goodwill	583.8	(161.3)	-	422.5
Other intangible assets	932.4	(0.4)	-	932.0
Deferred income tax assets	144.6	(105.6)	2.7	41.7
Other non-current assets	27.8	(8.2)	1.6	21.2
Total Assets	**$ 3,524.4**	**$ (306.6)**	**$ 9.3**	**$ 3,227.1**
Liabilities and Equity				
Current liabilities:				
Trade and other payables	$ 44.9	$ (0.1)	$ (0.9)	$ 43.9
Energy contracts payable	714.5	-	-	714.5
Fair value of open energy contracts	202.8	-	-	202.8
Daily settlements and cash deposits	565.4	-	-	565.4
Deferred revenue	15.1	-	-	15.1
Deferred revenue – initial & additional listing fees	78.0	(78.0)	-	-
Obligation under finance leases	3.4	(2.7)	(0.7)	-
Deferred income tax liabilities	0.1	-	(0.1)	-
Provisions	-	-	1.2	1.2
Current income tax liabilities	3.2	-	7.7	10.9
Fair value of interest rate swaps	2.1	-	-	2.1
	1,629.5	**(80.8)**	**7.2**	**1,555.9**
Non-current liabilities:				
Accrued employee benefits payable	12.8	(3.5)	1.6	10.9
Obligations under finance leases	5.5	(4.4)	(1.1)	-
Deferred income tax liabilities	234.7	(1.9)	0.1	232.9
Other non-current liabilities	21.9	(0.6)	2.4	23.7
Deferred revenue	0.9	-	(0.9)	-
Deferred revenue – initial & additional listing fees	405.1	(405.1)	-	-
Fair value of interest rate swaps	3.6	-	-	3.6
Term loan	429.0	-	-	429.0
Total Liabilities	**2,743.0**	**(496.3)**	**9.3**	**2,256.0**
Non-controlling Interests	10.8	9.3	(20.1)	-
Equity:				
Share capital	1,102.6	(144.7)	-	957.9
Deficit	(343.9)	327.4	-	(16.5)
Contributed surplus – share option plan	8.7	0.9	-	9.6
Accumulated other comprehensive income	3.2	(3.2)	-	-
Total Equity attributable to Shareholders of the Company	770.6	180.4	-	951.0
Non-controlling interests	-	-	20.1	20.1
Total Equity	**770.6**	**180.4**	**20.1**	**971.1**
Total Liabilities and Equity	**$ 3,524.4**	**$ (306.6)**	**$ 9.3**	**$ 3,227.1**

TMX GROUP INC.

Notes to Consolidated Financial Statements
(In millions of Canadian dollars, except per share amounts)
Years Ended December 31, 2011 and 2010

Reconciliation of Consolidated Income Statement for the year ended December 31, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Revenue:				
Issuer services	$ 163.0	$ 50.1	$ -	$ 213.1
Trading, clearing and related	242.2	-	-	242.2
Information services	154.4	-	-	154.4
Technology services and other	15.9	-	-	15.9
Total revenue	575.5	50.1	**-**	625.6
Expenses:				
Compensation and benefits	133.5	-	-	133.5
Information and trading systems	47.8	2.9	-	50.7
General and administration	73.0	-	-	73.0
Depreciation and amortization	32.3	(2.9)	-	29.4
Total operating expenses	286.6	-	-	286.6
Income from operations	**288.9**	**50.1**	**-**	**339.0**
Share of net income of equity accounted investee	1.3	-	-	1.3
Impairment of available for sale investment	(1.7)	-	-	(1.7)
Finance income (costs):				
Finance income	5.2	-	-	5.2
Finance costs	(6.2)	0.2	-	(6.0)
Net mark to market on interest rate swaps	(0.2)	-	-	(0.2)
Income before income taxes	**287.3**	**50.3**	**-**	**337.6**
Income tax expense	90.7	9.4	-	100.1
Non-controlling interests	0.1	-	(0.1)	-
Net income	**$ 196.5**	**$ 40.9**	**$ 0.1**	**$ 237.5**
Net income attributable to:				
Equity holders of the Company	$ 196.5	$ 41.2	$ -	$ 237.7
Non-controlling interests	-	(0.3)	0.1	(0.2)
	$ 196.5	**$ 40.9**	**$ 0.1**	**$ 237.5**
Earnings per share:				
Basic	$ 2.64			$ 3.20
Diluted	$ 2.64			$ 3.19

Reconciliation of Consolidated Statement of Comprehensive Income for the year ended December 31, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Net income	$ 196.5	$ 40.9	$ 0.1	$ 237.5
Other comprehensive (loss) income:				
Unrealized (loss) gain on translating financial statements of foreign operations (net of tax - $nil)	(3.7)	0.5	(1.1)	(4.3)
Actuarial gains (losses) on defined benefit pension and other post retirement benefit plans (net of tax - $1.5)	-	(4.5)	-	(4.5)
Total comprehensive income (loss)	**$ 192.8**	**$ 36.9**	**$ (1.0)**	**$ 228.7**
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	$ 192.8	$ 37.2	$ -	$ 230.0
Non-controlling interests	-	(0.3)	(1.0)	(1.3)
	$ 192.8	**$ 36.9**	**$ (1.0)**	**$ 228.7**

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

Reconciliation of Consolidated Balance Sheet as at December 31, 2010

	Pre-conversion Canadian GAAP balance	IFRS adjustments	IFRS reclassifications	IFRS balance
Assets				
Current assets:				
Cash and cash equivalents	$ 68.8	$ -	$ 1.1	$ 69.9
Marketable securities	261.6	-	-	261.6
Restricted cash	1.1	-	(1.1)	-
Trade and other receivables	89.7	-	-	89.7
Energy contracts receivable	754.9	-	-	754.9
Fair value of open energy contracts	141.9	-	-	141.9
Daily settlements and cash deposits	193.1	-	-	193.1
Prepaid expenses	6.7	-	-	6.7
Current income tax assets	3.1	-	1.2	4.3
Deferred income tax assets	29.6	(25.5)	(4.1)	-
	1,550.5	**(25.5)**	**(2.9)**	**1,522.1**
Non-current assets:				
Premises and equipment	33.6	(5.2)	-	28.4
Investment in equity accounted investee	14.2	-	-	14.2
Other intangible assets	920.5	(0.4)	-	920.1
Goodwill	582.6	(161.3)	-	421.3
Deferred income tax assets	152.5	(113.2)	4.1	43.4
Other non-current assets	28.0	(13.6)	1.9	16.3
Total Assets	**$ 3,281.9**	**$ (319.2)**	**$ 3.1**	**$ 2,965.8**
Liabilities and Equity				
Current liabilities:				
Trade and other payables	$ 59.1	$ (0.7)	$ 0.2	$ 58.6
Energy contracts payable	754.9	-	-	754.9
Fair value of open energy contracts	141.9	-	-	141.9
Daily settlements and cash deposits	193.1	-	-	193.1
Deferred revenue	18.7	-	-	18.7
Deferred revenue – initial & additional listing fees	88.9	(88.9)	-	-
Obligation under finance leases	3.3	(2.6)	(0.7)	-
Provisions	-	-	0.4	0.4
Current income tax liabilities	6.1	-	1.2	7.3
Fair value of interest rate swaps	0.7	-	-	0.7
Term loan	429.8	-	-	429.8
	1,696.5	**(92.2)**	**1.1**	**1,605.4**
Non-current liabilities:				
Accrued employee benefits payable	12.8	(2.6)	1.9	12.1
Obligations under finance leases	3.8	(2.7)	(1.1)	-
Deferred income tax liabilities	236.7	(3.2)	-	233.5
Other non-current liabilities	23.3	(0.1)	2.2	25.4
Deferred revenue	1.0	-	(1.0)	-
Deferred revenue – initial & additional listing fees	444.3	(444.3)	-	-
Total Liabilities	**2,418.4**	**(545.1)**	**3.1**	**1,876.4**
Non-controlling Interests	10.4	8.4	(18.8)	-
Equity:				
Share capital	1,104.1	(144.7)	-	959.4
(Deficit) Retained earnings	(261.7)	364.1	-	102.4
Contributed surplus – share option plan	11.2	0.8	-	12.0
Accumulated other comprehensive income (loss)	(0.5)	(2.7)	-	(3.2)
Total Equity attributable to Shareholders of the Company	853.1	217.5	-	1,070.6
Non-controlling interests	-	-	18.8	18.8
Total Equity	**853.1**	**217.5**	**18.8**	**1,089.4**
Total Liabilities and Equity	**$ 3,281.9**	**$ (319.2)**	**$ 3.1**	**$ 2,965.8**