

TMX GROUP INC.

**ANNUAL
INFORMATION
FORM**

March 30, 2012

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Unless otherwise noted, the information contained in this Annual Information Form is given as at February 29, 2012, and all dollar amounts are expressed in Canadian dollars, unless otherwise indicated.

INFORMATION INCORPORATED BY REFERENCE

Certain disclosure in this annual information form (“AIF”) is derived from and incorporated by reference from TMX Group Inc.’s Management’s Discussion and Analysis for the year ended December 31, 2011 (the “2011 MD&A”) dated February 8, 2012. The table below identifies pages from the 2011 MD&A which are incorporated by reference into this AIF. This document is available on SEDAR at www.sedar.com and on our website at www.tmx.com.

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Other than as outlined under the section “**Material Contracts**”, this AIF does not include a discussion of the proposed changes to the corporate governance and regulatory structures of TMX Group Inc. and the TMX Group of companies contemplated by the proposed acquisition of all the outstanding common shares of TMX Group Inc. by Maple Group Acquisition Corporation.

CORPORATE STRUCTURE

Name, Incorporation and Address

TMX Group Inc. (referred to, with its consolidated subsidiaries, as the context requires, as “TMX Group”, “we”, or “us”) is a leading, integrated, multi-asset exchange group with a history that dates back over 150 years. The Toronto Stock Exchange was founded in 1852. It demutualized and continued as The Toronto Stock Exchange Inc. under the *Business Corporations Act* (Ontario) on April 3, 2000. We renamed The Toronto Stock Exchange Inc. as TSX Inc. on July 10, 2002.

Immediately before we closed our initial public offering of our common shares on November 12, 2002, TSX Inc. and its affiliates completed a corporate reorganization under a court approved plan of arrangement. As part of the reorganization, TSX Group Inc., as it was then called, incorporated under the *Business Corporations Act* (Ontario) on August 23, 2002, acquired all of the outstanding shares of TSX Inc. and became the holding company for the TSX

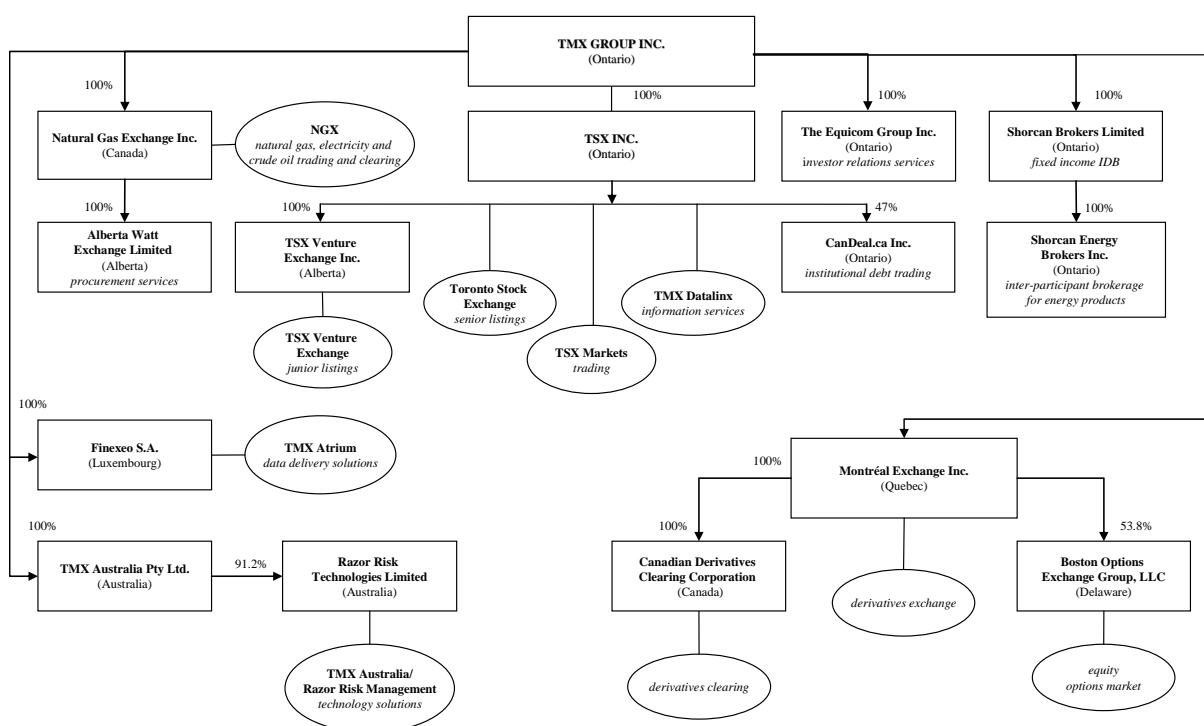
group of companies. The shareholders of TSX Inc. were issued shares of TSX Group Inc. in exchange for their shares of TSX Inc.

On May 1, 2008, we completed our business combination with Montréal Exchange Inc. (“MX” or “Montréal Exchange”), and to reflect this combination, following shareholder approval on June 11, 2008, we changed our name from TSX Group Inc./Groupe TSX Inc. to TMX Group Inc./Groupe TMX Inc.

Our head and registered offices are at The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2. We also have offices in Montreal, Calgary, Vancouver, Houston, Boston, Chicago, New York, London, U.K., Beijing and Sydney. Our website is www.tmx.com. We are not incorporating information contained on our website in our AIF.

Intercompany Relationships¹

We carry on our business principally directly or indirectly through the companies (boxed) and operations (circled) shown below:



¹ The chart above outlines the jurisdiction in which each company was incorporated, continued, formed or organized and the percentage of votes attaching to all voting securities of each company held directly or indirectly by TMX Group or its subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS²

Advances in technology, globalization, consolidation, regulation and the introduction of alternative trading venues have changed the way global exchange markets operate. Exchanges have combined across jurisdictions and across asset classes and have moved to integrated, diversified and multi-product business models in order to broaden their revenue sources and realize efficiencies. Market participants are demanding faster, less expensive, and more sophisticated trading capability and are seeking new sources of liquidity, products and services which has resulted in the creation of alternative trading venues that are competing aggressively with exchanges for order flow. These trends are apparent in Canada as a number of alternative trading systems (“ATs”) operating both dark and visible trading venues have entered the equity trading market. In the past few years, competition has intensified.

In late 2010 and 2011, we saw attempted consolidation activity in the exchange sector. In October 2010, Singapore Exchange Ltd. made an offer for ASX Ltd., the operator of the Australian Securities Exchange. In February 2011, Deutsche Boerse AG (“Deutsche Boerse”) and NYSE Euronext announced that they had entered into a business combination agreement. Following the NYSE Euronext/Deutsche Boerse announcement, in April 2011, NASDAQ OMX Inc. and IntercontinentalExchange, Inc. (“ICE”) made a joint proposal to acquire NYSE Euronext. None of these transactions was consummated, as in each case, the parties were unable (for different reasons) to obtain the requisite governmental or regulatory approvals that would allow the transactions to be completed.

On February 9, 2011, we announced an agreement to combine TMX Group with London Stock Exchange Group plc (“LSEG”) in an all-share merger of equals. TMX Group shareholders were scheduled to vote on the proposed merger on June 30, 2011. On June 28, 2011, the proxy cut-off date, a majority of shareholder votes cast supported the resolution, however it was clear that the two-thirds threshold required to approve the merger would not have been achieved. Consequently, on June 29, 2011, we agreed with LSEG to terminate the merger agreement.

In May 2011, Maple Group Acquisition Corporation (“Maple”) made an unsolicited non-binding written proposal to acquire TMX Group, and on June 13, 2011, made a formal offer to acquire all of the outstanding common shares of TMX Group (which was subsequently varied on June 24, 2011 to increase the consideration payable to TMX Group shareholders). In July 2011, our Board of Directors authorized management and advisors to hold discussions with Maple regarding its offer. As a result of these discussions, on October 30, 2011, we entered into a support agreement (the “Support Agreement”) with Maple in respect of Maple’s proposed acquisition of all of the outstanding common shares of TMX Group pursuant to an integrated two-step transaction valued by Maple at approximately \$3.8 billion. The first step is Maple’s offer to acquire between 70% and 80% of the outstanding common shares of TMX Group for \$50.00 in cash per share, on a pro-rated basis, to be followed by a second step court approved plan of arrangement that will provide TMX Group shareholders (other than Maple) with common shares of Maple in exchange for their remaining TMX Group common shares, on a one-for-one basis (collectively referred to as the “Maple Transaction”). On October 31, 2011, Maple issued a notice of variation and extension varying the terms of its offer in accordance with the Support Agreement and in November 2011 our Board of Directors issued a notice of change to the directors’ circular dated

² The “General Development of the Business” section contains certain forward-looking information. Please refer to “Forward-Looking Information” on page 41 of this AIF for a discussion of assumptions, risks and uncertainties related to such statements.

November 8, 2011 (the “Notice of Change”) in which it unanimously recommends that TMX Group shareholders accept the Maple offer.

The changes and enhancements made to the original Maple offer in the Support Agreement included Maple’s agreement to pay TMX Group a reverse termination fee of \$39 million if the Maple Transaction is not completed because required regulatory approvals are not obtained as well as a number of changes to the corporate governance structure that will be implemented following completion of the Maple Transaction.

A further description of the Maple offer is located under the heading “*The Maple Offer*” in our 2011 MD&A on pages 13 to 15 and is incorporated herein by reference. As described in the 2011 MD&A, the Maple offer remains subject to a number of conditions, including obtaining all required regulatory approvals.

On March 15, 2012, TMX Group and Maple announced that the Ontario Securities Commission (“OSC”) had informed Maple that the OSC has requested that its staff develop draft recognition orders with detailed terms and conditions required by the OSC for the Maple Transaction and Maple’s proposed acquisitions of the Canadian Depository for Securities Limited (“CDS”) and Alpha Trading Systems Limited Partnership, together with Alpha Trading Systems Inc. (“Alpha”). The OSC will publish the draft orders for a 30-day public comment period prior to making a final decision on the recognition orders. The Autorité des marchés financiers (“AMF”) also announced on March 15, 2012 that it intends to approve the Maple Transaction and indicated that it is satisfied that the conditions that it intends to impose on Maple and its subsidiaries will adequately address the issues raised previously by the AMF. The AMF said that in reaching its determination it took into account the comments made as part of the public consultation and studied the various issues raised by the proposed transaction, notably with respect to corporate governance, market access, fees, the framework for Maple’s proposed operations and the continuity of derivatives operations in Québec. A copy of the AMF press release is available at www.lautorite.qc.ca.

At this time, the Maple offer is open for acceptance until April 30, 2012, unless further extended or withdrawn. Under the Support Agreement, Maple has agreed to use commercially reasonable efforts to obtain all required regulatory approvals, including from the securities regulatory authorities and the Commissioner of Competition, and to accept all conditions, commitments and undertakings necessary to do so, provided they do not result in a “Material Detriment” as defined in the Support Agreement. Maple will work to settle the terms and conditions of the recognition orders and to resolve outstanding issues and concerns raised by the securities regulatory authorities and the Competition Bureau. However, there can be no assurance that the terms and conditions of the recognition orders will not result in a Material Detriment or that remedies short of a Material Detriment will address the issues and concerns raised by the securities regulatory authorities and the Commissioner of Competition. As a result, there can be no assurance that the required regulatory approvals will be obtained.

Given the current status of the regulatory approvals, it is apparent that the offer will not be completed by April 30, 2012, which is the outside date under the Support Agreement between Maple and TMX Group, and the expiry date under the acquisition governance agreement between the Maple investors and the debt facilities committed to Maple to fund the Maple Transaction. The Maple investors are in active negotiations among themselves and with Alpha and CDS and certain other shareholders of Alpha and CDS, but have not yet reached agreement among themselves, or as applicable with Alpha and CDS and those other shareholders, as to the price or terms of these acquisitions. Under the Support Agreement, Maple agreed to use commercially

reasonable efforts to enter into definitive agreements for the acquisition of Alpha and CDS prior to the completion of the Maple offer. Under the acquisition governance agreement between the Maple investors, each Maple investor has also agreed to use commercially reasonable efforts to pursue and effect the acquisitions concurrently with or as soon as practicable following completion of the Maple offer, including to negotiate in good faith the price and other terms and conditions of those acquisitions.

In considering any further extensions of the offer beyond April 30, 2012, Maple will review and assess the progress of its discussions with securities regulators and the Competition Bureau in respect of the regulatory approvals, its discussions with Alpha, CDS and their securityholders in respect of the acquisitions of Alpha and CDS, as well as all other circumstances affecting the Maple Transaction. It is Maple's current intention to further extend the offer on or before April 30, 2012 if Maple is satisfied with those matters. Therefore, as announced on March 15, 2012, Maple and TMX Group are in discussions regarding an extension of the outside date under the Support Agreement, and Maple is in discussions concerning the extension of related agreements among the thirteen Maple investors and with its lenders in respect of the extension of the debt financing to be used to fund the acquisition. However, there can be no assurance at this time that the offer will be further extended. (See "**Material Contracts**" on page 39 of this AIF for a discussion of the terms of the Support Agreement.)

The multi-market environment in Canada and the global economic crisis could lead to more intensive regulation of our businesses by securities and other regulatory agencies both in Canada and the U.S. and could extend to areas of our businesses that to date have not been regulated.

A number of regulatory initiatives and changes have been identified or proposed or are being implemented by regulators in Canada and the United States. We cannot be certain whether, or in what form, regulatory changes will take place, and cannot predict with certainty their impact on our businesses and operations. Changes in and additions to the rules affecting our markets and clearing houses could require us to change the manner in which we and our participants conduct business or govern ourselves.

Expanding U.S. regulation and proposed initiatives, in particular, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (the "Dodd-Frank Act") impacting over-the-counter ("OTC") derivatives markets, exempt commercial markets ("ECMs"), derivatives clearing organizations ("DCOs") and foreign boards of trade ("FBOTs"), among others, could increase the regulation of and cost of compliance for our markets that operate in the U.S. and are impacted by U.S. regulatory developments.

In Canada, the provincial securities regulators are in the process of releasing a series of proposal papers regarding the regulation of the Canadian OTC derivatives markets which could lead to expanded regulation and increase the cost of compliance for our markets whose business is impacted by these developments.

Such regulatory developments, depending on how they are implemented, could also benefit certain of our businesses by directing some OTC derivatives trading activity from the OTC markets to exchanges and central counterparty clearing houses.

Overview of Our Business

TMX Group has grown and diversified its business over the past decade. We own and operate equities, energy and fixed income cash and derivatives markets, and clearing houses in Canada and the United States. The following table outlines our evolution from a stock exchange to a multi-asset class exchange group, offering a wide range of products and services.

Year	Asset Class	Brand
1852	Senior Equities	Toronto Stock Exchange
2001	Junior Equities	TSX Venture Exchange
2002	Fixed Income – dealer to client electronic platform	CanDeal ³
2004	Energy – trading and clearing natural gas and electricity contracts	NGX
2006	Electricity – providing ancillary services to the Alberta System Operator	Watt-Ex
	Fixed Income – leading Canadian fixed income indices and PC-Bond analytics applications	PC-Bond
	Fixed Income – fixed income inter-dealer broker (“IDB”)	Shorcan
2007	Investor relations and corporate communications services	Equicom
2008	Derivatives trading – standardized interest rate, index and equity derivatives contracts	Montréal Exchange
	Derivatives clearing – all transactions on Montréal Exchange and certain OTC products	CDCC
	Derivatives trading – equity options	BOX ⁴
2009	Crude Oil – trading and clearing	NTP
2010	Inter-participant brokerage - energy products	Shorcan Energy Brokers

³ 47% ownership interest.

⁴ 53.8% ownership interest.

Year	Asset Class	Brand
2011	Equities trading – ATS	TMX Select
	Data delivery solutions	TMX Atrium, TMXnet
2012	Risk management technology solutions	TMX Technology Solutions – Razor Risk
	Clearing of OTC fixed income repurchase (repo) agreements	CDCC

Three Year History⁵

Over the past three years, we have undertaken many strategic initiatives which have enabled us to grow through diversification. We also embarked on other initiatives with the intention of growing our core business, expanding our products and services, and offering superior technology. Further information on our vision, business strategies, initiatives and accomplishments, including those initiatives and accomplishments outlined in this section, and market conditions is located in the “*Vision, Corporate Strategy, Initiatives and Accomplishments*” and “*Market Conditions*” sections of our 2011 MD&A on pages 6 to 13 and 15 to 17. The “*Our Business*” section on pages 17 to 34 of our 2011 MD&A also contains information on our market conditions and on our strategies, initiatives and recent accomplishments.

Cash Equities – Trading and Technology

- In April 2009, we completed the launch of the TMX Smart Order Router.
- In November 2009, we completed the implementation of our low latency TSX Quantum Order Entry Gateway.
- In the first half of 2010, the first phase of Enterprise Expansion was completed; a multi-phased initiative to expand the infrastructure across our trading and data enterprise.
- In March 2011, we introduced new on-book Dark Order types on both Toronto Stock Exchange and TSX Venture Exchange.
- In July 2011, we launched trading on TMX Select Inc. (“TMX Select”), an equities ATS.
- In November 2011, we successfully completed the second phase of our Enterprise Expansion project.
- In February 2012, we announced the planned production implementation of our next generation equity trading technology called TMX Quantum XA.

⁵ The “*Three Year History*” section contains certain forward-looking information. Please refer to “*Forward-Looking Information*” on page 41 of this AIF for a discussion of assumptions, risks and uncertainties related to such statements.

Derivatives – Trading, Clearing and Technology

- In 2009, MX re-introduced a five-year Government of Canada bond futures contract, and launched implied pricing functionality for our flagship Bankers' Acceptance interest rate futures contract and a mini-sized futures contract on the S&P/TSX Composite Index.
- In May 2009, we successfully launched the SOLA Clearing system, the new clearing platform.
- In December 2009, the Investment Industry Association of Canada announced that it had selected the Canadian Derivatives Clearing Corporation ("CDCC") as a preferred partner to develop the infrastructure for the clearing of OTC fixed income repo agreements.
- In December 2009, Oslo Børs began trading Nordic and Russian derivatives on TMX Group's SOLA trading system, and in November 2010, Borsa Italiana transitioned to the SOLA platform. In May 2011, LSEG's pan-European derivatives market, Turquoise Derivatives, also successfully migrated to the SOLA trading system.
- In 2011, MX re-launched its Two-Year and Five-Year Government of Canada Bond futures contracts, as well as Red (second year) and Green (third year) Three-Month Canadian Bankers' Acceptance Futures contracts. MX also introduced a new S&P/TSX 60 Mini Futures Contract (SXM).
- In February 2012, CDCC launched the clearing of OTC fixed income repo agreements.

Energy

- In May 2009, we acquired NetThruPut Inc. ("NTP"), a Canadian electronic trading platform and clearing facility for physical crude oil products.
- In February 2010, we launched Shorcan Energy Brokers Inc. ("Shorcan Energy Brokers"), a wholly owned subsidiary of Shorcan Brokers Limited ("Shorcan"), which provides an inter-participant brokerage facility for matching buyers and sellers of energy products, including crude oil.
- From 2009 through February 2012, Natural Gas Exchange Inc. ("NGX") launched clearing services at 33 new hubs in the U.S. bringing the number of U.S. clearing locations to 43 at February 22, 2012.

Information Services

- In June 2009, the Canadian Securities Administrators (the "CSA") announced that TSX Inc. had been appointed to act as an information processor for exchange-traded equity securities for a period of five years, commencing July 1, 2009.
- In September 2009, we announced a major expansion of our co-location services to offer additional clients the opportunity to co-locate with the TSX Quantum and SOLA trading enterprises.

- In December 2009, TMX Datalinx announced its arrangement with NYSE Technologies to deliver data for the Canadian capital markets through connectivity to NYSE Technologies' Secure Financial Transaction Infrastructure (SFTI).
- In the first half of 2010, we completed the construction of our new co-location facility, and on June 30, 2010, clients began installing their trading applications in the TMX data centre.
- In June 2011, TMX Datalinx implemented its ultra-low latency network, TMXnet North America (NA), between Toronto, New York and Chicago.
- In June 2011, TMX Datalinx also entered into a bilateral agreement with NASDAQ OMX Global Data Products to make each marketplace's market data available in their respective co-location facilities.
- In July 2011, we acquired Atrium Networks (rebranded TMX Atrium), a leading provider of low-latency infrastructure solutions for the North American and European financial communities. The acquisition, combined with TMXnet, accelerates expansion of TMX Group's financial network into Europe, the United States and Latin America. Our combined network will offer 25 points of presence in 11 countries, 24 trading venues and 300 data sources with plans to expand in 2012.
- In November 2011, PC-Bond launched an arrangement with NASDAQ OMX to offer a new family of U.S. Treasury Fixed Income indexes, the RBC Insight Total Return U.S. Treasury (TRUST) indexes.
- In February 2012, we announced the implementation of the fourth phase of our co-location facility scheduled for the second quarter of 2012.

Technology Services

- In February 2012, we acquired over 90% of the shares in Razor Risk Technologies Limited, a leading provider of risk management technology and consulting solutions to financial institutions worldwide, through our wholly-owned subsidiary, TMX Australia Pty Ltd. As of the date of this AIF, the remaining shares had been acquired.

NARRATIVE DESCRIPTION OF THE BUSINESS

Our Business Operations

A complete description of the operations, revenues and results of operations of our equities, energy and fixed income cash and derivatives markets and clearing houses, including a description of our products and services, key statistics, pricing and competition can be found in the "*Overview of the Business*", "*Our Business*", "*Year Ended December 31, 2011 Compared with Year Ended December 31, 2010*", "*Segment Analysis*", "*Liquidity and Capital Resources*", "*Credit Facilities and Guarantee*", "*Selected Annual Information*", "*Quarterly Information*" and "*Critical Accounting Estimates*" sections on pages 3 to 6, 17 to 51, and pages 62 to 70 of our 2011 MD&A.

Regulatory Matters

Different organizations regulate or monitor participants in the Canadian capital markets including issuers, brokerage firms, exchanges, ATSS, trading and quotation systems and IDBs.

Self-regulatory authorities, such as Investment Industry Regulatory Organization of Canada (“IIROC”), regulate the activities of brokerage firms and their capital requirements, as well as their business and trading conduct. Our equity exchanges, Toronto Stock Exchange and TSX Venture Exchange, also establish standards for their listed issuers to maintain quality marketplaces and investor confidence.

We are a reporting issuer in all provinces and territories of Canada. TSX Venture Exchange Inc., TSX Inc. and TMX Group are all regulated as exchanges in Canada. TSX Inc. is also regulated as an information processor by the AMF and operates as an information processor in accordance with a determination made by the CSA Chairs. TMX Select is registered as an ATS. NGX is regulated as an exchange and a clearing agency in Canada. In addition, NGX currently operates as an ECM pursuant to the U.S. *Commodity Exchange Act* (the “CEA”) and is registered as a DCO with the U.S. Commodity Futures Trading Commission (the “CFTC”). MX is regulated as an exchange and a self-regulatory organization (an “SRO”) in Canada and as an FBOT in the United States. In addition, and as outlined below, under “*Recognition and Regulation of Exchanges, ATSS, Clearing Agencies and Information Processor – MX and CDCC*”, MX is subject to certain regulatory requirements imposed by other foreign regulators. CDCC is regulated as an SRO and as a clearing agency in Canada. CDCC is also subject to regulatory requirements of the U.S. Securities and Exchange Commission (the “SEC”) and various U.S. state securities regulators. Boston Options Exchange Group, LLC (“BOX”) is regulated in the U.S. by the SEC. CanDeal.ca Inc. (“CanDeal”) is registered as an ATS. Shorcan is a registrant with the OSC under the category of “exempt market dealer” and has been approved by IIROC to act as an IDB.

Recognition and Regulation of Exchanges, ATSS, Clearing Agencies and Information Processor

An exchange or clearing agency operating in Canada must be recognized in certain jurisdictions under applicable legislation. In some circumstances, an exchange or clearing agency may obtain an exemption from this requirement. The Quebec, Ontario, Alberta and British Columbia securities regulatory authorities have issued recognition orders and oversee our operations and those of Toronto Stock Exchange, TSX Venture Exchange, NGX, MX and CDCC to ensure we operate in the public interest. The OSC is the lead regulator for TMX Group and TSX Inc. (which operates Toronto Stock Exchange), the Alberta Securities Commission (“ASC”) and British Columbia Securities Commission (“BCSC”) are the joint lead regulator for TSX Venture Exchange Inc. (which operates TSX Venture Exchange) and the ASC is the lead regulator for NGX. The AMF is the lead regulator for MX. CDCC operates under a recognition order from the AMF and a temporary exemption order from the OSC.

ATSS must obtain a provincial registration and IIROC membership, and make regulatory filings in order to begin and maintain operations. TMX Select is an IIROC member and is a registrant and operates under the jurisdiction of the OSC.

The lead regulator of an exchange or recognizing regulator, in the case of a clearing agency, focuses, among other things, on the listing or eligibility standards and trading or clearing activities (embodied in the rules of the exchange or the clearing agency), including its market quality rules, and, in the case of our equity exchanges, universal market integrity rules (“UMIR”)

approved by all the recognizing regulators. Generally, the lead regulator of an exchange must approve any new standards or rules or changes to existing rules. In some instances, new rules or changes to existing rules must be published for a 30-day public comment period as part of the rule approval process. With respect to MX and CDCC, under the *Derivatives Act* (Quebec), new rules pertaining to market activities or new products, or rule changes must be submitted to the AMF in accordance with the self-certification process. Significant rule changes must also be published for a 30-day public comment period before self-certification. The lead regulator or recognizing regulator, in the case of a clearing agency, also has the general power to make any decision in respect of an exchange, ATS or clearing agency that it deems necessary in the public interest, and can review any direction, decision, order or ruling of an exchange or clearing agency at the request of the regulator's executive director, or equivalent position, or any person directly affected by the direction, decision, order or ruling.

TMX Group and Toronto Stock Exchange

TSX Inc. (which operates Toronto Stock Exchange) and TMX Group, as the parent holding company of TSX Inc., are recognized and regulated by the OSC as carrying on business as an exchange, subject to certain terms and conditions. TSX Inc. has received an exemption from recognition from the regulators in British Columbia, Alberta and Quebec.

The terms and conditions of the OSC recognition order for TSX Inc. include the following:

- TSX Inc. must ensure that its governance structure provides for fair and meaningful representation on its Board of Directors and any governance committee of the Board of Directors, including a requirement that at least 50% of its Board of Directors be independent. A director is independent if he or she is independent within the meaning of Section 1.4 of National Instrument 52-110 - *Audit Committees* ("NI 52-110"), and he or she meets the additional standards established by our Board of Directors. The additional standards establish examples of when an individual is considered to have a material relationship with TSX Inc. and is therefore considered not to be independent (e.g., an employee of a participating organization). Approximately 92% of the current members of the Board of Directors of TSX Inc. are independent for these purposes. TSX Inc. is also required to take reasonable steps to ensure that each of its directors and officers is fit to serve in that role.
- TSX Inc. is required to meet specified financial viability tests to ensure that it maintains sufficient financial resources to properly perform its functions. Those financial ratios are:
 - ♦ a current ratio that must be greater than or equal to 1.1-to-1 based on current assets to current liabilities;
 - ♦ a debt to cash flow ratio that must be less than or equal to 4-to-1 based on total debt used to finance TSX Inc.'s operations to adjusted earnings before interest, taxes, depreciation and amortization for the most recent twelve months; and
 - ♦ a financial leverage ratio that must be less than or equal to 4-to-1, based on adjusted total assets to adjusted shareholders' equity.

If any of these tests is not met for a period of more than three months, TSX Inc.'s Chief Executive Officer must immediately deliver a letter advising the OSC staff of

the reasons for the continued deficiencies and the steps being taken to rectify the situation. In these circumstances, TSX Inc. will not, without the prior approval of the Director of the OSC, pay dividends (among other things) until the deficiencies have been eliminated for at least six months or a shorter period of time as agreed to by OSC staff.

- All fees imposed by TSX Inc. on participating organizations must be equitable and cannot have the effect of creating barriers to access.
- TSX Inc. must meet requirements for the capacity and integrity of the components of its trading system.
- Any material agreement or transaction entered into between TSX Inc. and TMX Group or a subsidiary or associate of TMX Group must be on terms that are at least as favourable to TSX Inc. as market terms and conditions.
- TSX Inc. is required to maintain board-approved policies and procedures to: evaluate and approve material outsourcing arrangements with parties except TMX Group or an affiliate or associate of TMX Group; assess the risk of any such arrangement; and in certain circumstances ensure that the outsourcing contract permits the OSC to have access to any data and information maintained by the service provider.
- TSX Inc. has special terms and conditions relating to the listing of TMX Group shares on Toronto Stock Exchange, which are described below on page 19 in the section entitled “*Listing of our Shares on Toronto Stock Exchange*”.

TMX Group has similar requirements to TSX Inc. under the terms of its recognition order for governance structure, including the independence requirement (TMX Group’s independent directors are the same as TSX Inc.’s independent directors) and fitness of officers and directors. TMX Group is also required to allocate sufficient financial and other resources to TSX Inc., so long as TSX Inc. carries on business as an exchange, to permit TSX Inc. to operate in accordance with the terms of its recognition order. In addition, TMX Group is required to do everything in its control to cause TSX Inc. to comply with the terms and conditions in its recognition order.

TSX Inc. as Information Processor

TSX Inc. also operates as an information processor for exchange-traded securities other than options. TSX Inc. is recognized by the AMF to act as an information processor subject to certain terms and conditions, and the CSA Chairs have determined that it is not contrary to the public interest for TSX Inc. to act as the information processor for exchange-traded securities other than options, based on regulatory filings and undertakings provided by TSX Inc. to the CSA. TSX Inc.’s information processor mandate continues until June 30, 2014. TSX Inc. can determine in its discretion to re-apply to operate as an information processor for a subsequent period.

The terms and conditions of the AMF recognition order for TSX Inc. as information processor include the following:

- The governance structure for carrying on the TSX Inc. information processor business must ensure: (i) fair and significant representation of each data contributing marketplace on the governance committee created for the information processor

business; and (ii) appropriate representation of data contributing marketplaces and those parties who access information processor services.

- TSX Inc. must not discriminate in favour of any particular marketplace when collecting, processing, disseminating or publishing the information.
- All fees charged must be transparent, fair and reasonable.
- The financial and other resources allocated to the information processor business must be sufficient for the proper performance of the information processor's functions and must ensure the information processor's financial viability.

The undertakings made by TSX Inc. to the CSA in connection with its role as the information processor for exchange-traded securities other than options include the following:

- TSX Inc. must establish policies and procedures to separate TSX Inc.'s marketplace business operations from the information processor operations, and manage inherent conflicts of interest.
- Data required to be provided to the information processor cannot be used for other products without the permission of the data contributors
- As of July 1, 2012, TSX Inc. will conduct a review of its pass-through fee model and provide the results of its review to the CSA.
- TSX Inc. will conduct an annual self-assessment of its compliance with provisions in National Instrument 21-101 – *Marketplace Operations*.

TSX Venture Exchange

The ASC and the BCSC jointly recognize and regulate TSX Venture Exchange Inc. (which operates TSX Venture Exchange) as an exchange, subject to certain terms and conditions. TSX Venture Exchange Inc. is exempt from recognition by the securities regulatory authorities in Ontario, Manitoba and Quebec.

The ASC and BCSC recognition orders for TSX Venture Exchange Inc. recognize it as an exchange and impose similar terms and conditions to those in the OSC recognition order for TSX Inc. regarding: governance structure, including the independence requirement (TSX Venture Exchange Inc.'s independent directors are the same as TSX Inc.'s independent directors), fitness of directors and officers, fees and equality of access to the trading facilities, trading system capacity and integrity, material related party agreements or transactions, and material outsourcing. In addition, at least 25% of the directors of TSX Venture Exchange Inc. must have expertise in or be associated with the Canadian public venture capital market. The current members of the Board of Directors of TSX Venture Exchange Inc. for this purpose are Messrs. Fox, Hagg, Jaako, Cedraschi, Martel, Mulvihill and Kloet and Mss. Chicoyne, O'Neill and Sinclair, who together comprise approximately 83% of the directors. TSX Venture Exchange Inc. cannot, without the prior approval of the ASC and BCSC, implement any significant changes to its governance structure and the practices of its Board of Directors.

The ASC and BCSC recognition orders also state that TSX Venture Exchange Inc. will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or

dispose of all or substantially all of its assets, without: (i) providing the ASC and the BCSC at least six months' prior written notice of its intention; and (ii) complying with any terms and conditions that they may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets.

In addition, the ASC and BCSC recognition orders state that TSX Venture Exchange Inc. will not cease to be wholly owned or directly controlled by TSX Inc. or TMX Group without TSX Venture Exchange Inc.: (i) providing the ASC and BCSC at least three month's prior notice of its intention; and (ii) complying with any terms the ASC or BCSC may impose in the public interest.

TSX Inc. and TMX Group have provided related undertakings (the "Undertakings Regarding TSX Venture Exchange"), including allocating sufficient financial and other resources to TSX Venture Exchange Inc. to permit it to operate in accordance with its recognition orders. They have also agreed not to cause or permit TSX Venture Exchange Inc. to cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of TSX Venture Exchange Inc.'s assets without: (i) providing the ASC and BCSC with at least six months' prior notice of their intention; and (ii) complying with any terms and conditions that the ASC or BCSC may impose in the public interest.

In addition, TMX Group and TSX Inc. have represented in the Undertakings Regarding TSX Venture Exchange that they will do everything in their control to cause TSX Venture Exchange Inc. to comply with the terms and conditions of its recognition orders. TMX Group has also created and agreed to maintain a public venture market committee of its Board of Directors.

Please refer to "*Description of Share Capital of TMX Group – Restrictions on Ownership of TSX Inc., TSX Venture Exchange Inc. and Montréal Exchange Inc.*" on page 22 for a description of the principal restrictions relating to share ownership of TSX Venture Exchange Inc. contained in the Undertakings Regarding TSX Venture Exchange.

MX and CDCC

The AMF recognizes and regulates MX as an exchange and an SRO for the purpose of carrying on business in Quebec, subject to certain terms and conditions. MX received an exemption from recognition as an exchange and registration as a commodities futures exchange from the OSC.

The AMF recognition order for MX imposes similar terms and conditions to those in the OSC recognition order for TSX Inc. regarding: the independence requirement of MX's governance structure (MX's independent directors are the same as TSX Inc.'s independent directors), fitness of directors and officers, fees and fair access to the trading facilities, trading system capacity and integrity, material related party agreements or transactions, and material outsourcing of its business functions.

The terms and conditions of the AMF recognition order for MX (and CDCC to the extent applicable) also include the following:

- In addition to the independence requirement, MX's governance structure shall provide:
 - ♦ that at least 25% of its directors are residents of Quebec at the time of their election or appointment;

- ♦ fair and meaningful representation of directors with expertise in derivatives on the Board of Directors and the Special Committee – Regulatory Division (the “Special Committee”). The Special Committee is responsible for the regulatory division (the “Regulatory Division”). Members of the Special Committee are appointed by the MX Board of Directors, and a majority of the Special Committee members must be residents of Quebec and must satisfy the same independence requirements as those set out for MX directors.
- The Regulatory Division must have a separate administrative structure and must be completely autonomous in performing its functions and in its decision-making process. The Regulatory Division must be a separate business unit of MX and operate on a cost-recovery/not-for-profit basis. Any changes to the Regulatory Division’s administrative and organizational structure or to the Special Committee that may materially affect regulatory duties and operations must be approved by the AMF. The AMF imposes periodic financial reporting, activity reporting and other reporting obligations regarding the Regulatory Division’s regulatory functions.
- The head office and executive offices of MX and CDCC must remain in Montreal, Quebec, and the most senior executive officer of each of MX and CDCC must be a resident of Quebec at the time of his or her appointment (and for the duration of his or her term of office) and work in Montreal, Quebec.
- MX will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of its assets, without:
 - (i) providing the AMF at least six months’ prior written notice of its intention; and
 - (ii) complying with any terms and conditions that the AMF may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets.
- MX shall maintain sufficient financial and other resources to ensure: (i) its financial viability and the proper performance of its functions; and (ii) the exercise of the self-regulatory functions of the Regulatory Division and must meet the following financial viability tests:
 - ♦ a working capital ratio of greater than 1.5:1;
 - ♦ a cash flow to total debt outstanding ratio greater than 20%; and
 - ♦ a financial leverage ratio of less than 4:1 (total assets/capital).

The above-mentioned ratios are calculated based on MX’s consolidated financial statements and do not include certain items relating to CDCC’s clearing operations.

Should MX fail to meet any of the above-mentioned financial ratios for a period of more than three months, it shall promptly inform the AMF in writing of the reasons for the continued ratio deficiencies and the steps being taken to rectify the problem and re-establish its financial equilibrium. In these circumstances, MX will not, without the prior approval of the AMF, pay dividends (among other things) until the ratio deficiencies have been eliminated for at least six months.

As a condition to obtaining the necessary approval for the combination with MX, on April 9, 2008, we provided the AMF with a written undertaking in support of the AMF recognition order for MX (the “TMX Group Undertaking”) which provides for certain restrictions and undertakings. Please refer to “*Description of Share Capital of TMX Group – Restrictions on Ownership of Our Voting Shares*” and “*Restrictions on Ownership of TSX Inc., TSX Venture Exchange Inc. and Montréal Exchange Inc.*” on pages 21 and 22 of this AIF for a description of the principal restrictions relating to share ownership of TMX Group and MX contained in the TMX Group Undertaking.

In addition to restrictions relating to share ownership, we agreed in the TMX Group Undertaking that 25% of TMX Group directors will be residents of Quebec. We also agreed in the TMX Group Undertaking that TMX Group shall cause the existing derivatives trading and related products operations of MX (as these operations existed on May 1, 2008) to remain in Montreal.

MX is also subject to certain foreign regulatory requirements imposed by the regulators which have granted MX specific authorizations. In 2002, the CFTC granted no-action relief to MX, as an FBOT, permitting U.S. broker-dealers to have remote access to most of MX’s futures products. According to the no-action relief, MX is required to report to the CFTC on a regular basis and disclose any material changes affecting its application. In the U.K., the Financial Services Authority (“FSA”) granted comfort to MX to allow remote access to its futures and options products to U.K. “authorized persons”. MX is required to notify the FSA of material changes to its business that could affect its status in the U.K. In France, the *Autorité des marchés financiers* recognized MX as an exchange, thereby enabling it to give remote access to its futures and options markets to French broker-dealers. MX is required to notify France’s *Autorité des marchés financiers* of any material changes affecting its recognition.

The CFTC has recently implemented rules (the “FBOT Rules”) which consist of a registration requirement for FBOTs. The FBOT Rules replace the current no-action relief framework for FBOTs wishing to provide direct access from the U.S. to the FBOT’s electronic trading platform. MX is required to submit an FBOT application to the CFTC under the FBOT Rules by August of this year in order to maintain its FBOT status.

The AMF recognizes and regulates CDCC as an SRO in Quebec (since 1987, when CDCC was known as Trans Canada Options Inc. and recognized by the Commission des valeurs mobilières du Québec, predecessor to the AMF). In May 2011, CDCC submitted to the AMF an application for recognition as a clearing house under the *Derivatives Act* (Quebec). CDCC must provide the AMF and the OSC with specified information on a regular basis, such as the rules that it files for review and approval with the AMF and financial information. CDCC is also subject to regulatory requirements of the SEC and various U.S. state regulators.

The *Securities Act* (Ontario) prohibits clearing agencies from carrying on business in Ontario unless they are either recognized by the OSC as a clearing agency or exempted from this requirement. CDCC’s operations are undergoing major changes and are likely to evolve significantly in the near future. Specifically, CDCC began clearing fixed income repo agreements on February 21, 2012 and is expected to begin the clearing of cash buy and sell transactions during the first quarter of 2013 (collectively, the “Fixed Income Clearing Service”). CDCC has also responded to an industry-issued request for information by indicating its intention to operate as a central counterparty for the Canadian market for OTC interest rate swaps and other derivatives. In addition, the Bank of Canada has conducted a comprehensive assessment of CDCC’s operations, systems, rules and risk management for the purposes of designating and overseeing of CDCC pursuant to the *Payment Clearing and Settlement Act* (Canada).

As a result of these changes and developments, the OSC has provided CDCC with a temporary exemption from the requirement to be recognized as a clearing agency. The temporary exemption order will terminate on the earlier of (i) the date that the OSC renders a subsequent order recognizing CDCC as a clearing agency or exempting it from such requirement and (ii) March 1, 2013. The temporary exemption order should provide CDCC with the time needed to establish its new clearing functions (particularly in relation to fixed income securities) and should provide the OSC with the time needed to assess the impact of CDCC's new functions and to consider an appropriate regulatory framework for CDCC.

The terms and conditions of the OSC temporary exemption order for CDCC, in addition to the requirements to provide the rules that it files for review and self-certification with the AMF and financial information, include requirements for CDCC to provide specified information related to the Fixed Income Clearing Service on a regular basis to the OSC, including prompt notification of any material failures or changes to its systems and statistical information in respect of transactions cleared and settled through the Fixed Income Clearing Service.

NGX

The ASC recognizes and regulates NGX as an exchange for the trading of natural gas, electricity and crude oil contracts. The ASC also recognizes NGX as a clearing agency for clearing and settlement of natural gas, electricity and crude oil contracts, certain of which constitute exchange contracts, futures contracts or options. The terms and conditions of the ASC recognition orders require NGX to comply with certain exchange and clearing principles, reporting requirements, notification and other obligations.

NGX currently operates as an ECM pursuant to the CEA and is registered as a DCO with the CFTC. NGX provided notice to the CFTC on November 5, 2002 of its operation as an ECM. As an ECM, NGX must comply with certain legislative requirements for transactions in exempt commodities that are traded on a principal-to-principal basis by eligible commercial entities. The terms and conditions of the U.S. DCO order include the requirement for NGX to operate its clearing system in accordance with certain clearing principles as well as reporting and other obligations.

The Dodd-Frank Act amended the CEA to establish a comprehensive new regulatory framework for swaps and security-based swaps. Among other changes to the CEA, the Dodd-Frank Act eliminated ECMs from the CEA and authorized the CFTC to grant grandfather relief for entities in the ECM category in order to assist those entities to transition to a different market category. NGX will continue operating as an ECM under the ECM grandfather relief provided for in the Dodd-Frank Act until July 15, 2012. NGX intends to replace the ECM status with an alternative status under the Dodd-Frank Act. The Dodd-Frank Act also has the effect of expanding regulation for DCOs.

BOX

BOX is regulated by the SEC. BOX's options trades are cleared through The Options Clearing Corporation. BOX is also currently a party to a regulatory services agreement (the "RSA Agreement") with NASDAQ OMX Group, Inc., NASDAQ OMX BX, Inc. ("BX"), formerly Boston Stock Exchange, Inc., and Boston Options Exchange Regulation LLC ("BOXR"), a wholly-owned subsidiary of BX, under which BX acts as the SRO for BOX. Under this agreement, BX has delegated to BOXR certain of its day-to-day responsibilities for the surveillance operations of the BOX marketplace and also administers the regulatory aspects of

BOX's relationship with BOX Participants and has also delegated other market regulation services under a regulation services agreement to the Financial Industry Regulatory Authority, Inc., an SRO.

BOX Options Exchange LLC (the "Applicant"), a limited liability company organized under the laws of Delaware, has filed an application with the SEC, which was published on January 26, 2012, for registration as a national securities exchange, or SRO, under the *Securities Exchange Act of 1934* (the "BOX Application"). TMX Group will indirectly own a non-controlling 40% of the equity interests, and 20% of the voting interests, of the Applicant. The BOX Application has completed its 45-day public comment period after publication. After approval of the BOX Application, BOX will be reorganized so that its current BOX options trading platform will become housed in BOX Market LLC, which in turn will be a wholly-owned subsidiary of BOX Holdings Group LLC. TMX Group will indirectly own 53.8% of BOX Holdings Group LLC, which is its current indirect ownership interest in BOX. BOX Market LLC will operate the BOX options trading platform as a facility of the Applicant, just as BOX now operates the BOX options trading platform as a facility of BX.

The RSA Agreement will terminate on the earlier of May 31, 2012, or automatically on the 90th calendar day following the date the Applicant is approved as an SRO by the SEC or has obtained another regulatory service provider.

Regulation of Brokerage Firms — Operations and Business Conduct Generally

All brokerage firms trading through Toronto Stock Exchange, TSX Venture Exchange, or MX must be members of a recognized SRO which regulates its members. These organizations regulate the broker-client relationships, business conduct and capital adequacy of their members. This regulation seeks to maintain the credibility of marketplaces, protect investors' interests and instill investor confidence by addressing general issues of trading ethics and investor protection in the markets. All brokerage firms that trade through TMX Select must be IIROC members. Participating organizations and member firms (collectively, "POs") trading on Toronto Stock Exchange, TSX Venture Exchange, subscribers trading on TMX Select and Canadian-approved participants trading on MX are regulated by IIROC. Foreign-approved participants trading through MX must be regulated by a recognized SRO or regulator in their jurisdiction. The exchanges, however, also have criteria for access to their markets.

Regulation of Market Participants — Market Trading Conduct

In Canada, an exchange can regulate its markets and its participants and enforce its requirements either directly, or through a regulation services provider. The conduct of an ATS and its subscribers must also be monitored by a regulation services provider. IIROC is the SRO that provides regulation services to Toronto Stock Exchange, TSX Venture Exchange and TMX Select monitoring and enforcing compliance with UMIR.

The regulatory functions of MX are conducted by the Regulatory Division of MX. As a recognized exchange and SRO, MX, through its Regulatory Division, is responsible for regulating its markets and its participants on a day-to-day basis. The Regulatory Division achieves this by adopting and enforcing rules and policies governing MX's markets and the conduct of approved participants.

MX's Regulatory Division is independent from its other operations and is under the sole internal oversight of MX's Special Committee – Regulatory Division, which is fully independent from

MX and its management. The objective of creating the Regulatory Division was to ensure neutrality and impartiality when the Regulatory Division applies the rules that govern MX's markets and the relationships between MX and its market participants. More information on the Special Committee and the Regulatory Division can be found in the "*Our Business – Derivatives Trading and Clearing - MX and BOX– Derivatives – Regulatory Division*" section on page 25 of our 2011 MD&A.

Issuers of Securities

In Canada, there is one securities regulatory body in each province or territory. These provincial and territorial securities regulatory authorities regulate the offering of securities by issuers and their reporting and continuous disclosure requirements and, in certain cases, the conduct of various market participants including exchanges and intermediaries.

The ASC and BCSC have required TSX Venture Exchange to review and approve certain prospectuses filed by issuers listed on TSX Venture Exchange.

Each of our equity exchanges establishes standards for listed issuers, and enforces compliance with those standards through the exchange's powers to halt trading in a security or to suspend or delist the listing of a security.

Listing of our Shares on Toronto Stock Exchange

Toronto Stock Exchange and staff of the OSC approved the listing and posting for trading of our common shares on Toronto Stock Exchange under the symbol "X" on November 12, 2002. The OSC established procedures which require Toronto Stock Exchange to promptly report to the OSC any conflicts or potential conflicts of interest that arise or may arise with respect to our continued listing or the initial listing or continued listing of a competitor of TMX Group or its affiliates. Under these procedures, we established a conflicts committee, with at least two members who are independent of TSX Inc., and all conflict determinations and resolutions must be approved by staff of the OSC.

In addition, under Ontario securities legislation, the OSC has overriding powers to make decisions about Toronto Stock Exchange if it appears to be in the public interest. Toronto Stock Exchange's reporting requirements and the OSC's monitoring function for the listing of our common shares are set out in TSX Inc.'s recognition order.

Social Policies

Our charitable contributions support our customers, employees and communities through a targeted program which ties into our brand and enhances our reputation as a corporate citizen. In this we foster initiatives which address family and community issues, health and research, the arts, educational endeavours improving literacy, and post-secondary investor education programs which are closely aligned with the capital markets industry. We also have a corporate matching program which supports organizations important to individual employees by matching a portion of their personal gifts.

Our major contributions in 2011 included support for the United Way, Frontier College, Philip Aziz Centre and the National Ballet of Canada, in addition to a number of not-for-profit organizations in communities across Canada.

Shorcan, through its annual charity day, supported All-A-Board Youth Ventures, Toronto Youth Development, Canadian Spinal Research Organization, Heart and Stroke Foundation, Pelletier Youth in Transition as well as a number of other not-for-profit entities.

We made a major donation in support of investor education programs in 2011 to the Capital Markets Institute.

Under the terms of the Montréal Exchange recognition order, fines and other sums collected by the Regulatory Division can only be used for specifically approved purposes such as charitable donations, investor protection or education initiatives. In 2011, the Montréal Exchange, through the Regulatory Division, made contributions to the Management School of Université du Québec à Montréal for its mock trading room and to the Law Faculty of Université de Montréal for its specialized program in derivatives legislation. For 2012, funds have already been committed for an options simulation program targeting undergraduate students and a bursaries program for graduate and postgraduate students.

Risk Factors

A discussion of risk factors related to TMX Group and its businesses appears under the heading “*Risks and Uncertainties*” on pages 74 to 88 of our 2011 MD&A.

DESCRIPTION OF SHARE CAPITAL OF TMX GROUP

On November 12, 2002, immediately before we closed our initial public offering, TSX Inc. and its affiliates completed a corporate reorganization under a court approved plan of arrangement. As part of the reorganization, we acquired all of the outstanding shares of TSX Inc. and became the holding company for the TMX group of companies and operating divisions. We also issued shares to the former shareholders of TSX Inc. in exchange for their shares of TSX Inc.

Our authorized capital consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. Currently, only common shares of TMX Group are issued and outstanding. No preference shares have been issued.

Common Shares

Each of our common shares is entitled to one vote at all meetings of our shareholders, except for meetings where only holders of another class or series of our shares are entitled to vote separately as a class or series. Each common share is also entitled to receive dividends if, as and when declared by the Board of Directors. If the Board of Directors declares and pays dividends, it must do so in equal amounts per share on all common shares (and subject to certain priority rights of the preference shares, if any). Common shareholders are entitled to participate in any distribution of our net assets if we liquidate, dissolve or wind-up (but subject to certain priority rights of preference shareholders, if any). The common shares do not have any pre-emptive, redemption, purchase or conversion rights except for the compulsory provisions described below related to enforcing the restrictions on ownership of our voting shares.

Preference Shares

The Board of Directors may issue preference shares at any time and in one or more series. If the Board of Directors issues preference shares, it will, before they are issued, fix the number,

consideration per share, designation of, and rights and restrictions for the preference shares of each series (subject to the special rights and restrictions attached to all preference shares). Each series of preference shares will rank equally with all other series of preference shares for the payment of dividends and return of capital if we liquidate, dissolve or wind-up. The preference shares have a priority right to receive dividends and any return of capital before the common shares and any other junior shares. We cannot amend the preference shares' special rights and restrictions as a class without obtaining any approval required by law, and the approval of at least two-thirds of the votes cast at a meeting of preference shareholders called and held for that purpose. To date, we have not issued any preference shares.

Restrictions on Ownership of Our Voting Shares

Section 21.11 of the *Securities Act* (Ontario), as amended by regulation and an order of the OSC under section 21.11(4) of the *Securities Act* (Ontario) states that no person or company (or combination of persons or companies acting jointly or in concert) may beneficially own or exercise control or direction over more than 10% of any class or series of our voting shares without the prior approval of the OSC (together with the share ownership restrictions outlined below are collectively referred to as the "Share Ownership Restrictions").

As a condition to obtaining the necessary approval for the combination with MX, on April 9, 2008, we provided the AMF with the TMX Group Undertaking in which we agreed that we are subject to the restriction that no person or combination of persons acting jointly or in concert may beneficially own or exercise control or direction over more than 10% of any class or series of our voting shares, without the prior approval of the AMF, except for TMX Group or an affiliate of TMX Group. The TMX Group Undertaking took effect on May 1, 2008, the effective date of the combination.

The OSC and the AMF can change the Share Ownership Restrictions (including the ownership percentage threshold) in the future.

Share Ownership Restrictions in Our Articles

Our articles contain restrictions on voting share ownership (the "TMX Group Share Restrictions") which are substantively identical to the Share Ownership Restrictions. Our common shares are currently our only outstanding voting shares. The articles provide that these restrictions will automatically change or be removed if the Share Ownership Restrictions are changed or removed.

Our articles contain provisions to enforce the TMX Group Share Restrictions, including our ability to suspend voting rights, forfeit dividends or any other distribution, prohibit share transfers, require a sale of shares or redeem and suspend other shareholder rights. The Board of Directors may at any time require holders of, or subscribers for, voting shares and certain other persons to make declarations and provide related information with respect to ownership, direction, or control of voting shares and certain other matters relevant to this restriction. The Board of Directors may also require holders or subscribers to produce documents, provide responses to written questions, and attend in person to answer questions concerning any declaration. We are prohibited from accepting any subscription or issuing or registering a transfer of voting shares if it would result in a violation of the TMX Group Share Restrictions.

Strategic Investor Policy

We have established a policy that sets out criteria that we will follow to determine whether we will support a potential investor's application for approval from the OSC and the AMF to own more than 10% of our voting shares. Under this policy, we will take into consideration all factors that we consider relevant including: the potential investor's ability to promote our growth and development; any synergies we identify as likely to result from the investment; any intention to maintain a balance of competing interests of our shareholders; involvement of the potential investor in our business; the potential investor's knowledge or expertise in capital markets or in areas otherwise relevant to our operations; and our interest in ensuring the continued integrity of the Canadian capital markets. The OSC and the AMF will have the ultimate discretion to approve such an application regardless of whether or not we support it.

Restrictions On Ownership of TSX Inc., TSX Venture Exchange Inc. and Montréal Exchange Inc.

TSX Inc.

Section 21.11 of the *Securities Act* (Ontario), as amended by regulation, states that no person or company (or combination of persons or companies acting jointly or in concert) may beneficially own or exercise control or direction over more than 10% of any class or series of TSX Inc.'s voting shares without the prior approval of the OSC. Therefore, the corporate reorganization effected before we closed our initial public offering on November 12, 2002 which resulted in TSX Group Inc. (as it was then called) acquiring all the outstanding shares of TSX Inc. required the prior approval of the OSC. The OSC granted an order under section 21.11(4) of the *Securities Act* (Ontario) approving our acquisition of all the outstanding voting shares of TSX Inc. on the condition that we continue to own, directly or indirectly, all of the issued and outstanding voting shares of TSX Inc. Any change to the ownership of TSX Inc. not contemplated in this order requires the prior approval of the OSC.

TSX Venture Exchange Inc.

As outlined above under the section "*Recognition and Regulation of Exchanges, ATSS, Clearing Agencies and Information Processor*", the ASC and BCSC recognition orders for TSX Venture Exchange Inc. impose conditions related to changes in ownership. TSX Inc. and TMX Group also agreed in the Undertakings Regarding TSX Venture Exchange not to complete or authorize a transaction that would result in TSX Venture Exchange Inc. ceasing to be wholly owned or directly controlled by TSX Inc. without: (i) providing the ASC and BCSC at least three months' prior notice of their intention; and (ii) complying with any terms and conditions that the ASC or BCSC may impose in the public interest.

Montréal Exchange Inc.

As outlined above under the section "*Recognition and Regulation of Exchanges, ATSS, Clearing Agencies and Information Processor*", the AMF recognition order for MX states that no person or company and no combination of persons or companies acting jointly or in concert shall own or exercise control or direction over more than 10% of any class or series of voting shares of MX without the prior approval of the AMF, except for TMX Group or an affiliate of TMX Group.

TMX Group has also agreed, in the TMX Group Undertaking, that we will not complete or authorize a transaction that would result in any person or company, or any combination of

persons or companies acting jointly or in concert, owning or exercising control or direction over more than 10% of any class or series of voting shares of MX, without obtaining the prior authorization of the AMF, except for TMX Group or an affiliate of TMX Group. Furthermore, TMX Group undertook to continue to exercise control or direction over more than 50% of all classes or series of voting shares of MX. We also undertook not to complete or authorize a transaction that would result in more than 50% of any class or series of voting shares of MX ceasing to be controlled by TMX Group, directly or indirectly, without obtaining the prior authorization of the AMF.

Ratings

A discussion of CDCC's rating can be found under the heading "*Our Business – Derivatives Trading and Clearing – MX and BOX - Derivatives Clearing*" on page 25 of our 2011 MD&A.

DIVIDENDS

We paid a dividend of \$0.40 on each outstanding common share on March 9, 2012 to shareholders of record at the close of business on February 24, 2012.

In 2011, we paid dividends totalling \$1.60, in 2010 we paid dividends totalling \$1.54 and in 2009, we paid dividends totalling \$1.52 on each outstanding common share.

As a holding company, our ability to pay dividends on our shares depends in large part upon our subsidiaries paying dividends and other amounts to us. Our subsidiaries must comply with corporate and securities laws and with their agreements before they can pay dividends to us. We are not aware of any restriction that could prevent us from paying dividends, except as imposed by the OSC on TSX Inc. and the AMF on MX if certain financial viability ratios are not met, as imposed by the debt covenants in our credit facility and under the Support Agreement. These regulatory restrictions are outlined above under the heading "*Recognition and Regulation of Exchanges, ATSS, Clearing Agencies and Information Processor*" and our debt covenants are outlined under the heading "*Credit Facilities and Guarantee*" on page 46 of our 2011 MD&A. Under the terms of the Support Agreement, we are restricted from declaring or making any distribution or dividend payment other than the regular quarterly dividend of \$0.40 per common share.

The Board of Directors has adopted a dividend policy that is based on the following factors:

- a long-term intention to provide shareholders with regular and growing dividends, within the constraints arising from changes in our prevailing and projected earnings;
- prevailing market dividend yields, including those of comparable publicly traded stock exchanges and other Canadian financial institutions;
- the need to retain capital to support our stability and growth; and
- compliance with applicable law, regulation and orders.

This dividend policy is reviewed periodically by the Board of Directors. The Board of Directors has the sole discretion to declare and to adjust or eliminate dividends based on the above factors or other considerations.

MARKET FOR SECURITIES

Our common shares are listed on Toronto Stock Exchange under the symbol “X.” The following table sets out the high and low sale prices per common share and the volume of common shares traded for the periods indicated, as reported by Toronto Stock Exchange.

2011	High (\$)	Low (\$)	Volume
January	38.65	36.91	7,094,689
February	45.18	38.15	19,212,275
March	41.15	37.27	4,857,985
April	40.56	38.45	3,875,130
May	45.26	39.20	8,538,444
June	45.69	42.65	13,422,023
July	44.90	42.50	6,821,241
August	44.04	39.01	4,678,054
September	41.73	38.11	3,533,579
October	43.90	39.75	2,684,131
November	45.28	43.01	3,713,246
December	44.10	41.00	2,866,697

DIRECTORS AND OFFICERS

Directors

Directors are elected annually and will hold office until our next annual meeting of shareholders or until the director resigns, becomes ineligible, unable to serve or until his or her successor is elected or appointed. The table below sets out, for each director, his or her place of residence, date first elected as a director, other principal directorships and principal occupations for the previous five years.

Wayne C. Fox Chair of TMX Group Oakville, Ontario Canada Director since April 29, 1997	Mr. Fox is the Chair of TMX Group and a Corporate Director. Until September 2005, he was Vice-Chair and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce (chartered bank). In the previous five years, Mr. Fox held several increasingly senior positions in CIBC and in several CIBC affiliates. In addition, he was a member of the Steering Committee on Regulatory Capital, Institute of International Finance Inc. and on the Board of Governors of McMaster University and Junior Achievement of Central Ontario. In 2006, Mr. Fox became an accredited director through the Directors College program at McMaster University. Mr. Fox is Governor Emeritus of Appleby College and is a member of the Accounting Standards Oversight Council.
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Tullio Cedraschi Montréal, Québec Canada	<p>Mr. Cedraschi is a Corporate Director. He was President and Chief Executive Officer of CN Investment Division (investment operations) until his retirement on January 31, 2008, a position he held for more than five years.</p> <p>Mr. Cedraschi serves on the board of Freehold Royalties Ltd. He is also a Governor Emeritus of McGill University, a Governor of the National Theatre School, a trustee of Olin College and an advisory board member to Walter Surface Technologies and the Pamoja Foundation.</p>
<p>Director since September 25, 2001</p>	
Raymond Chan Calgary, Alberta Canada	<p>Mr. Chan is the Executive Chairman of Baytex Energy Corp. (“Baytex”) (public oil and gas company), a position he has held since January 1, 2009. Mr. Chan was the Chief Executive Officer of Baytex from September 2003 until December 31, 2008. Prior thereto, Mr. Chan was Senior Vice-President and Chief Financial Officer and a Director of Baytex from October 1998. Mr. Chan is a chartered accountant and has held senior executive positions in the Canadian oil and gas industry since 1982. Mr. Chan also serves on the boards of WestFire Energy Ltd., TORC Oil & Gas Ltd. and the Alberta Children’s Hospital Foundation.</p>
<p>Director since July 26, 2006</p>	
Denyse Chicoyne Montréal, Québec Canada	<p>Ms. Chicoyne is a Corporate Director. She serves on the boards of directors of Richelieu Hardware Ltd., and Deans Knight Income Corporation. Ms. Chicoyne has worked in the securities industry as a top ranked analyst for brokerage firms such as BMO Nesbitt Burns, Nesbitt Thomson, McNeil Mantha and was also a senior analyst and portfolio manager for the Caisse de dépôt et placement du Québec. Ms. Chicoyne is also a member of the CFA Institute.</p>
<p>Director since May 1, 2008</p>	
John A. Hagg Calgary, Alberta Canada	<p>Mr. Hagg is a Corporate Director and an independent businessman. Mr. Hagg is Chairman of the board of directors of Strad Energy Services Ltd. and Chairman of the board of directors of Clark Builders. He also serves on the boards of directors of The Williams Companies Inc., PetroShale Inc. and The Fraser Institute. Prior to December, 2001, he was Chairman of Northstar Energy Corporation.</p>
<p>Director since May 29, 2001</p>	

Harry A. Jaako Vancouver, British Columbia Canada	<p>Mr. Jaako is the Executive Officer and a Director and Principal of Discovery Capital Management Corp. (“DCMC”) and is also President and a Director of British Columbia Discovery Fund (VCC) Inc., a British Columbia venture capital fund managed by DCMC. He has held these director and officer positions for more than five years, during which time and prior thereto he was also the Chairman, Co-Chief Executive Officer and a Principal of Discovery Capital Corporation (a publicly-traded venture capital company), the former parent company of DCMC. Incidental to the venture capital business of DCMC and its former parent company, Mr. Jaako also serves as Chairman and Director of Paradigm Environmental Technologies Inc., and as a Director of Avigilon Corporation, Navarik Corp., Texada Software Inc., and Vigil Health Solutions Inc. Mr. Jaako is also the Honorary Consul for Estonia in British Columbia.</p>
Thomas A. Kloet Toronto, Ontario Canada	<p>Mr. Kloet is the Chief Executive Officer of TMX Group, a position he assumed on July 14, 2008. Prior to joining TMX Group Mr. Kloet was, from 2003, the Senior Executive Vice President and Chief Operating Officer of the American Zone for Fimat and its successor, Newedge Group. From 2000 to 2002, Mr. Kloet served as the first Chief Executive Officer and Executive Director of the Singapore Exchange Limited. Mr. Kloet has held various management positions in the securities industry throughout his career. Mr. Kloet also serves on the boards of the World Federation of Exchanges, Bermuda Stock Exchange, Investment Industry Regulatory Organization of Canada, Elmhurst College and the Elmhurst Memorial Hospital.</p>
J. Spencer Lanthier Toronto, Ontario Canada	<p>Mr. Lanthier is a Corporate Director who also serves on the boards of directors of Ellis-Don Inc. (Chair) and Wellspring Cancer Support (“Wellspring”). Mr. Lanthier is a past Chairman of the board of directors of Wellspring. Mr. Lanthier previously served as Lead Director of the Bank of Canada and Biovail Inc. Mr. Lanthier was appointed as a Member of the Order of Canada in 1999. He received an Honorary Doctor of Laws Degree from the University of Toronto in 2002. When he retired in 1999, Mr. Lanthier was a partner of KPMG Canada and from 1993 until 1999, he was Chairman and Chief Executive of KPMG Canada and a member of the KPMG International Executive Committee.</p>

Jean Martel Montréal, Québec Canada Director since October 26, 1999	Mr. Martel is a partner of Lavery, de Billy LLP, a Québec based law firm where he has been practicing securities, financial and regulatory law in Montreal since 1999. From 1995 to 1999, he was Chairman and President of the Commission des valeurs mobilières du Québec (“CVMQ”), the Québec securities regulator, and from 1988 to 1994, he acted as Assistant Deputy Minister of Finance of Québec, with overall responsibilities for financial institutions and financial sector policy in that province. During his tenure at the CVMQ, he was also Vice Chair of the Executive Committee of the International Organization of Securities Regulators. He serves on the board of directors of the Business Development Bank of Canada. He also chairs the Independent Review Committee of the Investment Funds of the Québec Bar and is a special advisor to board of Association Internationale du Logiciel Libre.
John P. Mulvihill Toronto, Ontario Canada Director since June 12, 1996	Mr. Mulvihill is Chairman and CEO, Mulvihill Capital Management Inc. (investment counsel), a position he has held for more than five years. Mr. Mulvihill is the Chairman of the board of University Health Network and is a Director of 12 exchange-traded funds listed on Toronto Stock Exchange (Canadian Utilities & Telecom Income Fund, Core Canadian Dividend, Gold Participation & Income Fund, Government Strip Bond Trust, Premium Canadian Income Fund, Premium Canadian Bank, Premium Split Share, Pro-AMS U.S., S Split Corp., Top 10 Canadian Financial Trust, Top 10 Split Trust and World Financial Split). Mr. Mulvihill is also a member of the CFA Institute.
Kathleen M. O’Neill Toronto, Ontario Canada Director since April 26, 2005	Ms. O’Neill is a Corporate Director. Prior to January 2005, she was an Executive Vice President, BMO Bank of Montreal. Prior to joining BMO Bank of Montreal in 1994, Ms. O’Neill was with PricewaterhouseCoopers for 19 years including eight years as a tax partner. Ms. O’Neill is a fellow of the Institute of Chartered Accountants of Ontario. In 2005, Ms. O’Neill became an accredited director through the Institute of Corporate Directors/Rotman School of Management Directors Education Program. She is a member of the board of directors of Finning International Inc., ARC Resources Limited, Invesco Canada Fund Inc., Invesco Corporate Class Inc., Canadian Tire Bank and The Cadillac Fairview Corporation Limited. Ms. O’Neill is also a member of the advisory board, the audit committee and the independent review committee for Invesco Canada Funds. She is past Chair of the board of St. Joseph’s Health Centre Foundation, past Chair of the board of St. Joseph’s Health Centre in Toronto, a member of the board of the University of St. Michael’s College in the University of Toronto and the Canadian Tire Jumpstart Foundation.

Gerri B. Sinclair
Vancouver, British Columbia
Canada

Director since April 26, 2005

Ms. Sinclair is a Corporate Director. She was the Executive Director, Centre for Digital Media at Great Northern Way Campus (academic institution) from November 2006 to August 2010. Ms. Sinclair is also a Strategic Consultant (consulting services) to government and industry, specializing in the areas of telecommunication and emerging technologies. From 2002 to 2004 she was the General Manager of MSN.ca. From 2001 to 2002, Ms. Sinclair was President of B.C. Premier's Technology Council. She was also the founder and CEO of NCompass Labs, an internet technology start-up company acquired by Microsoft in 2001. Ms Sinclair currently serves on the boards of The Social Sciences and Humanities Research Council of Canada, the Vancouver Airport Authority and the DigiBC - The Digital Media and Wireless Association of BC.

Board Charter

The Board charter recognizes the primary responsibility of the Board of Directors to provide governance and stewardship and sets out the Board of Directors' responsibilities for:

- appointing and supervising officers comprising the executive officers (including setting roles and responsibilities for the Chair of the Board of Directors and the Chief Executive Officer);
- strategic planning;
- risk management;
- financial reporting and management;
- shareholder communication;
- corporate governance; and
- adopting and monitoring compliance with a Board Code of Conduct and an Employee Code of Conduct.

The complete text of the Board charter and other related information is available on our website at www.tmx.com.

Committees of the Board of Directors

The Board of Directors currently has four standing committees: a governance committee, a finance and audit committee, a public venture market committee and a human resources committee. Each of the committees has a charter which contains detailed information about the committee. Each of the standing committees' charters is posted on our website at www.tmx.com. A summary of each committee's responsibilities and the members of each such committee are set out below.

Governance Committee

The governance committee is responsible for providing the Board of Directors with recommendations relating to corporate governance in general, including, without limitation, all matters relating to the stewardship role of the Board of Directors in respect of the management, the size, composition, including the candidate selection process and the orientation of new members, and compensation of the Board of Directors and such procedures as may be necessary to allow the Board of Directors to function independently of management and non-independent directors.

The governance committee also reviews, approves and reports to the Board of Directors on codes and policies associated with an efficient system of corporate governance and oversee compliance therewith. Such policies include our Board of Directors Code of Conduct, our Employee Trading Policy, our Director Qualification Policy, our Internal Process for Handling Shareholder Communications to Directors, and our Timely Disclosure, Confidentiality and Insider Trading Policy (“Insider Trading Policy”).

The Insider Trading Policy applies to all Directors and employees. Under that Insider Trading Policy, we have established a Disclosure Committee that is responsible for updating the policy regularly, monitoring the effectiveness of and compliance with the Insider Trading Policy, educating our Directors, officers and employees about the policy, reviewing and authorizing written, electronic and oral disclosure by us, and monitoring our website.

Committee Members

John P. Mulvihill (Chair), Tullio Cedraschi, Wayne C. Fox, J. Spencer Lanthier and Kathleen M. O’Neill.

Finance and Audit Committee

The finance and audit committee assists the Board of Directors in fulfilling its responsibilities to oversee and supervise financial, audit and accounting matters. The committee has oversight and supervisory responsibilities for the integrity of our audited and unaudited financial statements, including through discussions with our external auditors, as well as for the adequacy and effectiveness of our internal controls and financial reporting and disclosure. The committee also oversees and reviews our external audit process and our internal audit process and assurance, and is responsible for reviewing and assessing the adequacy of our risk management policies and procedures. The committee is also responsible for reviewing our business plans (including our operating and capital budgets), our investment opportunities and our financing plans and reviews and assesses management’s reports on pension plan oversight.

As required under NI 52-110, the committee:

- is directly responsible for overseeing the work of the external auditor in connection with the audit of the annual financial statements and the review of the interim financial statements and any other audit, review or attest functions the external auditor performs for TMX Group, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- must pre-approve all non-audit services to be provided to TMX Group or its subsidiaries by the external auditor;

- must review TMX Group's financial statements and related management's discussion and analysis, and annual and interim earnings press releases before they are publicly disclosed;
- must be satisfied that adequate procedures are in place and must periodically assess the adequacy of those procedures for the review of TMX Group's public disclosure of financial information extracted or derived from our financial statements, other than the public disclosures referred to above;
- must establish procedures for (i) the receipt, retention and treatment of complaints received by TMX Group regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith; and
- review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

Committee Members

J. Spencer Lanthier (Chair), Raymond Chan, Denyse Chicoyne, Harry A. Jaako, and Kathleen M. O'Neill.

Charter

The full text of the finance and audit committee's charter is included as Appendix A to this AIF.

Composition of the Committee and Relevant Education and Experience of its Members

The following are the members of the finance and audit committee, each of whom is a Director and is independent under Sections 1.4 and 1.5 of NI 52-110. The members of the audit committee are each financially literate under Section 1.6 of NI 52-110 and bring significant skill and experience to their responsibilities including professional experience in accounting, business and finance. The specific education and experience of each member that is relevant to the performance of his or her responsibilities as a member of the committee is set out below:

J. Spencer Lanthier (Chair)	Mr. Lanthier is a chartered accountant and served as a partner of KPMG Canada LLP from 1972 until his retirement in 1999 and from 1993 until 1999 he was Chairman and Chief Executive of KPMG Canada.
Raymond T. Chan	Mr. Chan is a chartered accountant and is the Executive Chairman (since January 1, 2009) of Baytex Energy Corp. From September 2003 to December 2008, Mr. Chan was the Chief Executive Officer of Baytex. Over the past 30 years, he has, among other senior executive positions, served as a Chief Financial Officer or Chief Executive Officer of various public oil and gas companies.

Denyse Chicoyne	Ms. Chicoyne has worked in the securities industry as a top ranked analyst for brokerage firms such as BMO Nesbitt Burns, Nesbitt Thomson, and McNeil Mantha and was also a senior analyst and portfolio manager for the Caisse de dépôt et placement du Québec. Ms. Chicoyne holds an MBA in Finance and International Business from McGill University (1981) and has been a designated Chartered Financial Analyst (CFA) since 1986. Ms. Chicoyne is a member of the Montreal Society of Financial Analysts as well as of the CFA Institute.
Harry A. Jaako	Mr. Jaako is the Executive Officer and a Director and Principal of Discovery Capital Management Corp. (“DCMC”) (a venture capital firm) and is also President and a Director of British Columbia Discovery Fund (VCC) Inc., a British Columbia venture capital fund managed by DCMC. As a venture capital professional, Mr. Jaako has directed investments in over 30 companies during the past 15 years, and has been responsible for monitoring the financial reporting of many of these investments. He has also, over the past 22 years, served as a senior executive and/or director of numerous reporting and non-reporting issuers and been involved with all aspects of their financial reporting in such executive or board capacities. Throughout his career, Mr. Jaako has also served in an advisory capacity to securities regulators and SROs in matters related to corporate finance.
Kathleen M. O’Neill	Ms. O’Neill is a chartered accountant and a fellow of the Institute of Chartered Accountants of Ontario. She has also been accredited through the Institute of Corporate Directors/Rotman School of Management Directors Education Program. Prior to January 2005, she was an Executive Vice President of BMO Bank of Montreal. Prior to joining BMO Bank of Montreal in 1994, Ms. O’Neill was with PricewaterhouseCoopers for 19 years including eight years as a tax partner.

Pre-Approval Policies and Procedures

As set out in the committee’s charter, the committee is responsible for pre-approving any non-audit services to be provided to TMX Group or its subsidiaries by its external auditor, with reference to compatibility of the service with the external auditor’s independence.

External Auditor Service Fees (by category)

The aggregate fees billed by KPMG LLP, TMX Group's auditor, related to the years ended December 31, 2011 and 2010 for professional services are set out below:

Services Rendered	Fees billed by KPMG	
	Fiscal 2011	Fiscal 2010
Audit Fees ⁽¹⁾	\$1,266,200	\$1,193,500
Audit Related Fees ⁽²⁾	\$299,000	\$337,000
Tax Fees ⁽³⁾	\$0	\$7,500
Other Fees ⁽⁴⁾	\$0	\$100,000

- (1) For the audit of our financial statements, including the review of our quarterly financial statements, and for services normally provided by the auditor in connection with statutory and regulatory filings. Fees for 2011 include services related to the LSEG merger and the acquisition of TMX Atrium. Fees for 2010 include services related to the TMX Group International Financial Reporting Standards' opening balance sheet.
- (2) For assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported in (1), including the audit of the pension plan for our employees, French translation services, a CSAE 3416 report on internal control procedures at a service organization and other services provided in connection with information technology controls.
- (3) Fees for tax advisory services provided to Montréal Exchange in 2010.
- (4) Fees for services provided to NGX in 2010 relating to its margining system.

Public Venture Market Committee

The public venture market committee advises and makes recommendations to the Board of Directors on all policy issues and matters that are likely to have a significant impact on the public venture capital market in Canada and our role in relation to those matters.

Committee Members

Harry A. Jaako (Chair), John A. Hagg, Jean Martel and Gerri B. Sinclair.

Human Resources Committee

The human resources committee ensures that we have high calibre executive management in place and a total compensation plan that is aligned with our performance, as well as being competitive, motivating and rewarding for participants. The human resources committee reviews and makes recommendations to the Board of Directors for the appointment of our executive officers, including the Chief Executive Officer, makes recommendations to the Board of Directors for the compensation of the Chief Executive Officer and approves the compensation of our executive officers, and makes recommendations to the Board of Directors regarding the establishment of, and any material changes to, executive compensation programs (including the general compensation philosophy and guidelines, incentive plan design, taking into account compensation risk, and other remuneration and any adjustments to that compensation (salary, incentives, benefits or other perquisites)), including that of the Chief Executive Officer. The committee reviews annually the Chief Executive Officer's performance targets and corporate goals and objectives; reviews and approves the Chief Executive Officer's performance evaluation against these targets, goals and objectives; and reviews and recommends to the Board of Directors the Chief Executive Officer's compensation. The committee approves and reports to the Board of Directors on management succession plans, including Chief Executive Officer

succession plans. On an annual basis, the committee reviews the Employee Code of Conduct and recommends to the Board of Directors for approval any amendments to the Code of Conduct. It is also responsible for overseeing our employee benefits plans, including the design and administrative management of our pension plans.

Committee Members

Tullio Cedraschi (Chair), Raymond Chan, Wayne C. Fox, John A. Hagg, and Gerri B. Sinclair.

Executive Officers

As at the date of this AIF, the following are the executive officers of TMX Group, their titles, their principal occupations during the five preceding years and their municipalities of residence.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
Wayne C. Fox Oakville, Ontario Canada	Chair of the Board of Directors, TMX Group	Mr. Fox is a Corporate Director. Since May 29, 2001, Mr. Fox has been the Chair of the Board of Directors of TMX Group or its predecessor. From September 2001 to September 1, 2005, he was the Vice-Chairman and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce ("CIBC"). Prior to September 2001, he held several increasingly senior positions in CIBC and in several CIBC affiliates.
Thomas A. Kloet Toronto, Ontario Canada	Chief Executive Officer, TMX Group	Mr. Kloet became Chief Executive Officer on July 14, 2008. Prior to joining TMX Group, he was, from 2003, Senior Executive Vice-President and Chief Operating Officer of the American Zone for Fimat and its successor company, Newedge Group. Previously, from 2000 to 2002, Mr. Kloet served as the first Chief Executive Officer and Executive Director of the Singapore Exchange Limited.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
Kevan Cowan Toronto, Ontario Canada	President, TSX Markets and Group Head of Equities, TMX Group	Mr. Cowan became President, TSX Markets and Group Head of Equities on April 28, 2010. Prior to that he was Senior Vice President, Group Head of Equities of TMX Group from April 29, 2009 to April 28, 2010. He became President, TSX Markets, TSX Inc. on September 8, 2008. Prior to that date, Mr. Cowan was Senior Vice President, Listings, TSX Inc. from April 30, 2007 to September 8, 2008 and was President, TSX Venture Exchange Inc. from April 30, 2007 to July 30, 2009. He was Vice President, Listings, TMX Group from April 2004 to April 2007. Mr. Cowan was appointed Senior Vice President, TSX Venture Exchange in August 2001.
Brenda Hoffman Toronto, Ontario Canada	Senior Vice President, Group Head of Information Technology, TMX Group	Ms. Hoffman became Senior Vice President, Group Head of Information Technology, TMX Group on April 29, 2009. Prior to that Ms. Hoffman was the Chief Information Officer and Senior Vice President, TMX Group since April 30, 2007. Ms. Hoffman was Vice President Information & Trading Technologies, Development, TSX Technologies from January 2001 to April 2007. Prior to joining TMX Group, she was Director of the Worldwide Competency Centre for Exchanges, e-Markets and e-Brokerage Solutions at ISM, a division of IBM Global Services.
Mary Lou Hukezalie Toronto, Ontario Canada	Vice President, Group Head of Human Resources, TMX Group	On January 11, 2010, Ms Hukezalie became Vice President, Group Head of Human Resources, TMX Group. Prior to joining TMX Group, Ms. Hukezalie held the position of Vice President, Talent Strategies and Executive Resources at CIBC from August 2005 to December 2009. Before that time, she was an executive at the Bank of Montreal in Human Resources from 1998 until 2004.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
Peter Krenkel Calgary, Alberta Canada	President and Chief Executive Officer, Natural Gas Exchange Inc., and President, NGX, Group Head of Energy, TMX Group	Mr. Krenkel became President and Chief Executive Officer, NGX, Group Head of Energy on April 28, 2010 and President of NGX upon its inception in 1994, a position he continues to hold, including an eight-month period in 2001 and 2002 when he was also the Head of the UK Power Exchange in London, a then-affiliated company. Prior to that he was Senior Vice President, Group Head of Energy from April 29, 2009. Prior to that he was Senior Vice President, Energy, TMX Group from April 27, 2004. From 1998 through 2000, Mr. Krenkel was also the acting President of NRG Information Systems. Prior to joining NGX, from 1989 to 1993, he was President of Canadian Hydrocarbons Marketing Inc., and the Vice-President of Operations at ICG Resources Ltd. from 1984 to 1989.
Alain Miquelon Montréal, Québec Canada	President and Chief Executive Officer, Montréal Exchange Inc., Group Head of Derivatives, TMX Group	Mr. Miquelon became President and Chief Executive Officer, Montréal Exchange and Group Head of Derivatives on April 28, 2010. Prior to that he was President and Chief Executive Officer of Montréal Exchange and Senior Vice President, Group Head of Derivatives since July 1, 2009. From February 1, 2009 to June 30, 2009, he was Executive Vice President, Chief Operating Officer and Head of Strategic Development, Montréal Exchange. From August 6, 2007, to January 31, 2009, Mr. Miquelon was Executive Vice President, Chief Financial Officer and Head of Strategic Development, Montréal Exchange. Prior to joining the Montréal Exchange, he served as Chief Operating Officer of Mediagrif Interactive Technologies (Mediagrif) from December 2004 to February 2007 and as Executive Vice President and Chief Financial Officer of Mediagrif from January 2000 to December 2004.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
Sharon C. Pel Toronto, Ontario Canada	Senior Vice President, Group Head of Legal and Business Affairs, TMX Group	Ms. Pel became Senior Vice President, Group Head of Legal and Business Affairs on April 29, 2009. Prior to that, from February 24, 2004 to April 2009, Ms. Pel was Senior Vice President, Legal and Business Affairs. Prior to that, from July 2003 to February 2004, Ms. Pel was Vice President, Corporate Development, General Counsel and Corporate Secretary of TMX Group. Prior to joining TMX Group she practiced corporate and securities law at Torys LLP for 21 years including 13 years as a partner.
Michael Ptasznik Thornhill, Ontario Canada	Senior Vice President, Group Head Chief Financial Officer, TMX Group	Mr. Ptasznik became Senior Vice President, Group Head Chief Financial Officer on April 29, 2009. Prior to that Mr. Ptasznik was Senior Vice President and Chief Financial Officer, TMX Group from January 25, 2005 to April 29, 2009, Chief Financial Officer of TSX Group Inc. (as it was then called) from September 2002 to January 25, 2005 and was appointed Chief Financial Officer of TSX Inc. in July 2002. Prior to that, from September 2000 to July 2002, he was Vice President, Finance and Administration and Treasurer, TSX Inc. From October 1996 to September 2000, Mr. Ptasznik was Director, Finance and Administration, The Toronto Stock Exchange (a predecessor of TSX Inc.). Prior to joining TMX Group, he held a number of finance positions at Procter & Gamble Canada.

Name and Municipality of Residence	Position	Principal Occupation During the Five Preceding Years
Eric Sinclair Toronto, Ontario Canada	President, TMX Datalinx and Group Head of Information Services, TMX Group	Mr. Sinclair became President, TMX Datalinx and Group Head of Information Services on February 10, 2010. Prior to that he was Senior Vice President, Group Head of Datalinx of TMX Group Inc. and Senior Vice President, Head of Datalinx of TSX Inc. since April 29, 2009. Prior to that he was Senior Vice President, TSX Datalinx, TMX Group Inc. and TSX Inc. from February 1, 2006. From April 26, 2005 to February 1, 2006 he was Vice President, TSX Datalinx, TMX Group Inc. and TSX Inc. Prior to that he was Vice President, Datalinx, TMX Group Inc. since April 27, 2004. From February 2003 to April 2004 he was Vice President, TSX Datalinx. Prior to that, from 1999 to December 2002 he was Executive Vice President Global Sales, Spectra Securities Software and from 1986 to 1999 he was Vice President Sales, Business Development, Reuters Canada.

Shareholdings of Directors and Executive Officers

To our knowledge, as at February 29, 2012, the directors and executive officers of TMX Group as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 176,000 of our common shares, representing less than 1% of our outstanding common shares and no director or executive officer of TMX Group beneficially owned or controlled voting securities of any of our subsidiaries.

Corporate Cease Trade Orders or Bankruptcies

There have been no bankruptcies, receiverships or similar proceedings against us or any of our subsidiaries, or any voluntary bankruptcies, receiverships or similar proceedings by us or any of our subsidiaries, within the three most recently completed financial years or current financial year.

To our knowledge and except as otherwise disclosed below, in the last ten years, no director or executive officer of TMX Group is or has been a director, a chief executive officer, chief financial officer or executive officer, as the case may be, of an issuer that: (i) while that person was acting in the capacity as a director, chief executive officer or chief financial officer, was the subject of a cease trade order or similar order, or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or (ii) while that person was acting in the capacity as a director or executive officer or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings,

arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ms Chicoyne was a director of Albums DF Ltée until June 16, 2003 when she withdrew from the Board of Directors six months before the bankruptcy of this company on December 6, 2003.

Penalties or Sanctions

To our knowledge, no director or executive officer of TMX Group (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To our knowledge, in the last ten years, no director or executive officer of TMX Group has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Conflicts of Interest

To our knowledge, no director or executive officer of TMX Group has an existing or potential material conflict of interest with us or any of our subsidiaries.

Employees

We had a total of 906 employees as at December 31, 2011 compared with a total of 841 employees as at December 31, 2010.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

We have provided services in the ordinary course of business to some of our POs. As at the date of this AIF, we do not have any members of our Board of Directors who are employees of our POs. In prior years, some of our POs or approved participants had employees who were members of our Board of Directors.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common shares is Canadian Stock Transfer Company Inc. (currently operating as CIBC Mellon Trust Company) at its principal offices in Vancouver, Calgary, Toronto, London, Montreal and Halifax.

MATERIAL CONTRACTS

The following are the only material contracts, other than the contracts entered into the ordinary course of business, which have been entered into after January 1, 2002 that are still in effect:

- Credit Agreement dated as of April 18, 2008, between TMX Group and a syndicate of financial institutions, as amended December 1, 2010, March 31, 2011 and December 16, 2011. We entered into the Credit Agreement in connection with the combination with MX. Further details relating to the credit facility, including financial covenants, are located in our 2011 MD&A under the heading “*Credit Facilities and Guarantee*” on page 46.
- The Support Agreement dated as of October 30, 2011 as amended on February 24, 2012 between TMX Group and Maple in respect of Maple’s proposed acquisition of all of the outstanding common shares of TMX Group. The Support Agreement sets out, among other things, the terms upon which Maple has agreed to pursue the Maple Transaction and TMX Group has agreed to support the Maple Transaction. Pursuant to the Support Agreement:
 - ♦ Maple has committed to use commercially reasonable efforts to obtain all necessary regulatory approvals (provided that Maple will not be required to accept conditions of approval of regulators that would be reasonably expected to cause a Material Detriment, as defined in the Support Agreement) and TMX Group has committed to support Maple in this regard.
 - ♦ Maple has agreed to pay TMX Group a reverse termination fee of \$39 million if the Maple Transaction is not completed because the required regulatory approvals are not obtained.
 - ♦ Existing senior TMX management, including, the Chief Executive Officer, will become the senior management of Maple.

The Support Agreement also includes provisions related to governance, ownership, management and branding following completion of the Maple Transaction, including as follows:

- ♦ appointment of a Chair of the Maple Board of Directors who is independent and not appointed under a nomination right or a current member of the TMX Group Board of Directors, and who will be selected in consultation with TMX Group;
- ♦ four independent members of the TMX Group Board of Directors (to be mutually agreed upon by TMX Group and Maple) will join the Maple Board of Directors. At least 50% of the proposed Board of Directors of Maple will be independent, consistent with current TMX Group governance guidelines, and will also include (a) four nominees from Maple pension fund investors; (b) one nominee from Canada’s independent investment dealer community; (c) four nominees from bank-owned participating organizations that are investors in Maple; and (d) the Chief Executive Officer;
- ♦ at least 25% of the members of the Maple Board of Directors will be residents of Québec, at least 25% of directors will have expertise in, or be associated with,

the Canadian public venture capital markets, and at least 25% of directors will have expertise in derivatives;

- ♦ a Maple Board of Directors Governance Committee comprising only independent members, initially including two independent Board of Directors members from the current TMX Group Board of Directors as well as the independent chair of the Maple Board;
- ♦ individual standstill agreements to be provided by each of the Maple investors that is a participating organization in Toronto Stock Exchange that provide that each such investor will not increase its ownership percentage for a period of five years following completion of the Maple Transaction (with exceptions for ordinary course client and market-making activities); and
- ♦ nomination agreements in favour of eight of the Maple investors to appoint directors to the Maple Board of Directors that terminate no later than six years following the completion of the Maple Transaction.
- ♦ A summary of the Support Agreement is available in the Notice of Change under the heading “*Summary of Agreements Relating to the Maple Offer*”. This section is incorporated by reference into this AIF. The Notice of Change is available on SEDAR at www.sedar.com.

Copies of these documents have been filed on SEDAR and are available at www.sedar.com and on our website at www.tmx.com.

EXPERTS

Our auditor is KPMG LLP, who has prepared the Independent Auditors’ Report to the shareholders of TMX Group in respect of our audited annual consolidated financial statements. KPMG LLP is independent with respect to TMX Group within the meaning of the Rules of Professional Conduct/Code of Ethics of the various Canadian provincial institutes/order.

ADDITIONAL INFORMATION

Additional information about us, including directors’ and officers’ remuneration and indebtedness, principal holders of our securities, options to purchase securities and interests of insiders in material transactions (where applicable), and our corporate governance approach and procedures, may be found in our Management Information Circular for our annual and special meeting of shareholders to be held on May 11, 2012. We also provide additional financial information in our annual audited consolidated financial statements for the year ended December 31, 2011 and in the related 2011 MD&A.

We will provide to any person, upon request to our Investor Relations Department at The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2 (or phone (416) 947-4277 or 1 (888) 873-8392; fax (416) 947-4727; or email shareholder@tmx.com), a copy of this AIF and any documents we incorporate by reference, a copy of our annual audited consolidated financial statements for the year ended December 31, 2011 together with the accompanying auditors' report and the related 2011 MD&A, a copy of any interim financial reports and related interim management's discussion and analysis subsequent to the financial statements for the year ended December 31, 2011. If you are not our shareholder, we may require you to pay a reasonable charge for a copy of any of these documents. Additional information about us, including copies of these documents, may be found on our website at www.tmx.com and on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This AIF contains "forward-looking information" (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this AIF. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "believes", or variations or the negatives of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of such forward-looking information in this AIF include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group, which are subject to significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including ATSS and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic uncertainties; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; risks of litigation or regulatory proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; currency risk; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence on third party suppliers and service providers; dependence of trading operations on a small number of clients; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of common shares of TMX Group; inability to protect our intellectual property; adverse effect of a systemic market event on our derivatives business; risks associated with the credit of customers; cost structures being largely fixed; risks associated with integrating the operations, systems, and personnel of new acquisitions; and dependence on market activity that cannot be controlled.

The forward looking information contained in this AIF is presented for the purpose of assisting readers of this document in understanding our financial condition and results of operations and our strategies, priorities and objectives and may not be appropriate for other purposes. Actual results, events, performances, achievements and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this AIF.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global and regional marketplaces; business and economic conditions generally; exchange rates (including estimates of the U.S. dollar - Canadian dollar exchange rate), the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; business development and marketing and sales activity; the continued availability of financing on appropriate terms for future projects; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research & development activities; the successful introduction and client acceptance of new products; successful introduction of various technology assets and capabilities; the impact on TMX Group and its customers of various regulations; TMX Group's ongoing relations with its employees; and the extent of any labour, equipment or other disruptions at any of its operations of any significance other than any planned maintenance or similar shutdowns.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this AIF. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See "Risks and Uncertainties" outlined in our 2011 MD&A filed with the securities regulatory authorities in Canada.

TRADE-MARKS

Groupe TMX, Groupe TSX, Natural Gas Exchange, NGX, PC-Bond, TMX, TMXnet, TMX Atrium, TMX Group, TMX Datalinx, TMX Quantum XA, TMX Select, Toronto Stock Exchange, TSX, TSX Datalinx, TSX Group, TSX Markets, TSX Quantum, TSX Technologies, TSX Venture Exchange, TSXV and their respective designs are trade-marks of TSX Inc.

Montréal Exchange, Bourse de Montréal, MX, SOLA, SXM and their respective designs are trade-marks of Montréal Exchange Inc. and are used under license.

Boston Options Exchange, BOX and their respective designs are trade-marks of Boston Options Exchange Group, LLC and are used under license.

Canadian Derivatives Clearing Corporation, CCCPD, CDCC, Corporation canadienne de compensation de produits dérivés are trade-marks of the Canadian Derivatives Clearing Corporation and are used under license.

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Shorcan, Shorcan Brokers and Shorcan Energy Brokers are trade-marks of Shorcan Brokers Limited and are used under license.

ICE is a trade-mark of IntercontinentalExchange, Inc. and is used under license.

Montréal Climate Exchange, MCeX and their respective designs are trade-marks of Chicago Climate Exchange Inc. and are used under license.

NetThruPut and NTP are trade-marks of NGX and are used under license.

“S&P”, as part of the composite mark of S&P/TSX which is used in the name the S&P/TSX Composite Index, the S&P/TSX 60 Index and other S&P/TSX indices, refers to a trade-mark of Standard & Poor’s Financial Services LLC and is used under license by TSX Inc.

All other trade-marks used in this AIF are the property of their respective owners.

**APPENDIX A
TO ANNUAL INFORMATION FORM OF TMX GROUP INC.
MARCH 30, 2012**

**TMX GROUP INC.
(THE “CORPORATION”)
FINANCE & AUDIT COMMITTEE
CHARTER**

1. General

The Board of Directors of the Corporation (the “Board”) has established a Finance and Audit Committee (the “Committee”) to take steps on its behalf as are necessary to assist the Board in fulfilling its oversight responsibilities regarding:

- (a) the integrity of the Corporation’s financial statements;
- (b) the internal control systems of the Corporation;
- (c) the external audit process;
- (d) the internal audit and assurance process;
- (e) risk management;
- (f) investment opportunities and the raising of funds by the Corporation;
- (g) the administration, financial reporting and investment activities of the pension plan(s);
- (h) the Corporation’s compliance with legal and regulatory requirements, and
- (i) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Members

The Board will in each year appoint a minimum of four (4) directors as members of the Committee. All members of the Committee will be independent directors as required by law and all recognition orders and exemption orders issued in respect of the Corporation by applicable securities regulatory authorities.

All members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

The Chief Executive Officer (“CEO”) of the Corporation and, to the extent the Chair of the Board is not otherwise a member of the Committee, the Chair, and all other non-management directors who are not members of the Committee may attend all meetings of the Committee in an ex-

officio capacity and will not vote. Directors who are also members of management, other than the CEO, shall be entitled to attend meetings of the Committee if invited to do so by the Chair of the Committee. The CEO shall not attend in-camera sessions.

3. **Duties**

The Committee shall have the following duties:

(a) **Financial Reporting and Disclosure**

- (1) Audited Annual Financial Statements: Review the audited annual financial statements, all related MD&A, and earnings press releases for submission to the Board for approval.
- (2) Quarterly Review: Following their review by the external auditor, review the quarterly financial statements, the related management discussion and analysis (“MD&A”), and earnings press releases for submission to the Board for approval.
- (3) Significant Accounting Principles and Disclosure Issues: Review with management and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Corporation’s financial position and the results of its operations in accordance with Canadian GAAP.
- (4) Compliance: Confirm through discussions with management that Canadian GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.
- (5) Legal Events: Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Corporation’s financial statements, and the manner in which these have been disclosed in the financial statements.
- (6) Off-Balance-Sheet Transactions: Discuss with management the effect of any off-balance-sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation’s financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.

- (7) Other Disclosures: Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than the public disclosure of the information referred to in sections 1 and 2 above, and periodically assess the adequacy of those procedures.

(b) **Oversight of Internal Controls**

- (1) Review and Assessment: Review and assess the adequacy and effectiveness of the Corporation's system of internal control and management information systems through discussions with management, the Chief Internal Auditor ("CIA"), and the external auditor.
- (2) Oversight: Oversee system of internal control, by:
- (i) Monitoring and reviewing policies and procedures for internal accounting, internal audit, financial control and management information;
 - (ii) Consulting with the external auditor regarding the adequacy of the Corporation's internal controls;
 - (iii) Reviewing with management its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response; and
 - (iv) Obtaining from management adequate assurances that all statutory payments and withholdings have been made.
- (3) Fraud: Oversee investigations of alleged fraud and illegality relating to the Corporation's finances.
- (4) Complaints: Review with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

(c) **External Audit**

- (1) Appointment or Replacement: Recommend the appointment or replacement of the external auditor to the Board, who will consider the recommendation prior to submitting the nomination to the shareholders for their approval.
- (2) Compensation: Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external

auditor, the quality of internal controls, the size, complexity and financial condition of the Corporation, and the extent of internal audit and other support provided by the Corporation to the external auditor.

- (3) Reporting Relationships: The external auditor will report directly to the Committee.
- (4) Performance: Review with management, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.
- (5) Transition: Review management's plans for an orderly transition to a new external auditor, if required.
- (6) Audit Plan: Review the audit plan and scope of the external audit with the external auditor and management, and consider whether the nature and scope of the planned audit procedures can be relied upon to detect weaknesses in internal controls, frauds or other illegal acts.
- (7) Audit Plan Changes: Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.
- (8) Review of Results: Review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
- (9) Disagreements with Management: Resolve any disagreements between management and the external auditor regarding financial reporting.
- (10) Material Written Communications: Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
- (11) Interim Financial Statements: Engage the external auditor to review all interim financial statements and review, in the absence of management, the results of the auditor's review of the interim financial statements and the auditor's review of the related MD&A.

- (12) Other audit matters: Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.
- (13) Meeting with External Auditor: Meet with the external auditor in the absence of management at least quarterly to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.
- (14) Correspondence: Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
- (15) Independence: At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Corporation, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Corporation, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board.
- (16) Non-Audit/Audit Services: Pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence.
- (17) Hiring Policies: Review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

(d) **Internal Audit and the Provision of Assurance**

- (1) Chief Internal Auditor: Review and approve the appointment, replacement or dismissal of the CIA. The CIA reports to the Chief Executive Officer ("CEO") administratively and to the Committee functionally.
- (2) Assurance Activities: Review with management and the CIA the mandate, staffing, plans, activities, and results of the Corporation's assurance providers to gain reasonable assurance that their activities are appropriately comprehensive, effective and coordinated with the external auditor.

- (3) Assurance Findings: Discuss the impact of any significant assurance findings, together with the appropriateness of management's response, on the adequacy and effectiveness of the Corporation's system of internal control.
- (4) Meeting: Meet with the CIA in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the CIA may wish to bring to the Committee for its consideration, including a discussion of any restrictions or limitations placed on the CIA with respect to scope of work or access to required information.

(e) **Risk Management**

- (1) Adequacy of Policies and Procedures: Review and assess the adequacy of the Corporation's risk management policies and procedures with regard to identification of the Corporation's principal risks annually, and review (at least semi-annually) updates on these risks from the Director, Risk Management. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board.

(f) **Financial Planning and Investments**

- (1) Business Plan: Review and recommend the Business Plan, including the annual Operating and Capital Budgets for submission to the Board for approval. Review periodic financial forecasts.
- (2) Investment Opportunities: Review and assess investment opportunities of a value exceeding management's authority, in accordance with procedures established by the Board from time to time.
- (3) Guidelines and Policies: Review and approve guidelines and policies for the investing of cash and marketable securities and review reports from management on the results of such investments against established benchmarks.
- (4) Additional Funds for Investment: Review and assess management's plans with respect to raising additional funds whether through debt or capital, in accordance with procedures established by the Board from time to time.

(g) **Pension Plan**

- (1) Oversight: Review and assess management's reports on pension plan oversight including:
 - (i) Review management controls and processes with respect to the administration of investment activities, financial reporting and funding of the plan(s).

- (ii) Confirm the following appointments for the management of the plan(s), subject to exceptions where the appointment authority is assigned to another party as per plan documents:
 - Auditor
 - Trustee
 - Fund Manager
- (iii) Review the actuarial assumptions used for the valuation, including the rate of return on investments and the discount rate used to arrive at the funding requirements.
- (iv) Review and approve the plan(s) investment objectives and guidelines annually and amend if necessary.
- (v) Review the investment performance of the funds and the investment managers, and their compliance with the investment objectives and guidelines and applicable legislation.
- (vi) Review and approve the annual audited financial statements of the plan(s).

(h) **Compliance**

- (1) Filings with Regulatory Authorities: Review with management the Corporation's relationship with regulators, and the timeliness and accuracy of Corporation filings with regulatory authorities.
- (2) Employee Code of Conduct: Confirm that adequate and effective systems are in place to enforce compliance with the Employee Code of Conduct. Ensure the Employee Code of Conduct is disclosed in the Corporation's annual report or information circular at least every three years or following a material amendment. Alternatively, confirm with management that an up-to-date version of the Employee Code of Conduct is disclosed on the Corporation's website.

(i) **Communication**

- (1) Communication Channels: Establish and maintain direct communication channels with management, the CIA, the external auditor and the Board to discuss and review specific issues as appropriate.
- (2) Coordination with Management: The Committee will coordinate with management on audit and financial matters, and will:
 - (i) Meet privately with management to discuss any areas of concern to the Committee or management; and
 - (ii) Review expenses incurred by the Chair of the Board and CEO of the Corporation. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

(j) **Related Party Transactions**

- (1) Related Party Transactions: Review with management all related party transactions and the development of policies and procedures related to those transactions.

(k) **Board Relationship and Reporting**

- (1) Adequacy of Charter: Review and assess the adequacy of the Committee Charter annually and submit such amendments as the Committee proposes to the Governance Committee.
- (2) Disclosure: Oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in the Corporation's Annual Information Form and all other applicable disclosure documents.
- (3) Reporting: Report regularly to the Board on Committee activities, issues and related recommendations.

4. Chair

The Board will in each year appoint the Chair of the Committee. The Chair shall have accounting or related financial expertise. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

5. Meetings

The Committee shall meet at the request of its Chair, but in any event it will meet at least four times a year. Notices calling meetings shall be sent to all Committee members, to the CEO of the Corporation, to the Chair of the Board and to all other directors. The external auditor or any member of the Committee may call a meeting of the Committee.

6. Quorum

A majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

7. Removal and Vacancy

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all its powers.

8. Experts and Advisors

The Committee may retain or appoint, at the Corporation's expense, such experts and advisors as it deems necessary to carry out its duties, and to set and pay their compensation. The Committee shall provide notice to the Governance Committee of its actions in this regard.

9. Secretary and Minutes

The Chief Financial Officer of the Corporation, or such other person as may be appointed by the Chair of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board.