TMX Group Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 8, 2021

This Management's Discussion and Analysis (MD&A) of TMX Group Limited's (TMX Group) financial condition and financial performance is provided to enable a reader to assess our financial condition, material changes in our financial condition and our financial performance, including our liquidity and capital resources, for the quarter (Q3/21) and nine months ended September 30, 2021, compared with the quarter (Q3/20) and nine months ended September 30, 2020 and as at September 30, 2021 and December 31, 2020. This MD&A should be read together with our unaudited condensed consolidated interim financial statements as at September 30, 2021 and December 31, 2020, and for the quarter and nine months ended September 30, 2021 and 2020 (the interim financial statements), our audited annual consolidated financial statements for the years ended December 31, 2020 and December 31, 2019 (the financial statements) and the 2020 Annual MD&A.

Our interim financial statements and this MD&A for the quarter and nine months ended September 30, 2021 are filed with Canadian securities regulators and can be accessed at www.tmx.com and www.sedar.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

Additional information about TMX Group, including the Annual Information Form, is available at www.tmx.com and www.sedar.com. We are not incorporating information contained on our website in this MD&A.

OUR RESPONSE TO COVID-19 PANDEMIC

The global pandemic first declared in 2020 has altered the world and the way we operate. Its impact on individuals, communities, businesses, and the political landscape is far reaching. In these extraordinary times, we rely on our core organizational values, enterprise strategy, risk management practices and our talented people to guide us through this rapidly changing and complex situation. Powered by the dedicated and collaborative efforts of employees, the vast majority of whom are working remotely, we continue to focus our efforts on our client first vision to be an indispensable solution for companies around the world to raise capital and the preferred destination for traders and investors to prosper. In 2020 and the first nine months of 2021, we experienced unprecedented levels of demand on our systems and services during the pandemic with record activity, trading, messaging levels and client support demands. Our team rose to the challenge and ensured the market and our participants were effectively supported during these challenging times.

The health and safety of our people, our clients and the entire capital markets community has been and continues to be our top priority in this time of great uncertainty, and consistently guides the decisions that we make. We deployed various IT and human resources tools to support both our employees working from home as well as our limited recovery staff who are on site performing critical duties. In Q3/21, we re-opened our offices to our remote employees to return on a voluntary basis. Today, over 90% of our workforce continues to work remotely, and will continue to do so until Government and Public Health officials indicate remote work is no longer required. TMX Group continues to reassess our return to office date as new information becomes available.

We continue to focus on resiliency and demonstrate this through ongoing resiliency testing during this global pandemic, including our latest Disaster Recovery exercise completed in October 2021. As we look into the future, despite prevailing uncertainty looming in our operating environment as the business world prepares to emerge from the COVID-19 pandemic, TMX Group remains firmly focused on serving our clients with excellence, providing our markets with continuity, and executing against our global growth strategy.

INITIATIVES AND ACCOMPLISHMENTS

Capital Formation[1]

AST Canada transaction [2]

On August 12, 2021, we announced that we had completed the acquisition of AST Investor Services Inc. (Canada), and its subsidiary AST Trust Company (Canada) (collectively, AST Canada), a leading provider of transfer agency, corporate trust and related services for $163.0 million in purchase consideration, which includes $30 million of cash in their businesses. On September 1, 2021, AST Trust Company (Canada) and TSX Trust Company amalgamated to form a newly amalgamated corporation continued as TSX Trust Company. AST Investor Services Inc. (Canada) was renamed as TMX Investor Solutions Inc.

The transaction is expected to enhance the competitive position of our TSX Trust business by adding a complementary portfolio of transfer agency, equity plan solutions, corporate trust, structured finance, and proxy-related services. By broadening the scope and scale of its service offerings, TSX Trust has strengthened its ability to serve the evolving needs of customers across the marketplace and into the future. From a strategic perspective, this transaction increases the portion of our revenue from recurring sources. Had we acquired AST Canada on January 1, 2021, our portion of recurring revenue for the nine months ended September 30, 2021 would have been 50%.[3]

Summary financial details:

- The cash consideration for the acquisition of AST Canada was satisfied from net proceeds from the TMX Group debenture offering which closed on February 12, 2021, and excess cash.
- AST Canada's revenue for the twelve months ended June 30, 2021 was approximately $39 million, net loss was approximately $3 million, and adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)[4] were approximately $11 million (net loss of approximately $3 million, deduct income tax benefit of $2 million, and add depreciation, amortization costs of $9 million, and indirect allocation from the parent company of $7 million).[5] Adjusted EBITDA excludes indirect allocation from the parent company, which are indirect costs that are allocated from AST to AST Canada.
- The expected transaction costs related to the acquisition of AST Canada are approximately $4.0 million, of which $1.7 million was incurred in 2020 and $2.1 million in the first nine months of 2021.
- We expect integration costs of approximately $20.0 million over the twelve months ended August 31, 2022; primarily related to information technology; and expect revenue and technology cost synergies of approximately $8.0 million by 2025. In Q3/21, we spent approximately $0.6 million in integration costs. The transaction is expected to have a positive impact on TMX Group's adjusted earnings per share in 2022.[6]
- We have entered into a transitional services agreement (TSA) with AST for a twelve month period ended August 31, 2022. The total expected cost related to the TSA is approximately $6.0 million, incurred evenly over the term of the TSA. In Q3/21, we spent approximately $0.7 million related to the TSA.

[1] The "Capital Formation" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

[2] Financial information for AST Canada for the year ended June 30, 2021 and for the nine months ended September 30, 2021, is unaudited, and derived from historical financial information and financial statements from AST Canada.

[3] Recurring revenue streams include substantially all of Global Solutions, Insights and Analytics, as well as sustaining fees, custody fees, transfer agency fees, and other access / subscription based revenues.

[4] See discussion under the heading "Non-IFRS Financial Measures".

[5] See Press Release TMX Group Announces Agreement to Acquire AST Trust Company (Canada) published September 25, 2020.

[6] Adjusted earnings per share includes adjustments related to amortization of intangibles related to acquisitions, acquisition and related costs, and integration costs. See discussions under the heading "Non-IFRS Financial Measures" and "Caution Regarding Forward-Looking Information".

Sustainable Bonds Portal

In May 2021, we launched the Sustainable Bonds Portal, a centralized repository for institutional and retail investors to access sustainable bonds information from Canadian issuers. The portal supports sustainable bond issuers' ability to provide markets with impact and performance reporting associated with an issuance.

Equities and Fixed Income Trading and Clearing[7]

Market On Close (MOC) Modernization

In October 2020, TSX published and filed for regulatory approval a proposed new Closing Auction model, the first substantive changes to the MOC since its introduction in 2004. The MOC Modernization proposal was developed after two years of extensive consultation from market participants unified in supporting a best-in-class closing auction that effectively meets the liquidity and execution needs of Canadian and global investors. In October 2021, we launched the new TSX MOC facility which will provide an improved trading experience for market participants, better serve stakeholder needs for enhanced liquidity at the close, and enhance efficiencies in determining closing prices in Canada.

TSX DRK

The expansion of TSX's Dark Trading offering continued throughout 2020 and 2021 with the successful introduction of new pricing programs and targeted sales campaigns. As a result, TSX DRK made substantial gains in this market segment, increasing its continuous trading market share in TSX listed securities from 18% in 2019 to 27% in Q3/21. Planned expansion initiatives and investments to increase user adoption, introduce new offerings, and support continued market share growth are expected to be added, beginning in Q4/21.

Sustainable Bonds Posted for Trading on TSX

In March 2021, we embarked on an initiative to post Sustainable Bonds to trade on the TSX. The initiative, pending regulatory reporting requirements, looks to offer governments and quasi-governmental entities a means to expand their investor reach by making the bonds readily available on TSX to retail investors.

Derivatives Trading and Clearing [8]

Montreal Exchange

In October 2018, MX launched extended trading hours from the previously 6:00 a.m. ET open to a 2:00 a.m. ET open. Initially, this included MX's interest rate products[9]. Beginning in February 2019, MX offered clients the ability to also trade its equity index futures[10] in these extended hours. For the nine months ended September 30, 2021, volumes during extended trading hours represented approximately 6% of total volumes in these products.

In September 2021, MX launched extended trading hours in Asia, offering investors in Asia-Pacific region the opportunity to manage their exposure to Canadian markets and execute cross-market strategies in their local time.

[7] The "Equities and Fixed Income Trading & Clearing" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.
[8] The "Derivatives Trading and Clearing" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.
[9] BAX - Three-Month Canadian Bankers' Acceptance Futures, CRA - Three-month Canadian Overnight Repo Rate Average (CORRA) Futures (launched June 12, 2020), CGZ - Two-Year Government of Canada Bond Futures, CGF - Five-Year Government of Canada Bond Futures and CGB - Ten-Year Government of Canada Bond Futures.
[10] SXF - S&P/TSX 60 Index Standard Futures and SXM - S&P/TSX 60 Index Mini Futures.

Trading sessions open at 8:00 p.m. (t-1) ET (with a 7:30 p.m. (t-1) ET pre-open) and close at 4:30 p.m. ET.

As part of MX's continued efforts to increase the number of liquid points on the Canadian listed yield curve, MX expects to re-launch the 30 year Government of Canada Bond Futures in Q4/21.

BOX

In August 2021, BOX Holdings Group LLC (BOX) filed with the Securities and Exchange Commission (SEC) for approval to complete transactions to repurchase some of its equity. If these transactions are approved and completed as filed, TMX Group's economic and voting interest in BOX are expected to increase from 42.62% and 45.50%, to 47.89% and 51.43%, respectively, triggering a change of control and a change in the accounting treatment required for this investment whereby TMX Group would consolidate BOX, along with reflecting the non-controlling interest, from the date of the change. TMX Group would remeasure its current equity interest in BOX and determine the fair value to allocate to the assets and liabilities acquired and the non-controlling interest assumed. No consideration is expected to be transferred by TMX Group in relation to these transactions which are expected to close in Q4/21, subject to SEC approval.

Global Solutions, Insights and Analytics (GSIA)[11]

Trayport

Asset Class and Geographic Expansion

In Q1/21, Trayport expanded the use of its Joule platform in refined oil following the signing of an agreement with a leading global inter dealer broker to use Trayport technology. We are now in the process of rolling this out to trading desks in London and Singapore. In Q3/21, ten brokers used Trayport’s Joule platform to display pricing for refined oil.

Algorithmic Trading and Data Analytics Products

The trend of algorithmic power trading in European intraday markets continues to grow.

This algorithmic trading trend is also developing across the rest of the markets Trayport serves in Europe. Trayport has responded to this demand by launching a Data Analytics product to store and analyze customers' data sets, which is now live. Trayport is also expanding its AutoTrader algorithmic design and execution product to cover these additional forward and futures markets. Together, these products provide an end to end solution for customers to design, back test, and execute algorithmic strategies.

Tradesignal transaction

In June 2021, Trayport Limited completed the acquisition of Tradesignal, a leading producer of rule-based trading and technical chart analysis software based in Germany. In addition to selling enhanced charting and analytics capabilities to its client base, the acquisition will provide a strategic link between Trayport’s algo trading and analytics offerings.

[11] The "Global Solutions Insights and Analytics" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

TMX Datalinx

<u>*Co-location Services*</u>

To meet client demand, we planned to increase capacity at our co-location facility by approximately 25%, or 50 cabinets. In Q1/21, we made 15 additional cabinets available which helped alleviate some pent up demand from clients. In August 2021, we completed the 25% expansion of our facility.

Update on Modernization of Clearing Platforms[12]

In 2017, we commenced work on an initiative to modernize the technology platforms for our CDS and CDCC clearing and settlement businesses as well as for our entitlement systems. We have separated the modernization of our clearing houses into two phases. In phase one, we focused on the CDCC risk management element of the project that went live in Q2/19.

Phase two of this project involves the replacement of other legacy systems at CDS including those related to clearing and settlement, as well as an expanded scope to address entitlement payment systems. In March 2017, we implemented an Issuer Services Program that included a number of fee changes in anticipation of the investment that would be required to modernize the entitlement payments system. We spent $43.8 million up to the end of 2019 on capital expenditures related to phase two, $27.8 million in 2020 and $15.2 million in the first nine months of 2021. Overall, we expect to incur between approximately $110 and $120 million in capital expenditures during phase two of this project. We expect to complete this project in the second half of 2022. We will continue to provide updates on estimates for capital expenditures and timing as this complex project progresses.

Corporate

Environmental, Social and Governance (ESG) Reporting

In May 2021, we released our second annual ESG report, detailing our progress in integrating sustainability practices into our corporate strategy, business processes, and investment decisions. Highlights of the report include:

- TMX Group's endorsement of the Sustainability Accounting Standards Board (SASB) and a target to incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in its ESG reporting in 2021.
- TMX Group's commitment to purchase carbon credits to offset its GHG emissions and become net-carbon neutral in 2021.
- The establishment of an Employment, Diversity and Inclusion (ED&I) Advisory Council, led by our CEO John McKenzie, to determine TMX Group's long-term ED&I policies, procedures and targets.
- An agreement with IHS Markit to facilitate broader ESG reporting and data distribution for issuers listed on Toronto Stock Exchange and TSX Venture Exchange.

[12] The "Update on Modernization of Clearing Platforms" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

Listing Debentures on TSX

In July 2021, we listed our Series B, Series D, Series E, and Series F Debentures on TSX. The listing of our debentures will promote price transparency and increases the potential for enhanced liquidity in our debentures.

ORGANIZATIONAL CHANGE

On June 1, 2021, David Arnold joined TMX Group as Chief Financial Officer (CFO). Mr. Arnold is a financial services industry leader and 20-year veteran of CIBC where he held increasingly senior positions in Finance and Administration, most recently as Executive Vice President, Enterprise Programs, Technology and Operations.

MARKET CONDITIONS AND OUTLOOK[13]

The COVID-19 pandemic has had an unprecedented impact on market and general economic conditions. A rise in retail trading activity has led to significantly higher trading and clearing volumes for cash equities markets, particularly in the TSX Venture Exchange (TSXV). At this point it is difficult to project the longer term impact from the trends in retail trading and retail activism, if or when it may subside, and the implications for our cash equities markets. The average CBOE Volatility Index (VIX) was 19.8 in the nine months ended September 30, 2021 compared with 30.5 in the nine months ended September 30, 2020. Overall, Canadian equities trading volumes were up 22% in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.[14] Across all of our equities markets, overall trading volumes were up 6% in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020 with trading volumes on TSX Alpha Exchange (Alpha) and TSX Venture Exchange (TSXV) increasing by 29% and 40%, respectively while trading volumes on Toronto Stock Exchange (TSX) decreased by 11%. In Canadian derivatives trading, the volume of contracts traded on MX was up 24% in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020.

On TSX, the total amount of financing dollars raised increased by 42% from the nine months ended September 30, 2020 to the nine months ended September 30, 2021, and the total number of financings increased by 21% over the same period. On TSXV (including NEX) there was an 88% increase in the total amount of financing dollars raised, while the total number of financings remained flat in the nine months ended September 30, 2021 over the nine months ended September 30, 2020.

On October 27, 2021, the Bank of Canada (the Bank) indicated that the global economic recovery from the COVID-19 pandemic is progressing, and added that vaccines were proving highly effective against the virus, although their availability and distribution globally remained uneven and that COVID variants pose risks to health and economic activity. The Bank said In the face of strong global demand for goods, pandemic-related disruptions to production and transportation are constraining growth, and that inflation rates have increased in many countries, boosted by these supply bottlenecks and by higher energy prices. The Bank added that while bond yields have risen in recent weeks, financial conditions remain accommodative and continue to support economic activity.

The Bank projects global GDP will grow by 6½ percent in 2021 – a strong pace but less than projected in the July Monetary Policy Report (MPR) – and by 4¼ percent in 2022 and about 3½ percent in 2023. The Bank now forecasts Canada’s economy will grow by 5 percent this year before moderating to 4¼ percent in 2022 and 3¾ percent in 2023. Demand is expected to be supported by strong consumption and business investment, and a rebound in exports as the US economy continues to recover. Housing activity has moderated, but is expected to remain elevated. On the supply side, shortages of manufacturing inputs, transportation bottlenecks, and difficulties in matching jobs to workers are limiting the economy’s productive capacity. Although the impact and persistence of these supply factors are hard to quantify, the output gap is likely to be narrower than the Bank had forecast in July.

[13] The "Markets Conditions and Outlook" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.
[14] Source: IIROC (excluding intentional crosses, includes all Canadian equities).

The Bank also said that the recent increase in CPI inflation was anticipated in July, but the main forces pushing up prices – higher energy prices and pandemic-related supply bottlenecks – now appear to be stronger and more persistent than expected. Core measures of inflation have also risen, but by less than the CPI. The Bank now expects CPI inflation to be elevated into next year, and ease back to around the 2 percent target by late 2022. The Bank is closely watching inflation expectations and labour costs to ensure that the temporary forces pushing up prices do not become embedded in ongoing inflation.[15]

[15] Source: Extracted from Bank of Canada press release, October 27, 2021.

RESULTS OF OPERATIONS

Non-IFRS Financial Measures

Adjusted earnings before interest, taxes, depreciation and amortization for AST Canada, adjusted earnings per share, adjusted diluted earnings per share and adjusted net income are non-IFRS measures and do not have standardized meanings prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings before interest, taxes, depreciation and amortization for AST Canada to indicate ongoing financial performance from period to period, exclusive of indirect allocation from parent company for AST Canada. We present adjusted earnings per share, adjusted diluted earnings per share, and adjusted net income to indicate ongoing financial performance from period to period, exclusive of a number of adjustments. These adjustments include amortization of intangibles related to acquisitions, increase in deferred income tax liabilities relating to a change in the future U.K. tax rate, acquisition and related costs, integration costs, reduction in commodity tax provision, and net litigation settlement costs. Management uses these measures, and excludes certain items, because it believes doing so results in a more effective analysis of underlying operating and financial performance, including, in some cases, our ability to generate cash. Excluding these items also enables comparability across periods. The exclusion of certain items does not imply that they are non-recurring or not useful to investors.

Quarter ended September 30, 2021 (Q3/21) Compared with Quarter ended September 30, 2020 (Q3/20)

The information below reflects the financial statements of TMX Group for Q3/21 compared with Q3/20.

(in millions of dollars, except per share amounts)	**Q3/21**	Q3/20	**$ increase**	**% increase**
Revenue	**$231.3**	$207.6	$23.7	11%
Operating expenses	**121.9**	107.2	14.7	14%
Income from operations	**109.4**	100.4	9.0	9%
Net income	**76.9**	70.0	6.9	10%
Adjusted net income[16]	**88.7**	80.0	8.7	11%
Earnings per share				
Basic	**1.37**	1.24	0.13	10%
Diluted	**1.36**	1.23	0.13	11%
Adjusted Earnings per share[17]				
Basic	**1.58**	1.41	0.17	12%
Diluted	**1.57**	1.40	0.17	12%
Cash flows from operating activities	**117.7**	101.7	16.0	16%

Net Income and Earnings per Share

Net income in Q3/21 was $76.9 million, or $1.37 per common share on a basic and $1.36 on a diluted basis, compared with a net income of $70.0 million, or $1.24 per common share on a basic and $1.23 on a diluted basis, for Q3/20. The increase in net income and earnings per share from Q3/20 to Q3/21 was largely driven by an increase in revenue partially offset by an increase in operating expenses. In Q3/20, there was a $1.3 million reduction in commodity tax provision (2 cents per basic and diluted share). In Q3/21, there were integration costs of $0.6 million (1 cent per basic and diluted share). There were higher net finance costs and higher income tax expense partially offset by an increase in our share of income from BOX from Q3/20 to Q3/21. The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from Q3/20 to Q3/21.

[16] See discussion under the heading "Non-IFRS Financial Measures".
[17] See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Earnings per Share[18] Reconciliation for Q3/21 and Q3/20

The following is a reconciliation of earnings per share to adjusted earnings per share:

	Q3/21		Q3/20	
(unaudited)	**Basic**	**Diluted**	Basic	Diluted
Earnings per share	**$1.37**	**$1.36**	$1.24	$1.23
Adjustments related to:				
Amortization of intangibles related to acquisitions	**0.18**	**0.18**	0.17	0.17
Acquisition and related costs[19]	**0.02**	**0.02**	0.02	0.02
Integration costs[20]	**0.01**	**0.01**	—	—
Reduction in commodity tax provision	**—**	**—**	(0.02)	(0.02)
Adjusted earnings per share[21]	**$1.58**	**$1.57**	$1.41	$1.40
Weighted average number of common shares outstanding	**56,011,348**	**56,386,556**	56,552,578	57,080,780

Adjusted diluted earnings per share increased by 12% from $1.40 in Q3/20 to $1.57 in Q3/21 largely driven by higher revenue partially offset by higher operating expenses. The increase in adjusted earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from Q3/20 to Q3/21.

[18] See discussion under the heading "Non-IFRS Financial Measures".

[19] Includes costs related to the acquisition of AST Canada (acquired August 12, 2021). See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* for more details.

[20] Includes costs related to the integration of AST Canada (acquired August 12, 2021). See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* for more details.

[21] See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Net Income[22] Reconciliation for Q3/21 and Q3/20

The following is a reconciliation of net income to adjusted net income:

(in millions of dollars) (unaudited)	**Q3/21**	Q3/20	**$ increase / (decrease)**	**% increase / (decrease)**
Net income	**$76.9**	$70.0	$6.9	10%
Adjustments related to:				
Amortization of intangibles related to acquisitions	**10.3**	9.5	0.8	8%
Acquisition and related costs[23]	**1.0**	1.4	(0.4)	(29)%
Integration costs[24]	**0.5**	—	0.5	n/a
Reduction in commodity tax provision	**—**	(0.9)	0.9	(100)%
Adjusted net income[25]	**$88.7**	$80.0	$8.7	11%

Adjusted net income increased by 11% from $80.0 million in Q3/20 to $88.7 million in Q3/21 largely driven by higher revenue partially offset by higher operating expenses.

[22] See discussion under the heading "Non-IFRS Financial Measures".
[23] Includes costs related to the acquisition of AST Canada (acquired August 12, 2021). See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* for more details.
[24] Includes costs related to the integration of AST Canada (acquired August 12, 2021). See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* for more details.
[25] See discussion under the heading "Non-IFRS Financial Measures".

Revenue

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase / (decrease)**	**% increase / (decrease)**
Capital Formation	**$60.2**	$50.2	$10.0	20%
Equities and Fixed Income Trading and Clearing	**51.9**	52.2	(0.3)	(1)%
Derivatives Trading and Clearing	**32.9**	24.9	8.0	32%
Global Solutions, Insights and Analytics	**85.9**	80.3	5.6	7%
Other	**0.4**	—	0.4	n/a
	$231.3	$207.6	$23.7	11%

Revenue was $231.3 million in Q3/21, up $23.7 million or 11% from $207.6 million in Q3/20 attributable to increases in revenue from *Capital Formation, Derivatives Trading and Clearing, Global Solutions, Insights and Analytics, CDS* and *Other* partially offset by a decrease in *Equities and Fixed Income Trading* revenue. Revenue for Q3/21 included approximately $5.1 million related to AST Canada (acquired August 12, 2021) and approximately $0.9 million related to Tradesignal (acquired June 1, 2021). Revenue excluding AST Canada and Tradesignal increased by 9% from Q3/20 to Q3/21

Capital Formation[26]

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase / (decrease)**	**% increase / (decrease)**
Initial listing fees	**$6.1**	$2.3	$3.8	165%
Additional listing fees	**21.4**	23.9	(2.5)	(10)%
Sustaining listing fees	**19.6**	17.2	2.4	14%
Other issuer services	**13.1**	6.8	6.3	93%
	$60.2	$50.2	$10.0	20%

- *Initial listing fees* in Q3/21 increased from Q3/20 primarily due to an increase in the amount of deferred *initial listing fee* revenue recognized in Q3/21 compared with Q3/20 on TSX and TSXV. We recognized *initial listing fees* received in 2020 and 2021 of $5.7 million in Q3/21 compared with *initial listing fees* received in 2019 and 2020 of $2.1 million in Q3/20.
- Based on *initial listing fees* billed in 2020 and the nine months ended September 30, 2021, the following amounts have been deferred to be recognized in Q4/21, Q1/22, Q2/22 and Q3/22: $5.0 million, $3.6 million, $1.8 million and $0.3 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.

[26] The "Capital Formation" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward Looking Information" for a discussion of risks and uncertainties related to such statements.

- *Additional listing fees* in Q3/21 decreased compared to Q3/20 reflecting a decrease in *additional listing fee* revenue from Q3/20 to Q3/21 due to decreases in both the total number of financings and total financing dollars raised on TSX and TSXV. There was a decrease in *additional listing fee* revenue on TSX reflecting a 16% decrease in the number of transactions billed at the maximum listing fee of $250,000, partially offset by a 5% increase in the number of transactions billed below the maximum fee from Q3/20 to Q3/21.

- Issuers listed on TSX and TSXV pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. There was an increase in *sustaining listing fees* on both TSX and TSXV from Q3/20 to Q3/21 reflecting an increase in the market capitalization of issuers at December 31, 2020 compared with December 31, 2019. With the increase in new listings in 2021, we now estimate that the increase in *sustaining listing fee* revenue will be approximately $7.0 million for 2021, up from the previous estimate of approximately $5.0 million.

- *Other issuer services* revenue in Q3/21 increased compared to Q3/20, and included approximately $5.1 million of revenue related to AST Canada (acquired August 12, 2021). Excluding AST Canada, *Other issuer services* revenue increased 18% primarily due to higher revenue from TSX Trust related to higher transfer agency revenue and margin income.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase / (decrease)**	**% increase / (decrease)**
Equities and fixed income trading	**$25.9**	$28.5	($2.6)	(9)%
Equities and fixed income clearing, settlement, depository and other services (CDS)	**26.0**	23.7	2.3	10%
	$51.9	$52.2	($0.3)	(1)%

- There was a decrease in *Equities and Fixed Income Trading* revenue in Q3/21 compared with Q3/20 driven by lower volumes on TSX, TSXV and Alpha. The impact from the lower volumes was somewhat offset by higher yields in Q3/21 compared with Q3/20. There was also a decrease in *Fixed Income Trading* revenue reflecting decreased activity in swaps and Government of Canada bonds.

- The overall volume of securities traded on our equities marketplaces decreased by 18% (35.9 billion securities in Q3/21 versus 43.9 billion securities in Q3/20). There was a decrease in volumes of 13% on TSX, 30% on TSXV, and 3% on Alpha in Q3/21 compared with Q3/20.

- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 65% in Q3/21, down 3% from approximately 68% in Q3/20[27]. We only trade securities that are listed on TSX or TSXV.

- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was approximately 54% in Q3/21, down 6% from approximately 60% in Q3/20.[28]

- *CDS* revenue increased from Q3/20 to Q3/21. There was higher depository, event management fee, international as well as clearing and settlement revenue in Q3/21 compared with Q3/20. The increases in revenue were partially offset by higher rebates.

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[27] Source: IIROC.
[28] Source: IIROC.

Derivatives Trading and Clearing

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
	$32.9	$24.9	$8.0	32%

- There was an increase in Derivatives Trading and Clearing revenue from Q3/20 to Q3/21 driven by higher volumes on MX. The impact from the higher volumes was somewhat offset by lower revenue per contract traded in Q3/21 compared with Q3/20.
- While volumes increased 62% on MX (35.0 million contracts traded in Q3/21 versus 21.6 million contracts traded in Q3/20), there was lower revenue per contract reflecting changes in client mix and product mix. In Q3/21, there was an increase in high volume traders which resulted in lower revenue per contract. In addition, the volume increase was partially driven by contracts with lower yields, including share futures which made up 15% of total volumes in Q3/21, compared with 7% in Q3/20.

Global Solutions, Insights and Analytics

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
Trayport	**$37.9**	$34.2	$3.7	11%
GSIA (excluding Trayport)	**48.0**	46.1	$1.9	4%
	$85.9	$80.3	$5.6	7%

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in Q3/21 compared with Q3/20 was primarily driven by increased revenue from Trayport (including Tradesignal) and higher usage based quotes, partially offset by unfavorable impacts from a stronger Canadian dollar relative to the U.S. dollar and to the GBP.

Trayport

The following table summarizes the average number of Trayport subscribers (excluding VisoTech and Tradesignal) over the last eight quarters:

	Q3/21	**Q2/21**	**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**	**Q4/19**
Trader Subscribers[29]	5,674	5,483	5,392	5,259	5,150	4,999	5,192	5,072
Total Subscribers[30]	26,559	26,184	25,909	25,259	24,662	24,277	24,712	24,116
Revenue (in millions of GBP)	£22.0	£21.3	£21.1	£20.4	£19.6	£19.7	£19.4	£18.0
Revenue (in millions of CAD)	$37.9	$36.5	$37.3	$35.3	$34.2	$33.5	$33.7	$30.9

Total Subscribers means all chargeable licenses of core Trayport products in core customer segments including Traders, Brokers and Exchanges. Trader Subscribers are a subset of Total Subscribers. Trader Subscribers revenue represents over 50% of total Trayport revenue.

[29] Previous amounts have been restated based on current data.
[30] Previous amounts have been restated based on current data. This restatement includes additional connectivity users at exchanges.

In GBP, revenue from Trayport was £22.0 million in Q3/21, up 12% over Q3/20. The increase in Trayport revenue was driven by an 8% growth in total subscribers in Q3/21 compared with Q3/20. In addition, Q3/21 included approximately \$0.9 million (£0.6 million) of revenue related to Tradesignal (acquired June 1, 2021).

GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 4% from Q3/20 to Q3/21. There were higher revenues related to increased usage based quotes, subscriptions, co-location, and benchmarks and indices. The higher revenue was partially offset by an unfavourable impact of approximately \$1.1 million from a stronger Canadian dollar relative to the U.S. dollar in Q3/21 compared with Q3/20.

- The average number of professional market data subscriptions for TSX and TSXV products was up 6% in Q3/21 compared with Q3/20 (106,861 professional market data subscriptions in Q3/21 compared with 100,669 in Q3/20).
- The average number of MX professional market data subscriptions was up 6% in Q3/21 from Q3/20 (19,660 MX professional market data subscriptions in Q3/21 compared with 18,463 in Q3/20).

Other

(in millions of dollars)	**Q3/21**	Q3/20	**\$ increase**	**% increase**
	\$0.4	\$—	\$0.4	n/a

- The increase in *Other* revenue reflected an increase in net foreign exchange gains on net monetary assets from Q3/20 to Q3/21.

Operating expenses

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
Compensation and benefits	**$63.4**	$57.0	$6.4	11%
Information and trading systems	**14.7**	13.9	0.8	6%
Selling, general and administration	**21.4**	15.9	5.5	35%
Depreciation and amortization	**22.4**	20.4	2.0	10%
	$121.9	$107.2	$14.7	14%

Operating expenses in Q3/21 were $121.9 million, up $14.7 million or 14%, from $107.2 million in Q3/20. There were approximately $7.5 million of expenses included in Q3/21 related to AST Canada (acquired August 12, 2021), including $0.5 million related to amortization of acquired intangibles (1 cent per basic and diluted share), $0.7 million related to the TSA, acquisition and related costs of $1.1 million (2 cents per basic and diluted share), as well as integration costs of $0.6 million (1 cent per basic and diluted share). The increase in costs was also attributable to higher headcount and payroll costs, increased short term employee incentive plan costs, higher legal costs, as well as increased bad debt expenses and recoverable expenses in Q3/21 compared with Q3/20. There was also a $1.3 million reduction in commodity tax provision (2 cents per basic and diluted share) in Q3/20. These increases were partially offset by acquisition and related costs related to AST Canada in Q3/20 of $1.4 million (2 cents per basic and diluted share).

Compensation and benefits

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
	$63.4	$57.0	$6.4	11%

- *Compensation and benefits* costs increased in Q3/21 reflecting higher headcount and payroll costs including merit increases, increased short term employee incentive plan costs of approximately $0.9 million, as well as approximately $2.0 million included in Q3/21 related to AST Canada (acquired August 12, 2021). In addition, we incurred acquisition and related costs related to AST Canada of approximately $0.1 million, as well as integration costs of $0.5 million. These increases were somewhat offset by lower severance costs of approximately $1.4 million and lower long term employee performance incentive plan costs of approximately $0.4 million.
- There were 1,549 TMX Group employees at September 30, 2021 versus 1,361 employees at September 30, 2020 reflecting an increase in headcount attributable to investing in the various growth areas of our business. The headcount in Q3/21, includes approximately 150 employees for AST Canada (acquired August 12, 2021) and approximately 15 employees for Tradesignal (acquired June 1, 2021).

Information and trading systems

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
	$14.7	$13.9	$0.8	6%

- The increase in *Information and trading systems* expenses from Q3/20 to Q3/21 was primarily attributable to approximately $0.8 million included in Q3/21 related to AST Canada (acquired August 12, 2021), including $0.3 million related to the TSA.

Selling, general and administration

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
	$21.4	$15.9	$5.5	35%

- *Selling, general and administration* expenses increased in Q3/21 compared with Q3/20 attributable to higher legal costs, bad debt expenses, recoverable expenses, and occupancy costs in Q3/21 compared with Q3/20. There were approximately $1.9 million of s*elling, general and administration* expenses included in Q3/21 related to AST Canada (acquired August 12, 2021), including $0.4 million related to the TSA. In Q3/20, there was a $1.3 million reduction in commodity tax provision (2 cents per basic and diluted share).

- There were also acquisition and related costs related to AST Canada (acquired August 12, 2021) of approximately $1.0 million, as well as integration costs of $0.1 million in Q3/21, more than offset by acquisition and related costs related to AST Canada in Q3/20 of $1.4 million (2 cents per basic and diluted share).

Depreciation and amortization

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
	$22.4	$20.4	$2.0	10%

- There were higher *Depreciation and amortization* costs reflecting increased amortization related to AST Canada (acquired August 12, 2021) of approximately $1.1 million, as well as Tradesignal (acquired June 1, 2021).
- The *Depreciation and amortization* costs in Q3/21 of $22.4 million included $12.5 million related to amortization of intangibles related to acquisitions (18 cents per basic and diluted share).
- The *Depreciation and amortization* costs in Q3/20 of $20.4 million included $11.9 million related to amortization of intangibles related to acquisitions (17 cents per basic and diluted share).

Additional Information

Share of income from equity accounted investees

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
	$4.1	$2.9	$1.2	41%

- The increase in our share of income from equity accounted investees of $1.2 million primarily reflected an increase in our share of income from BOX reflecting higher revenues driven by a 128% increase in volumes from Q3/20 to Q3/21, partially offset by an increase in long term employee performance incentive plan costs.

Net finance costs

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase**	**% increase**
	$9.2	$8.1	$1.1	14%

- The increase in net finance costs from Q3/20 to Q3/21 largely reflected higher interest expense largely related to the Series F Debentures issued in Q1/21.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		**Effective Tax Rate** (%)	
Q3/21	Q3/20	**Q3/21**	Q3/20
$27.4	$25.2	**26%**	26%

- The effective tax rate was approximately 26% for Q3/21 and Q3/20.

Segments

The following information reflects TMX Group's segment results for the quarter ended September 30, 2021 compared with the quarter ended September 30, 2020.

Quarter ended September 30, 2021

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	$ 60.2	$ 51.9	$ 32.9	$ 85.9	$ 0.4	$ 231.3
Inter-segment revenue	0.1	0.5	—	0.1	(0.7)	—
Total revenue	60.3	52.4	32.9	86.0	(0.3)	231.3
Income (loss) from operations	32.6	26.3	16.3	56.9	(22.7)	109.4

Quarter ended September 30, 2020

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	$ 50.2	$ 52.2	$ 24.9	$ 80.3	$ —	$ 207.6
Inter-segment revenue	0.3	0.5	—	0.1	(0.9)	—
Total revenue	50.5	52.7	24.9	80.4	(0.9)	207.6
Income (loss) from operations	28.8	26.3	8.8	50.1	(13.6)	100.4

Income (loss) from operations

The increase in *Income from operations* from *Capital Formation* primarily reflected higher revenue from *initial listing fees* and *sustaining listing fees* in Q3/21 compared with Q3/20. There were also increases in revenue from TSX Trust, including approximately $5.1 million related to AST Canada (acquired August 12, 2021). This increase was partially offset by lower *additional listing fees* as well as higher operating expenses from Q3/20 to Q3/21.

The slight decrease in *Income from operations* from *Equities and Fixed Income Trading and Clearing* reflected lower revenue from *Equities trading* due to lower volumes on TSX, TSXV, and Alpha, as well as lower *fixed income trading*.

These revenue decreases were somewhat offset by an increase in revenue from CDS and slightly lower operating expenses in Q3/21 compared with Q3/20*.*

The increase in *Income from operations* from *Derivatives Trading and Clearing* was driven by higher overall volumes partially offset by lower revenue per contract reflecting changes in client mix and product mix. The revenue increase was partially offset by an increase in operating expenses from Q3/20 to Q3/21.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflected higher revenue from Trayport and TMX Datalinx. The increase in Trayport revenue reflected higher total subscribers. Within TMX Datalinx, there were higher revenues related to subscriptions, usage based quotes, co-location, benchmarks and indices. There was also a decrease in operating expenses from Q3/20 to Q3/21. These increases to *income from operations* were somewhat offset by an unfavourable impact of approximately $1.1 million from a stronger Canadian dollar relative to the U.S. dollar in Q3/21 compared with Q3/20.

Other includes *c*ertain revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the *Other* segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in *Other*. The *loss from operations* increased in Q3/21 compared to Q3/20 reflecting increased project-related fees and a higher amount of unallocated expenses. There was a $1.3 million reduction in commodity tax provision (2 cents per basic and diluted share) in Q3/20. In addition there were integration costs of $0.6 million (1 cent per basic and diluted share) in Q3/21 related to AST Canada (acquired August 12, 2021).

Nine months ended September 30, 2021 Compared with Nine months ended September 30, 2020

The information below reflects the financial statements of TMX Group for the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

(in millions of dollars, except per share amounts)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
Revenue	**$728.3**	$645.6	$82.7	13%
Operating expenses	**353.3**	335.8	17.5	5%
Income from operations	**375.0**	309.8	65.2	21%
Net income	**250.6**	207.9	42.7	21%
Adjusted net income[31]	**302.2**	253.6	48.6	19%
Earnings per share				
Basic	**4.46**	3.69	0.77	21%
Diluted	**4.43**	3.65	0.78	21%
Adjusted Earnings per share[32]				
Basic	**5.38**	4.50	0.88	20%
Diluted	**5.35**	4.44	0.91	20%
Cash flows from operating activities	**338.4**	311.6	26.8	9%

Net Income and Earnings per Share

Net income in the nine months ended September 30, 2021 was $250.6 million, or $4.46 per common share on a basic and $4.43 per common share on a diluted basis, compared with a net income of $207.9 million, or $3.69 per common share on a basic and $3.65 on a diluted basis, for the nine months ended September 30, 2020. The increase in net income reflected an increase in income from operations of $65.2 million. The increase in income from operations from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 was driven by an increase in revenue of $82.7 million, slightly offset by an increase in operating expenses of $17.5 million. The increase in operating expenses included higher acquisition and related costs as well as approximately $0.6 million (1 cent per basic and diluted share) of integration costs in the nine months ended September 30, 2021 related to AST Canada (acquired August 12, 2021). In the nine months ended September 30, 2021, we also incurred a $19.8 million (35 cents per basic and diluted share) increase in income tax expenses relating to the previously announced increase in the U.K. corporate income tax rate.

These increases in operating expenses was somewhat offset by $12.4 million (16 cents per basic and diluted share) of net litigation settlement costs in the nine months ended September 30, 2020. There was also an increase in our share of income from BOX. The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from the nine months ended September 30, 2020 to the nine months ended September 30, 2021.

[31] See discussion under the heading "Non-IFRS Financial Measures".
[32] See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Earnings per Share[33] Reconciliation for Nine months ended September 30, 2021 and Nine months ended September 30, 2020

The following is a reconciliation of earnings per share to adjusted earnings per share:

	Nine months ended September 30, 2021		Nine months ended September 30, 2020	
(unaudited)	**Basic**	**Diluted**	Basic	Diluted
Earnings per share	**$4.46**	**$4.43**	$3.69	$3.65
Adjustments related to:				
Amortization of intangibles related to acquisitions	**0.52**	**0.52**	0.51	0.50
Increase in deferred income tax liabilities relating to a change in the future U.K. tax rate	**0.35**	**0.35**	0.13	0.13
Net litigation settlement costs	**—**	**—**	0.16	0.16
Acquisition and related costs[34]	**0.04**	**0.04**	0.03	0.02
Integration costs[35]	**0.01**	**0.01**	—	—
Reduction in commodity tax provision	**—**	**—**	(0.02)	(0.02)
Adjusted earnings per share[36]	**$5.38**	**$5.35**	$4.50	$4.44
Weighted average number of common shares outstanding	**56,148,192**	**56,536,290**	56,406,341	56,955,817

Adjusted diluted earnings per share increased by 20% from $4.44 in the nine months ended September 30, 2020 to $5.35 in the nine months ended September 30, 2021 largely driven by increased revenue, partially offset by higher operating expenses. There was also an increase in our share of income from BOX partially offset by higher net finance costs. The increase in adjusted earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from the nine months ended September 30, 2020 to the nine months ended September 30, 2021.

[33] See discussion under the heading "Non-IFRS Financial Measures".

[34] Includes costs related to the acquisitions of AST Canada (acquired August 12, 2021) and Tradesignal (acquired June 1, 2021) in the first nine months of 2021. See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* and *Initiatives and Accomplishments - Global Solutions, Insights & Analytics - Tradesignal transaction* for more details.

[35] Includes costs related to the integration of AST Canada (acquired August 12, 2021). See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* for more details.

[36] See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Net Income[37] Reconciliation for Nine months ended September 30, 2021 and Nine months ended September 30, 2020

The following is a reconciliation of net income to adjusted net income:

(in millions of dollars) (unaudited)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase / (decrease)**	**% increase / (decrease)**
Net income	**$250.6**	$207.9	$42.7	21%
Adjustments related to:				
Amortization of intangibles related to acquisitions	**29.3**	28.7	0.6	2%
Increase in deferred income tax liabilities relating to a change in the future U.K. tax rate	**19.8**	7.4	12.4	168%
Net litigation settlement costs	**—**	9.1	(9.1)	(100%)
Acquisition and related costs[38]	**2.0**	1.4	0.6	43%
Integration costs[39]	**0.5**	—	0.5	n/a
Reduction in commodity tax provision	**—**	(0.9)	0.9	(100%)
Adjusted net income[40]	**$302.2**	$253.6	$48.6	19%

Adjusted net income increased by 19% from $253.6 million in the nine months ended September 30, 2020 to $302.2 million in the nine months ended September 30, 2021 largely driven by increased revenue, partially offset by higher operating expenses. There was also an increase in our share of income from BOX partially offset by higher net finance costs.

[37] See discussion under the heading "Non-IFRS Financial Measures".

[38] Includes costs related to the acquisitions of AST Canada (acquired August 12, 2021) and Tradesignal (acquired June 1, 2021) in the first nine months of 2021. See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* and *Initiatives and Accomplishments - Global Solutions, Insights & Analytics - Tradesignal transaction* for more details.

[39] Includes costs related to the integration of AST Canada (acquired August 12, 2021). See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* for more details.

[40] See discussion under the heading "Non-IFRS Financial Measures".

Revenue

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase / (decrease)**	**% increase / (decrease)**
Capital Formation	**$190.5**	$138.4	$52.1	38%
Equities and Fixed Income Trading and Clearing	**177.9**	169.9	8.0	5%
Derivatives Trading and Clearing	**104.3**	95.4	8.9	9%
Global Solutions, Insights and Analytics	**255.5**	241.1	14.4	6%
Other	**0.1**	0.8	(0.7)	(88)%
	$728.3	$645.6	$82.7	13%

Revenue was $728.3 million in the nine months ended September 30, 2021 up $82.7 million or 13% compared with $645.6 million in the nine months ended September 30, 2020 attributable to increases in revenue from *Capital Formation, CDS, Derivatives Trading and Clearing* as well as *Global Solutions, Insights and Analytics* partially offset by a decrease in *Other* revenue.

Capital Formation

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
Initial listing fees	**$15.4**	$7.3	$8.1	111%
Additional listing fees	**84.0**	59.2	24.8	42%
Sustaining listing fees	**57.7**	51.8	5.9	11%
Other issuer services	**33.4**	20.1	13.3	66%
	$190.5	$138.4	$52.1	38%

- *Initial listing fees* in the nine months ended September 30, 2021 increased from the nine months ended September 30, 2020 due to a rise in the amount of deferred *initial listing fee* revenue recognized in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020 on both TSX and TSXV. We recognized *initial listing fees* received in 2020 and 2021 of $14.0 million in the nine months ended September 30, 2021 compared with *initial listing fees* received in 2019 and 2020 of $6.5 million in the nine months ended September 30, 2020.

- Based on *initial listing fees* billed in 2020 and the nine months ended September 30, 2021, the following amounts have been deferred to be recognized in Q4/21, Q1/22, Q2/22 and Q3/22: $5.0 million, $3.6 million, $1.8 million and $0.3 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.

- *Additional listing fees* in the nine months ended September 30, 2021 increased compared to the nine months ended September 30, 2020 reflecting an increase in *additional listing fee* revenue on TSX and TSXV where there was an increase in both the number of financings and total financing dollars raised. The increase in *additional listing fee* revenue on TSX reflected an increase of 41% in the number of transactions billed at the maximum listing fee of $250,000 from the nine months ended September 30, 2020 to the nine months ended September 30, 2021, and a 17% increase in the number of transactions billed below the maximum fee.

- Issuers listed on TSX and TSXV pay annual *sustaining listing fees* primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. There was an increase in sustaining listing fees on both TSX and TSXV from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 reflecting an increase in the market capitalization of issuers at December 31, 2020 compared with December 31, 2019. With the increase in new listings in 2021, we now estimate that the increase in *sustaining listing fee* revenue will be approximately $7.0 million for 2021, up from the previous estimate of approximately $5.0 million.

- *Other issuer services* revenue in the nine months ended September 30, 2021 was higher compared to the nine months ended September 30, 2020 primarily due to increased revenue from TSX Trust from higher transfer agent fee revenue, and increases in corporate trust, margin income and recoverable revenue. Approximately $5.1 million of revenue related to AST Canada (acquired August 12, 2021) was included for the nine months ended September 30, 2021. Excluding AST Canada, *Other issuer services* revenue was up 41% in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase / (decrease)**	**% increase / (decrease)**
Equities and fixed income trading	**$96.2**	$96.4	($0.2)	0%
Equities and fixed Income clearing, settlement, depository and other services (CDS)	**81.7**	73.5	8.2	11%
	$177.9	$169.9	$8.0	5%

- There was lower *fixed income trading* revenue from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 reflecting decreased activity in swaps and Government of Canada bonds. *Equities Trading* revenue increased in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020 driven by higher volumes somewhat offset by a change in product mix.

- The overall volume of securities traded on our equities marketplaces increased by 6% (149.5 billion securities in the nine months ended September 30, 2021 versus 140.8 billion securities in the nine months ended September 30, 2020). There were increases in volumes of 40% on TSXV and 29% on Alpha, while volumes on TSX decreased by 11% in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 65% in the nine months ended September 30, 2021, down 2% from 67% in the nine months ended September 30, 2020.[41] We only trade securities that are listed on TSX or TSXV.

[41] Source: IIROC.

- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was 52% in the nine months ended September 30, 2021, down 8% from 60% in the nine months ended September 30, 2020[42].

- CDS revenue increased from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 reflecting higher clearing and settlement revenue due to higher volumes, increased depository fee revenue, international revenue, and higher revenue from account transfer online notifications. The increases in revenue were partially offset by higher rebates.

Derivatives Trading and Clearing

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
	$104.3	$95.4	$8.9	9%

- The increase in revenue was driven by an 11% increase in revenue from MX and CDCC. While volumes on MX were up 24% from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 (109.1 million contracts traded in the nine months ended September 30, 2021 versus 87.9 million contracts traded in the nine months ended September 30, 2020), there was lower revenue per contract reflecting changes in client mix and product mix. In the nine months ended September 30, 2021, there was an increase in high volume traders which resulted in lower revenue per contract. In addition, the volume increase was partially driven by contracts with lower yields.

- There was reduced revenue of approximately $1.7 million from BOX mainly relating to our agreement to provide transitional services, which ended on June 30, 2020.

Global Solutions, Insights and Analytics

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
Trayport	**$111.7**	$101.4	$10.3	10%
GSIA (excluding Trayport)	**143.8**	139.7	$4.1	3%
	$255.5	$241.1	$14.4	6%

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020 was primarily driven by increased revenue from Trayport as well as higher usage based quotes, partially offset by a stronger Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

[42] Source: IIROC.

Trayport

In GBP, revenue from Trayport, was £64.4 million in the nine months ended September 30, 2021, up 10% over the nine months ended September 30, 2020. The increase in Trayport revenue was driven by a 7% growth in the average number of total subscribers. Approximately $1.3 million (£0.8 million) of revenue related to Tradesignal (acquired June 1, 2021) was included in the nine months ended September 30, 2021. There was also a favorable impact from a weaker Canadian dollar relative to the GBP in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 3% from the nine months ended September 30, 2020 to the nine months ended September 30, 2021. There were higher revenues related to an increase in both professional and non-professional subscribers, usage based quotes, benchmarks and indices as well as co-location. The higher revenue was partially offset by an unfavourable impact of approximately $5.3 million from a stronger Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

- The average number of professional market data subscriptions for TSX and TSXV products was up 5% from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 (105,669 professional market data subscriptions in the nine months ended September 30, 2021 compared with 100,497 in the nine months ended September 30, 2020.)

- The average number of MX professional market data subscriptions increased 5% from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 (19,483 MX professional market data subscriptions in the nine months ended September 30, 2021 compared with 18,561 in the nine months ended September 30, 2020).

Other

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ (decrease)**	**% (decrease)**
	$0.1	$0.8	$(0.7)	(88)%

- The decrease in *Other* revenue reflected lower net foreign exchange gains on net monetary assets in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

Operating expenses

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase / (decrease)**	**% increase / (decrease)**
Compensation and benefits	**$185.5**	$168.4	$17.1	10%
Information and trading systems	**45.2**	39.9	5.3	13%
Selling, general and administration	**58.5**	67.8	(9.3)	(14)%
Depreciation and amortization	**64.1**	59.7	4.4	7%
	$353.3	$335.8	$17.5	5%

Operating expenses in the nine months ended September 30, 2021 were $353.3 million, up $17.5 million or 5%, from $335.8 million in the nine months ended September 30, 2020. There were approximately $8.5 million of expenses included in the nine months ended September 30, 2021 related to AST Canada (acquired August 12, 2021), including $0.5 million related to amortization of acquired intangibles (1 cent per basic and diluted share), $0.7 million related to the TSA, acquisition and related costs of $2.1 million (2 cents per basic and diluted share), as well as integration costs of $0.6 million (1 cent per basic and diluted share). The increase reflected higher headcount and payroll costs, including merit increases, increased costs related to our short term employee performance incentive plan of approximately $5.6 million and increased severance costs of approximately $1.3 million. There were also higher expenses related to higher recoverable expenses, increased bad debt expenses, software license and maintenance costs, information security software and legal expenses.

The increases were somewhat offset by net litigation settlement costs of $12.4 million (16 cents per basic and diluted shared) in the nine months ended September 30, 2020. We also incurred $1.4 million (3 cents per basic and 2 cents per diluted share in acquisition and related costs related to AST Canada in the nine months ended September 30, 2020. There was a $1.8 million decrease in expenses largely relating to the release of a provision for restoration costs for our data centre in the nine months ended September 30, 2021. There was also a reduction in long term incentive plan costs of approximately $6.1 million as well as a decrease in travel and entertainment expenses in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020. In addition, there was a $1.3 million reduction in commodity tax provision (2 cents per basic and diluted share) in the nine months ended September 30, 2020.

Compensation and benefits

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
	$185.5	$168.4	$17.1	10%

- The increase in *Compensation and benefits* expenses reflected higher headcount and payroll costs, including merit increases, higher short term employee performance incentive plan costs of approximately $5.6 million, increased severance costs of approximately $1.3 million. There was approximately $2.0 million included in the nine months ended September 30, 2021 related to AST Canada (acquired August 12, 2021). In addition, we incurred acquisition and related costs related to AST Canada of approximately $0.7 million, as well as integration costs of $0.5 million. These increases were somewhat offset by lower long term employee performance incentive plan costs of approximately $6.1 million.
- There were 1,549 TMX Group employees at September 30, 2021 versus 1,361 employees at September 30, 2020 reflecting an increase in headcount attributable to investing in the various growth areas of our business. The headcount in the nine months ended September 30, 2021, includes approximately 150 employees for AST Canada (acquired August 12, 2021) and approximately 15 employees for Tradesignal (acquired June 1, 2021).

Information and trading systems

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
	$45.2	$39.9	$5.3	13%

- The increase in *Information and trading systems* expenses from the nine months ended September 30, 2020 to the nine months ended September 30, 2021 reflected higher expenses related to software license and maintenance costs, information security software, higher project related spend, as well as increased costs for data feeds. There was approximately $0.8 million included in Q3/21 related to AST Canada (acquired August 12, 2021), including $0.3 million related to the TSA.

Selling, general and administration

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ (decrease)**	**% (decrease)**
	$58.5	$67.8	$(9.3)	(14)%

- *Selling, general and administration* expenses decreased by $9.3 million in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020 primarily due to net litigation settlement costs of $12.4 million (16 cents per basic and diluted share) in the nine months ended September 30, 2020, and lower travel and entertainment expenses. There was also a $1.8 million decrease in expenses largely relating to the release of a provision for restoration costs for our data centre in the nine months ended September 30, 2021.

- The decreases in S*elling, general and administration* expenses were partially offset by higher recoverable expenses, increased bad debt expenses, and higher director fees. There was approximately $1.9 million included in the nine months ended September 30, 2021 related to AST Canada (acquired August 12, 2021), including $0.4 million related to the TSA. In addition, we incurred acquisition and related costs related to Tradesignal (acquired June 1, 2021) and AST Canada (acquired August 12, 2021) of approximately $1.6 million, as well as integration costs of $0.1 million in the nine months ended September 30, 2021. There was also a $1.3 million reduction in commodity tax provision (2 cents per basic and diluted share) in the nine months ended September 30, 2020.

Depreciation and amortization

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
	$64.1	$59.7	$4.4	7%

- There were higher *Depreciation and amortization* costs reflecting increased amortization related to AST Canada (acquired August 12, 2021) of $1.1 million, as well as Tradesignal (acquired June 1, 2021).

- The *Depreciation and amortization* costs in the nine months ended September 30, 2021 of $64.1 million included $36.5 million related to amortization of intangible assets related to acquisitions (52 cents per basic and diluted share).

- The *Depreciation and amortization* costs in the nine months ended September 30, 2020 of $59.7 million included $35.5 million related to amortization of intangible assets related to acquisitions (51 cents per basic and 50 cent per diluted share).

Additional Information

Share of income from equity accounted investees

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
	$18.4	$6.6	$11.8	179%

- In the nine months ended September 30, 2021, our share of income from equity accounted investees increased by $11.8 million primarily due to an increase in our share of income from BOX reflecting higher revenues driven by a 137% increase in volumes from the nine months ended September 30, 2020 to the nine months ended September 30, 2021. This increase was partially offset by an increase in long term employee performance incentive plan costs, and an unfavorable impact from a stronger Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

Net finance costs

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase**	**% increase**
	$27.1	$24.8	$2.3	9%

- The increase in net finance costs for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 reflected higher net interest expense due to lower finance income as a result of lower interest rates, and higher costs related to the Series F Debentures issued in Q1/21, somewhat offset by reduced interest costs related to Commercial Paper.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		**Effective Tax Rate** (%)	
Nine months ended September 30, 2021	Nine months ended September 30, 2020	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020
$115.7	$83.7	**32%**	29%

Excluding adjustments, primarily related to the items noted below, the effective tax rate would have been approximately 26% for the nine months ended September 30, 2021 and the nine months ended September 30, 2020.

- In the nine months ended September 30, 2021, there was an increase in net deferred income tax liabilities, as well as a corresponding increase in income tax expense of $19.8 million relating to a change in the U.K. corporate tax rate. In Q2/21, the previously announced increase in the U.K. corporate income tax rate from 19% to 25%, effective April 1, 2023, was substantively enacted. The net deferred income tax liabilities were revalued accordingly to reflect the higher tax rate.

- In the nine months ended September 30, 2020, there was an increase in deferred income tax liabilities and a corresponding increase in income tax expense of $7.4 million relating to the U.K. corporate income tax rate. In Q1/20, it was announced that the U.K. corporate income tax rate would not decline as previously anticipated; therefore, we were required to revalue deferred income tax liabilities.

Total equity

(in millions of dollars)	**As at September 30, 2021**	As at December 31, 2020	**$ increase**
Total equity	**$3,675.6**	$3,611.5	$64.1

- As at September 30, 2021, there were 56,020,623 common shares issued and outstanding and 1,143,064 options outstanding under the share option plan.
- As at October 29, 2021, there were 56,020,623 common shares issued and outstanding and 1,140,395 options outstanding under the share option plan.
- The increase in Total equity is primarily attributable to the inclusion of net income of $250.6 million, proceeds received on the exercise of options of $15.0 million, less dividend payments to shareholders of TMX Group of $125.8 million. In addition, 506,600 of our common shares were repurchased in the nine months ended September 30, 2021 under a normal course issuer bid for $65.8 million.

Segments

The following information reflects TMX Group's segment results for the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

Nine months ended September 30, 2021

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	$ 190.5	$ 177.9	$ 104.3	$ 255.5	$ 0.1	$ 728.3
Inter-segment revenue	0.2	1.5	—	0.2	(1.9)	—
Total revenue	190.7	179.4	104.3	255.7	(1.8)	728.3
Income (loss) from operations	114.6	94.5	47.9	165.0	(47.0)	375.0

Nine months ended September 30, 2020

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	$ 138.4	$ 169.9	$ 95.4	$ 241.1	$ 0.8	$ 645.6
Inter-segment revenue	0.3	1.4	—	0.2	(1.9)	—
Total revenue	138.7	171.3	95.4	241.3	(1.1)	645.6
Income (loss) from operations	71.8	88.9	45.9	157.0	(53.8)	309.8

Income (loss) from operations

The increase in *Income from operations* from *Capital Formation* primarily reflected higher revenue from *additional listing fees* in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020. There were also increases in revenue from *initial listing fees*, *sustaining listing fees*, and TSX Trust. The higher revenue was partially offset by higher operating expenses in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

The increase in *Income from operations* from *Equities and Fixed Income Trading and Clearing* was largely driven by increased revenue from CDS and *Equity Trading* somewhat offset by lower *fixed income trading* in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020. The higher revenue was partially offset by higher operating expenses in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

The increase in *Income from operations* from *Derivatives Trading and Clearing* primarily reflected higher revenue driven by higher volumes in the nine months ended September 30, 2021 compared with the nine months ended September

30, 2020. The increase was somewhat offset by higher operating expenses reflecting increased compensation and benefits costs as well as project related expenses in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020. There was also a decrease in *Derivatives Trading and Clearing* revenue mainly attributable to reduced revenue of approximately $1.7 million from BOX relating to our agreement to provide transitional services, which ended on June 30, 2020.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflects higher revenue from Trayport and TMX Datalinx. The increase in Trayport revenue reflected higher total subscribers, increased sales of additional products, and enterprise license renewals in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020. Within TMX Datalinx, there were higher revenues related to an increase in both professional and non-professional subscribers, usage based quotes, benchmarks and indices as well as co-location. The higher revenue was partially offset by an unfavourable impact of approximately $5.3 million from a stronger Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020, as well as higher operating expenses in the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

Other includes *c*ertain revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the *Other* segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in *Other*. The *loss from operations* in the *Other* segment decreased in the nine months ended September 30, 2021 primarily reflecting net litigation settlement costs of $12.4 million incurred and allocated to the *Other* segment in the nine months ended September 30, 2020. There was also a $1.8 million decrease in expenses in the nine months ended September 30, 2021, largely relating to the release of a provision for restoration costs for our data centre.

Partially offsetting these decreases, was an increase in project-related fees, as well as approximately $0.6 million (1 cent per basic and diluted share) in integration costs related to AST Canada (acquired August 12, 2021) in the nine months ended September 30, 2021. There was also a $1.3 million reduction in commodity tax provision (2 cents per basic and diluted share) in the nine months ended September 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Cash Flows

Q3/21 compared with Q3/20

(in millions of dollars)	**Q3/21**	Q3/20	**$ increase / (decrease) in cash**
Cash flows from operating activities	**$117.7**	$101.7	$16.0
Cash flows from (used in) financing activities	**(52.1)**	(34.2)	(17.9)
Cash flows from (used in) investing activities	**(155.6)**	(16.5)	(139.1)

- In Q3/21, *Cash flows from operating activities* increased compared with Q3/20 reflecting higher income from operations (excluding depreciation and amortization) and an increase in cash related to trade and other receivables, and prepaid expenses. These increases were somewhat offset by decreases in cash from trade and other payables, other assets and liabilities, and increased income taxes paid in Q3/21 compared with Q3/20.
- In Q3/21, we had more *Cash flows used in financing activities* compared with Q3/20 reflecting an increase in cash used in shares repurchased under our normal course issuer bid program of $18.3 million, an increase in dividends paid to equity holders of $3.5 million, a decrease in proceeds from exercised options of $3.0 million, and an increase in cash used in interest paid of $2.5 million. These increases to *cash flows used in financing activities* were partially offset by lower net repayments of Commercial Paper of $8.0 million, and a net increase in credit and liquidity facilities drawings of $1.4 million.
- In Q3/21, there was an increase in C*ash flows used in investing activities* compared with Q3/20 primarily attributable to cash outflows relating to an acquisition of subsidiary, net of cash acquired of $131.6 million. There was also an increase in cash used for the net purchase of marketable securities of $6.3 million, as well as an increase in cash used for additions to premises and equipment and intangible assets of $1.5 million.

Nine months ended September 30, 2021 compared with Nine months ended September 30, 2020

(in millions of dollars)	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020	**$ increase / (decrease) in cash**
Cash flows from operating activities	**$338.4**	$311.6	$26.8
Cash flows from (used in) financing activities	**(106.3)**	(180.5)	74.2
Cash flows from (used in) investing activities	**(193.2)**	(4.7)	(188.5)

- In the nine months ended September 30, 2021, *Cash flows from operating activities* increased compared with the nine months ended September 30, 2020 reflecting higher income from operations (excluding depreciation and amortization). These increases were somewhat offset by decreases in cash related to trade and other payables as well as other assets and liabilities and increased income taxes paid.
- In the nine months ended September 30, 2021, *Cash flows used in financing activities* were lower than in the nine months ended September 30, 2020. In the nine months ended September 30, 2021, we received proceeds from the issuance of our Series F Debentures of $250.0 million. This increase was partially offset by an increase in net repayments of Commercial Paper of $89.4 million, an increase in share repurchases under our normal course issuer bid program of $51.1 million, a decrease in proceeds from exercised options of $15.0 million, an increase in

dividends paid to equity holders of $11.8 million, and a net decrease in credit and liquidity facilities drawings of $6.6 million.

- In the nine months ended September 30, 2021, C*ash flows used in investing activities* were higher than in the nine months ended September 30, 2020. This was largely attributable to cash outflows relating to acquisition of subsidiaries, net of cash acquired, of $138.4 million, and a decrease in cash of $54.0 million from the net purchase of marketable securities in the nine months ended September 30, 2021 compared with net sales in the nine months ended September 30, 2020. Partially offsetting these decreases, cash used for additions to premises and equipment and intangible assets decreased by $4.4 million from the nine months ended September 30, 2020 to the nine months ended September 30, 2021.

Summary of Cash Position and Other Matters[43]

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	**As at September 30, 2021**	As at December 31, 2020	**$ increase**
	$337.9	$277.9	$60.0

We had $337.9 million of cash, cash equivalents and marketable securities as at September 30, 2021. There was an increase in cash, cash equivalents and marketable securities primarily reflecting proceeds from the issuance of Series F Debentures of $250.0 million, cash flows from operating activities of $338.4 million, proceeds from exercised options of $15.0 million, and cash flows from dividends received of $5.7 million. Offsetting these increases in cash and cash equivalents were a net decrease in Commercial Paper of $160.0 million, cash outflows relating to acquisitions of $138.4 million, cash outflows for dividends to our shareholders of $125.8 million, repurchases of our shares under a normal course issuer bid of $65.8 million, additions to premises and equipment and intangible assets of $40.0 million, and interest paid, net of interest received of $18.4 million. Based on our current business operations and model, we believe that we have sufficient cash resources and access to financing to operate our business, make interest payments, as well as meet our covenants under the trust indentures governing our Debentures and the financial covenants of the Credit Agreement (as outlined in the 2020 Annual MD&A), and commercial paper program (Commercial Paper Program) (see **LIQUIDITY AND CAPITAL RESOURCES - Commercial Paper, Debentures, Credit and Liquidity Facilities**), and satisfy the capital maintenance requirements imposed by regulators.

We will also have cash outlays related to the modernization of our clearing platforms (see - **INITIATIVES AND ACCOMPLISHMENTS - Update on Modernization of Clearing Platforms**).

Our ability to obtain funding in the future will depend on the liquidity and condition of the financial markets, including the credit market, and our financial condition at the time, the covenants in the Credit Agreement and the trust indentures governing the Debentures, and by capital maintenance requirements imposed by regulators. At September 30, 2021, there was no Commercial Paper outstanding.

[43] The "*Summary of Cash Position and Other Matters*" section above contains certain forward-looking statements. Please refer to *"Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

Total Assets

(in millions of dollars)	**As at September 30, 2021**	As at December 31, 2020	**$ increase**
	$41,463.3	$36,098.6	$5,364.7

- Our consolidated balance sheet as at September 30, 2021 includes *Balances of Participants and Clearing Members* related to our clearing operations. These balances have equal amounts included within *Total Liabilities*. The increase in *Total Assets* of $5,364.7 million from December 31, 2020 reflected higher collateral balances in both CDS and CDCC at September 30, 2021.

<u>Commercial Paper, Debentures, Credit and Liquidity Facilities</u>

Commercial Paper

(in millions of dollars)	**As at September 30, 2021**	As at December 31, 2020	**$ (decrease)**
	$0.0	$160.0	$(160.0)

There was no Commercial Paper outstanding under the program at September 30, 2021 reflecting a net reduction of $160.0 million from December 31, 2020. The Commercial Paper Program is fully backstopped by the TMX Group credit facility.

On April 28, 2021, TMX reduced the size of its Commercial Paper Program from $500.0 million to $400.0 million (or the US equivalent). The Commercial Paper is issued in various maturities of no more than one year and bears interest rates based on the prevailing market conditions at the time of issuance.

On October 6, 2021, DBRS Morningstar, our rating agency, reconfirmed their R-1 (low) rating on our Commercial Paper and changed the trend from Stable to Positive.

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2020 Annual MD&A.

Debentures

As of September 30, 2021, TMX Group had the following Debentures outstanding:

(in millions of dollars)	**As at September 30, 2021**	As at December 31, 2020	$ increase
Series B - Non-Current Debentures	**$249.8**	$249.8	$0.0
Series D - Non-Current Debentures	**$299.2**	$298.7	$0.5
Series E - Non-Current Debentures	**$199.2**	$199.0	$0.2
Series F - Non-Current Debentures	**$248.7**	$—	$248.7
	$996.9	$747.5	$249.4

On February 12, 2021, TMX Group completed a Canadian private placement offering of $250.0 million aggregate principal amount of 2.016% senior unsecured debentures due February 12, 2031 ("Series F Debentures") to accredited investors in Canada. The Series F Debentures received a credit rating of A (high) with a Stable trend from DBRS Morningstar. TMX Group incurred financing costs of $1.3 million for the initial issuance of Series F Debentures, and these costs are offset against the initial carrying value of the Series F Debentures. The Series F Debentures may be redeemed, in whole or in part, at the option of TMX Group, at the redemption price together with accrued and unpaid interest to the date fixed for redemption. The redemption price is equal to the greater of the Canada Yield Price (as defined in the relevant indenture) and 100% of the principal amount of the Series F Debentures redeemed plus accrued and unpaid interest to the date of the redemption. If redeemed on or after the date that is three months prior to the maturity date, the redemption price will be equal to 100% of the aggregate principal amount outstanding on the debentures, together with accrued and unpaid interest to the date of such redemption. In Q1/21, a portion of the proceeds from the Series F Debentures were used to repay TMX Group's commercial paper.

On October 6, 2021, DBRS Morningstar, our rating agency, reconfirmed their A (high) rating on TMX Group Limited and on our Senior Unsecured Debt and changed the trend from Stable to Positive.

For additional information on the Debentures, please see **Debentures** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2020 Annual MD&A.

TMX Group Credit Facility

On April 28, 2021, TMX Group amended the terms of the TMX Group Limited credit facility to decrease the size of the facility from $500.0 million to $400.0 million, and extended the term from May 2, 2021 to May 2, 2024.

The TMX Group Limited credit facility continues to provide 100% backstop to the commercial paper program and can also be used for general corporate purposes. The amount available to be drawn under the TMX Group Limited credit facility is limited to $400.0 million less the aggregate amount, at any point in time, of: (i) Commercial Paper outstanding and (ii) inter-company notes payable outstanding to CDS Clearing, CDCC, Shorcan Brokers Limited and CDS Limited.

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2020 Annual MD&A.

As at September 30, 2021, all covenants were met under the Credit Agreement governing the TMX Group credit facility.

Effective Interest Rates

The effective interest rates as at September 30, 2021 for the Debentures are shown below:

Debentures	Principal ($CAD millions)	Maturity	All-in Rate
Series B Debentures	250.0	Oct. 3, 2023	4.461%
Series D Debentures	300.0	Dec. 11, 2024	2.997%
Series E Debentures	200.0	Jun. 5, 2028	3.779%
Series F Debentures	250.0	Feb. 12, 2031	2.016%

Other Credit and Liquidity Facilities

CDCC maintains a $27,012.0 million REPO uncommitted facility ($27,012.0 million at December 31, 2020) that is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. On February 26, 2021, CDCC extended this facility to February 25, 2022.

CDCC also maintains a $100.0 million syndicated revolving standby liquidity facility ($320.0 million at December 31, 2020) to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been received by, or pledged to, CDCC. On February 26, 2021, this facility was extended to February 25, 2022 and on June 4, 2021, CDCC reduced this facility from $320.0 million to $100.0 million.

As at September 30, 2021, CDCC had drawn $11.5 million to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

CDS Clearing maintains a secured standby liquidity facility of US$720.0 million, or Canadian dollar equivalent, that can be drawn in either United States (US) or Canadian currency. On March 23, 2021, CDS Clearing extended the maturity date to March 22, 2022.

CDS Clearing also has a secured standby liquidity facility of $2.0 billion or US equivalent that can be drawn in either Canadian or US currency. On March 23, 2021, CDS Clearing extended the maturity date to March 22, 2022.

MANAGING CAPITAL

Our primary objectives in managing capital and our capital maintenance requirements are described in our 2020 Annual MD&A.

As at September 30, 2021, we were in compliance with each of these externally imposed capital maintenance requirements. See **Credit Facility** and **Other Credit and Liquidity Facilities** and **MANAGING CAPITAL** in our 2020 Annual MD&A for a description of the financial covenants imposed on us.

QUARTERLY FINANCIAL INFORMATION

(in millions of dollars except per share amounts - unaudited)	**Sep 30 2021**	**Jun 30 2021**	**Mar 31 2021**	**Dec 31 2020**	**Sep 30 2020**	**Jun 30 2020**	**Mar 31 2020**	**Dec 31 2019**
Capital Formation	$60.2	$69.2	$61.1	$50.6	$50.2	$48.1	$40.1	$42.6
Equities and Fixed Income Trading	25.9	29.4	40.9	30.6	28.5	34.7	33.2	22.7
Equities and fixed Income - clearing, settlement, depository and other services (CDS)	26.0	27.9	27.8	25.7	23.7	24.8	25.0	28.4
Derivatives Trading & Clearing	32.9	33.9	37.5	30.8	24.9	30.0	40.5	33.3
Global Solutions, Insights and Analytics	85.9	84.6	85.0	82.6	80.3	81.0	79.8	75.9
Other	0.4	—	(0.3)	(0.8)	—	(0.9)	1.7	(0.1)
Revenue	231.3	245.0	252.0	219.5	207.6	217.7	220.3	202.8
Operating expenses	121.9	112.1	119.3	113.4	107.2	119.3	109.3	106.3
Income from operations	109.4	132.9	132.7	106.1	100.4	98.4	111.0	96.5
Net income	76.9	77.3	96.4	71.8	70.0	67.8	70.1	47.5
Earnings per share								
Basic	1.37	1.38	1.71	1.27	1.24	1.20	1.25	0.85
Diluted	1.36	1.37	1.70	1.26	1.23	1.19	1.24	0.84

Q3/21 compared with Q2/21

- *Revenue* was $231.3 million in Q3/21, down $13.7 million or 6% from $245.0 million in Q2/21 primarily attributable to lower revenue in *Capital Formation*, *Equities and Fixed Income Trading*, *CDS*, and *Derivatives Trading & Clearing*, partially offset by higher revenue in *Global Solutions, Insights and Analytics* and *Other*. There was also $5.1 million of revenue included in Q3/21 related to AST Canada (acquired August 12, 2021).

- *Operating expenses* in Q3/21 were $121.9 million, up $9.8 million or 9% from $112.1 million in Q2/21 due to higher short term employee performance incentive plan costs of $2.5 million, higher long term incentive plan costs of $1.7 million, and increased headcount and payroll costs of $1.3 million, . There were approximately $7.5 million of expenses included in Q3/21 related to AST Canada (acquired August 12, 2021), including $0.5 million related to amortization of acquired intangibles (1 cent per basic and diluted share), $0.7 million related to the TSA, acquisition and related costs of $1.1 million (2 cents per basic and diluted share), as well as integration costs of $0.6 million (1 cent per basic and diluted share).

  These increases in operating expenses were partially offset by lower director fees, decreased severance, and bad debt expenses. There was also a $1.8 million decrease in expenses largely relating to a release of a provision for restoration costs for our data centre in Q2/21.

- *Income from operations* decreased from Q2/21 to Q3/21 reflecting lower revenue and higher operating expenses.

- *Net income* in Q3/21 was $76.9 million, or $1.37 per common share on a basic and $1.36 on a diluted basis, compared with net income of $77.3 million, or $1.38 per common share on a basic and $1.37 on a diluted basis for Q2/21. The slight decrease in net income from Q2/21 to Q3/21 was mainly attributable to lower *income from operations* from Q2/21 to Q3/21, somewhat offset by an increase in income tax expense of $19.8 million relating to an increase in the U.K corporate income tax rate in Q2/21.

Q2/21 compared with Q1/21

- *Revenue* was $245.0 million in Q2/21, down $7.0 million or 3% from $252.0 million in Q1/21 primarily attributable to lower revenue in E*quities and Fixed Income Trading,* and *Derivatives Trading & Clearing*, partially offset by higher revenue in *Capital Formation.*

- *Operating expenses* in Q2/21 were $112.1 million, down $7.2 million or 6% from $119.3 million in Q1/21. The decrease in costs was driven by lower short term employee performance incentive plan and sales commissions costs of $3.3 million, lower payroll costs of $3.1 million, and lower long term performance incentive plan costs of $1.6 million. In addition, there was a $1.8 million decrease in expenses largely relating to the release of a provision for restoration costs for our data centre in Q2/21. These decreases in expenses were partially offset by higher director fees, increased software license and maintenance costs, and higher bad debt expenses.

- *Income from operations* increased slightly from Q1/21 to Q2/21 due to lower operating expenses largely offset by lower revenue.

- *Net income* in Q2/21 was $77.3 million, or $1.38 per common share on a basic and $1.37 on a diluted basis, compared with net income of $96.4 million, or $1.71 per common share on a basic and $1.70 on a diluted basis for Q1/21. The decrease in net income and earnings per share from Q1/21 to Q2/21 was primarily attributable to an increase in income tax expense of $19.8 million relating to an increase in the U.K. corporate income tax rate, partially offset by a $1.3 million increase in our share of income from BOX from Q1/21 to Q2/21.

Q1/21 compared with Q4/20

- *Revenue* was $252.0 million in Q1/21, up $32.5 million or 15% from $219.5 million in Q4/20 attributable to increases in revenue across all our operating segments.

- *Operating expenses* in Q1/21 were $119.3 million, up $5.9 million or 5%, from $113.4 million in Q4/20. The increase in costs was primarily attributable to increased payroll taxes of $3.8 million, increased pension expenses of $2.9 million, higher headcount, higher short term employee performance incentive plan and sales commissions costs of $0.9 million, and higher long term performance incentive plan costs of $0.8 million. These increases in operating expenses were partially offset by lower severance costs of $2.8 million in Q1/21, the write-off of costs related to discontinued initiatives in Q4/20, and lower information technology professional services costs.

- *Income from operations* increased from Q4/20 to Q1/21 largely due to higher revenue partially offset by higher operating expenses.

- *Net income* in Q1/21 was $96.4 million, or $1.71 per common share on a basic and $1.70 on a diluted basis, compared with a net income of $71.8 million, or $1.27 per common share on a basic and $1.26 on a diluted basis, for Q4/20. The increase in net income and earnings per share from Q4/20 to Q1/21 was driven by an increase in *income from operations* of $26.6 million. There was also a significant increase in our share of income from BOX from Q4/20 to Q1/21.

For additional information on the five previous quarters, please see Select Annual and Quarterly financial information in our 2020 Annual MD&A.

Accounting and Control Matters

Changes in accounting policies

In March 2021, the IASB amended IFRS 16, Leases, extending the practical expedient introduced in March 2020 in response to the COVID-19 pandemic, in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments due on or before June 30, 2022 (extended from June 30, 2021). TMX Group early adopted this amendment from January 1, 2021. This amendment did not have a significant impact on TMX Group's interim financial statements.

Changes in Internal Control over Financial Reporting

There were no changes to internal control over financial reporting (ICFR) during the quarter ended September 30, 2021 that materially affected, or are reasonably likely to materially affect, our ICFR.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A of TMX Group 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 MD&A. 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 forward-looking information in this MD&A include, but are not limited to, growth objectives; our target dividend payout ratio; the ability of TMX Group to de-leverage and the timing thereof; the modernization of clearing platforms, including the expected cash expenditures related to the modernization of our clearing platforms and the timing of the modernization; other statements related to cost reductions; the impact of the market capitalization of TSX and TSXV issuers overall (from 2019 to 2020) and the impact of increased new listing activity in 2021 on TMX Group's sustaining listing fee revenue; future changes to TMX Group's anticipated statutory income tax rate for 2021; factors relating to stock, and derivatives exchanges and clearing houses and the business, strategic goals and priorities, market conditions, pricing, proposed technology and other business initiatives and the timing and implementation thereof, the expected transaction and integration costs related to AST Canada, the expected cost of the transitional services agreement related to AST Canada, the anticipated benefits and synergies of the AST Canada, including the expected impact on TMX Group's earnings and adjusted earnings per share and the timing thereof, financial results or financial condition, operations and prospects of TMX Group which are subject to significant risks and uncertainties.

These risks include, but are not limited to: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic conditions (including COVID-19) or uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption (including COVID-19); dependence on information technology; vulnerability of our networks and third party service providers to security risks, including cyber-attacks; failure to properly identify or implement our strategies; regulatory constraints; constraints imposed by our level of indebtedness, risks of litigation or other proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; failure to close and effectively integrate acquisitions to achieve planned economics, including AST Canada, or divest underperforming businesses; currency risk; adverse effect of new business activities; adverse effects from business divestitures; 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 TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; the failure to realize cost reductions in the amount or the time frame anticipated; dependence on market activity that cannot be controlled; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and revenues; future levels of revenues being lower than expected or costs being higher than expected.

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 exchange rates from Canadian dollars to the U.S. dollar or GBP), commodities prices, 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; changes to interest rates and the timing thereof, among other things, could positively or negatively impact AST Canada's accretion to adjusted earnings per share; the amount and timing of incurrence of AST Canada integration costs; the amount and timing of: revenue and cost synergies resulting from the AST Canada acquisition; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research and 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.

In addition to the assumptions outlined above, forward looking information related to long term revenue cumulative average annual growth rate (CAGR) objectives, and long term adjusted earnings per share CAGR objectives are based on assumptions that include, but not limited to:

- TMX Group's success in achieving growth initiatives and business objectives;
- continued investment in growth businesses and in transformation initiatives including next generation post-trade systems;
- no significant changes to our effective tax rate, recurring revenue, and number of shares outstanding;
- moderate levels of market volatility;
- level of listings, trading, and clearing consistent with historical activity;
- economic growth consistent with historical activity;
- no significant changes in regulations;
- continued disciplined expense management across our business;
- continued re-prioritization of investment towards enterprise solutions and new capabilities;
- free cash flow generation consistent with historical run rate; and
- a limited impact from the COVID-19 pandemic on our plans to grow our business over the long term including on the ability of our listed issuers to raise capital.

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 MD&A. 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. A description of the above-mentioned items is contained in the section "***Enterprise Risk Management***" of our 2020 Annual MD&A which is incorporated by reference into this MD&A.