Notice of Annual and Special Meeting of Shareholders and Management Information Circular

April 26, 2006
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Notice of Annual and Special Meeting of Shareholders of TSX Group Inc.

TSX Group Inc. ("TSX Group" or "we") will hold our Annual and Special Meeting of shareholders (the "Meeting") at the TSX Conference Centre, Main Floor, The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada on Wednesday, April 26, 2006 at 2:00 p.m. (Eastern Daylight Time).

As a holder of our common shares, we invite you to attend the Meeting for the following purposes:

1. to consider our financial statements for the year ended December 31, 2005, and the auditor’s report on those statements;

2. to elect our Directors;

3. to appoint KPMG LLP as our auditor at a remuneration to be fixed by the Directors;

4. to consider and, if deemed advisable, to confirm, with or without variation, the amendment to our By-Law No. 1 to remove the definition of “independent director” and section 3.14 entitled “Director Representation”, and the restatement of By-Law No. 1, as amended, as described in the Management Information Circular; and

5. to transact any other business properly brought before the Meeting.

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

Shareholders at the close of business on March 13, 2006 will be entitled to vote at the Meeting.

Our Management Information Circular (the "Circular") which accompanies this notice is your guide to the business to be considered at the Meeting. You will have an opportunity to ask questions and meet with management, the Board of Directors and your fellow shareholders. At the Meeting we will also report on our 2005 financial results.

Shareholders who are unable to attend the Meeting in person are asked to complete, sign and return the enclosed proxy or alternatively, vote by telephone or the internet at their discretion. We have provided instructions on how to complete and return your proxy with the enclosed proxy form and in the Circular. Our transfer agent, CIBC Mellon Trust Company, must receive your proxy no later than 5:00 p.m. (Eastern Daylight Time) on Monday, April 24, 2006, or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting. You must send your proxy to our transfer agent by either using the postage prepaid envelope provided or by mailing the proxy to CIBC Mellon Trust Company at 200 Queens Quay East, Unit 6, Toronto, Ontario, Canada, M5A 4K9. You may also fax your proxy to CIBC Mellon Trust Company at (416) 368-2502, Attention: Proxy Department. Complete directions for use of the telephone or the internet to transmit your voting instructions are provided with the enclosed proxy and are described in the accompanying Circular.

We have made arrangements to provide a live audio webcast of the Meeting for those shareholders who cannot attend the Meeting in person. We will post details on how you may hear the webcast on our web site at www.tsx.com and in a media release before the Meeting. However, shareholders will not be permitted to vote through the webcast facility or otherwise participate in the Meeting.
We have included the Circular and a form of proxy (and a pre-addressed envelope) with this Notice of Meeting and have posted them on our web site at www.tsx.com.

By Order of the Board of Directors,

Sharon C. Pel
Senior Vice President, Legal and Business Affairs
Toronto, Ontario
March 23, 2006
Management Information Circular

All information is as at February 28, 2006, unless otherwise indicated.

About This Document

This Management Information Circular (the “Circular”) explains the business to be considered at the annual and special meeting of shareholders (the “Meeting”) of TSX Group Inc. (“TSX Group” or “we”) on Wednesday, April 26, 2006 at the place and for the purposes set out in the accompanying Notice of Annual and Special Meeting of Shareholders.

We are sending you this Circular in connection with management’s solicitation of your proxy for use at the Meeting and any continued meeting after an adjournment. Management will solicit proxies primarily by mail. However, our Directors, officers, employees and agents may also solicit proxies by telephone, email, facsimile, in writing or in person. We will pay all costs of such proxy solicitation.

See “Voting Information” below for an explanation of how you can vote on the matters to be considered at the Meeting, whether or not you decide to attend the Meeting.

All references to common shares issued and outstanding, common shares reserved for issuance, deferred share units, restricted share units and share options reflect the impact of the two-for-one stock split which was effective on May 17, 2005.
Voting Information

What will I be voting on?

You will be voting on:

- The election of our Directors (see page 6);
- The appointment of KPMG LLP as our auditor (see page 16) at a remuneration to be fixed by the Directors (see page 16); and
- Confirmation of the amendment to our By-Law No. 1 to remove the definition of “independent director” and section 3.14 entitled “Director Representation”, and the restatement of By-Law No. 1, as amended, as described in the Management Information Circular (see page 16).

How will these matters be decided at the Meeting?

A simple majority of the votes cast, by proxy or in person, will constitute approval of matters voted on at the Meeting.

How many votes do I have?

Subject to the share ownership and voting restriction noted below, you will have one vote for every common share you own at the close of business on March 13, 2006, the record date for the Meeting.

To vote common shares you acquired after the record date, you must, not later than 10 days before the Meeting:

- Request that we add your name to the voters’ list, and
- Produce properly endorsed share certificates or otherwise establish that you own the common shares.

What are the share ownership and voting restrictions?

No person or company or combination of persons or companies, acting jointly or in concert, may beneficially own or exercise control or direction over more than 10% of our common shares without the prior approval of the Ontario Securities Commission. No such person or company may exercise the right to vote more than 10% of the votes attached to our common shares.

To the knowledge of our Directors and officers, no person or company or combination of persons or companies beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of our outstanding common shares.

How many common shares are eligible to vote?

On March 13, 2006, there were 68,309,628 common shares of TSX Group outstanding and eligible to vote.
How do I vote?

If you are eligible to vote and your common shares are registered in your name, you can vote your common shares as follows:

- In person at the Meeting; or
- By Proxy, as explained below; or
- By using the telephone voting procedure set out below; or
- By using the internet voting procedure set out below.

Telephone: If you wish to vote by telephone, you must use a touch-tone telephone to submit your votes to the toll free number: 1-866-271-1207 (English or French). You will need to follow the voice prompts and have to enter the 13 digit Control Number located in the bottom right corner on the back of the proxy sent to you before you enter your voting instructions.

Internet: If you wish to vote by internet (English or French), you will need to access www.eproxyvoting.com/tsx and follow the instructions given there. You will have to enter the 13 digit Control Number located in the bottom right corner on the back of the proxy sent to you and then enter your voting instructions.

If your common shares are held in the name of a nominee (this makes you a “Non-Registered Shareholder”), please see the instructions below under the headings “How can a Non-Registered Shareholder vote by mail?” and “How can a Non-Registered Shareholder vote in person at the Meeting?”.

Can I vote by proxy?

Whether or not you attend the Meeting, you can appoint someone else to vote for you as your proxyholder. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxyholder. The persons named in the enclosed form of proxy are our Chair of the Board and our Chief Executive Officer. However, you can choose another person to be your proxyholder, including someone who is not one of our shareholders. You may do so by crossing out the names printed on the proxy and inserting another person’s name in the blank space provided, or by completing another proper form of proxy.

We will provide proxy materials to brokers, custodians, nominees and fiduciaries who are required to forward those materials to the beneficial owners of common shares.

How will my proxy be voted?

On the proxy form, you can indicate how you want your proxyholder to vote your common shares, or you can let your proxyholder decide for you.

If you specify on the proxy form how you want your common shares to be voted on a particular issue (by marking FOR, AGAINST or WITHHOLD, as applicable) then your proxyholder must vote your common shares accordingly.

If you do not specify on the proxy form how you want your common shares to be voted on a particular issue, then your proxyholder can vote your common shares as he or she sees fit.
Unless you provide contrary instructions, common shares represented by proxies received by management will be voted:

- FOR the election as Directors of the proposed nominees whose names are set out on the following pages;
- FOR the appointment of KPMG LLP as our auditor at a remuneration to be fixed by the Directors; and
- FOR confirmation of the amendment to our By-Law No. 1 to remove the definition of “independent director” and section 3.14 entitled “Director Representation”, and the restatement of By-Law No. 1, as amended, as described in this Circular.

**What if there are amendments or if other matters are brought before the Meeting?**

The enclosed proxy form gives the persons named on it authority to use their discretion in voting on amendments, variations or additions to the matters identified in the Notice of Meeting and on all other matters that may properly come before the Meeting.

At the time of printing this Circular, our management is not aware of any such amendments or that any other matter is to be presented for action at the Meeting. If, however, any such amendments or other matters properly come before the Meeting, the persons named on the enclosed proxy form will vote on them using the discretion given by the proxy form.

**What if I change my mind and want to revoke my proxy?**

You can revoke your proxy at any time before it is acted upon. You can do this by:

- Delivering a properly executed form of proxy with a later date; or
- Stating clearly, in writing, that you want to revoke your proxy and by delivering this written statement to the attention of our Senior Vice President, Legal and Business Affairs no later than the close of business on April 25, 2006 (or, if the Meeting is adjourned, the business day before any adjourned meeting), or to the Chair of the Meeting before the start of the Meeting or any adjourned meeting; or
- If the instructions were conveyed by telephone or the internet then conveying new instructions by any of these two means will revoke the prior instructions no later than the close of business on April 24, 2006; or
- In any other manner permitted by law.

**Who counts the votes?**

CIBC Mellon Trust Company, our Transfer Agent, counts the proxies.

**How do I contact the Transfer Agent?**

**By mail at:**
CIBC Mellon Trust Company  
P.O. Box 7010, Adelaide Street Postal Station  
Toronto, Ontario M5C 2W9

**By telephone at:**  
(416) 643-5500 (Toronto Area)  
1 (800) 387-0825 (North America)

**By fax at:**  
(416) 643-5501

**By e-mail:**  
inquiries@cibcmellon.com
Is my vote confidential?

Yes, except (1) where you clearly intend to communicate your individual position to management, or (2) as necessary to comply with legal requirements.

How are proxies solicited?

Management requests that you sign and return the proxy form (in the postage-prepaid envelope provided) to ensure your votes will be counted at the Meeting. Management will solicit proxies primarily by mail. However, our Directors, officers, employees and agents may also solicit proxies by telephone, email, facsimile, in writing or in person. We will pay all costs of such proxy solicitation.

How can a Non-Registered Shareholder vote by mail?

If your common shares are not registered in your own name (making you a Non-Registered Shareholder), they will be held in the name of a nominee, which is usually a trust company, custodian, securities broker, other financial institution or a clearing agency in which the intermediary participates. Your nominee is required to seek your instructions as to how to vote your common shares. Unless you have previously informed your nominee that you do not wish to receive material relating to shareholders’ meetings, you will have received this Circular in a mailing from your nominee, together with a proxy form or request for voting instructions.

Each nominee has its own signing and return instructions, which you should follow carefully to ensure your common shares will be voted. If you are a Non-Registered Shareholder who has voted by mail and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

How can a Non-Registered Shareholder vote in person at the Meeting?

Since we do not have access to the names of all of our Non-Registered Shareholders, if you attend the Meeting, we will have no record of your shareholdings or of your entitlement to vote, unless your nominee has appointed you as proxyholder. If you are a Non-Registered Shareholder and wish to vote in person at the Meeting, please insert your own name in the space provided on the proxy form or request for voting instructions sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder. Then follow the signing and return instructions provided by your nominee. Do not otherwise complete the form, as you will be voting at the Meeting.
Business of the Meeting

Consolidated Financial Statements

At the Meeting, you will consider our audited consolidated financial statements for the year ended December 31, 2005, and the auditor's report on those financial statements. They are included in our 2005 Annual Report, which was mailed to all of the registered shareholders and those beneficial shareholders who have requested it with this Circular. You may obtain additional copies of the 2005 Annual Report, in English or French, from our Investors Relations Department upon request or at the Meeting.

Election of Directors

Our articles of incorporation provide for our board of Directors (the “Board” or “Board of Directors”) to consist of a minimum of three and a maximum of twenty-four Directors. The number of Directors currently in office is fourteen. The Board has set the number of Directors to be elected at the Meeting at twelve. Mr. Brown is retiring from the Board after four years of service. Mr. Tripp is also retiring from the Board after almost seven years of service.

The Governance Committee of the Board annually reviews the qualifications of and recommends nominees for election to the Board for consideration and approval. The nominees are, in the opinion of the Board, well qualified to act as Directors for the coming year. Each nominee has established his or her eligibility and willingness to serve as a Director, if elected. All proposed nominees for election as Directors are currently Directors of TSX Group.

The persons named in the form of proxy are our Directors and officers who intend to vote at the Meeting for the election of the nominees to the Board whose names are set out below unless you give specific instructions on the form of proxy to withhold that vote. If, before the Meeting, any of the listed nominees becomes unable or unwilling to serve as a Director, the persons named in the form of proxy will have the discretion to vote for a properly qualified substitute. Each Director elected will hold office until our next annual meeting of shareholders or until his or her successor is earlier elected or appointed.

On February 1, 2006, we amended our Director Qualification Policy to provide that in an uncontested election of directors, any nominee who receives a greater number of votes “withheld” than votes “for” will tender his or her resignation to the Board promptly following our annual meeting. An “uncontested election” means the number of nominees for election is the same as the number of directors to be elected to the Board. The Governance Committee will consider the resignation and recommend to the Board the action to be taken. The Board will make its decision and announce it in a press release within 90 days following the annual meeting, including the reasons for rejecting the resignation, if applicable. A Director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or the Governance Committee at which the resignation is considered.

The following pages set out the names of the twelve proposed nominees for election as Directors, together with their municipalities of residence; the year from which each has continually served as a Director of TSX Group, TSX Inc. or their predecessors; their principal occupations and their occupations for the previous five years; other directorships; TSX Group committee memberships; and the number of common shares (including deferred share units) of TSX Group beneficially owned by each proposed nominee.

A Record of Attendance by Directors at meetings of the Board and its committees held during the year ended December 31, 2005 is set out in Schedule B to this Circular.
Wayne C. Fox
Chair of TSX Group
Oakville, Ontario, Canada

Common Shares: nil
Deferred Share Units: 31,994
Equity at Risk: $1,538,911(5)
Options: nil

2005 Total Compensation: $283,360

Mr. Fox is the Chair of TSX Group and a Corporate Director. Until September 2005, he was Vice-Chair and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce (chartered bank). In the previous five years, Mr. Fox held several increasingly senior positions in his firm and in several CIBC affiliates. In addition, he was a member of the Steering Committee on Regulatory Capital, Institute of International Finance Inc. and on the Board of Governors of McMaster University and Junior Achievement of Central Ontario. Mr. Fox also serves on the board of CanadaHelps.org Inc. and is Governor Emeritus of Appleby College.

TSX Group Board Details:
- Director since April 29, 1997
- Member of: Governance Committee and Human Resources Committee
- Meets Share Ownership Requirements
- Independent

Tullio Cedraschi
Montreal, Quebec, Canada

Common Shares: nil
Deferred Share Units: 10,160
Equity at Risk: $488,696(5)
Options: nil

2005 Total Compensation: $124,920

Mr. Cedraschi is President and Chief Executive Officer of CN Investment Division (investment operations), a position he has held for more than five years. Mr. Cedraschi serves on the company boards of Western Oil Sands Inc., Freehold Resources Limited and Helix Investments (Canada) Inc. He is also a Governor Emeritus of McGill University and the National Theatre School.

TSX Group Board Details:
- Director since September 25, 2001
- Member of: Governance Committee and Human Resources Committee (Chair)
- Meets Share Ownership Requirements
- Independent

Raymond Garneau
Montreal, Quebec, Canada

Common Shares: 1,000
Deferred Share Units: 8,634
Equity at Risk: $463,495(5)
Options: nil

2005 Total Compensation: $121,920

Mr. Garneau is a Corporate Director. Until May 2005, he was Chairman of the Board of Industrial Alliance Insurance and Financial Services Inc. (life insurance and financial services company), a position he held since 2000, and its wholly-owned subsidiaries: The National Life Assurance Company of Canada, Industrial Alliance Pacific Insurance and Financial Services, Industrial Alliance Auto and Home Insurance and Industrial Alliance Trust Company. From 1996 to 2000, he was Chairman of the Board and CEO of Industrial Alliance Insurance and Financial Services Inc. Mr. Garneau is Chairman of the Board of Société du 400e anniversaire de Québec and is President of the Montreal Cancer Institute.

TSX Group Board Details:
- Director since November 25, 2003
- Member of: Governance Committee and Human Resources Committee
- Meets Share Ownership Requirements
- Independent
**John A. Hagg**
Calgary, Alberta, Canada

Common Shares: 5,000  
Deferred Share Units: 9,959  
Equity at Risk: $720,028(5)  
Options: nil  

2005 Total Compensation: $112,320

Mr. Hagg is a Corporate Director and an independent businessman. He serves on the board of Tristone Energy Services Inc., the parent company of Tristone Capital Inc. (investment dealer), Global Railway Industries Ltd. and The Fraser Institute. Prior to December, 2001 he was Chairman of Northstar Energy Corporation.

**TSX Group Board Details:**
- Director since May 29, 2001
- Member of: Human Resources Committee and Public Venture Market Committee
- Meets Share Ownership Requirements
- Independent

**Harry A. Jaako**
West Vancouver, British Columbia, Canada

Common Shares: nil  
Deferred Share Units: 8,060  
Equity at Risk: $387,686(5)  
Options: nil  

2005 Total Compensation: $122,920

Mr. Jaako is Chairman, Co-Chief Executive Officer and Principal of Discovery Capital Corporation (venture capital company), a position he has held for more than five years. Mr. Jaako also serves on the boards of British Columbia Discovery Fund (VCC) Inc., Exceptional Technologies Fund 5 (VCC) Inc., TIR Systems Ltd., Texada Software Inc., Vigil Health Solutions Inc. and its subsidiary, Brookdale International Systems Inc. and Tri-Link Technologies Inc., as well as various subsidiaries of Discovery Capital Corporation. Mr. Jaako is also the Estonian Honourary Consul for Alberta and British Columbia.

**TSX Group Board Details:**
- Director since August 1, 2001
- Member of: Finance and Audit Committee and Public Venture Market Committee
- Meets Share Ownership Requirements
- Independent

**J. Spencer Lanthier**
Toronto, Ontario, Canada

Common Shares: nil  
Deferred Share Units: 7,897  
Equity at Risk: $379,846(5)  
Options: nil  

2005 Total Compensation: $133,520

Mr. Lanthier is a Corporate Director who also serves on the boards of Bank of Canada, Torstar Corporation, Emergis Inc., Ellis-Don Inc., Gerdau Ameristeel Corporation and Zarlink Semiconductor Inc. Mr. Lanthier is also Chairman of the Board of Wellspring and a member of the Advisory Committee of Birch Hill Equity Partners Management Inc. When he retired in 1999, Mr. Lanthier was a partner of KPMG Canada and from 1993 until 1999 he was Chairman and Chief Executive of KPMG Canada.

**TSX Group Board Details:**
- Director since February 8, 2000
- Member of: Finance and Audit Committee (Chair) and Governance Committee
- Meets Share Ownership Requirements
- Independent
Jean Martel
Montreal, Quebec, Canada
Common Shares: 2,000
Deferred Share Units: 7,864
Equity at Risk: $474,658
Options: nil
2005 Total Compensation: $122,920

Mr. Martel is a Senior Partner of Lavery de Billy (law firm) which he joined in 1999. From 1995 to 1999 he was President and Chief Executive Officer of the Commission des valeurs mobilières du Quebec (the former Quebec Securities Commission, now L’Autorité des marchés financiers). Mr. Martel is the Vice Chair of the Board of West Island Community Shares and Chair of the Board of The Financial Markets Consultancy Alliance (FMCA) Inc. He also serves on the board of Market Regulation Services Inc., the Office Franco-Québécois pour la Jeunesse and on the Supervisory Committee of the Investment Funds of the Quebec Bar Association.

Owen McCreery
Thornhill, Ontario, Canada
Common Shares: 4,000
Deferred Share Units: 7,373
Equity at Risk: $547,441
Options: nil
2005 Total Compensation: $119,720

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

John P. Mulvihill
Toronto, Ontario, Canada
Common Shares: nil
Deferred Share Units: 9,126
Equity at Risk: $438,961
Options: nil
2005 Total Compensation: $120,520

Mr. Mulvihill is Chairman, Mulvihill Capital Management Inc. (investment counsel), a position he has held for more than five years. Mr. Mulvihill serves on the board of University Health Network and is Chairman of 15 funds listed on Toronto Stock Exchange (Pro-AMS U.S., Pro-AMS RSP, Pro-AMS 100 Plus (Cdn), Pro-AMS 100 Plus (US), Pro-AMS RSP Split Share, Premium Canadian, Premium Oil & Gas, Premium 60 Plus, Premium Global Plus, Premium Canadian Bank, Premium Split Share, Premium Global Telecom, World Financial Split Corp., Top 10 Canadian Financial Trust and Top 10 Split Trust).
Richard Nesbitt  
Toronto, Ontario, Canada  

Common Shares: 124,454(4)  
Equity at Risk: $5,992,773(5)  
Options: 288,990  

2005 Total Compensation: nil  

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

TSX Group Board Details:  
- Director since April 26, 2005  
- Meets Share Ownership Requirements  
- Non-Independent (Chief Executive Officer of TSX Group)  

Kathleen M. O’Neill  
Toronto, Ontario, Canada  

Common Shares: nil  
Deferred Share Units: 3,113  
Equity at Risk: $149,735(5)  

2005 Total Compensation: $106,053  

Ms. O’Neill is a Corporate Director. Prior to January 2005, she was Executive Vice President, Personal & Commercial Development & Head of Small Business Banking of BMO Bank of Montreal. Prior to joining BMO Bank of Montreal in 1994, Ms. O’Neill was with PricewaterhouseCoopers for 19 years including eight years as a tax partner. Ms. O’Neill is a fellow of the Institute of Chartered Accountants of Ontario. She is a member of the Board of Directors of MDS Inc., Hydro One Inc. and the Canadian Chamber of Commerce. She is on the board of St. Joseph’s Health Centre Foundation, past Chair of the Board of St. Joseph’s Health Centre in Toronto and is active on several other non-profit boards  

TSX Group Board Details:  
- Director since April 26, 2005  
- Member of: Governance Committee and Finance and Audit Committee  
- Has four years from the date of election to meet the Share Ownership Requirements  
- Independent
Ms. Sinclair is a Strategic Consultant (consulting services) to
government and industry, specializing in the areas of
telecommunication and emerging technologies. From 2002
to 2004 she was the General Manager of MSN.ca. From
2001 to 2002, Ms. Sinclair was President of B.C. Premier’s
Technology Council. Ms. Sinclair also serves on the Boards
of Ballard Power Systems Inc., the Canadian Foundation for
Innovation and the Canadian Communications Research
Council.

**TSX Group Board Details:**

- Director since April 26, 2005
- Member of: Human Resources Committee and
  Public Venture Market Committee
- Has four years from the date of election to meet
  the Share Ownership Requirements
- Independent

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1. On April 3, 2000, The Toronto Stock Exchange demutualized and continued under the Business Corporations Act (Ontario) as The Toronto Stock Exchange Inc. The Toronto Stock Exchange had a board of governors, which became the Board of Directors of The Toronto Stock Exchange Inc. on demutualization. The Toronto Stock Exchange Inc. was renamed TSX Inc. on July 10, 2002. On November 12, 2002, TSX Inc. completed a corporate reorganization under a court-approved plan of arrangement whereby TSX Group acquired all the outstanding common shares of TSX Inc. and became the holding company of the TSX group of companies which includes TSX Inc.

2. Mr. Jaako was a non-management director of Xinex Networks Inc. In 1998, Xinex’s securities were the subject of a cease trade order for a period exceeding 30 consecutive days. In addition, in 1998, Xinex had a receiver appointed to hold and dispose of its assets and, in 1999, it was adjudged bankrupt.

3. Mr. Mulvihill is prohibited from purchasing common shares of TSX Group by the terms of employment with his respective employer.

4. Includes common shares acquired up to February 28, 2006 under our Employee Share Purchase Plan and 59,099 deferred share units under the Deferred Share Unit Plan for officers.

5. Equity at Risk is determined by adding the value of common shares and DSUs owned. The value of common shares is determined with reference to the closing price for our common shares on Toronto Stock Exchange on February 28, 2006, which was $48.20. The value of DSUs is determined with reference to the fair market value of a DSU on February 28, 2006, calculated based on the weighted average trading price of our common shares on Toronto Stock Exchange for the five trading days preceding February 28, 2006, which was $48.10.
**Independence and Board Committees**

In accordance with our recognition order ("Recognition Order") issued by the Ontario Securities Commission ("OSC"), the Governance Committee reviewed the relationship of each Director with TSX Group to determine which Directors are independent under Multilateral Instrument 52-110 – Audit Committees, National Policy 58-201 – Corporate Governance Guidelines, our Board of Directors Independence Standards and our Recognition Order. The following chart illustrates the independence of members of the Board and its standing committees as of December 31, 2005:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Committees (Number of Members) (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finance and Audit Committee(2) (5)</td>
</tr>
<tr>
<td>Tullio Cedraschi</td>
<td>✓</td>
</tr>
<tr>
<td>Wayne C. Fox</td>
<td>✓</td>
</tr>
<tr>
<td>Raymond Garneau</td>
<td>✓</td>
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<tr>
<td>John A. Hagg</td>
<td>✓</td>
</tr>
<tr>
<td>Harry A. Jaako</td>
<td>✓</td>
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<td>J. Spencer Lanthier</td>
<td>Chair</td>
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<tr>
<td>Jean Martel</td>
<td>✓</td>
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<tr>
<td>Owen McCreery</td>
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<td>John P. Mulvihill</td>
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<td>Kathleen M. O’Neill</td>
<td>✓</td>
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<tr>
<td>Gerri B. Sinclair</td>
<td>✓</td>
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</tbody>
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**Outside Director - Not Independent**

<table>
<thead>
<tr>
<th>Directors</th>
<th>Committees (Number of Members)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian S. Brown(4)</td>
<td>Chair</td>
</tr>
<tr>
<td>Eric C. Tripp(4)</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Management Director - Not Independent**

<table>
<thead>
<tr>
<th>Directors</th>
<th>Committees (Number of Members)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Nesbitt(1)</td>
<td></td>
</tr>
</tbody>
</table>

(1) The Chief Executive Officer of TSX Group and all other Directors who are not otherwise members may attend all meetings of the Finance and Audit Committee, the Governance Committee, the Human Resources Committee and the Public Venture Market Committee in an ex-officio capacity, but are not entitled to vote.

(2) In accordance with Multilateral Instrument 52-110 – Audit Committees all members of the Finance and Audit Committee are independent directors.

(3) In accordance with National Policy 58-201 – Corporate Governance Guidelines all members of the Governance Committee and the Human Resources Committee are independent directors.

(4) Mr. Brown and Mr. Tripp will be retiring from the Board effective April 26, 2006.
Directors’ Compensation and Share Ownership Requirements

The following summarizes the annual compensation arrangements in effect from May 8, 2003 to April 26, 2006, for non-employee Directors:

**Chair of the Board Retainer** (1)
- Cash $100,000 per year
- Deferred Share Units (2) 6,000 per year

**Director Retainer**
- Cash $20,000 per year
- Deferred Share Units (2) 2,000 per year

**Committee Chair Retainer**
- Finance and Audit Committee $10,000 per year
- Other Committees $6,000 per year

**Committee Member Retainer** $3,000 per year

**Board Meeting Attendance Fee** $1,200 per meeting
**Committee Meeting Attendance Fee** $1,200 per meeting
**Travel Fee** (3) $1,200 per meeting

(1) The Chair of the Board receives no additional committee or attendance fees.
(2) A deferred share unit is a bookkeeping entry equivalent to the value of a TSX Group common share, credited to an account to be maintained for the individual Director until retirement from the Board.
(3) Travel fees are paid to Directors whose return air travel time exceeds six hours per meeting.

On February 1, 2006, the Board, on the recommendation of the Governance Committee, amended the current level of Board compensation. The following summarizes the annual compensation arrangements which will be in effect following the Meeting on April 26, 2006, for non-employee Directors:

**Chair of the Board Retainer** (1)
- Cash $125,000 per year
- Deferred Share Units (2) $150,000 per year

**Director Retainer**
- Cash $30,000 per year
- Deferred Share Units (2) $50,000 per year

**Committee Chair Retainer**
- Finance and Audit Committee $10,000 per year
- Other Committees $6,000 per year

**Committee Member Retainer** $3,000 per year

**Board Meeting Attendance Fee** $1,500 per meeting
**Committee Meeting Attendance Fee** $1,500 per meeting
**Travel Fee** (3) $1,500 per meeting

(1) The Chair of the Board receives no additional committee or attendance fees.
(2) A deferred share unit is a bookkeeping entry equivalent to the value of a TSX Group common share, credited to an account to be maintained for the individual Director until retirement from the Board. The value of a deferred share unit is calculated based on the weighted average trading price of our common shares on Toronto Stock Exchange for the five trading days preceding the date of grant.
(3) Travel fees are paid to Directors whose return air travel time exceeds six hours per meeting.

Directors who are our employees do not receive fees for serving as Directors. We reimburse directors for out-of-pocket expenses incurred in connection with meetings of the Board of Directors or any committee of the Board.
Directors must achieve ownership of $150,000 of common shares over a four year period (including ownership of DSUs). Until the mandated level of ownership is reached, Directors must take at least 50% of their Board and Committee compensation in the form of DSUs (although Directors are free to elect a higher level of DSU participation). Each DSU has a value based on the value of one common share. We initially credit DSUs to a Director’s DSU account at an amount based on the weighted average trading price for our common shares on Toronto Stock Exchange for the five trading days before the date of payment of a Director’s retainer. DSUs can only be redeemed at the time a Director ceases to be a Director. We will not issue or transfer any common shares on redemption of deferred share units; only cash payments will be made.

The following table reflects the fees earned by the Directors for attending Board and Committee meetings in 2005.

<table>
<thead>
<tr>
<th>Director</th>
<th>Board Retainer ($)</th>
<th>Equity Grant (DSUs)(1) ($)</th>
<th>Committee Chairman Retainer ($)</th>
<th>Committee Member Retainer ($)</th>
<th>Board Attendance Fee ($) (2)</th>
<th>Committee Attendance Fee ($) (2)</th>
<th>Total Fees Paid ($)</th>
<th>Total Fees Paid in Cash ($)</th>
<th>Portion of Fees taken in DSUs (#)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian Brown</td>
<td>20,000</td>
<td>61,120</td>
<td>6,000</td>
<td></td>
<td>15,600</td>
<td>2,400</td>
<td>105,120</td>
<td>10,133</td>
<td>3,051</td>
</tr>
<tr>
<td>Tullio Cedraschi</td>
<td>20,000</td>
<td>61,120</td>
<td>6,000</td>
<td>3,000</td>
<td>15,600</td>
<td>19,200</td>
<td>124,920</td>
<td>16,200</td>
<td>3,419</td>
</tr>
<tr>
<td>Wayne C. Fox (3)</td>
<td>100,000</td>
<td>183,360</td>
<td>-</td>
<td></td>
<td>15,600</td>
<td>9,600</td>
<td>112,320</td>
<td>11,600</td>
<td>3,219</td>
</tr>
<tr>
<td>Raymond Garneau</td>
<td>20,000</td>
<td>61,120</td>
<td>-</td>
<td>6,000</td>
<td>15,600</td>
<td>19,200</td>
<td>121,920</td>
<td>16,400</td>
<td>3,335</td>
</tr>
<tr>
<td>John A. Hagg</td>
<td>20,000</td>
<td>61,120</td>
<td>-</td>
<td>6,000</td>
<td>15,600</td>
<td>9,600</td>
<td>112,320</td>
<td>11,600</td>
<td>3,219</td>
</tr>
<tr>
<td>Harry A. Jaiko</td>
<td>20,000</td>
<td>61,120</td>
<td>-</td>
<td>7,000</td>
<td>15,600</td>
<td>19,200</td>
<td>122,920</td>
<td>43,083</td>
<td>2,675</td>
</tr>
<tr>
<td>J. Spencer Lanthier</td>
<td>20,000</td>
<td>61,120</td>
<td>10,000</td>
<td>4,000</td>
<td>14,400</td>
<td>24,000</td>
<td>133,520</td>
<td>47,267</td>
<td>2,791</td>
</tr>
<tr>
<td>Jean Martel</td>
<td>20,000</td>
<td>61,120</td>
<td>-</td>
<td>7,000</td>
<td>15,600</td>
<td>19,200</td>
<td>122,920</td>
<td>38,400</td>
<td>2,758</td>
</tr>
<tr>
<td>Owen McCreery</td>
<td>20,000</td>
<td>61,120</td>
<td>-</td>
<td>5,000</td>
<td>15,600</td>
<td>18,000</td>
<td>119,720</td>
<td>55,267</td>
<td>2,271</td>
</tr>
<tr>
<td>John P. Mulvihill</td>
<td>20,000</td>
<td>61,120</td>
<td>6,000</td>
<td>1,000</td>
<td>15,600</td>
<td>16,800</td>
<td>120,520</td>
<td>16,200</td>
<td>3,292</td>
</tr>
<tr>
<td>Kathleen M. O’Neill</td>
<td>13,333</td>
<td>61,120</td>
<td>-</td>
<td>4,000</td>
<td>12,000</td>
<td>8,400</td>
<td>98,853</td>
<td>18,267</td>
<td>2,486</td>
</tr>
<tr>
<td>Gerri B. Sinclair</td>
<td>13,333</td>
<td>61,120</td>
<td>-</td>
<td>4,000</td>
<td>12,000</td>
<td>8,400</td>
<td>98,853</td>
<td>18,267</td>
<td>2,486</td>
</tr>
<tr>
<td>Eric C. Tripp</td>
<td>20,000</td>
<td>61,120</td>
<td>-</td>
<td>3,000</td>
<td>12,000</td>
<td>4,800</td>
<td>100,920</td>
<td>5,800</td>
<td>3,056</td>
</tr>
</tbody>
</table>

(1) On April 26, 2005, the Board granted 6,000 DSUs to the Chairman of the Board and 2,000 DSUs to each Director. The value of DSUs is determined with reference to the fair market value of a DSU on April 26, 2005 calculated based on the weighted average trading price of the Corporation’s common shares on Toronto Stock Exchange for the five trading days preceding April 26, 2005, which was $30.56.
(2) See Schedule B on page 37 for attendance at Board and Committee meetings.
(3) The Chair of the Board receives $100,000 and 6,000 DSUs as compensation and no additional committee or attendance fees are paid.

**Director Equity Ownership**

The table on page 15 shows, as at December 31, 2005, the number of common shares of TSX Group owned by each Director; the number of DSUs held by each Director; and, for those Directors who were directors in 2004 and 2005, the change from December 31, 2004 to December 31, 2005. Directors must achieve ownership of $150,000 of common shares over a four year period (including ownership of DSUs) and the table below discusses how much each Director is required to invest to meet the minimum equity ownership requirements set by the Board.
Non-executive Directors do not receive grants of share options. The total value of common shares and DSUs is the amount each Director has at risk in TSX Group as at February 28, 2006.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Year</th>
<th>Number of Common Shares</th>
<th>Number of DSUs</th>
<th>Total Number of Common Shares and DSUs</th>
<th>Equity at Risk ($)</th>
<th>Amount Needed to Meet the Shareholding Requirement</th>
<th>Date at which Shareholding Requirement is to be Met (mm/dd/yy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian Brown</td>
<td>2005</td>
<td>3,000</td>
<td>9,510</td>
<td>12,510</td>
<td>602,031</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>3,000</td>
<td>9,510</td>
<td>12,510</td>
<td>602,031</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tullio Cedraschi</td>
<td>2005</td>
<td>-</td>
<td>10,160</td>
<td>10,160</td>
<td>488,696</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>10,160</td>
<td>10,160</td>
<td>488,696</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Wayne C. Fox</td>
<td>2005</td>
<td>-</td>
<td>31,994</td>
<td>31,994</td>
<td>1,538,911</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>22,400</td>
<td>22,400</td>
<td>1,538,911</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raymond Garneau</td>
<td>2005</td>
<td>1,000</td>
<td>8,634</td>
<td>9,634</td>
<td>463,495</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>5,241</td>
<td>5,241</td>
<td>463,495</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>John A. Hagg</td>
<td>2005</td>
<td>5,000</td>
<td>9,959</td>
<td>14,959</td>
<td>720,028</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>5,000</td>
<td>6,671</td>
<td>14,959</td>
<td>720,028</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Harry A. Jaako</td>
<td>2005</td>
<td>-</td>
<td>8,060</td>
<td>8,060</td>
<td>387,086</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>5,330</td>
<td>5,330</td>
<td>387,086</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>J. Spencer Lanthier</td>
<td>2005</td>
<td>-</td>
<td>7,897</td>
<td>7,897</td>
<td>379,046</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>5,052</td>
<td>5,052</td>
<td>379,046</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jean Martel</td>
<td>2005</td>
<td>2,000</td>
<td>7,864</td>
<td>9,864</td>
<td>474,658</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>5,053</td>
<td>5,053</td>
<td>474,658</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Owen McCrey</td>
<td>2005</td>
<td>4,000</td>
<td>7,373</td>
<td>11,373</td>
<td>547,441</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>5,052</td>
<td>5,052</td>
<td>547,441</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>John P. Mulvihill</td>
<td>2005</td>
<td>-</td>
<td>9,126</td>
<td>9,126</td>
<td>438,961</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>-</td>
<td>5,772</td>
<td>5,772</td>
<td>438,961</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Richard Nesbitt(2)(3)(4)</td>
<td>2005</td>
<td>124,454</td>
<td>-</td>
<td>124,454</td>
<td>5,992,773</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kathleen M. O’Neill(2)</td>
<td>2005</td>
<td>-</td>
<td>3,113</td>
<td>3,113</td>
<td>149,735</td>
<td>265</td>
<td>04/26/09</td>
</tr>
<tr>
<td>Gerri B. Sinclair(2)</td>
<td>2005</td>
<td>-</td>
<td>2,503</td>
<td>2,503</td>
<td>120,394</td>
<td>29,606</td>
<td>04/26/09</td>
</tr>
<tr>
<td>Eric C. Tripp</td>
<td>2005</td>
<td>10,000</td>
<td>8,444</td>
<td>18,444</td>
<td>888,156</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>10,000</td>
<td>5,330</td>
<td>15,330</td>
<td>888,156</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Equity at Risk is determined by adding the value of common shares and DSUs owned. The value of common shares is determined with reference to the closing price for our common shares on Toronto Stock Exchange on February 28, 2006, which was $48.20. The value of DSUs is determined with reference to the fair market value of a DSU on February 28, 2006, calculated based on the weighted average trading price of our common shares on Toronto Stock Exchange for the five trading days preceding February 28, 2006, which was $48.10.

(2) Mr. Nesbitt, Ms. O’Neill and Ms. Sinclair were elected to the Board on April 26, 2005.

(3) As Chief Executive Officer of TSX Group, Mr. Nesbitt is required to achieve ownership of common shares with a value equal to three times his base salary over a three year period.

(4) Includes common shares acquired up to February 28, 2006 under our Employee Share Purchase Plan and 59,099 deferred share units under the Deferred Share Unit Plan for officers.
Appointment of Auditor and Auditor’s Remuneration

The Board recommends that shareholders re-appoint KPMG LLP as our auditor and authorize the Directors to fix the auditor’s remuneration. Representatives of KPMG LLP will be present at the Meeting. KPMG LLP has served as our auditor since TSX Group was formed on August 23, 2002 and as auditor of TSX Inc. and its predecessors since 1993.

The persons named in the enclosed proxy intend to vote for the re-appointment of KPMG LLP, Chartered Accountants, 199 Bay Street, Commerce Court West, Toronto, Ontario, M5L 1B2, as our auditor to hold office until the next annual meeting of shareholders and in favour of authorizing the Directors to fix the auditor’s remuneration.

The aggregate fees billed by KPMG LLP, TSX Group’s auditor, for professional services rendered in 2005 and 2004, are set out below:

<table>
<thead>
<tr>
<th>Service Rendered</th>
<th>Fees billed by KPMG LLP in Fiscal 2005</th>
<th>Fees billed by KPMG LLP in Fiscal 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees (1)</td>
<td>$210,075</td>
<td>$292,210</td>
</tr>
<tr>
<td>Audit Related Fees (2)</td>
<td>$  71,181</td>
<td>$  94,378</td>
</tr>
<tr>
<td>Tax Fees (3)</td>
<td>$          0</td>
<td>$    1,500</td>
</tr>
<tr>
<td>All Other Fees (4)</td>
<td>$ 16,150</td>
<td>$          0</td>
</tr>
</tbody>
</table>

(1) For the audit of our financial statements and the pension plan for our employees and for services normally provided by the auditor in connection with statutory and regulatory filings.
(2) For assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported in (1), including review of quarterly financial statements.
(3) For advisory services for scientific research and experimental development grants, tax compliance, advice, planning and return preparation.
(4) For products and services other than the fees reported in (1) to (3), including internal audit control advisory services in 2005.

Amended and Restated By-Law No. 1

A stock exchange operating in Canada is required to be recognized in certain jurisdictions under applicable securities legislation. TSX Inc. (which operates Toronto Stock Exchange) and TSX Group (as the parent holding company of TSX Inc.), are both recognized by the OSC as carrying on business as a stock exchange pursuant to a Recognition Order granted by the OSC. The OSC acts as the lead regulator, and any change to the Recognition Order requires its approval.

The Recognition Order contains governance requirements, including a requirement that a majority of TSX Group directors be independent. The definition of independence in the Recognition Order, which was issued in 2002, overlapped but was not consistent with other; more recent definitions of independence in other applicable laws and regulations, including Multilateral Instrument 52-110 - Audit Committees (“MI 52-110”), National Instrument 58-101 - Disclosure of Corporate Governance Practices and National Policy 58-201 – Effective Corporate Governance. The overlapping and inconsistent independence requirements were causing us practical difficulties in engaging qualified individuals to serve as directors and on Board committees.

Accordingly, on April 20, 2005, TSX Group and TSX Inc. made an application to the OSC to amend their Recognition Order. The amendment revises the definition of independence for directors of TSX Inc. and TSX Group to make it consistent with the test for independence in Section 1.4 of MI 52-110 and requires the Board to adopt standards setting out criteria to determine whether individuals are independent.
On July 26, 2005, the Board of Directors authorized an amendment to By-Law No. 1 to remove the definition of “independent director” and section 3.14 entitled “Director Representation” in order that TSX Group’s by-laws would be consistent with its proposed Recognition Order. The amendment to TSX Group’s by-law was effected by amending and restating By-Law No. 1. A similar amendment to TSX Inc.’s by-law was effective as of July 26, 2005.

Following the Board’s approval to amend and restate By-Law No. 1, the OSC granted the request to amend the Recognition Order on August 12, 2005.

The amended and restated By-Law No. 1 is subject to confirmation by resolution of the shareholders. At the Meeting, shareholders will be requested to pass a resolution confirming the amendment to our By-Law No. 1 of TSX Group and its restatement, as amended.

**Votes Required to Pass the Resolution**

The resolution confirming the amendment to our By-Law No. 1 and its restatement, as amended, as described in this Circular, must be approved by a simple majority of the votes cast by the shareholders present in person or represented by proxy at the Meeting, failing which the amendment and restatement to By-Law No. 1 by the Board will cease to be effective. The persons named in the enclosed proxy intend to vote for confirmation of the amended and restated By-Law No. 1.

**Disclosure of Compensation and Other Information**

**Composition of the Human Resources Committee**

The Human Resources Committee of the Board of Directors (the “Committee”) is composed of five Directors: Tullio Cedraschi (Chair), Wayne C. Fox, Raymond Garneau, John A. Hagg, and Gerri B. Sinclair, who are all independent Directors. Mr. Jaako, Mr. Lanthier, Mr. Martel and Mr. Tripp were members of the Human Resources Committee between January 2005 and April 26, 2005. The Committee’s complete Charter is available on our web site at [www.tsx.com](http://www.tsx.com).

**Human Resources Committee Report on Executive Compensation**

The Committee’s role is to ensure that we attract and retain a capable executive team which will enhance our growth and profitability. We believe that effective compensation principles and practices are fundamental to achieving this objective.

One of the Committee’s principal responsibilities is to review and recommend to the Board the Chief Executive Officer’s annual compensation and to review and approve the other executive officers’ annual compensation. In addition, the Committee oversees the compensation policies and programs for executive officers. The Board has final approval on the compensation philosophy, guidelines and plans for compensating executive officers.

In determining our executive compensation levels, the Committee relies on external consultants to provide competitive benchmark information and to assist in the review and design of pay programs. By using competitive pay information and assessing executive performance, the Committee is able to evaluate the appropriateness of executive compensation each year.
Principles of Executive Compensation

The Committee oversees the compensation program for our executive officers, including the Named Executive Officers (determined in accordance with applicable securities legislation). The objectives of the program are to:

- attract and retain executives critical to our short and long-term success;
- provide executives with compensation that is market competitive and reflects individual performance;
- focus executives on key business factors that affect shareholder value; and
- reflect the highest standards of good governance.

The executive compensation program is designed to provide median competitive pay when corporate and individual performance meet established objectives. It is also designed to provide significant upside opportunity for superior corporate and individual performance. In developing a total compensation structure for executive officers, the Committee benchmarks the pay of comparable positions in companies within selected comparator groups. For this purpose, the primary sample is made up of companies in a broad cross section of industries. For the Chief Executive Officer and other corporate executives, this sample was comprised of widely held publicly-traded Canadian companies with revenues between $100 million and $4 billion. Pay practices of specialized sample groups are benchmarked as a secondary reference and customized by position to reflect specialized skills, where applicable. The Committee believes that these samples are both appropriate and responsible given that there is no directly comparable group of Canadian companies (that is, stock and energy exchanges).

The design of the compensation program puts a significant portion of executive pay at risk. The more senior the executive, the greater the portion of pay that is variable. For the CEO, approximately 65% of direct pay is at risk and for the other Named Executive Officers, approximately 55% of direct pay is at risk. Direct pay is defined as salary plus annual short-term incentives and long-term compensation at target.

Base Salary

Each year, the Committee reviews the base salaries of the executive officers. The Committee adjusts base salaries, as needed, relative to the competitive market for each executive officer's position, performance, responsibility, and contribution. Base salaries are targeted at the median of the market.

Short-Term Incentive Plan

We use a “Balanced Scorecard” approach to fund the annual incentive plan. The scorecard provides comprehensive performance measures and indicators and enables us to evaluate performance and progress with respect to critical short-term corporate goals.

The Committee considers four categories of performance:

- financial,
- customer satisfaction,
- business process and innovation, and
- employee measures.

We measure performance by comparing actual results against short-term corporate performance targets established at the beginning of the year. In this way, we align compensation with measured success towards achieving short-term financial performance and long-term strategic goals. We pay varying levels of bonuses
for achieving target level of performance ranging from 35% to 60% of salary depending on the level of the executive officer.

The Committee approves the scorecard objectives and the results annually. For 2005, financial measures (net income and operating expense control and revenue from new initiatives) accounted for 60% of the award opportunity. The other 40% was made up of a balance of measures dealing with customers (for example, trading system availability), business process and innovation (such as key initiatives, including corporate development activities), and employee specific measures. The Committee considers team and individual contribution in determining individual bonus awards.

**Long-Term Compensation**

**2001 and 2002 Interim Bonus Plan**

For the years 2001 and 2002, we awarded grants to executive officers and director-level employees under the interim bonus plan which we introduced in lieu of a long-term compensation plan for those years. The interim bonus plan provided eligible employees with a deferred award based on our annual financial performance. We converted the deferred awards into deferred share units for executive officers (“DSUs”) or restricted share units for director-level employees (“RSUs”). A DSU or an RSU is a bookkeeping entry equivalent to the value of a TSX Group common share, credited to an account maintained for the individual entitled to the DSU or RSU, as the case may be. We credit additional DSUs or RSUs to an individual’s account to reflect notional equivalents of dividends paid on our common shares. We converted the awards for 2001 at the initial public offering share price of $9.00, and for 2002 at the share price of $10.566, the weighted average price for the five trading days before December 31, 2002. The 2001 RSU awards were cashed out on December 31, 2004 and 2002 RSU awards were cashed out on December 30, 2005. The terms governing the DSUs and RSUs granted under the interim bonus plan are otherwise identical to the terms set out below under the description of the Deferred Share Unit Plan and the Restricted Share Unit Plan, respectively.

**Share Option Plan**

The share option plan has been designed to motivate participants to increase focus on shareholder value. The Committee administers the share option plan in compliance with applicable laws and the requirements of Toronto Stock Exchange on which our common shares are listed.

All our employees or officers (and those of our designated subsidiaries) at or above the director-level are eligible to be granted share options under the option plan. We have reserved 4,790,554 common shares for issuance upon exercise of options granted under the share option plan, representing approximately 7.0% of our outstanding common shares. The exercise price of a share option is determined based on the weighted average of the closing prices for our common shares on Toronto Stock Exchange for the five trading days before the grant date. The Committee determines the term and vesting schedule of options. In the absence of any determination, options will vest as to 25% on each of the first four anniversaries of the date of grant and no option may be exercised later than ten (10) years after the date of grant.

On December 31, 2003, we paid a special dividend of $2.50 per common share on all our outstanding common shares. To address the decrease in value of share options as a result of this special dividend, the Board approved special deferred bonus payments to holders of share options. For each option granted in 2003, we will pay to each option holder who remains employed on the applicable payment date a cash amount of $2.50 per option payable in four equal instalments ending December 2006, essentially in line with the period over which the stock options vest. The first three instalments were paid in January 2004, 2005 and January 2006.
On February 2, 2005, we granted an aggregate of 377,686 options to eligible employees to purchase common shares at an exercise price equal to $29.636 per share respectively. We granted an additional 6,796 options at an average exercise price of $31.113 per share to employees who joined, or were promoted, after January 2005. With the exception of Mr. Nesbitt’s award of 100,000 options granted in recognition of his appointment as CEO, options granted in 2005 have a seven year term with vesting occurring in equal proportions over three years. Mr. Nesbitt’s 100,000 options will vest on February 2, 2008.

On February 10, 2006, we granted an aggregate of 180,404 options to eligible employees to purchase common shares at an exercise price equal to $49.635 per share. These options have a seven year term with vesting occurring in equal proportions over three years. In determining the award sizes, the Human Resources Committee considered the target number of options required to meet the median total direct compensation policy described above under the section “Principles of Executive Compensation” and grants made in 2005.

On March 8, 2006 the Human Resources Committee approved the extension of the expiry date for an option to acquire 30,000 common shares of TSX Group currently held by a retired employee. The expiry date of June 30, 2006 was extended pursuant to a retirement agreement to January 2, 2013, being 10 years from the date of the original option grant.

As at February 28, 2006, the total number of common shares (a) issued on the exercise of options granted under the share option plan and (b) issuable under outstanding options granted under the share option plan, and the respective percentages of our issued and outstanding common shares represented by those shares, was as follows:

<table>
<thead>
<tr>
<th>Common Shares Issued</th>
<th>Common Shares Issuable Under Outstanding Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>809,446 (1.2%)</td>
<td>1,197,830 (1.8%)</td>
</tr>
</tbody>
</table>

Under no circumstances may any one person’s stock options and all other share compensation arrangements exceed five percent (5%) of the outstanding common shares of TSX Group.

Options may not be transferred and may be exercised only while optionees remain employees. If an optionee’s employment is terminated:

(a) Voluntarily by the optionee resigning, the optionee may exercise each option held which is exercisable as at the time of resignation, during the period ending thirty (30) days after the resignation date, after which all unexercised options held by the optionee will expire.

(b) Without just cause, the optionee may exercise each option held which is exercisable as at the time of termination, during the period ending ninety (90) days after the termination date (which is the last day of active employment and does not include any period of statutory or common law notice or severance) after which all unexercised options held by the optionee will expire.

(c) For just cause, each option held by the optionee will cease to be exercisable on the termination date.

(d) As a result of retirement or disability, the optionee may exercise each option held by the optionee which is exercisable as at the time of the termination date during the period ending thirty-six (36) months after the termination date after which all unexercised options held by the optionee will expire.
(e) As a result of death, the optionee's legal representatives may exercise each option held by the optionee which is exercisable as at the date of death during the period ending twelve (12) months after the date of death after which all unexercised options held by the optionee will expire.

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

We do not provide financial assistance to facilitate the purchase of common shares under the share option plan.

Restricted Share Unit Plan

We originally adopted the Employees' Restricted Share Unit Plan ("RSU Plan") in 2002 to convert the 2001 and 2002 awards under the interim bonus plan. In 2004, we amended the RSU Plan to further align management's interest with that of shareholders. All our employees or officers (or those of our designated subsidiaries) at or above the director-level or designated by the Chief Executive Officer are eligible to be granted RSUs under the RSU Plan. The ultimate value of the RSUs will be determined by actual total shareholder return ("TSR") at the end of a three-year period. TSR represents the appreciation in share price plus dividends paid on a share, measured at the time RSUs vest. TSR determines the degree to which the original grant is adjusted. For example, if target TSR is achieved, grants vest at 100%. If target TSR is exceeded, grants will be adjusted upwards to a maximum of 180%. Conversely, if target TSR is not achieved, the award will be adjusted downward. In any event, a minimum payment equal to 25% of the RSUs granted will be made. The grant price of an RSU is the closing price for our common shares on Toronto Stock Exchange as of the close of business on December 31, or the last trading day of the year.

For 2004 compensation, we granted 121,530 RSUs to eligible employees under the RSU Plan. The initial value of each of these RSUs is equivalent to $21.45, the closing price of our common shares on Toronto Stock Exchange on December 31, 2003. We credit additional RSUs to reflect notional equivalents of dividends paid on our common shares. RSUs granted in 2004 vest at the end of 2006.

For 2005 compensation, we granted 90,800 RSUs to eligible employees under the RSU Plan. The initial value of each of these RSUs is equivalent to $26.845, the closing price of our common shares on Toronto Stock Exchange on December 31, 2004. We credit additional RSUs to reflect notional equivalents of dividends paid on our common shares. RSUs granted in 2005 vest at the end of 2007.

For 2006 compensation, we granted 52,657 RSUs to eligible employees under the RSU Plan. The initial value of each of these RSUs is equivalent to $46.83, the closing price of our common shares on Toronto Stock Exchange on December 30, 2005. We credit additional RSUs to reflect notional equivalents of dividends paid on our common shares. RSUs granted in 2006 vest at the end of 2008.

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

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

To further align the interests of senior officers with those of our shareholders we mandate minimum equity ownership for each of our senior officers, including the Named Executive Officers. We require that senior officers achieve a level of equity ownership that is a multiple of one to three times base salary depending on seniority as follows:

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

We require that senior officers achieve the minimum level of ownership over a three-year period. We include Deferred Share Units for purposes of satisfying a senior officer’s equity ownership requirement.

The following table sets forth the equity ownership information for the Named Executive Officers as at February 28, 2006.

<table>
<thead>
<tr>
<th>Named Executive Officer</th>
<th>Common Shares (#) ($1)</th>
<th>DSUs (#) ($)2</th>
<th>Total Share Ownership ($)</th>
<th>Multiple of Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Nesbitt</td>
<td>65,355 3,150,111</td>
<td>59,099 2,842,662</td>
<td>5,992,773</td>
<td>12.0</td>
</tr>
<tr>
<td>Michael S. Ptasznik</td>
<td>9,620 463,685</td>
<td>22,222 1,068,878</td>
<td>1,532,563</td>
<td>6.1</td>
</tr>
<tr>
<td>John B. Cieslak</td>
<td>34,015 1,639,524</td>
<td>53,385 2,567,815</td>
<td>4,207,339</td>
<td>12.0</td>
</tr>
<tr>
<td>Rik Parkhill</td>
<td>30,300 1,460,460</td>
<td>18,539 891,726</td>
<td>2,352,186</td>
<td>7.8</td>
</tr>
<tr>
<td>Sharon C. Pel</td>
<td>19,093 920,283</td>
<td>4,261 204,954</td>
<td>1,125,237</td>
<td>3.8</td>
</tr>
</tbody>
</table>

(1) The closing price for our common shares on Toronto Stock Exchange on February 28, 2006, was $48.20.
(2) The fair market value of a DSU on February 28, 2006, determined based on the weighted average trading price of our common shares on Toronto Stock Exchange for the five trading days preceding February 28, 2006, was $48.10.

Deferred Share Unit Plan

In addition to the DSUs granted under the 2001 and 2002 Interim Bonus Plan described above, to assist our officers to meet their share ownership requirements, we give officers the opportunity to convert all or part of their short-term incentive award to DSUs. We limit this opportunity to those officers who have not yet achieved their required level of share ownership. The fair market value of a DSU is determined based on the weighted average trading price of our common shares on Toronto Stock Exchange for the five trading days before the applicable conversion date.

In 2005, our officers converted a total of $117,200 of their 2004 short-term incentive award into 3,954 DSUs at a fair market value of $29.638 per DSU. In 2006, our officers converted a total of $275,000 of their 2005 short-term incentive award into 5,598 DSUs at a fair market value of $49.126.

DSUs are not transferable or assignable other than by will or the laws of descent and distribution. If employment is terminated for any reason, the employee forfeits all right, title and interest with respect to the DSUs which have not vested on or prior to the termination date. If an employee retires or otherwise ceases to be an employee (other than for reason of death), the employee must file a notice of redemption on or before December 15 of the first calendar year which commences after the date of retirement or termination. We will then pay the employee a lump sum cash payment (net of any applicable withholdings) equal to the
number of DSUs vested as of the filing date multiplied by the fair market value per common share determined as at the date of filing the notice of redemption. If an employee dies while employed (or after ceasing to hold all positions but before filing a notice of redemption), then within 90 days of the employee’s death, we must redeem all of the employee’s DSUs and make a lump sum cash payment to or for the benefit of the legal representative of the employee. The lump sum payment will be equal to the number of DSUs which have vested as of the date of the employee’s death multiplied by the fair market value per common share determined as of the date of the employee’s death.

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

**Compensation of the Chief Executive Officer**

The Governance Committee of the Board assesses the overall performance of the Chief Executive Officer (“CEO”) each year. The Committee conducts its review of the CEO’s contribution primarily considering financial and non-financial components. The Committee then considers this assessment in determining the CEO’s salary and recommending the CEO’s short and long-term compensation awards to the Board of Directors.

<table>
<thead>
<tr>
<th>Components</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Results</td>
<td>Deliver the financial plan and targeted long-term earnings per share growth.</td>
</tr>
<tr>
<td>Customer/Shareholder</td>
<td>Enhance relationships with customers and shareholders.</td>
</tr>
<tr>
<td></td>
<td>Develop strong relationships with the investment community.</td>
</tr>
<tr>
<td>Growing the Franchise</td>
<td>Refine strategies for future growth through innovation and improved operations in trading, market data, listings and technology. Develop strategies for growth beyond existing operations, planning for the longer term beyond five years.</td>
</tr>
<tr>
<td>Operational Efficiency</td>
<td>Prioritization of new products and services, including investments and acquisitions. Maintain target availability of systems.</td>
</tr>
<tr>
<td>Leadership and Values</td>
<td>Demonstrate the behaviours defined by the TSX leadership criteria and corporate values as adopted by the Senior Management Team in 2004.</td>
</tr>
</tbody>
</table>

In assessing Mr. Nesbitt’s contribution, the Governance Committee placed the greatest consideration on the delivery of the 2005 financial plan and contribution towards the long-term annual earning per share growth rate, the results of which significantly exceeded targets. Further recognition was given to Mr. Nesbitt’s strategy for future growth through innovation and improved operations in trading, market data, and listings technology. Mr. Nesbitt continued to focus on a customer-centric culture and built a disciplined and effective investor relations program.

Mr. Nesbitt received an annual bonus of $600,000 for 2005 performance. This amount was determined in accordance with the annual incentive program and the Governance Committee’s assessment of the CEO’s contribution.
No adjustment for 2005 was made to Mr. Nesbitt’s base salary of $500,000. The target annual short term bonus for the CEO remains at 60% of salary and the long-term incentive grant for 2006 consists of 25,194 share options and 7,000 RSUs.

Submitted by the Human Resources Committee:

Tullio Cedraschi – Chair, Wayne C. Fox, Raymond Garneau, John A. Hagg and Gerri B. Sinclair.

Performance Graph

This graph compares the total cumulative shareholder return for $100 invested in TSX Group common shares on November 12, 2002 with the cumulative total return, including dividend reinvestment, of the S&P/TSX Composite Index™ for the period from November 12, 2002, the date our common shares began trading on Toronto Stock Exchange, through to and including December 31, 2005.

S&P is a trade-mark owned by The McGraw-Hill Companies, Inc.
**Compensation of Named Executive Officers**

The following tables present information about compensation of our Named Executive Officers (determined in accordance with applicable securities legislation). The following table sets out the total compensation awarded to, earned by, or paid to, each of the Named Executive Officers for services rendered to us by that individual in all capacities:

### Summary Compensation Table

<table>
<thead>
<tr>
<th>Name &amp; Principal Position</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Bonus ($)</th>
<th>Other Annual Compensation ($)</th>
<th>Securities Under Options/SAR Granted (#)</th>
<th>Deferred Share Units (#)</th>
<th>LTIP Payouts ($)</th>
<th>All Other Compensation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Nesbitt CEO (1)</td>
<td>2005</td>
<td>500,000</td>
<td>600,000</td>
<td>N/A</td>
<td>131,796</td>
<td>N/A</td>
<td>N/A</td>
<td>133,607</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>371,449</td>
<td>400,000</td>
<td>N/A</td>
<td>32,000</td>
<td>N/A</td>
<td>N/A</td>
<td>101,758</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>360,000</td>
<td>360,000</td>
<td>N/A</td>
<td>100,000</td>
<td>N/A</td>
<td>N/A</td>
<td>151,960</td>
</tr>
<tr>
<td>Michael S. Ptasznik Senior Vice President and CFO</td>
<td>2005</td>
<td>250,000</td>
<td>185,000</td>
<td>N/A</td>
<td>9,726</td>
<td>N/A</td>
<td>N/A</td>
<td>60,290</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>225,000</td>
<td>165,000</td>
<td>N/A</td>
<td>12,000</td>
<td>N/A</td>
<td>N/A</td>
<td>48,123</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>200,000</td>
<td>150,000</td>
<td>N/A</td>
<td>50,000</td>
<td>N/A</td>
<td>N/A</td>
<td>58,306</td>
</tr>
<tr>
<td>John B. Cieslak Executive Vice President, Chief Information and Administration Officer</td>
<td>2005</td>
<td>350,000</td>
<td>375,000</td>
<td>N/A</td>
<td>22,070</td>
<td>N/A</td>
<td>N/A</td>
<td>114,757</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>350,000</td>
<td>375,000</td>
<td>N/A</td>
<td>28,000</td>
<td>N/A</td>
<td>N/A</td>
<td>85,963</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>350,000</td>
<td>325,000</td>
<td>N/A</td>
<td>80,000</td>
<td>N/A</td>
<td>N/A</td>
<td>137,614</td>
</tr>
<tr>
<td>Rik Parkhill President, TSX Markets</td>
<td>2005</td>
<td>300,000</td>
<td>375,000</td>
<td>N/A</td>
<td>16,210</td>
<td>N/A</td>
<td>N/A</td>
<td>47,446</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>275,000</td>
<td>250,000</td>
<td>N/A</td>
<td>12,000</td>
<td>N/A</td>
<td>N/A</td>
<td>37,490</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>250,000</td>
<td>150,000</td>
<td>N/A</td>
<td>40,000</td>
<td>N/A</td>
<td>N/A</td>
<td>31,304</td>
</tr>
<tr>
<td>Sharon C. Pel Senior Vice President, Legal and Business Affairs</td>
<td>2005</td>
<td>300,000</td>
<td>225,000</td>
<td>N/A</td>
<td>11,034</td>
<td>N/A</td>
<td>N/A</td>
<td>39,926</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>300,000</td>
<td>225,000</td>
<td>N/A</td>
<td>16,000</td>
<td>N/A</td>
<td>N/A</td>
<td>36,816</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>149,038</td>
<td>100,000(4)</td>
<td>N/A</td>
<td>50,000</td>
<td>N/A</td>
<td>N/A</td>
<td>661</td>
</tr>
</tbody>
</table>

(1) Mr. Nesbitt was appointed CEO on December 2, 2004. The information presented for 2004 is the actual compensation paid. The annualized equivalent for salary was $360,000 in his capacity as President, TSX Markets, and $500,000 in his capacity as CEO, TSX Group.

(2) We converted deferred share units from deferred amounts granted under the interim bonus plan, as outlined under the “Long-Term Compensation” section of this Circular. We credit dividend equivalents accrued during the year in the form of additional units. Aggregate holdings of deferred share units as at December 31, 2005 and their value, based on the closing price of our common shares on December 31, 2005 of $46.83 are as follows: Mr. Nesbitt 58,697 units with a value of $2,748,761, Mr. Ptasznik 22,070 units with a value of $1,033,556, Mr. Cieslak 53,021 units with a value of $2,482,983, Mr. Parkhill 18,413 units with a value of $862,289 and Ms. Pel 4,232 units with a value of $198,162.

(3) These amounts include premiums for term life insurance maintained for the benefit of the Named Executive Officer, employer contributions to the Employee Share Purchase Plan up to February 28, 2006, cash equivalent of the paid installment of the $2.50 special dividend per common share paid to participants in the 2003 share option plan and the value of dividend equivalent DSUs credited during the year. The year-end value of the dividend equivalents for 2005 (which includes the dividend equivalents for the $2.50 special dividend per common share paid to participants in the 2003 share option plan) is as follows: Mr. Nesbitt $129,838, Mr. Ptasznik $56,570, Mr. Cieslak $110,827, Mr. Parkhill $46,124 and Ms. Pel $36,104.

(4) Ms. Pel joined TSX Group effective July 2, 2003. The information presented for 2003 is the actual compensation paid. The annualized equivalent for salary, bonus and all other compensation was $300,000, $200,000 and $3,322 respectively.

(5) Ms. Pel elected to convert her bonus into Deferred Share Units at a price of $24.798 per DSU in accordance with the terms of the Deferred Share Unit Plan.

Share Options Granted in 2005

The following table sets forth share options granted under the Share Option Plan to Named Executive Officers during the year ended December 31, 2005. The exercise price is based on the weighted average trading price for our common shares on Toronto Stock Exchange for the five trading days preceding the date of grant.

<table>
<thead>
<tr>
<th>Name</th>
<th>Securities under Options Granted (#)</th>
<th>% of Total Options Granted to Employees in 2005</th>
<th>Exercise Price ($/security)</th>
<th>Market Value of Securities Underlying Options on the Date of Grant ($/security)</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Nesbitt</td>
<td>131,796</td>
<td>34.3</td>
<td>29.636</td>
<td>28.950</td>
<td>February 1, 2012</td>
</tr>
<tr>
<td>Michael S. Ptasznik</td>
<td>9,726</td>
<td>2.5</td>
<td>29.636</td>
<td>28.950</td>
<td>February 1, 2012</td>
</tr>
<tr>
<td>John B. Cieslak</td>
<td>22,070</td>
<td>5.7</td>
<td>29.636</td>
<td>28.950</td>
<td>February 1, 2012</td>
</tr>
<tr>
<td>Rik Parkhill</td>
<td>16,210</td>
<td>4.2</td>
<td>29.636</td>
<td>28.950</td>
<td>February 1, 2012</td>
</tr>
<tr>
<td>Sharon C. Pel</td>
<td>11,034</td>
<td>2.9</td>
<td>29.636</td>
<td>28.950</td>
<td>February 1, 2012</td>
</tr>
</tbody>
</table>

Options Exercised in 2005

The following table sets forth financial year-end option values for Named Executive Officers. The value of unexercised in-the-money options at December 31, 2005 is the difference between the exercise price of the options and the closing price of our common shares on Toronto Stock Exchange on December 31, 2005, which was $46.83 per common share.

<table>
<thead>
<tr>
<th>Name</th>
<th>Securities Acquired on Exercise (#)</th>
<th>Aggregate Value Realized ($)</th>
<th>Unexercised Options at Financial Year-End (#)</th>
<th>Value of unexercised in-the-money Options at Financial Year-End ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Exercisable</td>
<td>Unexercisable</td>
</tr>
<tr>
<td>Richard Nesbitt</td>
<td>Nil</td>
<td>Nil</td>
<td>60,666</td>
<td>203,130</td>
</tr>
<tr>
<td>Michael S. Ptasznik</td>
<td>13,000</td>
<td>235,444</td>
<td>4,000</td>
<td>42,726</td>
</tr>
<tr>
<td>John B. Cieslak</td>
<td>29,334</td>
<td>463,073</td>
<td>Nil</td>
<td>80,736</td>
</tr>
<tr>
<td>Rik Parkhill</td>
<td>10,000</td>
<td>214,210</td>
<td>4,000</td>
<td>44,210</td>
</tr>
<tr>
<td>Sharon C. Pel</td>
<td>23,334</td>
<td>413,698</td>
<td>Nil</td>
<td>46,700</td>
</tr>
</tbody>
</table>
Restricted Share Units Granted in 2005

The following table provides details on the RSU grants to the Named Executive Officers in 2005.

RSUs vest at the end of three years. We adjust the target RSU grants to reflect dividends paid and then modify them by a three-year total shareholder return performance factor. TSR represents the appreciation in share price plus the return related to dividends paid. TSR determines the degree to which the original grant is adjusted. For example, if target TSR is achieved, grants vest at 100%. If target TSR is exceeded, grants will be adjusted upwards to a maximum of 180%. If target TSR is not achieved, the award will be adjusted downward. In any event, a minimum payment equal to 25% of the RSUs granted will be made.

<table>
<thead>
<tr>
<th>Name</th>
<th>Securities, Units or other Rights (#)</th>
<th>Performance or other period until maturation or payout</th>
<th>Estimated Future Payouts Under Non-Securities-Price-Based Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>December 31, 2007</td>
<td>Minimum (#)</td>
</tr>
<tr>
<td>Richard Nesbitt</td>
<td>10,200</td>
<td></td>
<td>2,550</td>
</tr>
<tr>
<td>Michael S. Ptasznik</td>
<td>3,000</td>
<td></td>
<td>750</td>
</tr>
<tr>
<td>John B. Cieslak</td>
<td>7,200</td>
<td></td>
<td>1,800</td>
</tr>
<tr>
<td>Rik Parkhill</td>
<td>5,000</td>
<td></td>
<td>1,250</td>
</tr>
<tr>
<td>Sharon C. Pel</td>
<td>3,600</td>
<td></td>
<td>900</td>
</tr>
</tbody>
</table>

Share Options and Restricted Share Units granted in 2006

The following table provides details on the stock options and RSU grants that were made to the Named Executive Officers up to and including February 28, 2006.

<table>
<thead>
<tr>
<th>Name</th>
<th>Securities Under Options Granted (#)</th>
<th>Exercise or Base Price ($/Security)</th>
<th>Expiration Date</th>
<th>Target RSUs Granted (#)</th>
<th>Grant Price ($/RSU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Nesbitt</td>
<td>25,194</td>
<td>49.635</td>
<td>February 9, 2013</td>
<td>7,000</td>
<td>46.83</td>
</tr>
<tr>
<td>Michael S. Ptasznik</td>
<td>7,762</td>
<td>49.635</td>
<td>February 9, 2013</td>
<td>2,160</td>
<td>46.83</td>
</tr>
<tr>
<td>John B. Cieslak</td>
<td>16,784</td>
<td>49.635</td>
<td>February 9, 2013</td>
<td>4,670</td>
<td>46.83</td>
</tr>
<tr>
<td>Rik Parkhill</td>
<td>16,784</td>
<td>49.635</td>
<td>February 9, 2013</td>
<td>4,670</td>
<td>46.83</td>
</tr>
<tr>
<td>Sharon C. Pel</td>
<td>7,762</td>
<td>49.635</td>
<td>February 9, 2013</td>
<td>2,160</td>
<td>46.83</td>
</tr>
</tbody>
</table>

(1) We adjust the target RSU grants to reflect dividends paid and then modify them by a three-year total shareholder return performance factor. TSR represents the appreciation in share price plus the return related to dividends paid. TSR determines the degree to which the original grant is adjusted. For example, if target TSR is achieved, grants vest at 100%. If target TSR is exceeded, grants will be adjusted upwards to a maximum of 180%. If target TSR is not achieved, the award will be adjusted downward. In any event, a minimum payment equal to 25% of the RSUs granted will be made.

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows, as of December 31, 2005, compensation plans under which our equity securities are authorized to be issued from treasury both for plans previously approved by shareholders and plans not previously approved by shareholders (of which there are none).
The numbers shown under “Equity compensation plans approved by security holders” relate to our share option plan. Please refer to the description of the share option plan under “Long-Term Compensation” in this Circular.

<table>
<thead>
<tr>
<th>Plan category</th>
<th>Number of securities to be issued upon exercise of outstanding options (a)</th>
<th>Weighted average exercise price of outstanding options (b)</th>
<th>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plans approved by security holders</td>
<td>1,248,462</td>
<td>$18.98</td>
<td>3,758,702</td>
</tr>
<tr>
<td>Equity compensation plans not approved by security holders</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Total</td>
<td>1,248,462</td>
<td>$18.98</td>
<td>3,758,702</td>
</tr>
</tbody>
</table>

**Pension Plans**

The Named Executive Officers participate as non-contributory members in the defined benefit tier of our employee registered pension plan. The pension benefit under the registered pension plan will be limited to the maximum amount prescribed under the Income Tax Act (Canada). TSX Group also maintains a non-contributory supplementary retirement plan for executive officers and other members of senior management. The supplementary retirement plan provides the portion of the pension benefits that exceed the maximum permitted under the defined benefits tier of the registered pension plan.

If a Named Executive Officer retires on the normal retirement date, the amount of annual pension from the registered pension plan and supplementary retirement plan combined will be 2% of the average of the best three consecutive years of pensionable earnings multiplied by credited years of service, subject to a maximum annual pension of 100% of final salary. Pensionable earnings refers to base salary plus short term incentive bonus, with the amount of bonus being capped at 50% of salary for the Named Executive Officers commencing in 2006.

All Named Executive Officers may take early retirement on or after the first day of the month after their 55th birthday, in which case they will be entitled to receive a reduced pension. The amount of pension that is payable will be reduced by ¼% for each month between such early retirement date and the earlier of age 60 or when age plus service equals 85. All Named Executive Officers that have not retired and are over the age of 55 may retire with full pension at the earlier of age 60 or when age plus service equals 85. The pension benefit is payable for life, with 120 monthly payments guaranteed if there is no surviving spouse or 60% continuance for a surviving spouse. In addition, executive officers are guaranteed the greater of the commuted value of their accrued pension benefit and the amount equivalent to 10% of their pensionable earnings accumulated each year with interest while a member of the supplementary retirement plan.

The following table shows the aggregate annual retirement benefits payable under the defined benefit tier of the registered pension plan and the supplementary retirement plan upon retirement at age 65 based on the above described pension formula (exclusive of the amounts paid under the Canada Pension Plan or the Quebec Pension Plan):
Annual Pension Payable upon Retirement at Normal Retirement Age

<table>
<thead>
<tr>
<th>Remuneration ($)</th>
<th>Years of Service and Annual Pension Benefit Payable</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
<th>30</th>
<th>35</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>($)</td>
<td>($)</td>
<td>($)</td>
<td>($)</td>
<td>($)</td>
<td>($)</td>
</tr>
<tr>
<td>200,000</td>
<td></td>
<td>40,000</td>
<td>60,000</td>
<td>80,000</td>
<td>100,000</td>
<td>120,000</td>
<td>140,000</td>
</tr>
<tr>
<td>225,000</td>
<td></td>
<td>45,000</td>
<td>67,500</td>
<td>90,000</td>
<td>112,500</td>
<td>135,000</td>
<td>157,500</td>
</tr>
<tr>
<td>250,000</td>
<td></td>
<td>50,000</td>
<td>75,000</td>
<td>100,000</td>
<td>125,000</td>
<td>150,000</td>
<td>175,000</td>
</tr>
<tr>
<td>300,000</td>
<td></td>
<td>60,000</td>
<td>90,000</td>
<td>120,000</td>
<td>150,000</td>
<td>180,000</td>
<td>210,000</td>
</tr>
<tr>
<td>400,000</td>
<td></td>
<td>80,000</td>
<td>120,000</td>
<td>160,000</td>
<td>200,000</td>
<td>240,000</td>
<td>280,000</td>
</tr>
<tr>
<td>500,000</td>
<td></td>
<td>100,000</td>
<td>150,000</td>
<td>200,000</td>
<td>250,000</td>
<td>300,000</td>
<td>350,000</td>
</tr>
<tr>
<td>600,000</td>
<td></td>
<td>120,000</td>
<td>180,000</td>
<td>240,000</td>
<td>300,000</td>
<td>360,000</td>
<td>420,000</td>
</tr>
<tr>
<td>700,000</td>
<td></td>
<td>140,000</td>
<td>210,000</td>
<td>280,000</td>
<td>350,000</td>
<td>420,000</td>
<td>490,000</td>
</tr>
<tr>
<td>800,000</td>
<td></td>
<td>160,000</td>
<td>240,000</td>
<td>320,000</td>
<td>400,000</td>
<td>480,000</td>
<td>560,000</td>
</tr>
<tr>
<td>900,000</td>
<td></td>
<td>180,000</td>
<td>270,000</td>
<td>360,000</td>
<td>450,000</td>
<td>540,000</td>
<td>630,000</td>
</tr>
<tr>
<td>1,000,000</td>
<td></td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>500,000</td>
<td>600,000</td>
<td>700,000</td>
</tr>
<tr>
<td>1,100,000</td>
<td></td>
<td>220,000</td>
<td>330,000</td>
<td>440,000</td>
<td>550,000</td>
<td>660,000</td>
<td>770,000</td>
</tr>
<tr>
<td>1,200,000</td>
<td></td>
<td>240,000</td>
<td>360,000</td>
<td>480,000</td>
<td>600,000</td>
<td>720,000</td>
<td>840,000</td>
</tr>
</tbody>
</table>

The table indicates pension levels at various credited years of service and levels of remuneration.

The respective credited years of service for pension plan purposes as of December 31, 2005, at age 60 and at normal retirement at age 65 for the Named Executive Officers, as well as the estimated benefits based on current levels of compensation and payable upon retirement are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Years of Service</th>
<th>Projected Annual Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2005</td>
<td>Age 60</td>
</tr>
<tr>
<td>Richard Neshitt</td>
<td>4.3</td>
<td>14.1</td>
</tr>
<tr>
<td>Michael S. Ptasznik</td>
<td>7.2</td>
<td>28.7</td>
</tr>
<tr>
<td>John B. Cieslak</td>
<td>5.4</td>
<td>19.1</td>
</tr>
<tr>
<td>Rik Parkhill</td>
<td>4.0</td>
<td>14.6</td>
</tr>
<tr>
<td>Sharon C. Pel</td>
<td>2.5</td>
<td>13.4</td>
</tr>
</tbody>
</table>

Ms. Pel also participates in a supplemental executive retirement arrangement that will provide an additional $77,700 per annum upon her retirement at age 65.
The following estimated pension service costs and accrued pension obligations under the registered pension plan and supplementary retirement plan are being provided on a voluntary basis and exceed applicable disclosure requirements:

### Additional Executive Pension Disclosure

<table>
<thead>
<tr>
<th>Name</th>
<th>2005 Pension Service Cost (2) ($)</th>
<th>Accrued Pension Obligation at December 31, 2005 (3) ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Nesbitt</td>
<td>131,000</td>
<td>705,400</td>
</tr>
<tr>
<td>Michael S. Ptasznik</td>
<td>49,500</td>
<td>492,700</td>
</tr>
<tr>
<td>John B. Cieslak</td>
<td>85,000</td>
<td>598,600</td>
</tr>
<tr>
<td>Rik Parkhill</td>
<td>77,000</td>
<td>393,200</td>
</tr>
<tr>
<td>Sharon C. Pel</td>
<td>77,600</td>
<td>251,800</td>
</tr>
</tbody>
</table>

1. Amounts shown include pension benefits under the registered pension plan and the supplementary retirement plan and reflect the impact of the cap on bonus inclusion effective in 2006.
2. Pension Service Cost is the value of the projected pension earned in 2005 and has been calculated using actuarial assumptions and methods that are consistent with those used to calculate the current service cost included in the 2005 pension expense disclosed in our consolidated financial statements for 2005.
3. Accrued Pension Obligation is the value of the projected pension earned for service to December 31, 2005 and has been calculated using actuarial assumptions and methods that are consistent with those used to calculate the accrued benefit obligation in our consolidated financial statements for 2005.

### Employment Contracts and Severance Arrangements

We have a severance arrangement with Mr. Cieslak under which we will pay him a lump sum cash payment equivalent to 2.85 times his base salary if we terminate him without cause. Mr. Cieslak is also entitled to certain benefits including life insurance benefits either for the duration of the severance period or for the earlier of the duration of the severance period or re-employment. Pension contributions and disability benefits cease on the day of termination.

### Total Compensation

In establishing total compensation levels for executives and in communicating these amounts to recipients, we define current year total direct compensation as the aggregate of base salary, cash bonus, and equity incentives (that is, RSUs and Share Option grants). Total compensation is defined as total direct compensation plus the annual pension service cost. The following tables show 2003, 2004 and 2005 fiscal year total compensation as determined by the Human Resources Committee for each Named Executive Officer.

While pension benefits are not paid or awarded on an annual basis, we also view the annual value of the Pension Plan to be an integral portion of the overall compensation program. Information on the annual pension service cost is shown in the table below. Information on the accrued liability and annual pension available at retirement has been disclosed in the Pension Plans section above.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>500,000</td>
<td>371,449</td>
<td>360,000</td>
</tr>
<tr>
<td>Cash Bonus</td>
<td>600,000</td>
<td>400,000</td>
<td>360,000</td>
</tr>
<tr>
<td>Total Cash</td>
<td>1,100,000</td>
<td>771,449</td>
<td>720,000</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Share Units&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>250,600</td>
<td>168,000</td>
<td></td>
</tr>
<tr>
<td>Share Options&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>249,400</td>
<td>184,000</td>
<td>310,500</td>
</tr>
<tr>
<td>CEO Appointment&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>784,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td>1,284,500</td>
<td>352,000</td>
<td>310,500</td>
</tr>
<tr>
<td>Total Direct Compensation</td>
<td>2,384,500</td>
<td>1,123,449</td>
<td>1,030,500</td>
</tr>
<tr>
<td>Annual Pension Service Cost&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>131,000</td>
<td>95,200</td>
<td>77,800</td>
</tr>
<tr>
<td>Total</td>
<td>2,515,500</td>
<td>1,218,649</td>
<td>1,108,300</td>
</tr>
</tbody>
</table>

(1) Mr. Nesbitt was appointed CEO on December 2, 2004. The information presented for 2004 is the actual compensation paid. The annualized equivalent for salary was $360,000 in his capacity as President, TSX Markets, and $500,000 in his capacity of CEO.

(2) These amounts represent the value of the RSU awards at time of grant. The initial value of RSUs is based on the closing price of our common shares on Toronto Stock Exchange on the last business day of the previous year. The ultimate value of the RSUs will be determined by actual TSR at the end of a three-year period, as described under the “Restricted Share Unit Plan” on page 21.

(3) These amounts represent the compensation value of options granted and valued using a Black Scholes value of 25% (the corresponding values for 2004 and 2003 were 27% and 29% respectively). The stock option exercise prices are as follows: 2005 options: $29.64, 2004 options: $22.40 and 2003 options: $10.53.

(4) This amount represents the compensation value of the award granted to Mr. Nesbitt in recognition of his appointment as CEO valued using a Black Scholes value of 25%. The stock option exercise price for this award is $29.64. These options will vest on February 2, 2008.

(5) Annual Pension Service Cost is the value of the projected pension earned in a specific fiscal year and has been calculated using actuarial assumptions and methods that are consistent with those used to calculate the service cost included in the pension expense disclosed in our consolidated financial statements.

<table>
<thead>
<tr>
<th>Michael S. Ptaszniak</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Vice President and CFO</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>250,000</td>
<td>225,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Cash Bonus</td>
<td>185,000</td>
<td>165,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Total Cash</td>
<td>435,000</td>
<td>390,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Share Units&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>73,700</td>
<td>69,900</td>
<td></td>
</tr>
<tr>
<td>Share Options&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>76,300</td>
<td>69,000</td>
<td>155,250</td>
</tr>
<tr>
<td>Total Equity</td>
<td>150,000</td>
<td>138,900</td>
<td>155,250</td>
</tr>
<tr>
<td>Total Direct Compensation</td>
<td>585,000</td>
<td>528,900</td>
<td>505,250</td>
</tr>
<tr>
<td>Annual Pension Service Cost&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>49,500</td>
<td>37,800</td>
<td>27,700</td>
</tr>
<tr>
<td>Total</td>
<td>634,500</td>
<td>566,700</td>
<td>532,950</td>
</tr>
</tbody>
</table>

(1) These amounts represent the value of the RSU awards at time of grant. The initial value of RSUs is based on the closing price of our common shares on Toronto Stock Exchange on the last business day of the previous year. The ultimate value of the RSUs will be determined by actual TSR at the end of a three-year period, as described under “Restricted Share Unit Plan” on page 21.

(2) These amounts represent the compensation value of options granted and valued using a Black Scholes value of 25% (the corresponding values for 2004 and 2003 were 27% and 29% respectively). The stock option exercise prices are as follows: 2005 options: $29.64, 2004 options: $22.40 and 2003 options: $10.53.

(3) Annual Pension Service Cost is the value of the projected pension earned in a specific fiscal year and has been calculated using actuarial assumptions and methods that are consistent with those used to calculate the service cost included in the pension expense disclosed in our consolidated financial statements.
<table>
<thead>
<tr>
<th>John B. Cieslak</th>
<th>Executive Vice President, Chief Information and Administration</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officer</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
<td></td>
</tr>
<tr>
<td>Cash Bonus</td>
<td>375,000</td>
<td>375,000</td>
<td>325,000</td>
<td></td>
</tr>
<tr>
<td>Total Cash</td>
<td>725,000</td>
<td>725,000</td>
<td>675,000</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Share Units(^{(1)})</td>
<td>176,900</td>
<td>154,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Options(^{(2)})</td>
<td>173,100</td>
<td>161,000</td>
<td>248,400</td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td>350,000</td>
<td>315,600</td>
<td>248,400</td>
<td></td>
</tr>
<tr>
<td>Total Direct Compensation</td>
<td>1,075,000</td>
<td>1,040,600</td>
<td>923,400</td>
<td></td>
</tr>
<tr>
<td>Annual Pension Service Cost(^{(3)})</td>
<td>85,000</td>
<td>80,400</td>
<td>67,900</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,160,000</td>
<td>1,121,000</td>
<td>991,300</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) These amounts represent the value of the RSU awards at time of grant. The initial value of RSUs is based on the closing price of our common shares on Toronto Stock Exchange on the last business day of the previous year. The ultimate value of the RSUs will be determined by actual TSR at the end of a three-year period, as described under “Restricted Share Unit Plan” on page 21.

\(^{(2)}\) These amounts represent the compensation value of options granted and valued using a Black Scholes value of 25% (the corresponding values for 2004 and 2003 were 27% and 29% respectively). The stock option exercise prices are as follows: 2005 options: $29.64, 2004 options: $22.40 and 2003 options: $10.53.

\(^{(3)}\) Annual Pension Service Cost is the value of the projected pension earned in a specific fiscal year and has been calculated using actuarial assumptions and methods that are consistent with those used to calculate the service cost included in the pension expense disclosed in our consolidated financial statements.

<table>
<thead>
<tr>
<th>Rik Parkhill</th>
<th>President, TSX Markets</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>300,000</td>
<td>275,000</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Cash Bonus</td>
<td>375,000</td>
<td>250,000</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Total Cash</td>
<td>675,000</td>
<td>525,000</td>
<td>400,000</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Share Units(^{(1)})</td>
<td>122,800</td>
<td>69,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Options(^{(2)})</td>
<td>127,200</td>
<td>69,000</td>
<td>124,200</td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td>250,000</td>
<td>138,900</td>
<td>124,200</td>
<td></td>
</tr>
<tr>
<td>Total Direct Compensation</td>
<td>925,000</td>
<td>663,900</td>
<td>524,200</td>
<td></td>
</tr>
<tr>
<td>Annual Pension Service Cost(^{(3)})</td>
<td>77,000</td>
<td>61,100</td>
<td>46,600</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,002,000</td>
<td>725,000</td>
<td>570,800</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) These amounts represent the value of the RSU awards at time of grant. The initial value of RSUs is based on the closing price of our common shares on Toronto Stock Exchange on the last business day of the previous year. The ultimate value of the RSUs will be determined by actual TSR at the end of a three-year period, as described under “Restricted Share Unit Plan” on page 21.

\(^{(2)}\) These amounts represent the compensation value of options granted and valued using a Black Scholes value of 25% (the corresponding values for 2004 and 2003 were 27% and 29% respectively). The stock option exercise prices are as follows: 2005 options: $29.64, 2004 options: $22.40 and 2003 options: $10.53.

\(^{(3)}\) Annual Pension Service Cost is the value of the projected pension earned in a specific fiscal year and has been calculated using actuarial assumptions and methods that are consistent with those used to calculate the service cost included in the pension expense disclosed in our consolidated financial statements.
Sharon C. Pel  
Senior Vice President,  
Legal and Business Affairs

<table>
<thead>
<tr>
<th>Affairs</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$149,038</td>
</tr>
<tr>
<td>Salary(^{(1)})</td>
<td>$225,000</td>
<td>$225,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Total Cash</td>
<td>$525,000</td>
<td>$525,000</td>
<td>$249,038</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Share Units(^{(2)})</td>
<td>$88,400</td>
<td>$85,200</td>
<td></td>
</tr>
<tr>
<td>Share Options(^{(3)})</td>
<td>$86,600</td>
<td>$92,000</td>
<td>$212,500</td>
</tr>
<tr>
<td>Total Equity</td>
<td>$175,000</td>
<td>$177,200</td>
<td>$212,500</td>
</tr>
<tr>
<td>Total Direct Compensation</td>
<td>$700,000</td>
<td>$702,200</td>
<td>$461,538</td>
</tr>
<tr>
<td>Annual Pension Service Cost(^{(4)})</td>
<td>$77,600</td>
<td>$72,800</td>
<td>$28,500</td>
</tr>
<tr>
<td>Total</td>
<td>$777,600</td>
<td>$775,000</td>
<td>$490,038</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Ms. Pel joined TSX Group effective July 2, 2003. The information presented for 2003 is the actual compensation paid.  
\(^{(2)}\) These amounts represent the value of the RSU awards at time of grant. The initial value of RSUs is based on the closing price of our common shares on Toronto Stock Exchange on the last business day of the previous year. The ultimate value of the RSUs will be determined by actual TSR at the end of a three-year period, as described under “Restricted Share Unit Plan” on page 21.  
\(^{(3)}\) These amounts represent the compensation value of options granted and valued using a Black Scholes value of 25% (the corresponding values for 2004 and 2003 were 27% and 29% respectively). The stock option exercise prices are as follows: 2005 options: $29.64, 2004 options: $22.40 and 2003 options: $14.17.  
\(^{(4)}\) Annual Pension Service Cost is the value of the projected pension earned in a specific fiscal year and has been calculated using actuarial assumptions and methods that are consistent with those used to calculate the service cost included in the pension expense disclosed in our consolidated financial statements.

**Directors’ and Officers’ Liability Insurance**

Directors, officers and certain of our employees are covered under Directors’ and Officers’ Liability Insurance policies. The policies include coverage for wrongful acts, claimed against Directors, officers and those employees by reason of their serving in those capacities. The aggregate limit of liability applicable to those insured Directors, officers and employees under the insurance policies is $50 million, including defence costs. If we have to indemnify our insured Directors, officers or employees, we have reimbursement coverage over a deductible of $500,000 for each loss. The premium for the Directors’ and Officers’ liability insurance was $255,016 for the May 1, 2005 to April 30, 2006 policy year.

TSX Group’s by-laws also require us to indemnify our Directors and officers, and we have entered into indemnification agreements with our Directors, officers and certain employees which indemnify them from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain limitations.

**Indebtedness of Directors and Officers**

None of our Directors or senior officers was indebted to us as at December 31, 2005 or at any time during 2005.
Additional Items

Available Documentation

We are a reporting issuer under the securities acts of all of the provinces and territories of Canada and we are therefore required to file consolidated financial statements and information circulars with the various securities commissions. We will also file an annual information form with those securities commissions which will, among other things, contain all of the disclosure required by Form 52-110F1 under Multilateral Instrument 52-110 - Audit Committees. We provide additional financial information in our comparative financial statements for our most recently completed financial year and our management’s discussion and analysis, contained in our 2005 Annual Report. This Circular, management’s discussion and analysis, annual information form, annual consolidated financial statements, any interim financial statements filed after the filing of the most recent annual financial statements and additional copies of the 2005 Annual Report may be found on SEDAR at www.sedar.com. You may also obtain them from our Investor Relations Department.

Finance and Audit Committee

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

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

Corporate Governance

Under National Instrument 58-101 - Disclosure of Corporate Governance Practices, we are required to disclose information relating to our corporate governance practices. Our disclosure is set out in Schedule C to this Circular and an overview of our corporate governance practices is contained under the heading “Statement of Corporate Governance Practices” in our 2005 Annual Report.

The Charter of the Board of Directors, which includes the principal responsibilities of the Chair of the Board and the Chief Executive Officer is attached as Schedule D to this Circular. The charter for each Committee of the Board is available on our web site at www.tsx.com under the Investor Relations tab. The Code of Conduct for Directors of TSX Group and the Code of Conduct for Employees of TSX Group are also available in the same location and on SEDAR at www.sedar.com.
Board of Directors’ Approval

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

Sharon C. Pel
Senior Vice President, Legal and Business Affairs
Toronto, Ontario
March 23, 2006
SCHEDULE A
RESOLUTION - CONFIRMATION OF AMENDMENT TO BY-LAW NO. 1

BE IT RESOLVED that:

1. The amendment to By-Law No. 1 of the Corporation to remove the definition of “independent director” and section 3.14 entitled “Director Representation”, and the restatement of By-Law No. 1 of the Corporation, as amended, all as made by the resolution of the directors of the Corporation approved on July, 26, 2005, is hereby confirmed.

2. Any director or officer of the Corporation be and is hereby authorized and directed to execute and deliver for and in name of and on behalf of the Corporation, whether under its corporate seal or not, all such other certificates, instruments, agreements, documents and notices and to do all such other acts and things as in such person’s opinion as may be necessary or desirable for the purpose of giving effect to this resolution.
The Board is expected to attend all regularly scheduled Board and committee meetings and, where practicable, all emergency meetings, in all cases fully prepared for those meetings.

<table>
<thead>
<tr>
<th>Director</th>
<th>Board Meetings Attended (1)</th>
<th>Standing Committee Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian S. Brown</td>
<td>14 of 14 100%</td>
<td>2 of 2 Public Venture Market Committee (Chair) 100%</td>
</tr>
<tr>
<td>Tullio Cedraschi</td>
<td>14 of 14 100%</td>
<td>8 of 8 Governance Committee 100% 5 of 5 Human Resources Committee (Chair) 100%</td>
</tr>
<tr>
<td>Wayne C. Fox</td>
<td>14 of 14 100%</td>
<td>7 of 8 Governance Committee 88% 5 of 5 Human Resources Committee 100%</td>
</tr>
<tr>
<td>Raymond Garneau</td>
<td>14 of 14 100%</td>
<td>8 of 8 Governance Committee 100% 5 of 5 Human Resources Committee 100%</td>
</tr>
<tr>
<td>John A. Hagg</td>
<td>14 of 14 100%</td>
<td>4 of 4 Governance Committee 100% 2 of 2 Human Resources Committee 100%</td>
</tr>
<tr>
<td>Harry A. Jaako</td>
<td>14 of 14 100%</td>
<td>9 of 9 Finance and Audit Committee 100% 3 of 3 Human Resources Committee 100% 2 of 2 Public Venture Market Committee 100%</td>
</tr>
<tr>
<td>J. Spencer Lanthier</td>
<td>13 of 14 93%</td>
<td>9 of 9 Finance and Audit Committee (Chair) 100% 8 of 8 Governance Committee 100% 3 of 3 Human Resources Committee 100%</td>
</tr>
<tr>
<td>Jean Martel</td>
<td>14 of 14 100%</td>
<td>8 of 9 Finance and Audit Committee 89% 3 of 3 Human Resources Committee 100% 2 of 2 Public Venture Market Committee 100%</td>
</tr>
<tr>
<td>Owen McCreery</td>
<td>14 of 14 100%</td>
<td>8 of 9 Finance and Audit Committee 89% 4 of 4 Governance Committee 100%</td>
</tr>
<tr>
<td>John P. Mulvihill</td>
<td>14 of 14 100%</td>
<td>3 of 3 Finance and Audit Committee 100% 8 of 8 Governance Committee (Chair) 100%</td>
</tr>
<tr>
<td>Richard Nesbitt (2)</td>
<td>10 of 10 100%</td>
<td>n/a n/a</td>
</tr>
<tr>
<td>Kathleen M. O’Neill (2)</td>
<td>10 of 10 100%</td>
<td>6 of 6 Finance and Audit Committee 100% 4 of 4 Governance Committee 100%</td>
</tr>
<tr>
<td>Gerri B. Sinclair (2)</td>
<td>10 of 10 100%</td>
<td>2 of 2 Human Resources Committee 100% 2 of 2 Public Venture Market Committee 100%</td>
</tr>
<tr>
<td>Eric C. Tripp</td>
<td>11 of 14 79%</td>
<td>2 of 3 Human Resources Committee 67% 2 of 2 Public Venture Market Committee 100%</td>
</tr>
</tbody>
</table>

Summary of Board and Standing Committee Meetings Held in 2005

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Numbers of Meetings Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board (1)</td>
<td>14</td>
</tr>
<tr>
<td>Finance and Audit Committee</td>
<td>9</td>
</tr>
<tr>
<td>Governance Committee</td>
<td>8</td>
</tr>
<tr>
<td>Human Resources Committee</td>
<td>5</td>
</tr>
<tr>
<td>Public Venture Market Committee</td>
<td>2</td>
</tr>
<tr>
<td>Total Numbers of Meetings Held</td>
<td>38</td>
</tr>
</tbody>
</table>

(1) Includes one all-day Board strategy session and four special meetings of the Board.
(2) Mr. Nesbitt, Ms. O’Neill and Ms. Sinclair were elected to the Board on April 26, 2005.
**SCHEDULE C**  
**CORPORATE GOVERNANCE PRACTICES**

We believe that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. Our 2005 Annual Report contains an overview of our corporate governance practices. Our corporate governance practices are aligned (except as noted) with National Instrument 58-101 - Disclosure of Corporate Governance Practices (the “National Instrument”) and National Policy 58-201 - Corporate Governance Guidelines.

### Board of Directors

1. (a) **Disclose the identity of directors who are independent.**

   Of our nominees for the Board, (11 out of 12 or approximately 92%) are both independent under the National Instrument, TSX Group’s recognition order issued by the Ontario Securities Commission (“OSC”) (the “Recognition Order”) and under our Board of Directors Independence Standards. Our independent nominees for election to the Board are: Tullio Cedraschi, Wayne C. Fox, Raymond Garneau, John A. Hagg, Harry A. Jaako, J. Spencer Lanthier, Jean Martel, Owen McCreery, John P. Mulvihill, Kathleen M. O’Neill and Gerri B. Sinclair.

   (b) **Disclose the identity of directors who are not independent, and describe the basis for that determination.**

   A Director is not independent under the Recognition Order and our Board of Directors Independence Standards if the Director has a material relationship with TSX Group. A “material relationship” is a relationship, which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Director’s independent judgment and includes indirect material relationships. A Director who is an employee, associate (within the meaning of the Securities Act (Ontario), or executive officer of a Participating Organization or Member of Toronto Stock Exchange or TSX Venture Exchange (collectively, “POs”) is considered to have a material relationship with TSX Group. A PO is a registered broker dealer which is permitted access to the facilities of Toronto Stock Exchange or TSX Venture Exchange for the purpose of trading securities listed on those exchanges. The Board has determined that a non-independent Director under the Recognition Order and our Board of Directors Independence Standards is to be considered a non-independent Director under the National Instrument. The Recognition Order requires that at least 50% of TSX Group’s Directors be independent. Our Board of Directors Independence Standards can be found on our web site at www.tsx.com.

   Only one nominee for election to the Board, Mr. Richard Nesbitt, is not an independent Director under the National Instrument and the Recognition Order. Mr. Nesbitt is the Chief Executive Officer of TSX Group.

   The Governance Committee at least on an annual basis reviews the relationship of each Director with TSX Group to determine which Directors are independent under the National Instrument, the Recognition Order and our Board of Directors Independence Standards. Such review is also undertaken each time a Director is appointed between annual shareholders meetings. The Governance Committee advises the Board of its findings, for consideration by the Board.

   To assist the Governance Committee and the Board with their determinations, all Directors annually complete a detailed questionnaire about their business relationships and shareholdings, and advise us during the course of the year of any material changes to their responses.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

Of the nominees for the Board, (11 out of 12 or approximately 92%) are independent under the National Instrument, TSX Group’s Recognition Order and our Board of Directors Independence Standards.

(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

Certain of TSX Group’s Directors are Directors of other reporting issuers. Please refer to the Directors’ personal information beginning on page seven of this Circular for directorships of other reporting issuers for each Director.

(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

In 2005 the independent Directors did not hold regularly scheduled meetings at which non-independent Directors were not present. However, the non-management Directors of TSX Group’s meet in-camera after each regularly scheduled Board meeting to freely discuss matters of interest independent of any management influence. The non-management Directors of TSX Group have met without management nine times between January 1, 2005 and December 31, 2005.

Commencing in 2006 the independent Directors will hold regularly scheduled meetings at which non-independent Directors and members of management will not be in attendance.

(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent, nor a lead director that is independent describe what the board does to provide leadership for its independent directors.

Wayne C. Fox is the Chair of the Board and an independent Director. The Chair of the Board reports to the Board and shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO and senior management to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, governments and the public. His responsibilities are set out in the Board’s Charter which is attached hereto as Schedule D and can also be found on our web site at www.tsx.com.

(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.

Please refer to Schedule B – Record of Attendance by Directors in 2005 on page 37 of this Circular.

2. Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The text of the Board’s Charter is attached hereto as Schedule D and can also be found on our web site at www.tsx.com and is reviewed at least annually.
3. (a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board has developed written position descriptions for the Chair of the Board and the chair of each Board committee. The descriptions are set out in their respective charters. The Board Charter is attached hereto as Schedule D. The complete charters of the Board, the Finance and Audit Committee, the Governance Committee, the Human Resources Committee, and the Public Venture Market Committee can be found on our web site at www.tsx.com and are reviewed at least annually.

(b) Disclose whether or not the board and CEO have developed a written position for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board’s Charter sets out the role and responsibilities of the Board, the Chair and the CEO. The Board and CEO review such role and responsibilities on an annual basis. The Board Charter is attached hereto as Schedule D and can also be found on our web site at www.tsx.com.

The Governance Committee conducts an annual review of the performance of the CEO, as measured against corporate and personal objectives established at the beginning of the year jointly by the Governance Committee and CEO and approved by the Board. The results of this annual review are communicated to the Board which then makes an evaluation of the overall performance of TSX Group and the CEO. The evaluation is used by the Human Resources Committee in making its recommendation to the Board concerning the CEO’s annual compensation.

Orientation and Continuing Education

4. (a) Briefly describe what measures the board takes to orient new directors regarding:

(i) the role of the board, its committees and its directors; and
(ii) the nature and operation of the issuer’s business.

The Governance Committee oversees and makes recommendations to the Board regarding the orientation of new Directors. TSX Group maintains orientation and ongoing education programs for Directors, (including new Directors) and regularly reviews these programs. TSX Group provides new Directors with a Directors’ Manual, which serves as a corporate reference, as well as with orientation materials describing its business, strategy, objectives and initiatives, so new Directors understand the nature and operation of our businesses and the role of the Board and its committees, as well as the contribution individual Directors are expected to make. New Directors are also invited to spend time at our offices and to meet with TSX Group’s executive officers, including the CEO and CFO, to discuss the business functions and initiatives of TSX Group and the contribution individual Directors are expected to make.

(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary for them to meet their obligations as directors.

Directors receive a comprehensive package of information prior to each Board and committee meeting and prior to each strategic planning session. As well, each committee delivers a report to the full Board on its work after each committee meeting. Presentations on different aspects of our business are regularly made to the Board. We also provide the Board with a variety of materials and presentations on an ad hoc basis, to keep them informed about internal developments as well as developments in, or which affect, our industry, the environment in which we operate, continuous disclosure obligations, accounting issues and best practices in corporate governance. All of these materials and other corporate materials are also accessible by Directors on a permanent, secure intranet.
Ethical Business Conduct

5. (a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

(i) disclose how a person or company may obtain a copy of the code;
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

The Board has approved a Board Code of Conduct for the Directors and an Employee Code of Conduct for officers and employees of TSX Group and its subsidiaries, both of which provide guidance on ethical issues and establish mechanisms to report unethical conduct. The Codes of Conduct may be found on our web site at www.tsx.com and may be found on SEDAR at www.sedar.com. The Finance and Audit Committee also reviews with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by TSX Group regarding accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, or any violation of the Codes of Conduct, and for the protection from retaliation of those who report such complaints in good faith.

The Governance Committee monitors compliance by members of the Board with our Board Code of Conduct and authorizes any waiver granted in connection with this code, and oversees the appropriate disclosure of any such waiver. The Governance Committee also reviews the Board Code of Conduct at least annually. The Governance Committee has not granted any waivers in connection with the code.

The Finance and Audit Committee ensures that adequate and effective systems are in place to enforce compliance with our Employee Code of Conduct. The Human Resources Committee reviews the Employee Code of Conduct at least annually.

Each year, every Director, officer and employee must sign an acknowledgement that he or she has read, understood and complied with the Code of Conduct applicable to him or her.

No material change reports have been filed by TSX Group since the beginning of the most recently completed financial year that pertains to any conduct of a Director or executive officer that constitutes a departure from either Code of Conduct.

(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Through the annual Director’s Questionnaire, Directors are asked to identify if a conflict of interest currently exists or could potentially exist between him or her and TSX Group or any of its subsidiaries or affiliates. This response allows the Board and management to identify conflicts of interest situations in advance. The Board takes appropriate measures to ensure the exercise of independent judgment in considering transactions and agreements in respect of which a Director or executive officer may have a material interest. Where appropriate, Directors remove themselves from portions of Board or committee meetings in accordance with the Board Code of Conduct or ad hoc special committees are constituted, in each case to allow independent discussion of matters in issue. The Board Code of Conduct and corporate and securities legislation require disclosure of conflicts by individual Directors.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

Each Director is responsible for understanding the roles and responsibilities of the Board as a whole and of a Director as set out in the Board Charter and in the Board’s Code of Conduct.
The Board satisfies itself, to the extent feasible, as to the integrity of the CEO, other senior officers and individual Directors and that the CEO, other senior officers and individual Directors create a culture of integrity throughout TSX Group. We are also required under our Recognition Order to take reasonable steps to ensure that each officer or Director of TSX Group is a fit and proper person and the past conduct of each officer or Director affords reasonable grounds for belief that the officer or Director will perform his or her duties with integrity. Each officer and Director of TSX Group is required to complete a personal information form and consent to searches being conducted in order that his or her personal information can be verified for TSX Group by third parties.

In this manner the Board encourages and ensures that a culture of ethical business conduct is maintained.

**Nomination of Directors**

6. (a) Describe the process by which the board identifies new candidates for board nomination.

The Board has constituted a Governance Committee that is responsible for governance issues, including making recommendations to the Board with respect to nominees to the Board.

The Governance Committee reviews on an ongoing basis the composition of the Board, including the current strengths, skills and experiences on the Board and our strategic direction. The Governance Committee identifies any gaps in the Board’s composition and seeks to fill those gaps. Qualities such as integrity, good character and high regard in his or her community or professional field will always be a basic criteria for Board members. The Governance Committee will also consider independence, professional or board expertise, capital market experience, public venture market experience, energy market experience and regulated company experience. As well, representation from geographic regions relevant to TSX Group’s strategic priorities is taken in consideration. The objective is to ensure the Board’s composition provides the best mix of skills and experience to guide the strategies and business operations of TSX Group. In certain circumstances, the Governance Committee may retain outside consultants to conduct searches for appropriate nominees. In addition, the Governance Committee maintains a list of potential Director candidates for its consideration. Prospective nominees to the Board are made aware of their duties, responsibilities and time commitment expectations as a Director.

The complete charter of the Governance Committee is set out on our web site at [www.tsx.com](http://www.tsx.com).

(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed of entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Governance Committee acts as the nominating committee of the Board, and is composed entirely of independent Directors.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

Our Governance Committee, which acts as our nominating committee, is responsible for providing the Board with recommendations relating to corporate governance in general, including (i) all matters relating to the stewardship role of the Board in respect of the management of TSX Group, (ii) Board size and composition, including the nominee selection process and orientation of new Directors, (iii) Board compensation, and (iv) such procedures as may be necessary to allow the Board to function independently of management and non-independent Directors.

See the charter of the Governance Committee set out in our web site at [www.tsx.com](http://www.tsx.com) for a complete description of the responsibilities, powers and operation of the Governance Committee.
Compensation

7. (a) Describe the process by which the board determines the compensation for the issuer’s directors and officers.

In 2003, the Governance Committee set the current level of Board compensation based upon advice received from an independent compensation consulting firm which reviewed compensation in comparable organizations. The Governance Committee at least annually reviews and makes recommendations to the Board for its consideration on compensation levels for the Directors. To assist in making such recommendations the Governance Committee relies on external consultants to provide relevant benchmarks. On February 1, 2006, the Board, on the recommendation of the Governance Committee, amended the Board’s compensation to take effect on April 26, 2006. The Board’s current and amended compensation is detailed on page 13 of this Circular.

The Human Resources Committee reviews and makes recommendations to the Board regarding the annual compensation of our CEO and reviews and approves the annual compensation for our other executive officers. In addition, the Human Resources Committee is responsible for overseeing the compensation policies and programs for executive officers. The Board has the final approval on the compensation philosophy, guidelines and plans for compensation of executive officers.

In determining compensation for our executive officers, the Human Resources Committee relies on external consultants to provide relevant benchmark information and to assist in the review and design of pay programs.

(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Human Resources Committee acts as the compensation committee of the Board, and is composed entirely of independent Directors.

(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

One of the principal responsibilities of the Human Resources Committee is to review and make recommendations to the Board regarding the annual compensation of our CEO and to review and approve the annual compensation of our other executive officers. The Human Resources Committee is also responsible for overseeing the compensation policies and programs for executive officers and reviewing and recommending to the Board for its approval any employee incentive or share plan. In addition, the Human Resources Committee reviews senior management succession plans. The Committee also reviews executive compensation disclosure before it is publicly disclosed.

The Board has the final approval on the compensation philosophy, guidelines and plans for compensation of executive officers.

The complete charter of the Human Resources Committee is set out on our web site at www.tsx.com.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

The Human Resources Committee retained the services of Mercer Human Resource Consulting to provide the Human Resources Committee with advice and information on the defined benefit tier of our employee registered pension plan and the supplementary retirement plan for executive officers.

The Human Resources Committee also retained the services of Towers Perrin to provide the Human Resources Committee with advice and information on executive compensation.

The Governance Committee retained the services of Watson Wyatt & Company to provide the Governance Committee with advice and information in determining Board compensation.

Other Board Committees

8. If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

TSX Group has in total four standing Board committees: the Finance and Audit Committee, the Governance Committee, the Human Resources Committee, and the Public Venture Market Committee. The charters of each of these committees are available on our web site at www.tsx.com.

The Public Venture Market Committee’s function is to advise and make recommendations to the Board with respect to all policy issues and matters that are likely to have a significant impact on the public venture capital market in Canada and the role of TSX Group and/or TSX Venture Exchange Inc. with respect to such markets.

Assessments

9. Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Board annually evaluates its performance and effectiveness and that of the committees of the Board and all of the individual Directors. This evaluation is conducted internally by written self-assessment and peer questionnaires and through formal interviews of each Director (other than the Chair) by the Chair of the Board and of the Chair by the chair of the Governance Committee. The results of the assessments are reviewed by the Board and changes, as required, are then implemented to improve Board performance and effectiveness.
1. **General**

The primary responsibility of the Board of Directors of the Corporation (the “Board”) is to provide governance and stewardship to the Corporation.

The Board will appoint a competent executive management team to run the day-to-day operations of the Corporation and will oversee and supervise the management of the business of the Corporation by that team. The Board will oversee the Corporation’s systems of corporate governance and financial reporting and controls to ensure that the Corporation reports adequate and fair financial information to shareholders and engages in ethical and legal corporate conduct.

The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it appoints from time to time): the Finance and Audit Committee, the Human Resources Committee, the Governance Committee and the Public Venture Market Committee.

2. **Appointment and Supervision of Management**

The Board will:

- Appoint the Chief Executive Officer (“CEO”) and other senior officers comprising the senior management team (“SMT”), provide them with advice and counsel and monitor the performance of the CEO against a set of mutually agreed corporate objectives directed at maximizing shareholder value and approve CEO compensation.

- Establish a process to adequately provide for management succession.

- Establish boundaries between the Board and management responsibilities and establish limits of authority delegated to management.

- Satisfy itself, to the extent feasible, as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the Corporation.

- Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

3. **Strategic Planning, Risk Management**

The Board will:

- Maintain a strategic planning process and review and approve annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.

- Review and approve management’s strategic and operational plans to ensure they are consistent with the corporate vision.
Monitor the Corporation’s performance against both short-term and long-term strategic plans and annual performance objectives.

Confirm that a management system is in place to identify the principal risks to the Corporation and its business and that appropriate procedures are in place to monitor and mitigate those risks.

Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.

Confirm that processes are in place to comply with the Corporation’s by-laws, Codes of Conduct, all recognition orders and exemption orders issued in respect of the Corporation by applicable securities regulatory authorities, and all other significant policies and procedures.

4. **Financial Reporting and Management**

The Board will:

- Approve the Corporation’s financial statements and review and oversee the Corporation’s compliance with applicable audit, accounting and financial reporting requirements.
- Approve annual operating and capital budgets.
- Confirm the integrity of the Corporation’s internal control and management information systems.
- Review operating and financial performance results relative to established strategy, budgets and objectives.
- Review and assess the adequacy of the Finance and Audit Committee Charter on an annual basis.

5. **Shareholder Communication**

The Board will:

- Confirm that management has established a system for effective corporate communications including processes for consistent, transparent, regular and timely public disclosure.
- Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Corporation’s business information.
- Report annually to shareholders on the Board’s stewardship for the previous year.
- Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Corporation has a system in place to receive feedback from shareholders.
6. **Corporate Governance**

The Board will:

- Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management and non-independent directors.
- Establish committees and approve their respective charters and the limits of authority delegated to each committee.
- Determine Board member qualifications.
- Establish appropriate processes for the regular evaluation of the effectiveness of the Board, its chair, all the committees of the Board and their respective chairs, and all the members of the Board and its committees.
- Review on an annual basis whether any two or more Board members sit on the board of another corporation (other than any of the Corporation’s subsidiaries) and whether the composition of the Board needs to be changed to eliminate these interlocks.
- Approve the nomination of directors.
- Review the adequacy and form of directors’ compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.
- Arrange for non-management and independent directors to meet regularly, and in no case less frequently than quarterly, without management or non-independent directors present.
- Establish a minimum attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all directors should attend all meetings of the Board and each committee on which he or she sits, and review in advance all the applicable materials for such meetings.

7. **Codes of Conduct**

The Board will:

- Adopt a Board Code of Conduct and an Employee Code of Conduct (collectively, the “Codes of Conduct”) and monitor compliance with those codes.
- Approve any waivers and ensure disclosure of any waivers of the Codes of Conduct in the Corporation’s annual report or management information circular.

8. **The Chair of the Board**

The Chair of the Board reports to the Board and shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO and SMT to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, governments and the public. The Chair of the Board will be a person other than the CEO.
The Chair of the Board will:

- Provide effective leadership so that the Board can function independently of management by ensuring that the Board meets regularly without management and non-independent directors, and that the Board may engage outside advisors as required subject to any approvals determined by the Board.

- Establish procedures to govern the Board’s work including:
  - together with the corporate secretary, scheduling meetings of the Board and its committees;
  - chairing all meetings of the Board;
  - encouraging full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
  - developing the agenda for Board meetings with input from other Board members and management;
  - together with the corporate secretary, ensuring proper and timely information is delivered to the Board;
  - ensuring that the Board has appropriate administrative support; and
  - addressing complaints, questions and concerns regarding Board matters.

- Ensure the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.

- Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.

- Act as a liaison between the Board and management.

- Serve as advisor to the CEO and other officers.

- Together with the Board’s Governance Committee, establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.

- Ensure that adequate orientation and ongoing training programs are in place for Board members.

- Together with the Board’s Governance Committee, establish performance criteria for the Board and for individual Board members and co-ordinate the evaluation of performance and reporting against these criteria.

- Work with the Board or appropriate Board committee to establish performance criteria for the CEO and to facilitate the evaluation of the CEO’s performance.

- Work with the Board’s Governance Committee to establish and manage a succession program for the CEO’s position.

- Oversee matters relating to shareholder relations and chair meetings of the shareholders.

- Work with the CEO to represent the Corporation to external stakeholders including shareholders, the investment community, governments and communities.
The Chair of the Board’s performance will be measured against the following key metrics:

- The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
- The extent to which the Corporation carries out its responsibilities to shareholders, employees, customers, governments, and the public.
- The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

9. The Chief Executive Officer

The CEO is accountable to the Board for achieving corporate goals and objectives within specified limitations and in accordance with the CEO’s performance objectives determined annually by the Board.

The CEO will:

- Provide worldwide vision and leadership for the Corporation.
- Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.
- Execute the corporate strategy to achieve profitable growth and maximize shareholder value for the Corporation’s shareholders.
- Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board, including, as applicable:
  - Protecting the core business of the Corporation,
  - Extending the Corporation’s pre-eminent position in the Canadian exchange space, and
  - Examining selective opportunities to expand outside Canada.
- Challenge management to set and achieve viable annual and long-term strategic and financial goals.
- Monitor the performance of management against a set of initially agreed corporate objectives directed at maximizing shareholder value.
- Recommend appropriate rewards and incentives for management.
- Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives and within executive limitations.
- Report to the Board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
• Advise the Board if, in the CEO’s opinion, the Board is not in compliance with its own policies, or legal and/ or regulatory requirements.

• Provide the Board with all information and access that the Board may require in order to make fully-informed decisions.

• Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.