STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Overview

Our Board of Directors (Board) and management are committed to ensuring that TMX Group adheres to the highest standard of corporate governance. TMX Group’s corporate governance policies and practices are designed to support the Board in discharging its responsibilities and to enhance shareholder value. We review these policies and practices at least annually with a view to enhancing our governance structure and practices in an ever-evolving corporate governance environment.

TMX Group’s corporate governance system complies with National Policy 58-201—Corporate Governance Guidelines (NP 58-201), National Instrument 58-101—Disclosure of Corporate Governance Practices (NI 58-101), National Instrument 52-110—Audit Committees (NI 52-110) as well as our recognition orders issued by the Ontario Securities Commission, Quebec’s Autorité des marchés financiers, the British Columbia Securities Commission and the Alberta Securities Commission (collectively, the Recognition Orders). In addition, we review our corporate governance practices with reference to corporate governance guidelines recommended by institutional and other shareholder organizations.

Board Responsibilities

The Board is responsible for TMX Group’s governance and stewardship and overseeing our corporate strategy, operations and management. The Board discharges its responsibilities, either directly or, where appropriate, through committees, and by selecting and holding management accountable for TMX Group’s operations and for executing the corporate strategy. The Board sets clear policies and direction for management’s responsibilities and authority. Among its many specific duties, the Board annually monitors the performance of the Chief Executive Officer (CEO) against corporate objectives (established by the Board with the CEO), and sets the CEO’s compensation. The Board also approves strategic plans and corporate objectives that the CEO is responsible for meeting, provides advice and counsel to the CEO, oversees ethical and legal conduct of executive management, and monitors TMX Group’s financial performance. In addition, the Board approves the adequacy and form of compensation paid to members of the Board (Directors). The Board Charter that describes the Board’s responsibilities is available on our website.

At each regularly scheduled Board meeting, Directors and executive management examine, review and discuss a broad range of issues relevant to TMX Group’s strategy, business interests and growth initiatives. In addition, management provides the Board with timely, periodic reports on operational and financial performance. During fiscal 2019 the Board held eight regular and two special meetings and held ten in camera sessions without management Directors present. Attendance by Directors at these meetings was 96%, either in person, by teleconference or by video conference. The Board plans to hold eight regular meetings in 2020. At each of these meetings, the Board will meet without management Directors to ensure it provides independent assessment and oversight. Each of the Finance and Audit Committee, Governance and Regulatory Oversight Committee and the Human Resources Committee can, in its discretion, retain an outside advisor or expert. An individual Director or any other committee of the Board can retain
an outside advisor or expert with the approval of the Governance and Regulatory Oversight Committee.

**Board Independence and Composition**

As at February 28, 2020, the Board has a non-executive Chair and knowledgeable and experienced Directors, 10 out of 12 (83%) of whom, including the Chair, are “independent” within the meaning of section 1.4 of NI 52-110 and our Recognition Orders. The Recognition Orders require: (i) at least 50% of Directors to be “independent”, within the meaning of section 1.4 of NI 52-110; (ii) at least 25% of Directors to be resident of the Province of Québec; (iv) at least 25% of Directors to have expertise in derivatives; and (v) at least 25% of Directors to have expertise in the Canadian public venture market.

The Board derives strength from the background, qualities, skills and experience of its Directors. The Governance and Regulatory Oversight Committee assists the Board by providing the Board with recommendations relating to corporate governance in general, including without limitation: (a) all matters relating to the stewardship role of the Board in respect of the management of TMX Group; (b) Board size and composition, including: (i) confirming the status of nominees to the Board as independent, before the individual is submitted to shareholders as a nominee for election to the Board; and (ii) assessing and approving all nominees of management to the Board.

In identifying suitable candidates, the Governance and Regulatory Oversight Committee will consider independence, and experience as/in: a CEO/Senior officer, board member or governance, regulated company, technology, strategy, financial and risk, mergers and acquisitions, marketing, human resources, energy, broker/dealer, derivatives, clearing, public venture market and international business. As well, the Governance and Regulatory Oversight Committee will consider any gaps in the representation from geographic regions relevant to TMX Group’s strategic priorities and diversity factors such as age and gender. Qualities such as integrity, good character and high regard in his or her community or professional field will always be basic criteria for Board members. The Board also aspires to maintain a composition in which women comprise at least 25% of the Directors.

**Director Education, Access to Management, and Board/Committee Meetings**

We provide new Directors with a Directors’ Manual, which serves as a corporate reference, as well as with orientation materials describing our business, strategy, objectives and initiatives, so new Directors understand the nature and operation of our business and the role of the Board and its committees, as well as the contribution individual Directors are expected to make. Directors are invited to spend time at our offices and also have timely, periodic one-on-one meetings with the CEO and members of executive management.

The Chair sets the agenda for Board meetings and 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. The Chief Executive Officer and all non-employee Directors are also invited to attend all committee meetings regardless of whether they are sitting members of a committee. Presentations on different aspects of our business are regularly made to the Board.
We 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 and financial reporting requirements and best practices in corporate governance. All of these materials and other corporate materials are also accessible by Directors on a permanent, secure extranet. In 2019, the Board received presentations on investor relations, small medium enterprises, evolution of TMX’s investor base and the peer global marketplace.

All Directors are encouraged to attend, at least once each Board year, a continuing educational program as they deem appropriate (given their individual experiential backgrounds) to stay abreast of developments in corporate governance, regulatory or industry matters and best practices relevant to their contribution to the Board generally as well as to their responsibilities in their specific committee assignments and other roles. TMX Group will reimburse any requesting director for each completed continuing education program up to a set amount per year per Director. As well, all Directors are members, at our expense, of the Institute of Corporate Directors (ICD) where Directors have access to ICD events, educational programs and publications which provide an additional source of relevant information. Directors are also invited to attend any seminars presented by Toronto Stock Exchange, TSX Venture Exchange, Montréal Exchange and the Canadian Derivatives Clearing Corporation at no cost to them.

**Board and Director Evaluation**

In 2019, the Governance and Regulatory Oversight Committee retained a third party expert to conduct the annual process for evaluating the Board’s effectiveness. The third party expert interviewed each Director and reported the results to the Governance and Regulatory Oversight Committee. The Committee will determine if any recommended changes are required to improve the performance and effectiveness of the Board.

In 2020, the Governance and Regulatory Oversight Committee will continue with its annual five-step assessment process. Every Director completes a self-assessment and a survey that seeks feedback on peers. Then the Chair of the Board interviews every director one-on-one. The Chair is interviewed by the chair of the Governance and Regulatory Oversight Committee. The interviews provide an opportunity to offer candid feedback on Board effectiveness and to expand on the survey responses.

The Chair of the Board shares feedback with each Director individually as appropriate. The Chair also discusses the results of the individual evaluations with the chair of the Governance and Regulatory Oversight Committee and reports summary findings to the Committee and to the full Board. The Committee reviews the results of the assessments and recommends any changes it believes will improve the performance and effectiveness of the Board.

**Code of Conduct**

The Board’s Code of Conduct (*Board Code*) for Directors sets standards for ethical behaviour of the Board, including for managing conflicts of interest. The Board monitors compliance with the Board Code and is responsible for considering and granting waivers from compliance with the Board Code, if any. No waivers have been granted or requested.
nor have there been any violations of the Board Code. A copy of the Board Code is available on our website.

Committees

The Board has five standing committees with specific areas of responsibility to effectively govern TMX Group: Finance and Audit Committee, Derivatives Committee, Governance and Regulatory Oversight Committee, Human Resources Committee and the Public Venture Market Committee. All of the members of the Finance and Audit Committee, Governance and Regulatory Oversight Committee and the Human Resources Committee are independent under both NI 52-110 and the Recognition Orders. The Board believes that the composition of its committees ensures that they operate independently from management to protect all shareholders’ interests. The Board also believes that the members of the Finance and Audit Committee are financially literate, given their education and experience. Each standing Board committee has a formal written Charter, approved by the Board. These Charters are reviewed at least annually and are available on our website.

Majority Voting

The Board adopted a policy that provides that in an uncontested election of directors, any nominee of TMX Group who does not receive the support of a majority of the votes cast at an annual meeting of the shareholders will tender his or her resignation to the Board, to be effective when accepted by the Board. The Governance and Regulatory Oversight Committee will consider the resignation and recommend to the Board the action to be taken. The Governance and Regulatory Oversight Committee would be expected to recommend that the Board accept the resignation, except in exceptional circumstances. The Board will have 90 days following the annual meeting to make its decision and announce it by way of press release, including the reasons for rejecting the resignation, if applicable. Absent exceptional circumstances the Board will accept the nominee’s resignation. A Director who tenders a resignation pursuant to this policy will not participate in any meeting of the TMX Group Board or the Governance and Regulatory Oversight Committee at which the resignation is considered.

Subject to any corporate or securities law restrictions, requirements of TMX Group’s Recognition Orders, the Board may leave the resulting vacancy unfilled until the next annual meeting of shareholders, or the Board may fill the vacancy through the appointment of a new director with the appropriate background, experience and skills as described under Board Independence and Composition above.

Term Limits

The board has decided not to adopt a mandatory retirement age, but has introduced a tenure limit of 12 years for directors appointed or elected to the board after May 2011, to be served in one-year terms. The Governance and Regulatory Oversight Committee can nominate a director who has reached the tenure limit for up to three additional one-year terms, if necessary to comply with regulatory requirements, to ensure a specific area of expertise is represented on the Board, or if it is otherwise in the best interests of TMX.
Risk Management

TMX Group recognizes that risk management is integral to its business, operations and financial performance. We follow an integrated enterprise risk management (ERM) program with an objective-centric risk management (OCRM) approach that ensures risks and objective certainty related to execution of TMX’s strategic and operational objectives are (i) transparent and well understood; (ii) consistent with TMX Group’s risk appetite; (iii) appropriately balance risk and reward; and (iv) serve as inputs to TMX’s strategy formulation process. Through our OCRM approach to risk management, we address opportunities, uncertainties and threats to the successful achievement of our objectives rather than managing our risks in isolation. This enables TMX to tie the risk management process to our strategic and operational objectives which ensures the integration of the enterprise’s objectives, risks, risk treatments, and performance and the proper allocation of resources across the enterprise. The ERM program provides a framework to identify, assess, measure, manage, monitor and report on material risks. When identifying, assessing and measuring material risks, we consider the likelihood and potential impact of each risk. We develop strategies to manage, monitor, report on and treat each identified risk. One of these strategies includes a plan to mitigate the risk of interruptions to our critical business functions. The plan integrates disaster recovery and business continuity for critical functions and systems to protect personnel and resources and to enable us to continue critical business functions if a disaster occurs. The Board provides oversight with respect to our ERM program and our strategies to manage material risks that may impact the achievement of our strategic and operational objectives. The head of ERM, the Chief Risk Officer, has a functional reporting line to the Chair of the Finance and Audit Committee.

Internal Audit

The mandate of Internal Audit is to provide independent, objective, risk-based assurance and non-assurance (consulting) services that are guided by a philosophy of adding value to improve the operations of TMX Group. Internal Audit provides independent assurance to the Finance and Audit Committee that TMX Group’s system of internal control and management information systems are adequate and effective, and reports on management actions to address findings arising from audits and reviews. The head of Internal Audit, the Chief Internal Auditor, has a functional reporting line to the Chair of the Finance and Audit Committee. Internal Audit has full access to the personnel, premises and records of TMX Group and contracted third parties, and is authorized to review and appraise all policies, plans, procedures and activities in connection with their audit work.

Say on Pay and Executive Compensation

At its annual meeting, TMX Group provides shareholders the opportunity to vote on our approach to executive compensation, on a non-binding advisory basis.

The Human Resources Committee retains an independent external compensation advisor to provide advice on compensation-related decisions, and to report on external compensation trends. For 2019, the Human Resources Committee retained Willis Towers Watson as its independent external advisor on executive compensation. Willis Towers Watson assisted the Human Resources Committee with ongoing executive compensation-related activities, including preparation for and attendance at regular Human Resources Committee meetings. Willis Towers Watson also served as a resource
to management and the Board, in reviewing compensation levels and programs for the
Chief Executive Officer and his direct reports. For more information on TMX Group’s
executive compensation practices, please refer to our Management Information Circular.

**Investor Communication**

TMX Group and the Board are committed to open and proactive investor communication.
Our investor relations staff provides information to current and potential investors and
responds to their inquiries. We broadcast quarterly earnings conference calls live and
archive these calls on our website. We also make recordings available via telephone to
interested investors, the media and members of the public for three months after each
call. Audio webcasts of such recordings are also available on our website for six months
after each call. We promptly make available brochures from investor conferences and
meetings on our website. We also make disclosure documents available via our website.

Shareholders who would like to communicate with the Board should send correspondence
to the attention of the Chairman of the Board, TMX Group Limited, 100 Adelaide Street
West, Suite 300, Toronto, Ontario M5H 1S3 or by email at TMXshareholder@tmx.com.
Your communication will be provided to the Board for its consideration and response, if
required.

**Additional Information**

For a full report on our corporate governance practices, please refer to our Management
Information Circular, which may be accessed through www.sedar.com or through our
website at www.tmx.com. The Circular also provides information about Directors, and the
composition, responsibilities and activities of the Board’s standing committees. All
information about corporate governance practices posted on our website and in the
Management Information Circular was adopted and approved by our Board.