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CHECK AGAINST DELIVERY
Good afternoon and thank you for investing your time today.

And thank you to the Board of Trade for inviting me for lunch and providing me with an opportunity to discuss the evolution of Canada’s capital markets and the important role all stakeholders, including TMX, play in ensuring vibrant domestic markets and in ensuring Canada remains an important player on the global financial stage.

I believe it is a pivotal time for Canada’s Capital Markets. We are at a point where we must nourish Innovation and Growth.

At TMX Group we get a unique view across the entire capital markets landscape. We have the opportunity to work with companies raising capital in the public markets; and investors trading in equities, derivatives, fixed income and private markets. We work with all market participants to clear and settle securities transactions, and we provide market information, analytics and risk management solutions to the global financial community.

As Canada’s markets, TMX plays an intrinsic role in this country’s economy. Our mission is to power capital and commodity markets, investment and economic growth in Canada, across North America and around the world. And, working closely together with our stakeholders, we can effect positive capital markets evolution at home and in the global arena.

In Canada, the federal government has acknowledged that it is time for Canada to be recognized as a global technology leader. Earlier this year at the World Economic Forum in Davos, Prime Minister Trudeau talked about leveraging competitive advantages and positioned Canada as an “engine of innovation”.

TMX is on-board with the government’s call for a directional shift. But the actual direction we take is critical to future success.

We have entered a defining period for Canada’s economy and the Canadian capital markets. We sit at a point in our evolution where we need to consider the important lessons of the past, but be willing to push into the future unrestrained by our history.
The first step to truly preparing this country for sustainable success is to ask and honestly answer four simple, but key questions that confront the challenges that need to be addressed – First up:

Can we develop Canada’s future tech franchise to a level that rivals the success of our historically successful resource franchise?

In our equity markets, the unique TSX Venture and Toronto Stock Exchange ecosystem is by far the most successful in the world in helping companies to grow.

More than 600 companies have graduated from TSXV to TSX since January 2000, representing almost 20% of the S&P/TSX Composite Index. This continuum is a proven world leader - 8 times more successful than our nearest exchange competitor.

And this ecosystem has enabled a great number of companies to grow from small and medium size enterprises into large national, and international, businesses.

It has helped to create jobs, attract foreign investment and bring talent to this country.

A good deal of these successes are of course, small to medium size resource businesses.

We have a proud and well-earned international reputation as a leading resource exchange. We won’t shy away from that and we intend to maintain that position of leadership among our global exchange peers.

But is Canada more than strictly a resource play? Because if so, we need to be nimble enough to implement strategic changes to structure our markets as such. And that means strengthening and adapting the proven infrastructure to better support the entrepreneurs who are leading the way in other industries as well.

Have we done all we can to support the developing companies in information technology, bio-tech, clean-tech and life sciences?

‘Buying Canada’ does not only mean buy resources anymore. We need the world to know that investing in the Canadian tech sector is a smart strategy!
Another key question to ask is can these burgeoning tech companies access the capital they need in Canada?

It is important to note here that incubation is good but it isn’t enough. Canada has a proven track record of nurturing small companies through the early stages of growth. The challenge now is to help all small businesses sustain that early growth momentum and keep them from choosing to either find support elsewhere, like in the U.S. or fade away.

A study released earlier this month by Laurier’s Lazaridis Institute, which canvassed over 100 technology leaders from across Canada, found that although Canada “boasts one of the most successful entrepreneurial ecosystems in the world, this activity, however, has not resulted in the creation of successful and globally competitive technology firms”. It concluded that “for Canada’s future prosperity, the creation of this type of high-growth firm is critical.”

Incubation helps turn an idea into reality, longer term growth is what creates jobs, investment and economic growth.

Capital is out there in public markets – it’s just in different places than in the past.

Here in Canada, the client profile has evolved. The role of the independent broker dealer has been significantly challenged with the resource down cycle. We must expand the traditional “capital community” to integrate more effectively private equity, venture capital and corporate investment initiatives.

This is not only the responsibility of the stock exchanges. These are Canada’s markets. Canadian government, regulatory bodies and all stakeholders need to get behind supportive policies in order to facilitate and enable this to happen on a large scale.

We have talent, we have capital. But the third question is, have our markets outgrown our market structure?
I believe the answer is yes – in two important ways:

First, the regulations that govern TMX’s exchanges and clearing houses need to evolve to keep pace with the rapid evolution of the marketplace in this country.

The TMX vision has moved to address new realities. The way this marketplace is guided needs to move as well.

The existing regulatory framework in place assumes there is only one strong global exchange player in Canadian capital markets – but we are clearly moving into a scenario where that is not the case. We are fine with competition, and we compete today across all of our business areas and have for years.

Last year we sharpened our vision and reset our strategy to prepare TMX for the future. The only way to pursue that vision – to be a technology driven solutions provider that puts clients first – is to position ourselves to be the preferred markets where our vast range of clients choose to take their business to every day.

Some of the largest exchanges and clearing businesses in the world are at, and now within, our borders. TMX can’t be treated like the only game in town. There must be a level playing field in Canada that enables all marketplaces to compete with equal rights and obligations; a structure that enables TMX to compete with global exchange groups while facilitating capital formation in Canada.

The second important factor pushing our markets beyond the scope of our established market structure is the rapid pace of FinTech innovation.

The way the traditional capital markets industry operates has been outpaced by technology, and particularly in Canada, we are playing catchup. The existing industry framework may not be best suited to meet the ever-changing needs of our participants.

Competition in world markets is escalating and peer-to-peer business is cutting out traditional intermediaries.
FinTech start-ups and new market entrants are advancing the products and services currently provided by the traditional financial services industry and disrupting the traditional value chain.

According to PWC, funding of FinTech start-ups more than doubled in 2015 from the previous year.

Cutting-edge FinTech companies and new market activities are redrawing the competitive landscape.

It is imperative that our market structure begins to contemplate frameworks for adapting to continual change.

And here is my fourth question: How can we succeed for the long term?

First, we have to stay committed to the resource sector as a critical component of our future capital markets. Innovation and technology are just as important for resource companies as they are for new technology companies. All companies need competitive advantage, an efficient cost structure and capital for long term growth.

Second, don’t mistake the developing pipeline of early stage technology companies today as in any way related to 1999 when dot com startups went public before they were companies. There are maturing, viable corporations in the pipeline. In fact, Bill Maris, CEO of Google Ventures, was recently quoted as saying the current wave of tech companies are waiting too long or “avoiding going public at all costs”.

Many of these companies would derive great value from a listing on our public markets, and not just in terms of opening up channels to capital and financing opportunities. A listing on TSX or TSXV increases visibility, lends legitimacy and allows a company to leverage a powerful, internationally recognized brand.

Some of the world’s most exciting technology companies are being founded, built and funded in Canada, and we have a number of innovation and technology hubs across the country, including Toronto, Vancouver, Montreal and Kitchener/Waterloo.
Toronto, Vancouver and Montreal were named among the Top 20 startup ecosystems in the world for 2015.

TSX and TSXV are becoming a preferred destination for digital entrepreneurs. By the numbers, there are 419 companies in the Technology and Innovation sector on TSX and TSXV – which includes technology, clean technology and renewable energy as well as life sciences – and the total has been growing significantly.

Since the beginning of 2014, 70 new technology and innovation companies have gone public (more than any other industry sector other than ETFs), including 15 new international technology and innovation companies (more than in any other sector).

And 13 technology and innovation companies have graduated from TSXV to TSX since the start of 2014 – the highest graduation rate across all sectors.

In 2015, 29 new technology and innovation companies chose to list on our exchanges, including Shopify, Stingray and Mogo Finance Technology on TSX and Frankly, a Silicon Valley-based mobile tech start-up looked to Canada and TSX Venture Exchange to fund their growth.

In stark contrast to the sluggish pace of an economic turnaround, technological innovations are relentlessly pushing and redefining how the world works, plays and lives. Put simply, the game is change. And Canada has the talent and the players. We must now put our best teams on the ice and get behind them.

Canadian tech is ready to take on a bigger role on the world stage, and our resource companies will rebound, although perhaps in different ways than in the past.

As Prime Minister Trudeau said in Davos, Canada has excellent universities and a strong high-tech sector, and in his view this country is poised to play an important leadership role in the upcoming “fourth industrial revolution”, the fusing of technologies at an unprecedented speed, scale and scope.
Canadian tech talent has the world’s attention. I was recently invited to attend a conference with 100 CEO’s of emerging Canadian tech companies – which is very exciting. There was just one problem – it wasn’t in Canada!

This is a serious risk – we need to keep these entrepreneurs and their companies here and we need to help them to become the next Canadian world leaders.

Canada’s ecosystem must become one of innovation and growth for all sectors -- from mining and energy to biotech and neural networks. We must work to support and help transform small successes into large, globally competitive companies with a foundation in Canada.

Thank you.